

WALSALL HOUSING GROUP LIMITED

England & Wales · Charity number 1108779

Details

Other names WALSALL HOUSING TRUST LIMITED

Status Registered

Legal form Charitable company

Company number [04015633](#)

Registered 2005-04-01

Register [View on the Charity Commission register](#)

Contact

Address Walsall Housing Group Ltd
100 Hatherton Street
Walsall
WS1 1AB

Phone 03005556666

Email enquiries@whgrp.co.uk

Website www.whg.uk.com

Activities

Objects: THE OBJECTS OF THE COMPANY SHALL BE TO CARRY OUT FOR THE BENEFIT OF THE COMMUNITY:-(A) THE BUSINESS OF PROVIDING HOUSING, ACCOMMODATION AND ASSOCIATED FACILITIES AND AMENITIES FOR POOR PEOPLE AND FOR THE RELIEF OF THE AGED, DISABLED, HANDICAPPED (WHETHER PHYSICALLY OR MENTALLY) OR CHRONICALLY SICK PEOPLE; AND(B) TO PROMOTE THE EFFICIENCY AND THE EFFECTIVENESS OF CHARITABLE ORGANISATIONS WITH SIMILAR OBJECTS OR OF NON CHARITABLE ORGANISATIONS CARRYING OUT CHARITABLE WORK (SIMILAR TO THE COMPANY) BY PROVIDING MANAGEMENT, ADMINISTRATIVE, STRATEGIC AND OTHER SERVICES.(C) SUCH OTHER CHARITABLE PURPOSES THAT CAN BE CARRIED OUT BY A COMPANY REGISTERED AS A SOCIAL LANDLORD WITH THE HOUSING CORPORATION.

Activities: whg is one of the Midlands' leading and most successful providers of high quality housing. Owning and managing around 22,000 homes primarily in Walsall, whg provides affordable, good quality homes and community-based services to the local community. We are committed to working with customers, colleagues and our partners to transform the quality of life in our neighbourhoods.

Classification

- **How:** Makes Grants To Organisations, Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Education/training, The Advancement Of Health Or Saving Of Lives, Disability, The Prevention Or Relief Of Poverty, Accommodation/housing, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** Children/young People, Elderly/old People, People With Disabilities, Other Charities Or Voluntary Bodies, Other Defined Groups

Geography

- **Area of benefit:** NOT DEFINED. IN PRACTICE WALSALL, WEST MIDLANDS.
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£155,448,068	£131,076,678	£285,940,000	789
2024-03-31	£149,242,020	£117,019,827	£260,259,766	756
2023-03-31	£134,847,688	£112,722,518	£297,131,340	747
2022-03-31	£128,336,026	£108,596,027	£219,277,613	718
2021-03-31	£126,256,059	£108,690,553	£166,810,720	727

Trustees

Name	Role	Appointed
Aaron John		2025-11-01
Craig Varian		2024-09-27
Deborah Walthorne		2023-06-01
Gary Fulford		2016-08-25
Gary Moreton		2019-07-29
Ian David Shapiro		2020-11-01
Katie Kershaw		2023-05-25
Nicola McGowan		2025-11-01
Nicola Pease		2025-01-01
Parminder Dosanjh Kaur		2023-06-01
Rebecca Jade Clarke		2025-06-01
Richard Geoffrey Wooley		2025-11-01

WALSALL HOUSING GROUP LIMITED

England & Wales - Charity number 1108779

Accounts

Walsall Housing Group Limited
Financial Statements for the year ended
31 March 2025



Company Registration Number: 04015633
Registered Provider Number: L4389
Registered Charity Number: 1108779

Registered office:
100 Hatherton Street,
Walsall. WS1 1AB

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Board, Executive Directors and Advisors

Board	Appointed	Left
Gary Moreton (Chair)		
Gary Fulford (Chair of Admin Coterminous Board)		
Guy Weston (Chair of the Audit and Assurance Committee)		
Akshay Parikh		
Ian Shapiro		
Craig Varian	01/11/2024	
Natalia Hill		
Katie Kershaw (Chair of Commercial Coterminous Board)		
Deborah Walthorne		
Parminder Kaur		
Nicola Pease	01/02/2025	
Paul O'Driscoll		27/09/2024
Daren Fradgley		06/02/2025
Elisabeth Downes		31/12/2024

