



# Annual Accounts

## 2023/24

# WESTFIELD HOUSING ASSOCIATION

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# WESTFIELD HOUSING ASSOCIATION

## The Board During the Year Ended 31st March 2024

**Board Members:** Mr. H. Barker – Chair  
Mrs. C Tibble – Vice Chair  
Mr. K Foley  
Ms. L Ford  
Mr. S. Kirkbride  
Mr. C. Sowiak

**Registered Office:** Minto Centre  
Nilsson Drive  
Westfield  
Workington  
Cumbria  
CA14 5BD

**Registered Numbers:** 13920R Community Benefit Society  
L0259 Regulator of Social Housing

# WESTFIELD HOUSING ASSOCIATION

## Officers and Advisers for the Year Ended 31st March 2024

**Chief Executive:** Mr. D. Tilbe (to 31<sup>st</sup> December 2023)  
Ms. H. Evans (from 7<sup>th</sup> December 2023)

**Secretary:** Mrs. D. Fox

**Auditors:** Crowe U.K. LLP  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

**Bankers:** National Westminster Bank plc.  
31 Pow Street  
Workington  
Cumbria  
CA14 3AE

**Solicitors:** Trowers & Hamlins  
55 Princess Street  
Manchester  
M2 4EW

Bendles Solicitors  
22 Portland Square  
Carlisle  
Cumbria  
CA1 1PE



# WESTFIELD HOUSING ASSOCIATION

## Strategic Report for the Year Ended 31st March 2024

The Board presents its annual report and the audited accounts for the year ended 31<sup>st</sup> March 2024.

### Business Model and Principal Activities

Westfield Housing Association is a community-based registered provider (RP) with 628 properties located in West Cumbria. The Association's principal activity is the provision of affordable homes to meet local housing needs. Most of the Association's homes are situated on the Westfield estate in Workington, Cumbria. In addition, there are a number of homes in other nearby local geographical communities. Current housing provision is a broad mix ranging from larger family homes to older persons accommodation and single person flats. Properties are of traditional build with no high-rise stock.

The Association provides locally based housing and community services delivered from the Minto Community Centre on the Westfield estate, which also includes Footsteps Nursery, an early-years learning setting for approximately 150 children under the age of 5 years. The Organisation is governed by a Board of volunteer members. The Board is supported in its role by the Audit and Risk, Development and Remuneration Committees. The Audit and Risk and Remuneration Committees are comprised of volunteer members with specialist skills, that considers and scrutinises risk, financial matters and internal and external audit. The Association is regulated by the Regulator for Social Housing (RSH), and Ofsted in respect of the nursery provision.

Westfield Housing Association has also encouraged and supported the formation of a customer/ tenant panel which provides a level of scrutiny, accountability and influence in respect of holding to account the Association around areas such as its key performance, tenant satisfaction levels and actions when carrying out its' functions and duties.

### Corporate Objectives and Strategies

Westfield Housing Association's mission is 'to enable people to thrive through the provision of high quality, affordable homes and excellent customer centred housing and community services'. The Association's Business Plan 2024-2029 sets six strategic objectives. These are:

- 1 Deliver excellent, relevant, value for money services.
- 2 Maintain/enhance the quality of our homes.
- 3 Foster strong, cohesive and thriving communities
- 4 Strong and effective tenant engagement
- 5 Maintain financial strength; and
- 6 Provide new homes that meet our community's needs.

The Association works to a Management/Delivery Plan, reviewed annually, that sets out the key tasks to achieve these objectives. Progress on the plan is monitored by the Board through quarterly progress reports and key performance indicators including customer feedback.

Achievements in the year included:

- Progression of a new development programme with 11 bungalows in Phase 1 completed and occupied within 2023/24 and a further six bungalows to be completed and handed over in June 2024 to complete Phase 1. Seven properties have been scoped for Phase 2, on sites owned by the Association on the Westfield estate and is currently going through the planning process with a view to commencement on site during 2024/25.

- The purchase of 4 homes in High Harrington via a Section 106 agreement was also agreed and delivered during 2023/24, with a further 4 properties to be completed and handed over during early 2024/25.
- Through a Cumbria wide consortium, grant funding of £440,000 was secured from the Social Housing De-Carbonisation Fund (Wave 2.1) as part of a £10 million county wide de-carbonisation project. The funding will support works to improve the energy efficiency of some of the Association's least efficient homes over the next 2 years. During 2023/24, 22 homes have received energy efficiency works through this grant funding and a further 45-50 properties are identified for 2024/25.
- The new Customer Panel has continued to meet during 2023-24. The Panel currently comprises of tenants who meet regularly with staff and can comment on and influence discussions and decisions at Executive and Board level. Customer panel members have been encouraged to join and attend other tenant networks, conferences and to take part in relevant training sessions with other tenants from other Housing Associations. The next steps in respect of the panel are to strengthen the link with the Board of Management, and various options are currently being explored with panel members to agree the way forward. The Panel have decided to adopt the National Housing Federation's (NHF) Together with Tenants Charter.

### Internal controls and main risks and uncertainties

#### Internal Controls

The Board has overall responsibility for establishing and maintaining the system of internal controls and reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss. Responsibility for the day-to-day oversight, leadership and management of the internal controls is delegated to the Executive Management Team.

Controls are detailed in the association's Risk Management Framework and Strategy and include a three line of defence model for managing risk. Internal audit is a key part of the controls system and is currently undertaken by the Association's internal auditors Beever and Struthers.

#### During 2023/2024 internal audits were undertaken of the following areas:

- Business Plan Stress Testing
- Building Safety
- Responsive Repairs
- Payroll Audit

In addition, reviews are being undertaken in respect of Footsteps Nursery by specialist third parties in respect of a Business Health Check by the Local Authority Early Years Service and an Ofsted mock inspection review and Social Value Review by external consultants. Further business modelling in respect of the nursery provision will continue in 2024/25, in light of the changes that are being implemented in respect of Government funding in relation to this provision.

An audit review via Homes England was also undertaken in respect of the New Build Development programme delivered during 2023/24, and the performance with this was assessed as compliant.

Each year's internal audit programme is based on a needs assessment that considers the Association's Business Plan and strategic risks and identifies priority risk areas.

#### The proposed Internal Audit plan for 2024/25 covers:

- Safeguarding Audit (Westfield Housing Association and Footsteps Nursery)
- Governance
- Follow up on Development
- Procurement (Advisory Audit)



## Other key elements of the internal control framework are:

### • Identification and evaluation of key risks

The Board has overall responsibility for the process of identifying, evaluating, and controlling significant risks. The Board is assisted in this role by the Audit and Risk Committee which reports to Board on the effectiveness of the Association's risk and internal control framework. The Executive Team regularly considers and updates significant risks facing the Association, and reports to the Audit and Risk Committee each quarter. The Executive Team is responsible for reporting to Board any significant changes relating to key risks, and reports are provided at least six-monthly to Board.

### • Overall control procedures

The Board retains responsibility for a range of issues covering strategic, operational, financial and compliance matters, as set out in the internal 'Governance Regulation Policy, How the Board conducts its business'. This document and other policies and procedures detail matters such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. The Governance Regulations Policy has been updated to reflect requirements in the National Housing Federation (NHF) Code of Governance, 2020 which the Board has adopted. In addition, the Board has adopted the principles and recommendations within the NHF Code of Conduct 2022.

- Board approved terms of reference and delegated authorities for committees.
- Board oversight of the Nursery provision and associated business plan.
- A robust strategic planning process including an annually reviewed 30-year business plan, is regularly reviewed and stress tested. The high degree of uncertainty in the operating environment requires that business plan priorities and financial forecasts are rigorously reviewed. Financial forecasts are stress tested regularly using a range of scenarios (including a multi scenario test). The latest testing demonstrates the financial viability of the plan over a 30 year period. Testing considers several potential impacts including higher inflation, higher borrowing costs, increased maintenance costs and lower annual rental income levels. Mitigations are detailed in the plan.
- An independent internal audit function which reports regularly on control issues.
- Established and recently reviewed authorisation and appraisal processes for all significant new initiatives and development proposals.
- Information and financial reporting systems including:
  - Detailed annual budgets approved by Board.
  - Detailed management accounts reported quarterly to Board.
  - Quarterly forecasts for the remainder of the financial year.
  - Reports on progress against key performance indicators aligned to key business objectives and risks.
  - Audit and Risk Committee minutes and reports to Board.

## Fraud

A fraud register is maintained, and a fraud report is presented quarterly to the Audit and Risk Committee. There were 2 tenancy fraud cases reported to the Association by a neighbour during 23/24. Both cases were investigated and resolved. All staff undergo training in relation to fraud prevention and identification.

## Risk Management and current risks

The Association manages risk as per its Risk Management Framework and Strategy, The frameworks details:

- The overall approach to risk
- Roles and responsibilities
- The risk management process including identification and evaluation of risk, risk treatment, risk tolerance and risk reporting.
- The framework and strategy are reviewed annually.
- In line with the framework strategic and operational risks are identified and evaluated.