Company Secretary

Dawn Hendon

Executive Directors

Gary Fulford	Group Chief Executive
Sangita Surridge	Corporate Director of Finance
Dawn Hendon	Corporate Director of Governance, Compliance and Communications
Lisa Wallis	Corporate Director of People and Culture
Robert Gilham	Corporate Director of Strategy, Assets and Transformation
Fay Shanahan	Corporate Director of Operations and IT
Rebecca Bennett Casserly	Corporate Director of Development

Statutory Auditor

Beever and Struthers
The Colmore Building
20 Colmore Circus Queensway
Birmingham B4 6AT

Internal Auditor

KPMG LLP
St Nicholas House
31 Park Row
Nottingham
NG1 6FQ

Principal Banker

Lloyds Bank plc
The Bridge
Walsall
WS1 1LU

Chief Executive Forward

I'm delighted to introduce our 2025 Annual Report and Accounts and to report a strong set of results in what continues to be a challenging operating environment.

Throughout the year, we have remained focused on delivering for our customers and communities while navigating the impact of high inflation and increasing expectations. Despite these pressures, we continued to invest in our homes and services, made significant progress on our strategic objectives, and strengthened the foundations for our future through the launch of Our 2030 Plan.

One of the standout moments of the year was achieving a G1/V1/C1 regulatory judgement. This recognition reflects the dedication and hard work of colleagues across the organisation. Of particular note was the praise we received for our customer involvement and governance, which demonstrates the strength of our values-led approach.

It is also really pleasing to report an improvement across many of our Tenant Satisfaction Measures (TSMs), including a significant increase in overall customer satisfaction from 70.3% to 77.2%. This is a reflection of our commitment to listening, learning, and acting on what matters most to our customers.

At whg, we remain committed to the success of our people and our places. We delivered 506 new homes this year, including a strong proportion for social rent, alongside 104 homes for shared ownership. We have a further 423 homes in the pipeline for delivery in future years. Demand for all of our homes remains high, with the number of vacant homes at year-end at its lowest in recent years. Our level of evictions has significantly reduced over the last seven years which shows our commitment to tenancy sustainability, keeping our customers in their homes whilst managing our void costs. We finished the year with a rent arrears position of 2.23% which demonstrates our commitment to helping our customers manage their rent payments. We also continued to invest in our existing homes, increasing our total investment by £5.1m, and ending the year with 67% of our homes now at EPC rating C or above.

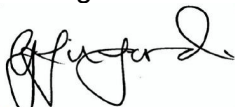
We know there is more to do. Over the past year, we've made significant investments to improve the customer experience, and it's encouraging to see satisfaction in this area rise from 73.5% to 79.6%.

Financially, I'm delighted to report robust results. Our operating surplus was £38.8m, with an operating margin of 27%, and our EBITDA MRI interest cover stood at a healthy 220%. We closed the year with £200m in undrawn facilities and £30.3m in cash reserves, providing us with a strong platform for future investment and resilience. Our financial strength was further evidenced by the maintenance of our A2 stable credit rating by Moody's, reinforcing investor confidence in our strategy and financial management.

This year also marked the launch of Our 2030 Plan, and conclusion of our first year towards it, which sets out six bold transformational programmes that will shape our organisation over the next five years. These programmes – covering data, services, social justice, sustainability, placemaking, and the future of work – are already driving innovation and change across whg.

While many organisations in our sector are scaling back development, we remain committed to growth. We believe that we can and should continue to build and regenerate homes and places that people are proud to live in. We are working with partners to unlock further opportunities across the Midlands.

As we look ahead, I remain confident in our ability to deliver for our customers and communities. That confidence comes from the incredible people who make up team whg. I would like to thank every colleague for their hard work, dedication, and continued commitment to our purpose.

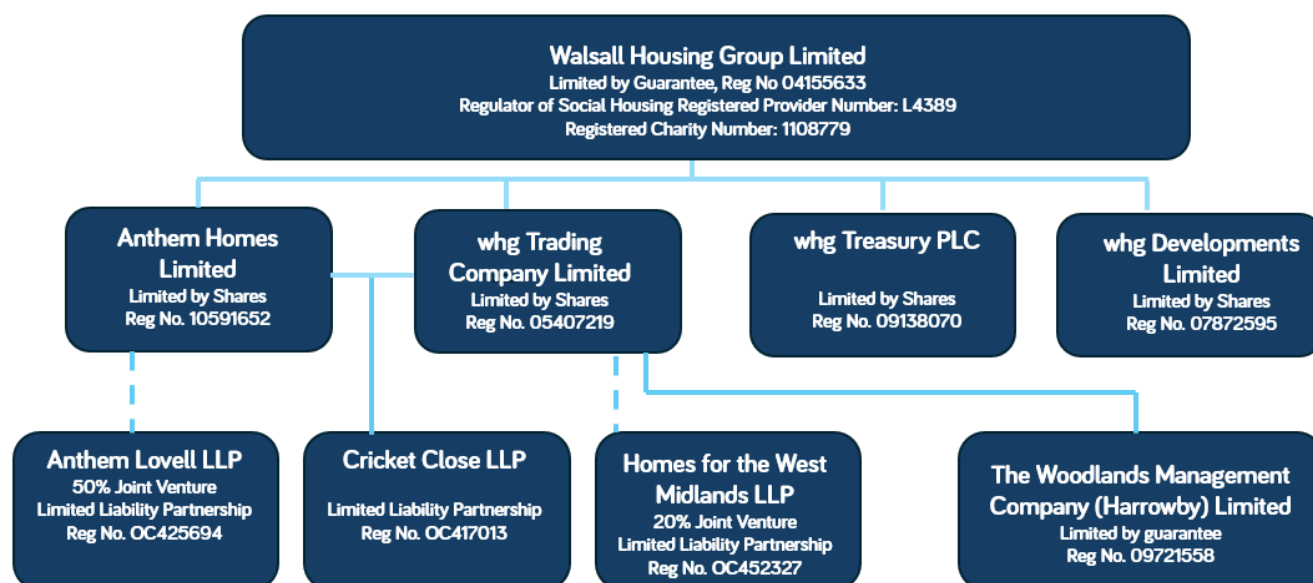


Gary Fulford

Strategic Report

Principal Activities

The Group is a not-for-profit, social housing business whose principal activities include the development and management of affordable housing across the Midlands and investing in our local communities. Services include shared ownership homes and the development of homes for rent and outright sale. During 2024/25 the Group continued to expand outside of Walsall and owns and manages homes in 21 local authorities in the Midlands. The Group, as of 31 March 2025, owns and/or manages 22,881 homes. The Company, its subsidiaries and its joint venture are shown in the diagram below for the year ended 31 March 2025.



Walsall Housing Group Limited ('whg', 'the Company', 'the Group'): This is the registered provider of the Group that provides homes for rent and maintenance services. It also owns the newly developed homes for rent and shared ownership and borrows from banks and whg Treasury PLC to fund its development programme.

whg Treasury PLC: This company was set up to issue a public bond to raise funds for investment in our development programme via Walsall Housing Group Limited.

whg Developments Ltd: This company carries out design and build services for any land-led sites. This helps to deliver efficiencies within professional fees incurred for these sites and therefore contributes towards the ongoing value for money drive.

whg Trading Company Ltd: This company holds our non-housing related commercial activity and generates profits to help subsidise our affordable homes new development programme.

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

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

Cricket Close LLP: This is another partnership which Anthem Homes holds in conjunction with whg Trading. It owns land which may be developed or sold in the future.

Homes for the West Midlands LLP: This joint venture aim to promote the development of affordable homes, which whg Trading Limited owns a 20% investment in with 4 other local registered providers all owing an equal share.

The Woodlands Management (Harrowby) Company Ltd: This company's principal activity is residential property management.

Our mission

Dedicated to the success of our people and places.

Our ambition

We will provide safe and secure homes and deliver high-quality services. Our communities will be empowered to thrive and we will always do the best for our customers.

Our values

Our culture is built on our strong values, with diversity, inclusivity and support to our customers at the heart of our work. Our values set out a clear expectation of 'how we do things around here'. They are our core beliefs which inform our decision-making and help shape our organisation.



Trustworthy

You can rely on us. We are honest in everything we do.



Accountable

Taking responsibility for our actions and owning the delivery of our promises.



Excellent

Striving to be the best and delivering the best outcomes for customers and the organisation.



Respectful

Valuing people and treating everyone with empathy and fairness.



Collaborative

Achieving great things by working together.