The current headline 13 strategic risk areas identified are detailed below:

Strategic Risk	Key Assurances, Mitigations & Controls
1. Health and Safety: Staff or customers are harmed/injured/killed through an act or omission by WHA, the nursery or its contractors.	<p>Policies and procedures (Health and Safety Policy, Gas Safety Policy, Fire Safety Policy, Asbestos Policy, Complaints, Lone Working, Health and Well-Being).</p> <p>H/S &amp; compliance quarterly KPI reports to Board.</p> <p>Regular internal audits of health and safety activities and processes.</p> <p>Joint working/sharing of information with other associations and within education sector e.g., covid-19 response.</p>
2. Data: <ul style="list-style-type: none"> <li>• Poor data quality and integrity.</li> <li>• Data breach</li> </ul>	<p>Policies and Procedures including IT Strategy, Financial Reconciliation Processes, Stock Condition Updating Procedure, SDM Procedures and Data Protection Policy.</p> <p>Performance Management Framework including data calculation definitions, data checks etc.</p> <p>Benchmarking. Use of shared KPI definitions and calculations.</p> <p>Better IT utilisation. Reduced manual manipulation of data.</p> <p>New stock condition survey.</p> <p>Internal audit e.g., Quality of Management Information and Key Performance Indicators.</p>
3. Non-compliance with regulatory standards and legislation.	<p>Policies and procedures for key services and activities. Policy Review schedule in place and monitored.</p> <p>Annual self-assessments are undertaken, and any identified actions progressed.</p> <p>KPI suite/dashboard including compliance metrics. Quarterly reports to Board.</p> <p>Membership of trade bodies. Updates on regulatory and legislative changes and attendance at conferences/ webinars.</p> <p>Membership of CHANW and Acuity and regular participation in groups and meetings that consider compliance.</p>



Strategic Risk	Key Assurances, Mitigations & Controls
4. Political and economic uncertainty and failure to anticipate and adapt/respond appropriately.	<p>Policies and Procedures for all key areas are in place and on a regular review cycle. PESTLE and SWOT analysis inform the Business Plan.</p> <p>Clear strategic objectives and delivery plan. KPIs aligned to strategic objectives and performance reported to Board quarterly.</p> <p>The Business Plan stress tested and monitored and reviewed regularly by Board. Mitigating actions identified.</p> <p>Reports to Board on political/economic context and implications in respect of changing legislation and regulation. Along with understanding potential opportunities to respond appropriately.</p> <p>Membership of sector bodies and groups to stay alert to changes, impacts, good practice e.g. NHF Smaller Housing Association Network and CHANW.</p>
5. Access to labour and skills.	<p>Recruitment Policy and processes are in place.</p> <p>Regular market testing/ review to ensure that we offer a competitive remuneration package.</p> <p>Flexible working practices and culture.</p> <p>Training and development opportunities.</p> <p>Approved contractor list and long-established relationships with small, local contractors.</p> <p>Procurement framework membership (CHIC, Procurement Assist).</p> <p>Membership of the SHDF consortium.</p> <p>Partnership working/sharing of resources e.g., via CHANW, links with college.</p>
6. Small size: Insufficient expertise and resource.	<p>Policies, Procedures and Processes in place (Recruitment and Selection, Induction, Training, Staff Appraisal Policies).</p> <p>Use of consultancy services e.g., accountancy, GDPR, legal &amp; HR.</p> <p>Line management/appraisal processes and linked training and development programmes, including Board training and development.</p> <p>Membership of trade bodies and sector groups e.g. NHF, procurement frameworks and Acuity Benchmarking.</p> <p>Partnership working/sharing of resources and expertise e.g. via CHANW and NHF.</p> <p>Job role reviews/ evaluations as vacancies arise.</p> <p>Regular reports to Board on key staffing matters including KPIs.</p>

Strategic Risk	Key Assurances, Mitigations & Controls
7. Development: Failure to develop. Development undertaken outside of an agreed framework/strategy and new schemes not viable. Delays due to supply chain and labour market disruption. Increased costs. Contractor failure.	<p>Policies and procedures in place including Development Strategy, Development Appraisal Processes and Financial Regulations.</p> <p>Engagement of appropriate development expertise.</p> <p>Quarterly reports to Board (Development Report and Development KPI).</p> <p>Development Committee considers larger development proposals. Ongoing review of development plans and business plan assumptions.</p> <p>Robust contractor checks.</p> <p>Internal audit covers development and will continue into the Internal Audit Programme 2024/25.</p> <p>New build schemes in receipt of Homes England funding are audited independently via Homes England on completion.</p>
8. Maintenance: Future maintenance needs and costs not properly understood. Lack of strategic approach.	<p>Asset Management Strategy and action plan are in place.</p> <p>A new stock condition survey of all stock has taken place and informs the planned programme of major works.</p> <p>The surveys included energy efficiency assessments and recommendations. This has linked into the new Social Housing Decarbonisation Fund (SHDF) programme, which is a 2-year programme to deliver energy efficiency measures within tenants homes to achieve a minimum of an Energy Performance level C.</p> <p>Maintenance budgets aligned to stock investment needs and trends, and the association links into procurement frameworks.</p> <p>Increasing use of IT and enhanced ability to interrogate data. Data analysis support (e.g., Parity).</p> <p>Component accounting.</p> <p>Board reporting and discussion including regular review of maintenance costs and business plan assumptions/financial projections.</p> <p>Internal audits in respect of responsive repairs and building safety took place in (2023/24).</p>
9. Business Continuity Plan: Lack of preparedness for certain eventualities e.g., cyber-attack, pandemic.	<p>Business Continuity Plan. Regular reviews and testing of the plan.</p> <p>Review of IT provision is underway to ensure that the systems remain fit for purpose and continue to provide robust data security.</p> <p>Staff training and briefings.</p> <p>Internal audit of plan took place in 2021/22.</p>
10. Lack of customer engagement.	<p>Customer Panel and Resident Groups are in place. Established line of communication between Board and Customer Panel.</p>



Strategic Risk	Key Assurances, Mitigations & Controls
	<p>Regular transactional and perception surveys. Benchmarking via Acuity.</p> <p>Quarterly Customer Involvement report to Board.</p> <p>Training and support offered to Customer Panel members to support them in their roles and to enable networking between tenants of other Housing Associations.</p> <p>Agreed set of service standards and KPIs including the annual TSM results, and key compliance, discussed, monitored and reviewed with the Customer Panel.</p>
11. Nursery operates at a loss and is a drain on financial and management resources.	<p>Regular budget monitoring (via the Nursery Management Group, quarterly by Board).</p> <p>Business Plan includes future nursery budget forecasts.</p> <p>Business modelling work underway and to continue in 2024/25.</p> <p>Review re IT applications to improve efficiencies is taking place.</p>
12. Fraud: Lack of robust control procedures.	<p>Policies/Procedures/Standing orders/financial controls (Anti-Fraud Policy, Anti-Bribery Policy, Financial Standing Orders and policies, Procurement Policy etc.). Key processes include:</p> <ul style="list-style-type: none"> <li>• Comprehensive invoice approval processes.</li> <li>• Post inspection of completed works.</li> <li>• Financial reconciliations.</li> <li>• Declaration of interests register.</li> <li>• Tendering requirements.</li> </ul> <p>Regular reporting to Audit and Risk Committee.</p> <p>Fraud self-assessment/ checklist and action plan.</p> <p>Staff training/briefings.</p> <p>Internal/external audit (internal audit 23/24).</p>
13. Governance: Lack of Board oversight and scrutiny.	<p>Governance policies.</p> <p>Board adopted 2020 NHF Code of Guidance and have adopted the principles of the NHF Code of Conduct 2022.</p> <p>Board training and development programme and appraisal processes.</p> <p>Internal audit.</p>

**Commentary:**

- The Association has regularly reviewed and re-assessed the strategic risks identified, including appraising controls and any need for further mitigating actions. Annually a more formal review of risk is undertaken that considers the organisation's strategic objectives and the current policy and operating environment. This review is informed by the annual Sector Risk Profile published by the Regulator (RSH) in November each year.
- As with 2022/23 the headline key strategic risk areas have not changed significantly. Political and economic uncertainty and health and safety have remained as being currently assessed as the highest risks facing the Association during 2023/24. External economic and political conditions remain highly unpredictable and combined with some of the Association's planned activities, in particular the delivery of Phase 1 of the development programme and increasing investment in the existing stock including de-carbonisation works, increases the risks to which the Association is exposed. Cost inflation, increasing borrowing costs and supply chain issues are key factors affecting the potential risk levels being experienced by the organisation. In the nursery, increasing costs, particularly staffing costs due to issues linked to the labour market, that outstrip increases in income have continued to add to the deficit position for a second year. This is under review and a revised business model and plan is being developed to take this forward and link in with the changes that are happening in respect of Government policy and funding towards Early Years settings.
- Increasing costs also remain a significant pressure for tenants with an increased risk of higher rent arrears and tenancy failure. Slight increases in current rent arrears during 2023/24 were evident. We have established a fund to support tenants that may find themselves in need of some support and we have a specific role within the organisation that is able to support and signpost tenants for services and financial support that they may need. The Association has undertaken annual tenancy visits and taken the opportunity to ensure that any potential support needs are identified and addressed to enable tenants to sustain their tenancies.
- Non-compliance is recognised as a separate risk, although features as an impact of other risks materialising. A key risk in this area relates to disrepair and service quality and responsiveness. No concerns have been reported in respect of key compliance as at the end of March 2024. Key compliance now includes damp, mould, and condensation (DMC) reported cases. Work to identify DMC cases and to deal with them as a priority has been a focus for the Property Services and Housing Management Teams over the year and has been included within the annual tenancy visits. It is also a focus in terms of 'making every contact count' with tenants. As a responsible landlord, it is important that we use every opportunity and contact with customers to ensure that we gather as much information as possible in respect of any changes to households, stock condition and living conditions, to ensure we are picking up on issues in a timely way and that we can support tenants effectively and identify any potential vulnerability and / or risk issues. This includes expectations on contractors and partner agencies working on our behalf to feedback any potential risks/ concerns and changes that they may witness on our behalf, when working in our properties.
- Staying alert to risks and stringent risk appraisal are a priority for the Association. The Board keeps the risk appetite of the Association under review, including assessing the appetite for specific activities e.g., development.