To deliver our ambitions we need to be a strong business. We have seven foundations which will underpin our work and support us to deliver on our 2030 plan.

Our foundations

1. Understanding our customers

2. Great customer service

3. Effective communication

4. Strong governance

5. Managing our risks

6. Technology and digitalisation

7. Strong and effective partnerships

Our foundations help to ensure we deliver services of real value, using customer insights to inform our services, evidenced by continuous improvement in our customer satisfaction outcomes. Our governance structure guarantees the customer voice is heard - influencing our decision-making.

We manage risk effectively to ensure the safety of customers and colleagues. Our Board has established clear parameters for risk appetite, focusing on areas like health and safety, cybersecurity and building safety. Regular reviews and a dynamic risk register empower informed decision-making and strategic planning.

We continue to invest in technology so we can provide high-quality digital solutions, create operational efficiencies and deliver a first-class customer experience. We also work with our partners to address digital exclusion in our communities.

Continued cuts to public services mean a clearly defined service offer is more important than ever. Working in collaboration on shared objectives with our partners means we achieve more. We remain within the boundaries of our offer to customers and continue to develop close and effective partnerships for handover where our services end. This will help direct customers so they can access the right service, through the right provider, at the right time, leading to higher standards of support, greater trust and a positive customer experience with whg.

Strong finances and value for money

Ensuring we remain in a strong financial position is vital to ensure all our customers have a safe and secure place to call home. We invest our surplus income back into the business to support our communities, improve our homes and build more affordable housing.

2024/25 Strategic Progress



The 2024/25 financial year was a challenging year for us but despite economic uncertainty, rising costs, changing regulations, and higher customer expectations, we have maintained our strong position. Following a Regulatory Inspection from the Regulator of Social Housing ('RSH'), we achieved:

- G1 which reflects our strong governance framework
- V1 which reflects our strong historic and medium term forward looking financial forecasts. This is also evidenced by our A2 credit rating from Moody's.
- C1 reflecting the quality of services and engagement of our customers in service design. Key to this achievement was our proactive approach to regulatory compliance. The inspectors recognised our cohesive and collaborative Board and how we incorporate customer voice into our decision-making right through the organisation.

We have commenced delivering on our six transformational programmes set out in Our 2030 Plan. These programmes are the key areas of focus for the business for the period up to 2030. Together, they are guiding our response to sector-wide challenges, from addressing the housing crisis to advancing net-zero ambitions. Some key highlights are shown against each programme theme below.



Data driven decisions



Launched new risk management software



Complaint handling process improvement



Launched 'Homesight' data collection tool for our homes



Implementation of new asset investment system



Implementation of new predictive arrears technology

Precision in planning: Our asset investment system

We started the implementation of our asset investment system, significantly enhancing financial planning and operational efficiency. By consolidating critical data, including EPC ratings, component lifecycles, safety records, and decarbonisation metrics into a single platform, we hold improved insights on our housing stock. This granular asset-level data (such as property-specific maintenance needs) will position us to manage cyclical investment demands proactively, support decarbonisation goals, and deliver long-term value across our portfolio.

Managing risk: A more streamlined approach

We embedded our new risk management software to improve how we manage and track risks. The software has made risk management more transparent and streamlined. It is providing easier access to view and report on risks, ensuring greater accountability across teams. The platform offers valuable insights that support our data-driven decisions and improving our ability to proactively manage risks at the strategic and operational level to assist decision making.

New predictive arrears technology

As part of our commitment to data-driven decision making, our Income Collection Team will use our new arrears management solution that leverages machine learning, data science and behavioural insights to automate and personalise customer engagement. This will enable us to make risk-based interventions delivering the right message at the right time through the most effective communication channel. This technology will lead to a reduction in manual interventions, improved rent collection rates, enhanced customer engagement and increased productivity.

Home Sight: Using data to support investment decisions

We launched our new Home Sight initiative, which incorporates a brief home condition and environmental check into every visit, using predictive analytics to support long-term stock investment decisions and support our Home Maintenance Service more effectively.

Complaint handling: Improving processes

We enhanced our internal processes to identify and address concerns proactively, alongside promoting our accessible complaints service. Through assurance reviews carried out, we are on a journey to increase our focus on transparency and continuous improvement to ensure we can demonstrate robust accountability in resolving issues. Our performance on the TSMs is set out below. 'Green' indicates

where we perform stronger than the sector median and 'red' where we have further work to do to improve our performance, particularly with regards to the number of stage 2 complaints received and the level of customer satisfaction with our approach to complaints handling.

Tenant Satisfaction Measures	23/24 whg performance	24/25 whg performance	Trajectory	23/24 Average (Median) Scores Published by the Regulator	23/24 Peer Group Average Scores
TP09: If yes, how satisfied or dissatisfied are you with your landlord's approach to complaints handling?	35%	36%	↑	37%	36%
CH01: Complaints received relative to the size of the landlord - total stage 1 complaints per 1,000 homes	22	32	↓	48	60
CH01: Complaints received relative to the size of the landlord - total stage 2 complaints per 1,000 homes	5	8	↓	6	10
CH02: Complaints responded to within Complaint Handling Timescales - Stage 1	98.5%	97.2%	↑	87%	82%
CH02: Complaints responded to within Complaint Handling Timescales - Stage 2	92.2%	98.1%	↑	88%	87%

Cyber resilience: Safeguarding trust

We continued to strengthen our cyber security controls and defences throughout the year. Key improvements included cyber incident preparedness exercises, enhanced backup and recovery capabilities, and the introduction of defined security requirements and assessments for our supply chain partners. We also upgraded our internal network infrastructure, replacing all hardware to ensure a secure-by-design environment. Improvements to patch management and email security further reduced potential vulnerabilities.

We are working towards achieving Cyber Essentials accreditation, alongside an updated Cyber Incident Response Plan and expanded cyber insurance coverage, reinforcing our ability to manage and respond to emerging cyber threats effectively.

AI adoption: Balancing innovation and responsibility

We recognise both the potential benefits and important considerations that artificial intelligence (AI) presents for our business. To ensure a responsible and strategic approach, we started working with a recognised industry expert to develop an AI Opportunity Roadmap aligned to our organisational priorities. We began to embrace AI in targeted areas, including the proactive management of rent arrears, where early interventions are helping to support customers and improve outcomes.



Forward thinking services



23% increase in investment in existing homes



Increased customer satisfaction to 77.2%



Routine repairs completed within timescales increased to 81.9%



79.6% of customers satisfied with repairs service

Capital Investment in existing homes (Asset Investment Service)

The age of our stock and associated investment cycles, combined with EPC-C ambitions by 2030 and planning for expected forthcoming regulatory requirements requires substantial investment in our homes. This year we significantly increased expenditure by 23% (£5.1m) to meet the long-term cyclical investment demands of our homes portfolio. We have achieved an overall improvement in the percentage of our homes that are EPC-C or above and we have replaced a number of key components to improve the overall quality of our homes.

Homes with EPC rating of:	Mar-24	Mar-25	Year-on-year change
Class A	0.2%	0.2%	-
Class B	15.3%	19.3%	↑
Class C	39.4%	47.5%	↑
Class D	44.1%	29.8%	↓
Class E	0.8%	2.8%	↑
Class F	0.1%	0.1%	-
No / expired EPC	0.0%	0.3%	↑

	Number completed
Kitchens	570
Bathrooms	26
Rewires	69
Consumer units	62
Boiler or Heating replacements or controls	887
Roofing	324
Windows	103
Solar PV Installations	141
External wall insulation	24
Loft insulation top ups	60

Investment and reconfiguration of our responsive repairs service (Home Maintenance Services)

We have maintained our increased level of investment in our repairs service. In 2023/24, investment increased by 18% (£6m) and in 2024/25 it increased again by 8% (£3m). This investment has helped to reduce the level of outstanding repairs to an appropriate level and timeframe as 81.9% of repairs are now completed within timescales (from 63% in 2023/24). We have also improved our customer satisfaction with the service to 79.6% (from 74% in 2023/24).

We restructured our repairs team into geographically divided East and West teams, allowing trades colleagues to deepen their knowledge of localised housing stock, developing expertise in recurring issues specific to each area. This local focus reduced travel times, supporting our sustainability agenda, and enabled technicians to complete more jobs per day. We also separated the Response and Programmed Repairs Teams allowing for more specialised, effective services. The reorganisation facilitated better job allocation, ensuring that the right resources were deployed for the right tasks

This investment and reconfiguration has led to improved results, evidenced below by data from the Regulator's Tenant Satisfaction Measures ('TSMs').