The Board considers that the systems of risk management and internal controls provide strong assurance and enable the Board to discharge its duties of oversight and management.

**Analysis of Financial Performance**

The Association monitors its operational performance, measuring actual performance against budgets and targets using a suite of KPIs.

The Financial Statements have been prepared using the Board approved Accounting Policies set out on pages 29 to 54 which are consistent in all material respects to those used for the prior year.

Key elements relating to Income and Expenditure are set out below demonstrating strong financial performance.



	2023/24 £'000s	2022/23 £'000s	2021/22 £'000s	2020/21 £'000s	2019/20 £'000s
Income from Lettings	3,461	3,137	3,052	3,011	3,002
Surplus/(deficit) on disposal of PPE	(17)	35	(27)	24	-
Other Net Income	(236)	(88)	(27)	(32)	19
Lettings Expenditure	(2,433)	(2,364)	(2,347)	(1,829)	(1,961)
Operating Surplus	775	720	651	1,174	1,060
Interest Receivable	42	12	4	18	36
Interest Payable	(451)	(340)	(448)	(404)	(422)
Surplus for the year	365	392	207	788	674
Operating margin	18.86%	17.44%	17.74%	31.14%	28.46%
Pension adjustments	(76)	(184)	197	(424)	420
Comprehensive income for the year	290	208	404	364	1094
Interest Cover	126%	135%	159%	345%	307%

Operating margin has improved slightly in the year, as anticipated, resulting from increased rental capped at 7%, though not at targeted levels due to abortive development costs.

Key movements on the Statement of Financial Position below reflect the construction costs of 17 units on our Phase 1 development on the Estate and the acquisition of four Section 106 properties in the year, over £760k spent on component replacements, including the SHDF works and ongoing depreciation charges of £651k. There have been four loan drawdowns in the year totalling £3.1m. The Defined Benefit Pension liability has decreased in the year by £8k. As anticipated the increase in Fixed Assets combined with the new loan drawdown in the year results in an increase in gearing.

	2023/24 £'000s	2022/23 £'000s	2021/22 £'000s	2020/21 £'000s	2019/20 £'000s
Housing properties at cost less depreciation	30,957	27,497	26,652	26,757	26,872
Other fixed assets	758	834	806	767	783
Current assets	2,478	1,953	2,329	5,149	4,629
Short and long-term debt	9,470	6,376	6,457	9,542	9,774
Unamortised grant	9,387	9,029	8,906	9,087	9,216
Other short and long-term creditors	1,337	1,168	921	945	559
Revenue reserve	13,999	13,711	13,503	13,099	12,735
Gearing	25.27%	18.99%	19.37%	28.83%	31.93%
Loans repaid	6	20	3,085	232	214

#### Capital Structure and Treasury

Long term loans outstanding at the year end were £9.47m, with the Barclays RCF facility drawn down to £3.1m and £1.9m remaining undrawn. Contracted Capital Commitments at the year end stood at £476k.

Funds available for investment are placed on short term deposits. These cash balances will reduce during the 2024/25 year as Phase 2 of the development programme commences and makes demands on cashflow with further drawdown from the Barclays RCF anticipated in late 2024.

At the 31<sup>st</sup> March 2024, £6.06m of the Association's drawn loan balances were at fixed rates, the balance of £3.1m being at variable rates.

Of the whole loan portfolio, the £6m Bond is repayable as a bullet in 2043 and the RCF, currently at £3.1m, is repayable in 2027. Other drawn term loans of £62k are repayable on an instalment basis.

#### Cash Flow and Liquidity

Cash flows for the year are set out in the Financial Statements at pages 26 and 28. Net cash inflows from operating activities are primarily from the management of housing stock and grant funding from Homes England and the SHDF programme. Net cash outflows from investing activities are primarily in respect of acquisition of properties, new build development and component replacements.

Cash and investment balances of £1.685m were held at the year end, representing funds available to contribute towards the cash flow needs of the Association's development strategy.

#### Value for Money

##### Background/Introduction

Westfield Housing Association (WHA) considers value for money (VFM) to be about the efficient use of resources to make the most positive impact possible on the lives of our tenants and the wider community.

The Association works to the Value for Money standard set by the Regulator for Social Housing (RSH) in April 2018 (updated 2021). In line with the RSH Value for Money Standard we report against the required VFM Metrics below. To provide context to performance in 2023/24 we report figures for the previous three years, the performance of other associations in our peer benchmarking group and our targets for the year. All figures are calculated in line with the required methodology. Our value for money performance and assessment is published annually to customers and stakeholders e.g., in our Annual Report to Tenants.

This section of the report explains how we have worked to achieve value for money detailing our performance against the VFM metrics and other VFM targets set for 2023/24.

##### Overall performance against VFM targets and plans for 2023/2024

The following tables and commentary detail the Association's performance against VFM targets for 2023/24, including sector VFM metrics set by the RSH. Targets additional to the metrics were set to measure progress in other key areas and in meeting the Association's strategic objectives.

##### VFM Metrics

	Westfield Housing Association						Benchmarking 2023/24	
	Target 2024/25	Target 2023/24	Actual 2023/24	Actual 2022/23	Actual 2021/22	Actual 2020/21	NW Peer Group Median	National Median
<b>VFM Metrics</b>								
Reinvestment %	8.25%	17.34%	10.74%	5.59%	3.08%	1.84%	2.94%	3.10%
New Supply Delivered %	3.38%	4.22%	2.39%	0.49%	0.33%	0.33%	0%	0%
Gearing %	29.5%	30.66%	25.27%	18.99%	19.37%	28.83%	-7.82%	13.61%
Interest Cover %	110%	165%	126%	135%	159%	345%	297.22%	232.70%
Social Housing Cost per home	£4,320	£3,950	£4,209	£4,199	£3,755	£2,584	£5,393.82	£6,195.83
Operating Margin % – social housing	34.82%	30.71%	29.7%	24.64%	23.10%	39.25%	18.25%	17.60%
Operating Margin % – all activities	23.07%	20.91%	18.88%	17.44%	17.74%	31.14%	17.6%	15%
Return on Capital Employed (ROCE)	2.98%	2.68%	2.36%	2.43%	2.25%	3.67%	3.70%	2.55%

Sources: Acuity Benchmarking Group data as reported during June 2024

Interest Cover is targeted for 2024/25 at the covenant compliance level of 110% as discussions are ongoing with Barclays regarding a carve out of costs or rebasing of the calculation to EBITDA flat.



## VFM Metrics Commentary

Reinvestment and New Supply Delivered have both fallen short of internal set targets (but compare well to sector in relation to benchmarking) as the New Build development programme has been delayed due to planning and utility supply issues but did commence on site in January 2023 with handover delayed beyond the contract completion date for Phase 1 of November 2023. Phase 2 has also been significantly delayed as a result of planning delays.

Gearing rises as new loans have been taken out to fund the development programme, although at a lower level than target, instalment loans continue to be repaid and the NBV of Housing Properties increases significantly with the Phase 1 new build development.

Interest cover has reduced for 2023/24 as a result of RCF loan drawdowns and increased Bank of England base rate. We anticipate some pressure on interest cover during 2024/25 against our 'golden rule' set at 10% above the covenant.

Social Housing Cost per home has remained static due to lower levels of spending on responsive repairs, but higher on component replacements. This still remains lower than the NW Peer Group Median and the National Median. It is anticipated this will increase in 2024/25 as Year 2 SHDF costs are incurred plus the underspend from 2023/24.

Operating margin for Social Housing shows a solid upward trend in 2023/24 as new units come into management with little additional overhead and is then forecast to improve in 2024/25 as the full year impact of the income stream from new units in management comes in during the year.

There is a small downturn in ROCE due to the delay in bringing developments into management, so reducing rental income, but still having incurred the associated capital costs. It is then forecast to improve in 2024/25 as the Operating Surplus improves with the additional rental income from new units in management.

### Value for Money Performance Targets 2023/24: Progress

Improving performance, strong outcomes and high-quality service delivery are important elements of achieving value for money. The Association set several further VFM targets for 2023/24 for key areas of service delivery. The following tables detail the targets set and progress against target, as well as targets for 2024/25 and how this compares with the peer benchmarking group as reported as of 7th June 2024:

Performance Indicator	Performance 2021/22	Performance 2022/23	Performance 2023/24	Target 2023/24	Comparative Performance 2023/24 (peer group associations)*	Target 2024/25
% of rent lost through dwellings being vacant	1.04%	0.91%	0.38%	0.30%	Upper – 0.38% Median – 0.70% Lower – 0.97%	0.30%
Average re-let time	13 days	13 days	10 days	7 days	Upper – 23 Median – 30.5 Lower – 49.84	7 days
Current arrears as a % of annual rent debit	3.25%	3.61%	3.88%	3.5%	Upper – 3.14% Median – 3.70% Lower – 4.74%	3.5%
% customers satisfied with overall service	94%	100%	95%	99%	Upper – 93.18% Median – 84% Lower – 76.56%	99%
% customers satisfied with the repairs and maintenance service	91%	95%	89%	98%	Upper – 89% Median – 87% Lower – 80.56%	95%
% customers satisfied with	95%	100%	88%	98%	Upper – 93.25% Median – 88%	95%

Performance Indicator	Performance 2021/22	Performance 2022/23	Performance 2023/24	Target 2023/24	Comparative Performance 2023/24 (peer group associations)*	Target 2024/25
the value for money for their rent					Lower – 73%	
% customers satisfied that the Association listens to their views and acts on them	91%	100%	90%	98%	Upper – 89.36% Median – 81% Lower – 67.80%	97%
% customers satisfied with their neighbourhood as a place to live	95%	98%	97%	97%	Upper – 89% Median – 84% Lower – 83.10%	97%

\*The Association benchmarks performance through the Acuity Benchmarking Club. Performance is compared to a peer group of 15 smaller associations in the north-west of England with similar stock numbers and profiles. The current applicable quartile is highlighted.

\*The arrows show the current performance trend compared to the previous year.

\*The highlight on Performance 2023/24 shows performance against target set (green: at or better than target, red: worse than target).

VFM performance as measured by the above indicators was reasonably strong. Although internal VFM targets were not met on seven out of the eight indicators in line with internal performance targets, performance improved compared to the previous year on two measures (namely percentage of rent loss on vacant dwellings and average re-let time). Customer satisfaction rates have seen a reduction, when compared to 2022/23. When this performance is compared to the peer group associations it remained strong across most areas, with six of the eight measures at an upper quartile level, one at a median performance level and one performance area noted at the lower quartile.

During the last quarter of 2023/24, the Tenant Satisfaction Measures (TSM) Survey was carried out across our stock, initial feedback indicates that WHA are seeing an overall tenant satisfaction level of 95% for services provided. In respect of VFM in respect of Rents and Service Charges it is indicating a score of 88% and 91% respectively, which is line with the reported VFM metrics noted above. Further analysis is to take place during 2024/25 and the feedback is to be published and shared with tenants, with an associated action plan in respect of any areas requiring improvement.

### 2023/2024 Value for Money activities identified and delivered:

The Association identified a number of VFM activities for 2023/24; noted below are the activities that were undertaken:

#### 1, Strategic Objective: Deliver excellent, relevant, value for money services.

- Complete two service/process reviews to consider optimum level of resources and the most effective and efficient approach to service delivery including potential improved IT/technological utilisation.

**Action taken:** During 2023/24, a review of the repairs service was undertaken to look at VFM and efficiencies. Recommendations in respect of this form part of the management plan for 2024/25. In addition, a review of the IT software utilised across the business commenced seeking to test the



market and benchmark systems, looking at more efficient and timely processes to support service delivery and demonstrate further VFM across the business.

- **Improve void performance/reduce void rent loss.** This remains a key focus of the business, with an emphasis on strong partnership working to ensure that WHA maximises the occupancy of all properties including new build properties and continues to reduce the average re-let time.
- **Deliver staff training aligned to needs identified from staff appraisals and high-quality performance.**

**Action taken:** Staff are supported to access external training and development, as well as having access to on-line training through iHASCO. A review of the training needs and skills matrix commenced during 2023/24 and will continue into the management and people plan being developed for 2024/25.

- **Build collaborative working approaches e.g., via the Community Housing Northwest group of smaller housing associations (CHANW), to achieve efficiencies and stronger service outcomes.**

**Action:** WHA remains committed to partnership working and tenants and staff across the business have benefited from shared conferences, training and events, and good practice including the shared resource of a hosted Policy Officer. All of which has had an impact in respect of VFM.

## 2, Strategic Objective: Maintain and enhance the quality of our homes

- **Review and analyse the responsive repairs and voids service including expenditure, performance, and processes, benchmarking costs and identifying improvements and efficiencies.**

**Action:** The review/ audit took place during 2023/24, recommendations from this have been discussed with the Customer Panel, Board members and staff and will be used to inform key actions during 2024/25, including the review of the Housing management, and repairs/asset management IT software options.

- **Review procurement arrangements and approaches and revise policies and procedures as appropriate to ensure effective and efficient procurement (tendering/procurement processes that achieve maximum benefit by balancing cost, quality and social value).**

**Action:** Progress with the policy review in respect of procurement was not achieved and has been moved into the workplan for 2024/25. It is to be reviewed in line and in time with changing legislation that is coming into effect during 2024/25. WHA are signed up to a few different procurement networks to ensure VFM.

- **Review and improve processes/procedures for maintaining accurate and high-quality property condition and safety data.**

**Action:** This forms part of Repairs review that took place during 2023/24 and the IT review which commenced within 2023/24.

- **Create new planned maintenance programmes to 2030 informed by new stock condition data.**

**Action:** A planned works programme has been developed in line with the stock condition data and more recent Social Housing Decarbonisation Fund (SHDF) assessments.

- **Implement the Damp, Mould and Condensation (DMC) Policy, taking a proactive approach that minimises occurrences and deals with issues quickly and effectively.**

**Action:** The new policy has been implemented and proactive tenancy visits carried out including additional information for tenants in respect of identifying and reporting DMC to the Association.

DMC is treated in the same way and reported on in line with other key health and safety compliance areas.

- **Develop a Sustainability/De-Carbonisation Strategy.**

**Action:** A sustainability strategy was developed during 2023/24 and works in respect of SHDF funded energy efficiency works commenced and completed within 22 homes.

## 3, Strategic Objective: Foster strong, cohesive, and thriving communities

- **Review and revise the Local Offer informed by needs and service expectations identified from the Customer Profiling exercise, 2021 Community Survey and other customer intelligence.**

**Action:** The customer profile exercise was conducted, and work is underway to review the local offer, this will form part of the 2024/25 workplan and link in with the Customer Panel and take into consideration feedback received from the annual TSM surveys.

- **Informed by the scheduled advisory internal audit build stronger understanding of the social value and opportunity cost of the nursery/**

**Action:** A social value review was undertaken in respect of the nursery during 2023/24. The Social Value assessment undertaken using nationally recognised standards and Social Return on Investment (SROI) methodology established that Footsteps Nursery demonstrated £1.65m of Value giving a SROI of £2.14 for every £1 invested to deliver services. The advisory audit did not take place, but instead a business health check and Mock Ofsted audit have been carried out, and the feedback from all of these are linking into a full business model review for the nursery during 2024/25 to be clear about the nursery offer going forwards.

## 4, Strategic Objective: Strong and effective tenant engagement.

- **Build the role of the Customer Panel as a representative group for tenants, including a scrutiny role.**

**Action:** Work has continued during 2023/24 to develop the role of the Customer Panel and remains a key priority for the year ahead. Attendance at the main Board of Management Meeting has taken place by some Customer Panel Members. The Panel have agreed to adopt the NHF Together with Tenants Charter.

- **Rationalise and improve customer surveys to ensure efficient and effective collection of data and appropriate survey methodologies.**

**Action:** The TSM survey has been implemented and circulated to all tenants with support from Acuity. Feedback from this will be presented to Board members and Customer Panel members initially, and also published for all tenants within 2024/25 in line with RSH requirements.

- **Ensure regular consideration of customer views. Quarterly reports provided to the Executive Team and Board detailing feedback results, learning from the feedback and responses made/proposed.**

**Action:** Work in respect of improving tenant engagement and customer communication has started with the customer panel and the customer/tenant newsletter and handbook are in the process of being updated as a result of this.

## 5, Strategic Objective: Maintain financial strength:

- **Implement a budget management framework with devolved management and accountability for defined budget holders and improved review and reporting arrangements.**



**Action:** This process commenced during 2023/24 but requires a further review in respect of improving reporting arrangements.

- **Enhance information about our housing assets to enable more effective monitoring of asset performance.**

**Action:** This work has commenced linked to work in respect of the stock condition surveys and SHDF assessments. This objective will also feed into the ongoing IT review.

- **Implement the nursery efficiencies/ VFM plan. Carry out a 6-month review of the plan and revise as appropriate.**

**Action:** Ongoing reviews via management meetings have taken place. A business health check, Ofsted Mock Inspection audit and business plan review have taken place. Recommendations from this will feed into the wider business model review which is commencing early 2024/25.

#### **6, Strategic Objective: Provide new homes that meet our community's needs.**

- **Review development procurement approaches, including exploring modern methods of construction and the potential for alternative approaches e.g., joint venture and other cost-effective delivery models.**

**Action:** This remains work in progress in line with the review of the Association's procurement policy and associated framework and links into the work plan for 2024/25.

- **Create a new Development Policy and Procedure ensuring robust and efficient development processes.**

**Action:** This action was completed and the new policy, procedure and strategy have been considered and approved by the Development Committee and Board members for implementation.

Additional to the above activities a key value for money objective is to maintain and improve performance, delivering strong outcomes at competitive cost

#### **Statement of compliance with the VFM Standard**

The Board believes that through the range of information, completed metrics and assurance it regularly receives, it has obtained sufficient evidence to demonstrate compliance with the VFM standard.