Tenant Satisfaction Measures	23/24 whg performance	24/25 whg performance	Trajectory	23/24 Average (Median) Scores Published by the Regulator	23/24 Peer Group Average Scores
TP02: If yes, how satisfied or dissatisfied are you with the overall repairs service from your landlord over the last 12 months?	74%	80%	↑	73%	70%
TP03: If yes, how satisfied or dissatisfied are you with the time taken to complete your most recent repair after you reported it?	62%	71%	↑	69%	64%
RP02: Percentage of repairs within the target time set for themselves - Emergency Repairs in time	98.4%	99.7%	↑	95%	89%
RP02: Percentage of repairs within the target time set for themselves - Non-Emergency Repairs in time	63%	82%	↑	80%	65%

The 'green' indicates that we have achieved a stronger position than the latest published sector median for 2023/24 data. Our emergency repairs completed within timescale have achieved upper quartile performance.

We have also prepared for the requirements of Awaab's Law, due for implementation in October 2025,

by recruiting additional surveyors and support roles for relevant documentation processes. This will show as increased investment in next year's accounts.

An improved customer offer: Self-service

We expanded our customer portal to include new services such as reporting damp, mould, and condensation, fly-tipping and anti-social behaviour. This enabled customers to manage more of their home online at a time to suit them. We also launched a dedicated offer for Shared Owners. This included a new Shared Ownership Staircase Calculator, which has helped encourage more shared owners to staircase. £1m in staircasing income was generated during 24/25.

Investment in customer services including increasing resources and protecting training and development time has seen an increase in the number of customer services colleagues saying they are happy in their roles and has contributed to improved customer services measures overall.

Omnichannel: Improving customer contact

Customer Services transformed over the last 12 months with the implementation of a new management structure and enabling technology. The rollout of our new omnichannel tool, 8x8, integrated our customer contact channels and enabled the introduction of new channels including the implementation of video diagnostics to improve accurate diagnosis of repairs. This slashed average call-answer times and cut call abandonment from 43% to 4.6%. The platform is continually evolving and enables us to adapt to the changing needs of our customers. Our call quality, a new measure, is at 90%.

Our communities: Strengthening our neighbourhood presence

We continued to invest in our Community Housing Model, with more customer-facing colleagues working with customers as a visible and accessible part of the community. Our Community Housing Model supported the delivery of high-quality housing services and contributed to increased levels of customer satisfaction with our services. The model takes a strengths-based approach, focused on empowering customers to thrive in our homes.

The areas marked as 'green' below show a stronger performance than the sector median and the below median are areas we need to improve on. For satisfaction with communal areas, we have recently repocured two of our major contracts for grounds maintenance and cleaning which is aimed at improving the quality of service provision. For anti-social behaviour ('ASB') metrics we have completed a service review to better understand customer perceptions, awareness of responsibilities (landlord, Council, and Police), and the effectiveness of our reporting processes. We engaged our customer scrutiny group to drive further improvements which we aim to demonstrate in our TSM performance next year.

Tenant Satisfaction Measures	23/24 whg performance	24/25 whg performance	Trajectory	23/24 Average (Median) Scores Published by the Regulator	23/24 Peer Group Average Scores
TP01: Taking everything into account, how satisfied or dissatisfied are you with the service provided by your landlord?	70%	77%	↑	73%	71%
TP06: How satisfied or dissatisfied are you that your landlord listens to your views and acts upon them?	56%	64%	↑	63%	61%
TP08: To what extent do you agree or disagree with the following? "My landlord treats me fairly and with respect."	77%	84%	↑	79%	78%
TP10: If yes, how satisfied or dissatisfied are you that your landlord keeps these communal areas clean and well-maintained	61%	63%	↑	67%	68%
TP11: How satisfied or dissatisfied are you that your landlord makes a positive contribution to your neighbourhood?	62%	69%	↑	65%	65%
TP12: How satisfied or dissatisfied are you with your landlord's approach to handling anti-social behaviour?	62%	59%	↑	61%	62%
NM01: Anti-social behaviour cases relative to the size of the landlord - total cases per 1,000 homes	42	55	↓	36	43
NM01: Anti-social behaviour cases relative to the size of the landlord - total cases involving hate crime per 1,000 homes	0.0	2.0	↓	0.6	1



Social justice and transforming lives



Secured £54m in social value



£268k external funding secured to support a range of community projects



Achieved financial gains for customers of over £6 million



Re-awarded HQN MIST accreditation

Secured £54m in social value gains

Our VFM assessment demonstrates our non-cashable Equity and Ethics gains generated from our social value investments. Activities which produce these gains are our money advice service (including housing benefit advice), health and wellbeing support (H Factor work), jobs, training and employment support.