#### **Governance**

The Board is committed to the highest standards of corporate governance and ensuring the successful delivery of the Association's purpose and strategic objectives. This commitment includes fulfilling the co-regulation responsibility, working with integrity and in an open and transparent way.

The Board adopted the updated 2020 NHF Code of Governance in early 2022 and have more recently adopted the principles of the NHF 2022 Code of Conduct.

The Governance and Financial Regulations Policy details the Board's purpose and role and how it will conduct its business. The policy is reviewed annually along with other relevant corporate policies.

Membership of the Board is skills based with competencies assessed against the Association's strategic objectives and primary activities. Under its rules the Board can have up to 12 members. Currently six positions are filled. Further recruitment processes are due to take place in 2024/25 to increase the number of Board members and fill any identified skills gaps following the appraisal process at the end of 2023/24. All members are voluntary with extensive knowledge of the communities in which the Association operates. All members are appraised annually including a peer appraisal.

The Board is supported by three standing sub committees: Audit and Risk, Development and Remuneration. The Development Committee was established in 2021 to ensure the appropriate consideration and appraisal of the Association's ambitious development plans.

#### **Statement of the Board's Responsibilities in Respect of the Accounts**

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure for the period of account.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Housing and Regeneration Act 2008, The Housing SORP 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

#### **Auditors**

The independent auditors of these financial statements are Crowe U.K LLP, appointed in April 2020 following a competitive tender process. Beever and Struthers provide internal audit services to the Association.

#### **Information for Auditors**

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

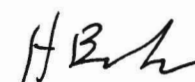
#### **Public Benefit Entity**

As a public benefit entity, the Association has applied the public benefit entity (PBE) paragraphs of Financial Reporting Standard 102 (FRS 102).

#### **Statement of Compliance**

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in Para 4.7 of the 2018 Statement of Recommended Practice for Registered Social Housing Providers.

#### **By Order of the Board:**



Signed: Henry Barker

Date: 24<sup>th</sup> July 2024



# WESTFIELD HOUSING ASSOCIATION

## Independent Auditor's Report to the Members of Westfield Housing Association

### Opinion

We have audited the financial statements of Westfield Housing Association (the "Association") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for 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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

### Other information

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

### Matters on which we are required to report by exception

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

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the Association; or
- a satisfactory system of controls over transactions has not been maintained; or
- the Association's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 19, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the SHDF grant funding completeness, potential impairment of the value of properties, the capital costs of development and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and substantive testing of key income streams.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.



These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Use of our report

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

*Crowe UK LLP*

Crowe U.K. LLP  
Statutory Auditor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: *1st August 2024*

WESTFIELD HOUSING ASSOCIATION

Statement of Comprehensive Income Year Ended 31st March 2024

	Note	Year Ended 31st March 2024 £'000	Year Ended 31st March 2023 £'000
Turnover	2	4,195	3,927
Operating expenditure	2	(3,405)	(3,242)
Gains on disposal of property, plant and equipment (fixed assets)	5	(17)	35
<b>Operating Surplus</b>		<b>773</b>	<b>720</b>
Interest receivable	6	42	12
Interest and financing costs	6	(451)	(340)
<b>Surplus for the year</b>	7	<b>364</b>	<b>392</b>
<b>Other comprehensive income</b>			
Actuarial gains/(losses) in respect of pension scheme	10	(76)	(184)
<b>Total comprehensive income for the year</b>		<b>288</b>	<b>208</b>

The financial statements on pages 23-49 were approved and authorised for issue by the Board on the 24<sup>th</sup> July 2024 and were signed on its behalf by:

Board Member *HB*

Board Member *SK*

Secretary *DR*

The results relate to continuing activities.

The notes on pages 29-49 form an integral part of these financial statements.





# WESTFIELD HOUSING ASSOCIATION


## Statement of Financial Position at 31st March 2024

	Note	Year Ended 31st March 2024 £'000	Year Ended 31st March 2023 £'000
<b>Fixed Assets</b>			
Tangible fixed assets	11	31,715	28,331
<b>Current Assets</b>			
Property held for disposal		-	154
Cash and cash equivalents	13	1,685	1,172
		2,478	1,953
<b>Creditors</b>			
Amounts falling due within one year	14	698	647
<b>Net Current Assets</b>		1,780	1,306
<b>Total Assets Less Current Liabilities</b>		33,495	29,637
<b>Creditors</b>			
Amounts falling due after more than one year	15	19,035	15,457
<b>Provisions</b>			
Pension – defined benefit liability	21	461	469
<b>Total Net Assets</b>		13,999	13,711
<b>Capital and Reserves</b>			
Income and expenditure reserve		13,999	13,711
<b>Total Reserves</b>		13,999	13,711

The financial statements on pages 23-49 were approved and authorised for issue by the Board on the 24<sup>th</sup> July 2024 and were signed on its behalf by:

Board Member 

Board Member 

Secretary 

The notes on pages 29-49 form an integral part of these financial statements.

# WESTFIELD HOUSING ASSOCIATION

## Statement of Changes in Reserves for the Year Ended 31st March 2024

	Income and Expenditure Reserve 2024 £'000	Income and Expenditure Reserve 2023 £'000
Balance at 1 <sup>st</sup> April	13,711	13,503
Surplus from statement of comprehensive income	288	208
Balance at 31 <sup>st</sup> March	13,999	13,711

The notes on pages 29-49 form an integral part of these accounts.

# WESTFIELD HOUSING ASSOCIATION

## Statement of Cash Flows for the Year Ended 31st March 2024

	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
<b>Net Cash generated from Operating Activities</b>	<b>1</b>		<b>1,151</b>		<b>1,286</b>
<b>Cash flow from investing activities</b>					
Purchase of tangible fixed assets		(4,156)		(1,568)	
Proceeds from sale of tangible fixed assets		138		203	
Money Market Investments		-		-	
Interest received		37		5	
<b>Cash flow from financing activities</b>					
Interest paid		(407)		(339)	
Repayments of borrowings		(1)		(71)	
Social Housing Grant and other Government grants received		651		337	
Loans drawn down		3100		-	
			(638)		(1,433)
<b>Net change in cash and cash equivalents</b>			<b>513</b>		<b>(147)</b>
<b>Cash and cash equivalents at beginning of the year</b>			<b>1,172</b>		<b>1,319</b>
<b>Cash and cash equivalents at the end of the year</b>			<b>1,685</b>		<b>1,172</b>

The notes on pages 29-49 form an integral part of these accounts.

# WESTFIELD HOUSING ASSOCIATION

## Analysis of changes in net debt

	At 1 April 2023 £'000	Cash flows £'000	New Finance lease £'000	Fair value movements £'000	Other non- cash movements £'000	At 31 March 2024 £'000
Cash	1,172	513	-	-	-	1,685
Money Market Deposits at call, seven day or monthly floating rates	-	-	-	-	-	0
	1,172	513	-	-	-	1,685
						0
Overdraft repayable on demand	(16)	(22)	-	-	-	(38)
Bank Loans due within one year	(1)	-	-	-	-	(1)
Bank Loans due greater than one year	(6,376)	(3,095)	-	-	-	(9,471)
Finance Lease obligations	(3)	1	-	-	-	(2)
						0
<b>Total</b>	<b>(5,223)</b>	<b>(2,603)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,827)</b>

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Statement of Cash Flows for the Year Ended 31st March 2024

### 1. Cash flow from Operating Activities

	2024 £'000	2023 £'000
Surplus for the year	288	208
<b>Adjustments for non-cash items</b>		
Depreciation etc. of tangible fixed assets	691	621
Decrease/(increase) in trade and other debtors	(58)	170
Increase/(decrease) in trade and other creditors	(3)	25
Pension costs less contributions payable	(30)	97
Impairment	-	16
Amortised government grant recycled in the year	(38)	(21)
<b>Adjustments for investing or financing activities</b>		
(Gain)/loss on disposal of tangible fixed assets	17	(35)
Government grants utilised in the year	(125)	(123)
Interest payable	451	340
Interest received	(42)	(12)
<b>Net cash generated from operating activities</b>	<b>1,151</b>	<b>1,286</b>

The notes on pages 29-49 form an integral part of these accounts.

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### Legal Status

Westfield Housing Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Registered Provider of social housing as defined by the Housing and Regeneration Act 2008. The Association adopted Charitable Status on 1 April 2008. The registered office is The Minto Centre, Nilsson Drive, Westfield, Workington, Cumbria, CA14 5BD.

### 1. Principal Accounting Policies

#### a) Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements have been prepared in compliance with Financial Reporting Standard 102 and are presented in sterling £'000 for the year ended 31 March 2024. The Association meets the definition of a Public Benefit Entity (PBE).

The accounts are prepared on the historical cost basis of accounting.

#### b) Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The position of the housing business has seen little negative impact other than an increase in maintenance and development costs associated with higher inflation. This has been mitigated by the 7.7% increase in rents from April 2024. In 2023/24, new properties came into management which improve the Operating Surplus for that year and going forward, along with a reduction in total maintenance spend. Year 1 of the Business Plan shows a forecast breach of the Interest Cover Covenant at 31 March 2025. We are currently in discussions with Barclays to amend the covenant calculation either by 'carve out' of costs or rebase to EBITDA only to remove the potential breach. Our back-stop position in the absence of an agreement with Barclays would be to defer an element of Planned Maintenance spend in to 2025/26 of approximately £76k. The Business Plan remains strong and has been demonstrated to remain financially viable when subjected to significant stress testing.

#### c) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- I. Development expenditure. The Association capitalises all direct expenditure on development, including direct rechargeable staff time, but does not capitalise interest costs or non-direct rechargeable staff time and associated administrative expenditure.
- II. Categorisation of housing properties. The Association has undertaken a detailed review of the intended use of all housing and office properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that all properties are held for social benefit and are therefore not classed as investment properties.



# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### Principal Accounting Policies (cont.)

- III. Impairment. The Association considers whether indicators of impairment exist in relation to tangible assets.

Indicators considered include external sources of information such as market value, market interest rates and returns on investment, actual or proposed changes to the technological, economic or legal environment, obsolescence or damage to the asset, operational changes or internal reporting which indicates that the asset is performing worse than expected. The Association also considers expected future performance of the asset. Any impairment loss is charged to the Statement of Comprehensive Income.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. Where it is deemed appropriate, the Association may segregate cash generating units into smaller components where an impairment has been identified which relates to a specific property or group of properties.

Following a trigger for impairment, the Association performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arms length transaction on similar cash generating units or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on the available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

In the year ended 31 March 2024, the Association did not identify any property with impairment losses, resulting in no impairment charge in the year.

- IV. Pension and other post-employment benefits. The cost of defined benefit pension plans and other post employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The Association is a member of a multi-employer pension fund, (The Social Housing Pension Scheme (SHPS)), and as such accounts for pension fund liabilities in accordance with the provisions of FRS 102 (section 28) relating to multi- employer schemes. Further details are given in note 10.
- V. Tangible fixed assets. Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at 31 March 2024 was £31,715,000 (2023: £28,331,000). Housing fixed assets comprise several components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### Other key sources of estimation and assumptions:

- VI. Categorisation of debt. The Association's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Association has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate). The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non basic". On the grounds that the Association believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Association's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Association has retained its "basic" treatment of its debt following the FRC announcement.
- VII. Accounting for the Social Housing Pension Scheme (SHPS). The Board's view, considering the guidance issued in FRS102 and guidance issued by the National Housing Federation, is that the difference between the deficit funding agreement previously recognised in relation to SHPS, and the net defined benefit deficit, should be recognised in Other Comprehensive Income. The relevant date to apply the adjustment is judged to be 1 April 2018, as TPT Retirement Solutions does not have data to provide sufficient information before the date of 31 March 2018.

### d) Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, and revenue grants from local authorities and Homes England. Income from the sale of assets and other income including Footsteps Nursery are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

### e) Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates fixed service charges on a scheme-by-scheme basis.

### f) Loan interest costs

Loan interest costs are calculated using the effective interest rate method. All loans and other financial instruments held during the year and at the balance sheet dates are classed as basic. No interest costs are capitalised.

### g) Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.



# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### h) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation, less any impairment adjustments.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where housing properties and offices comprise two or more major components with substantially different useful economic lives (UEs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties and offices by component on a straight-line basis over the estimated UELs of the component categories.

UEs for identified components are as follows:

#### Housing Properties, Minto Centre and Estate Office

Structure	100 Years
Roof	70 Years
Heating	15 Years
Windows and Doors	30 Years
Electrical and other Systems	35 Years
Kitchens	20 Years
Bathrooms	30 Years

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

#### Other Fixed Assets

Garages	40 Years
Office and estate equipment, vans, computers	4 Years
Nursery furniture, fittings and equipment	4 Years
Minto Centre – furniture	10 Years
Minto Centre – equipment	5 Years

### i) Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives. During the year to 31 March 2024 there were no assets held under finance leases or hire purchase agreements.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to the Statement of Comprehensive Income over the term of the lease.

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### j) Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value, if this is different, at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income. At the balance sheet dates current asset investments represent deposits with banks/building societies maturing within 1 year.

### k) Short-term debtors and creditors

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

### l) Non- government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

### m) Social Housing and other government grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG) and other grants (including SHDF and ECO4 grants), the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land) or the specific component to which it attaches, under the accruals model. SHG and other grants received for items of cost written off in the Statement of Comprehensive Income are included as part of Turnover in the year in which the cost is incurred.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England, however, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

### n) Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

### o) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.



# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### p) Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Association participates in the Social Housing Pension Scheme (SHPS), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions, (TPT). Historically TPT has not been able to provide sufficient information for each social landlord's share of SHPS to allow defined benefit accounting to be applied. Instead, in accordance with FRS 102 paragraphs 28.11 and 29.11A and Housing SORP paragraphs 15.9 to 15.12, SHPS has been accounted for as a defined contribution scheme and recognised a liability for the present value of the landlord's deficit funding agreement.

Following changes made to systems and processes by TPT, sufficient information is now available for SHPS. In January 2019, the Financial Reporting Council issued FRED71 (draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans) which provides proposed changes to FRS 102 on this issue.

Consistent with the guidance in FRED 71 paragraph 4, (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit deficit for SHPS has been recognised in Other Comprehensive Income.

### q) Financial Instruments

Financial assets and financial liabilities are measured initially at transaction price, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Financial instruments held by the Association are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost.
- Financial liabilities such as bonds and loans are held at amortised cost.

### r) Loans

All loans held by the Association are basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### s) Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

The following financial instruments are assessed individually for impairment:

- (a) All equity instruments regardless of significance; and
- (b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics. An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

- (a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.
- (b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

### t) Value Added Tax and Taxation

The Association is not registered for VAT. All amounts disclosed in the accounts are inclusive of VAT. The Association has charitable status. As a charity, there will normally be no charge to corporation tax in the accounts.

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 2. Turnover, Operating Expenditure and Operating Surplus

	Turnover	2024 Operating Costs	Operating Surplus/ (Deficit)	Turnover	2023 Operating Costs	Operating Surplus/ (Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social Housing Lettings (note 3)</b>	<b>3,461</b>	<b>2,433</b>	<b>1,028</b>	<b>3,137</b>	<b>2,364</b>	<b>773</b>
<b>Other Social Housing Activities</b>						
Other community investment	13	28	(15)	6	19	(13)
Home Ownership	5	5	-	4	4	-
Development	-	164	(164)	-	66	(66)
<b>Non-Social Housing Activities</b>						
Footsteps Nursery	680	757	(77)	745	771	(26)
Office Accommodation	36	18	18	35	18	17
	<b>4,195</b>	<b>3,405</b>	<b>790</b>	<b>3,927</b>	<b>3,242</b>	<b>685</b>

### 3. Income and Expenditure from Social Housing Lettings

	2024 £'000	2023 £'000
<b>Income</b>		
Rent receivable net of identifiable service charges and net of voids	3,255	2,969
Service charges	62	54
Net rents receivable	3,317	3,023
Amortised government grants on housing properties	144	114
<b>Total Income</b>	<b>3,461</b>	<b>3,137</b>
<b>Expenditure</b>		
Management	536	503
Service Charge costs	76	59
Routine maintenance	682	814
Planned maintenance	242	100
Cyclical maintenance	224	283
Bad debts	22	20
Depreciation and similar expenses on housing properties	651	585
<b>Total Expenditure</b>	<b>2,433</b>	<b>2,364</b>
<b>Operating surplus on social housing lettings</b>	<b>1,028</b>	<b>773</b>
<b>Void Losses</b>	<b>9</b>	<b>12</b>

All amounts relate to social housing accommodation

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 4. Accommodation Owned and in Development

	2024 No.	2023 No.
<b>Social Housing – General Needs</b>		
<b>In Development</b>		
As at 1 <sup>st</sup> April	-	-
Acquired or constructed during the year	21	2
Transferred to Management	(15)	(2)
As at 31 <sup>st</sup> March	6	-
<b>Under Management</b>		
As at 1 <sup>st</sup> April	613	613
Transferred from development	15	3
Transferred to Current Assets	-	(3)
As at 31 <sup>st</sup> March	628	613
<b>As at 1<sup>st</sup> April</b>		
Social Rented Properties	436	436
Affordable Rented Properties	134	123
Intermediate Rented Properties	58	54
Total as at 31 <sup>st</sup> March	628	613
<b>5. Gain on disposal of property, plant and equipment (fixed assets)</b>		
	2024 £'000	2023 £'000
Sale Proceeds of property disposals	175	203
Cost of Sales	192	168
Surplus/(Loss) on Sale	(17)	35
<b>6. Net Interest</b>		
	2024 £'000	2023 £'000
<b>Interest receivable and similar income on financial assets measured at amortised cost:</b>		
Interest receivable from short term deposits	42	12
<b>Interest payable and financing costs (notes 16, 26) on financial liabilities Measured at amortised cost:</b>		
On loans wholly or partly repayable in more than five years	398	309
Costs associated with financing	32	22
<b>On defined benefit pension scheme (note 10)</b>		
Expected interest on plan assets	(99)	(65)
Interest on scheme liabilities	120	74
	<b>451</b>	<b>340</b>



# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 7. Surplus on Ordinary Activities

	2024 £'000	2023 £'000
The operating surplus is stated after charging:		
<b>Depreciation</b>		
Housing properties	651	585
Other fixed assets	40	36
<b>Auditors' Remuneration (excluding VAT)</b>		
In their capacity as auditors	20	18
SHDF Grant Audit	3	-
<b>Operating lease rentals on telephone and office equipment</b>	<b>1</b>	<b>1</b>

### 8. Key Management Personnel Remuneration

	2024 £'000	2023 £'000
No emoluments were paid to members of the Board		
<b>Aggregate emoluments:</b>		
Paid or/receivable by the Chief Executive and key management personnel (including pension contributions and benefits in kind)		
Duncan Tilbe	61	73
Helena Evans	32	-
<b>Emoluments paid to the highest paid Director (excluding pension contributions)</b>	<b>53</b>	<b>63</b>

The highest paid director in the year is Duncan Tilbe, Chief Executive (to 6.12.2023). He was an ordinary member of the pension scheme. The pension scheme is a defined contribution scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. An accumulated contribution by the Association of £7,800 (2023: £9,510) was paid in 2023-24.