Economic inclusion: Income, and money advice, and housing benefit advice

Our money advice service successfully achieved financial gains for customers of over £6m. Customers reported high levels of satisfaction with the service, with 93% of people who used the service telling us that they were satisfied with their experience and would use the service again if needed.

Our arrears position remained strong, at 2.23% despite the roll out of Universal Credit continuing. Our commitment not to evict into homelessness remained, with just six evictions due to rent arrears taking place.

Our most recent external audit (Maximising Income Sustaining Tenancies (MIST) HQN) gave us high

assurance around the quality of our Income collection services, stating that “*the organisation has an outstanding, supportive offer to its residents and communities*”.

£268k external funding secured for community projects

Funding has been secured for the ‘H Factor’ work and our work on improving the employment prospects of our customers and others in the community as set out below:

The H Factor: Health, Hope and Happiness

We completed the work set out within our award-winning H Factor strategy, supporting 2,212 customers in the last year to achieve health, hope and happiness. Our Social Justice Strategy was cited as best practice within a number of national publications and best practice reports including:

- Relationship of Equals Housing Ombudsman Spotlight Report for H Factor Strategy – Best Practice 2023
- National Housing Federation Health and Housing Best Practice report 2023
- Chartered Institute of Housing Health and Housing Best Practice Report 2023
- Diabetes UK Tackling Inequalities report citing Diabetes Champion programme as best practice in communities 2023.

Work 4: Bridging employment gaps

A key focus of our H Factor strategy was to improve customers’ access to education, training and employment. Our award-winning Work 4 employability programme was created to align with workforce vacancies in key sectors such as health and social care. Working in partnership with the DWP and Walsall College to date the Work 4 programme has supported 214 customers to gain employment, 190 within the health sector and 24 within whg. In addition, the programme has recruited five customers as health apprentices with one customer now working towards a degree in nursing. Work 4 has created £3m of social value and with 53% of those recruited coming from a diverse background, the workforce is becoming more representative of the population it serves.

In the last year we expanded our Work 4 model into other sectors using our connections with the Black Country Chamber of Commerce and our supply chain to identify new commercial partners, creating new pathways to sustainable employment for our customers.



Sustainable futures



Named ESG team of the year at the Unlock Net Zero Awards



Reaccredited with the Certified Sustainable Housing Label by RITTERWALD



Regeneration: our first net zero prototype



Accrediting over 12% of colleagues as carbon literate



Procuring 100% renewable electricity and green gas

Named ESG Team of the Year

During the year, we won our first 'Unlock Net Zero' award. We were praised for our clear and robust golden thread with regards to our commitment and drive to ESG. We demonstrated that our ESG agenda is championed from the board all the way to our Sustainability and Community Health Champions. Our ESG team reach far and wide, partnering with stakeholders across our communities to bring positive change.



Carbon literacy: Our in-house training

Our carbon literacy training continued at pace and we now have over 176 of our colleagues trained in carbon literacy and over 12% accredited as carbon literate with the Carbon Literacy Project. The training has been instrumental in ensuring everyone has a shared understanding of climate change and how their unique roles can contribute to and accelerate our wider sustainability goals. A report on the training showed confidence to act on climate issues increased significantly, rising from 29% pre-training to 92% post-training.

Dudley Fields: A Net-Zero prototype

We led on the production of the Net Zero Neighbourhood Plan for Dudley Fields, in collaboration with the WMCA and Walsall Council. Dudley Fields is one of seven Net Zero Neighbourhoods being developed across the West Midlands, as part of the Mayor's plan to cut regional carbon emissions to net zero by 2041. This £8m project will retrofit up to 160 homes with cutting-edge green technology while creating over 50 skilled local jobs.

Ritterwald Accreditation

We have been awarded the Certified Sustainable Housing Label for the third year in a row RITTERWALD. We have achieved the highest possible rating of 'Frontrunner' in the social dimension, and 'Ambassador' in both environmental and governance performance. These rankings are a powerful, independent endorsement of the work we're doing to build a sustainable future for our customers and communities.