Key management personnel are defined as members of the Board and the Chief Executive of the Association.

### 9. Employee Information

	2024 No.	2023 No.
The average number of persons employed during the year, including the Chief Executive was:		
Office Staff	16	16
Nursery Staff	27	36
	<b>43</b>	<b>52</b>

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 9. Employee Information (cont.)

	2024 £'000	2023 £'000
<b>Staff Costs:</b>		
Wages and salaries	1,090	1,050
Social security costs	90	83
Pension costs	85	82
	<b>1,265</b>	<b>1,215</b>
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the period:	1	1

### 10. Pension Obligations

The Association participates in two schemes in the Social Housing Pension Scheme (SHPS). One is a defined contribution scheme which gives rise to no additional liabilities at the balance sheet date. The other is a defined benefit multi-employer pension administered by TPT Retirement Solutions (TPT). The accounting policy in relation to this scheme is set out on pages 30 and 34. The Association also has a growth plan pension with SHPS, run for the benefit of employees, to which no contributions are made by the Association.

No provision has been made in these accounts for GMP Equalisation. TPT are awaiting further guidance from the regulator before any work can commence. They have indicated this will be a lengthy process and may not be complete for a number of years.

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

#### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund at 30 September 2020.

	At 31 March 2024	At 31 March 2023
Rate of increase in salaries	3.77%	3.74%
Rate of increase for pensions in payment/inflation	3.17%	3.20%
Discount rate for scheme liabilities	4.89%	4.88%
Inflation assumption (CPI)	2.77%	2.74%
Commutation of pensions to lump sum	75% of max allowance	75% of max allowance

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 10. Pension Obligations (cont.)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 March 2024	At 31 March 2023
<b>Retiring today</b>		
Males	20.5	21.0
Females	23.0	23.4
<b>Retiring in 20 years</b>		
Males	21.8	22.2
Females	24.4	24.9

Analysis of the amount charged to operating expenditure in the Statement of Comprehensive Income	At 31 March 2024 £'000	At 31 March 2023 £'000
Employer service cost (net of employee contributions)	4	10
<b>Total operating charge</b>	<b>4</b>	<b>10</b>

#### Analysis of pension finance income/(costs)

Expected return on pension scheme assets	(99)	(65)
Interest on pension liabilities	120	74
<b>Amounts charged to financing costs</b>	<b>21</b>	<b>9</b>

#### Amounts of gains and losses recognized in Other Comprehensive Income

Actuarial gains/(losses) on pension scheme assets	(167)	(329)
Actuarial gains/(losses) on scheme liabilities	92	136
<b>Actuarial gain/(loss) recognised</b>	<b>(75)</b>	<b>(193)</b>

Movement on surplus/(deficit) during year	At 31 March 2024 £'000	At 31 March 2023 £'000
Deficit in scheme at 1 April	469	372
Movement in year:		
Employer service costs (net of employee contributions)	4	10
Employer contributions	(108)	(115)
Net interest/return on assets (note 6)	21	9
Remeasurements	75	193
<b>Deficit in scheme at 31 March</b>	<b>461</b>	<b>469</b>

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 10. Pension Obligations (continued)

Asset and Liability Reconciliation	At 31 March 2024 £'000	At 31 March 2023 £'000
<b>Reconciliation of liabilities:</b>		
<b>Liabilities at start of period</b>	<b>2,519</b>	<b>2,755</b>
Service cost	4	10
Interest cost	120	74
Employee contributions	-	1
Remeasurements	(92)	(136)
Benefits paid	(151)	(185)
<b>Liabilities at end of period</b>	<b>2,400</b>	<b>2,519</b>
<b>Reconciliation of assets</b>		
<b>Assets at start of period</b>	<b>2,050</b>	<b>2,383</b>
Return on plan assets	99	65
Remeasurements	(167)	(329)
Employer contributions	108	115
Employee contributions	-	1
Benefits paid	(151)	(185)
<b>Assets at end of period</b>	<b>1,939</b>	<b>2,050</b>
<b>Actual return on plan scheme assets</b>	<b>68</b>	<b>264</b>

#### Assets

	31 <sup>st</sup> March 2024 £'000	31 <sup>st</sup> March 2023 £'000
Global Equity	193	38
Absolute Return	76	22
Distressed Opportunities	68	62
Credit Relative Value	64	77
Alternative Risk Premia	62	4
Emerging Markets Debt	25	11
Risk Sharing	113	151
Insurance-Linked Securities	10	52
Property	78	88
Infrastructure	196	234
Private Debt	76	91
Opportunistic Illiquid Credit	76	88
High Yield	-	7
Private Equity	2	-
Long Lease Property	13	62
Secured Income	58	94
Cash	38	15
Currency Hedging	(1)	4
Liability Driven Investment	789	945
Net Current Issues	3	5
<b>Total Assets</b>	<b>1,939</b>	<b>2,050</b>

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.



# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

11. Tangible Fixed Assets	Housing Properties held for Lettings	Housing Properties Under Const'n.	Total Housing Properties	Estate Stores and Workshop	Office and Estate Equip't.	Motor Vehicles	Minto Centre And Other Land	Garages	Footsteps Nursery Furn. and Equip't	Total Other Fixed Assets	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>											
At 1 <sup>st</sup> April 2023	34,245	589	34,834	73	237	5	842	11	280	1,448	36,282
Additions	-	3,384	3,384	-	-	-	-	-	5	5	3,389
Works to existing properties	767	-	767	-	-	-	-	-	-	-	767
Schemes completed	525	(525)	-	-	-	-	-	-	-	-	-
Disposals	(310)	(40)	(350)	-	-	-	(41)	-	-	(41)	(391)
At 31st March 2024	35,227	3,408	38,635	73	237	5	801	11	285	1,412	40,047
<b>Depreciation</b>											
At 1 <sup>st</sup> April 2023	7,337	-	7,337	49	181	5	167	11	201	614	7,951
Charged in the year	651	-	651	1	15	-	10	-	14	40	691
Impairment	-	-	-	-	-	-	-	-	-	-	-
Disposals	(310)	-	(310)	-	-	-	-	-	-	-	(310)
At 31st March 2024	7,678	-	7,678	50	196	5	177	11	215	654	8,332
<b>Net Book Value</b>											
At 31st March 2024	27,549	3,408	30,957	23	41	-	624	-	70	758	31,715
At 31 <sup>st</sup> March 2023	26,908	589	27,497	24	56	-	675	-	79	834	28,331
Works to existing properties in the year		£'000	All housing properties are held on a freehold basis and have a net book value of £30,957 (2023 £27,497K). Freehold land and buildings with a carrying amount of £9,036k have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.								
Improvement works capitalised		NIL									
Components capitalised		767									
Amounts charged to expenditure	Note 3	242									

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# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 12. Trade and other Debtors

	At 31 <sup>st</sup> March 2024 £'000	At 31 <sup>st</sup> March 2023 £'000
Rent arrears	181	141
Less: Provision for doubtful debts	(101)	(87)
<b>Rental Debtors</b>	80	54
Other debtors net of provision	60	41
Prepayments and accrued income	83	70
Interest service and housing sale reserve	570	462
	<b>793</b>	<b>627</b>

Debtors are all due within one year

The interest service reserve is held by The Housing Finance Corporation (THFC) as security for 1 year's interest payable on the Bond; the housing sale reserve is held by THFC as additional security resulting from the sale of secured properties.

### 13. Cash and Cash Equivalents

	At 31 <sup>st</sup> March 2024 £'000	At 31 <sup>st</sup> March 2023 £'000
Cash balances	1,685	1,172
	<b>1,685</b>	<b>1,172</b>

### 14. Creditors: amounts falling due within one year

	At 31 <sup>st</sup> March 2024 £'000	At 31 <sup>st</sup> March 2023 £'000
Loans and overdrafts (note 16)	38	17
Rents and service charges paid in advance	40	45
Accruals and deferred income	301	269
Deferred capital grant (note 17)	112	125
Trade Creditors	142	191
Recycled Capital Grant Fund	65	-
	<b>698</b>	<b>647</b>

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# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 15. Creditors: amounts falling due after more one year

	At 31st March 2024 £'000	At 31st March 2023 £'000
Loans (Note 16)	9,470	6,376
Recycled Capital Grant Fund (Note 18)	290	177
Deferred capital grant (Note 17)	9,275	8,904
	<b>19,035</b>	<b>15,457</b>

Housing loans and bonds are secured by specific charges on the Association's housing properties. In addition, a balance of £256,124 is held by THFC as security in lieu of three properties which have been sold.

### 16. Financing Arrangements and Treasury Risk Management

The Association finances the provision of housing services and the maintenance of existing properties from its day-to-day rental income.

The Association finances the development and acquisition of new homes through a mixture of bank loans, bond finance, capital grants (see Note 17) and cash resources generated by day to day revenue activities. At 31<sup>st</sup> March 2024, the Association had available cash resources of £1.638m

The Association's treasury management strategy is reviewed by the Board each year.

#### Bank loans and bond finance:

Bond finance is provided by a £6,000,000 bond issued in October 2013 through The Housing Finance Corporation. The bond pays interest at the fixed rate of 5.2% on the nominal value for a period of 30 years, at the end of which the nominal value is repayable in full. Issue costs amounting in total to an estimated £141,328 and a premium on issue of £686,520 have been amortised and are released to the Statement of Comprehensive Income over the 30-year period.

Bank loan finance is provided by Fresh Plc and totals £62,327 at 31<sup>st</sup> March 2024 (2023: £63,512). The loan is repayable half yearly at an interest rate of 9.125% and is due to be repaid in 2046.

A 5 year development loan facility (Revolving Credit Facility) of £5m is in place with Barclays Bank plc. The loan bears interest at a margin of 1.25% over base rate on drawn balances and 0.5% on undrawn balances. At 31<sup>st</sup> March 2024, loans of £3.1m had been drawn. Issue Costs of £61,073 have been capitalised which are being amortised over the 5 year term.

Lender	Loan outstanding at 31 <sup>st</sup> March 2024	Maturity date	Interest rate
Fresh Plc	£62,327	2046	9.125%
Barclays Bank plc	£ 3,100,000	2027	1.25% over base rate

Bank loan finance has a weighted average interest rate of 6.55%. Fixed rate hedging arrangements are embedded within the Fresh Plc bank loan agreement and there is no counter-party risk exposure.

The bank loans and bond finance are secured by specific charges on the Association's individual housing properties.

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 16. Financing Arrangements and Treasury Risk Management (continued)

The maturity profile of the Association's loans at 31<sup>st</sup> March 2024 was:

	At 31 <sup>st</sup> March 2024 £'000	At 31 <sup>st</sup> March 2023 £'000
<b>Loans repayable by instalments:</b>		
Within one year	1	1
In one year or more but less than two years	1	1
In two years or more but less than five years	2	2
In five years or more	58	59
	<b>62</b>	<b>63</b>
<b>Loans not repayable by instalments:</b>		
In two years or more but less than five years:		
Barclays RCF	3,100	
Less: Issue Costs	(47)	(61)
In five years or more:		
Bond Nominal Value	6,000	6,000
Premium on Issue	446	469
Less: Bond issue costs	(90)	(95)
	<b>9,471</b>	<b>6,376</b>

The interest rate profile of the Association's debt at 31 March 2024 was:

	Total £'000	Variable Rate £'000	Fixed Rate £'000	Weighted Average Rate %	Weighted Average Term years
Instalment loans	63	-	63	9.125	22
Non instalment loans	9,546	3,100	6,446	5.4	14
	<b>9,609</b>	<b>3,100</b>	<b>6,509</b>	<b>5.4</b>	

The interest rate profile of the Association's Debt at 31 March 2023 was:

	Total £'000	Variable Rate £'000	Fixed Rate £'000	Weighted Average Rate %	Weighted Average Term years
Instalment loans	63	-	63	9.125	23
Non instalment loans	6,469	-	6,469	4.8	20
	<b>6,532</b>	<b>-</b>	<b>6,532</b>	<b>4.8</b>	

Bank loan and bond finance covenants:

The Association must comply with financial covenants on interest cover, gearing and asset security. At 31<sup>st</sup> March 2024, the Association fully complied with the covenants and business plan projections forecast that the Association will continue to comply fully for the foreseeable future with the benefit of revise covenant calculation for Interest Cover or reduce Planned Maintenance spend.

At 31 March 2024 there are undrawn loan facilities of £1.9 million, (2023 £5m).



# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 17. Deferred Capital Grant

	2024 £'000	2023 £'000
At start of year	9,029	8,906
Transferred to RCGF	(140)	(91)
Received in the year	651	337
Released to housing income in the year (note 3)	(116)	(114)
Released to office and nursery income (note 2)	(9)	(9)
SHDF released to housing income (note 3)	(28)	-
	<b>9,387</b>	<b>9,029</b>
Due within one year	112	125
Due after one year	9,275	8,904
	<b>9,387</b>	<b>9,029</b>

### 18. Recycled Capital Grant Fund

	2024 £'000	2023 £'000
At start of year	177	65
Grants transferred in during the year	172	112
Interest accrued	6	-
	<b>355</b>	<b>177</b>

### 19. Non-equity Share Capital

	£
Allotted issued and fully paid at 1 <sup>st</sup> April 2023	41
Issued during the year	2
Cancelled during the year	(4)
<b>Allotted, issued and fully paid at 31st March 2024</b>	<b>39</b>

The shares do not have a right to any dividend or distribution in a winding up and are not redeemable. Each share has full voting rights. All shares are fully paid. The par value of each share is £1.

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 20. Capital Commitments

	2024 £'000	2023 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	476	3,693
Capital Expenditure that has been authorised by the Board but not contracted for	-	-
The expenditure will be funded from existing cash reserves, loan finance and Social Housing Grant.		

### 21. Defined Benefit Pension Scheme Liability

	2024 £'000	2023 £'000
Provision for future pension liabilities for the defined benefit pension scheme.	461	469

### 22. Operating Leases

	2024 £'000	2023 £'000
Westfield Housing Association holds office equipment under non-cancellable operating leases. At the end of the year the Association had commitments of future lease minimum payments of:		
<b>Others</b>		
In less than 1 year	1	1
In one year or more but less than two years	1	1
In two years or more and less than five years	-	1
	<b>2</b>	<b>3</b>

### 23. Contingent Liability

In addition to the defined benefit and defined contribution pension schemes held with SHPS, the Association, also has a small AVC scheme with one member. At the last valuation of the scheme in September 2023, the Association would have been required to pay an estimated £1,024 in respect of the AVC Scheme should the scheme be closed completely. There are no other known contingent liabilities at the year end.



# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 24. Social Housing Decarbonisation Fund

The Association is participating in Wave 2 of the SHDF grant funded programme which provides match funding for capital and admin and ancillary (A&A) costs required to bring the EPC rating of properties up to a grade 'C'. The programme lasts for 2 years from 1<sup>st</sup> April 2023 through to 31<sup>st</sup> March 2025.

Grants have been claimed in the year on a forecast spend basis. At the year end, grants had been claimed in excess of actual spend and so will be rolled over into year 2 of the programme.

In total, grant of £181,915 has been claimed up to 31<sup>st</sup> March 2024 in respect of forecast spend as instructed through the Consortium.

Of this, £27,944 has been treated as Income to offset costs of £56,364.

Capital spend recorded in these accounts to 31<sup>st</sup> March 2024 is a total of £245,508 against which we have allocated grant of £122,754.

This leaves unallocated grant of £31,217 which will be allocated against spend in 2024/25.

### 25. Grant and Financial Assistance

	2024 £'000	2023 £'000
The total accumulated government grant and financial assistance received or receivable at 31 <sup>st</sup> March:	14,107	13,450
Held as deferred capital grant (Note 17)	9,387	9,029
Held as RCGF (Note 18)	355	177
Recognised as income in the statement of comprehensive income	4,365	4,244

### 26. Related Parties

The following are related parties:

- The Board does not currently have any tenant members.
- There are no transactions with key management personnel and their close family.

# WESTFIELD HOUSING ASSOCIATION

## Notes to the Financial Statements for the Year Ended 31st March 2024

### 27. Financial Instruments

	2024 £'000	2023 £'000
The Association had the following financial instruments:		
Financial assets that are debt instruments measured at amortised cost:		
Cash at bank and in hand (Note 13)	1,685	1,172
Money market investments	-	-
Rental Debtors (Note 12)	80	54
Trade debtors (Note 12)	60	41
Interest service and housing sale reserve (Note 12)	570	462
	<b>2,395</b>	<b>1,729</b>
Financial liabilities measured at amortised cost:		
Loans & overdrafts (Note 16 & 14)	9,509	6,393
Trade creditors, accruals and deferred income (Note 14)	443	460
Deferred capital grants (Note 17)	9,423	9,029
SHPS pension agreement plan (Note 10)	461	469
	<b>19,836</b>	<b>16,351</b>

### 28. Post Balance Sheet Events

Since the year end, the preparation and approval of the Business Plan has identified a potential breach of the Interest Cover covenant with the Barclays RCF loan. We are engaged in ongoing discussions with Barclays to amend the covenant position, either through a 'carve out' of energy efficiency/decarbonisation costs or by rebasing the covenant calculation from EBITDA-MRI to EBITDA flat. In the event that neither of these options come to fruition, our backstop position to bring the Interest Cover ratio back into compliance will be to reduce our Planned Maintenance spend in the year to 31<sup>st</sup> March 2025 by approximately £76k and defer that spend in to the 2025/26 year.

There have been no other significant Post Balance Sheet Events noted which require reporting.