Our approach to sustainability is a core principle that runs through everything we do, from how we build and maintain our homes to how we engage our teams and serve our communities. We're committed to being part of the solution. Whether it's through building future-ready homes, cutting emissions, or empowering our teams to lead the way, we believe in meaningful, measurable progress

Sustainable Procurement

Our Procurement Strategy includes a main aim to carry out sustainable procurement, aligned with ESG principles. For example, during the year, we re-procured our corporate energy and supply of communal areas energy and now have a 100% green energy supply for all our business needs.



Making places



506 new homes completed
(467 affordable)



104 shared ownership homes sold



Invested £48m into building new homes



423 new homes in the pipeline



Worked on 22 sites

Our commitment to developing new homes

Despite inflationary pressures in construction and labour markets, our partnerships with developers ensured progress on affordable housing delivery. We have completed on 506 new homes, of which 467 are affordable. We also have 423 new homes in the pipeline for delivery in future years. We have sold 104 shared ownership homes and worked across 22 sites. Our spend on the new development programme to deliver all of this was £48m net of grant in the year and we have contracted/ approved a further £54m so far for future years. Our new development programme up to 2030 aims to deliver at least 2,000 homes (since April 2024).

Lockside: A blueprint for sustainable urban renewal

The completion of our Lockside development (39 this year) in Walsall represented a milestone in our commitment to placemaking. Built on the site of the former Caparo steelworks and Metafin factory, this 324-home canal side community included 72 EPC-A rated homes. The apartments boast a raft of energy efficiency technologies, including a state-of-the-art PV prioritisation distribution system, known as “Solshare.” Additionally, the scheme features a more energy-efficient building fabric than required by current building regulations.

Redefining later living: Two new wellbeing schemes

We opened two new wellbeing schemes at Lockside Pointe and Nightingale House. Both schemes provide very high quality, accessible and energy efficient homes which enable our older customers to live safely and independently.

Both exemplify aspirational social housing that defies common stereotypes surrounding social housing and its residents.

Each have one and two-bedroom apartments for over-55s, complemented by communal gardens and a dedicated Wellbeing Officer.



Sustaining pipeline growth: A partnership approach

To sustain pipeline growth, we invested £100,000 in the Homes for West Midlands LLP, joining four other associations and the WMCA to unlock parcels of land for affordable housing. We are working together to accelerate delivery of the region's affordable housing ambitions and identify parcels of land suitable for affordable housing.

Our Statement of Comprehensive Income reflects a £2.6m impairment charge for a distressed site, Hollyhedge. This is a scheme for 71 homes that stalled temporarily due to contractor insolvency. We are pleased to report that the scheme has fully re-mobilised with a new contractor, Lovell, to complete the scheme in line with funding requirements. We have also secured an increased grant on this scheme of £7.3m to help us deliver more social rent homes for our area.



Work and workplace of the future



**Recognised as a top employer
in the prestigious Sunday Times
Best Places to Work 2024**



**Overall engagement
(happiness at work) increased
from 75% to 78%**



**Sickness absence
reduced to 4.08%**



**Colleague turnover
fell to 10.55%**



**Gender pay gap
narrowed further**

During the year, we have been recognised as a top employer in the Sunday Times Best Places to Work. We are proud of this achievement and our increased engagement scores are the result of our continued investment in our people. Our reduced colleague turnover and sickness absence has contributed towards improving our services.

Gender pay gap and Ethnicity pay gap

Gender split across the organisation remains consistent for a sixth year, with male colleagues making up around 60% of our workforce and female colleagues making up around 40%. We have a mean gender pay gap of 5.6%. This has reduced by 2.4 percentage points compared to last year. We have a median gender pay gap of 13.5%. This has reduced by 1 percentage point since last year.

We hold ethnicity data for around 85% of our colleagues. Global Ethnic Majority (GEM) colleagues make up around 24% of our disclosed ethnicity data, which is roughly the same percentage as last year. We have a mean ethnicity pay gap of 13.8%. This has increased by 0.3 percentage points since last year. We have a median ethnicity pay gap of 7.9%. This has reduced by 0.4 percentage points compared to last year.

Our gender pay gap report explains the actions we have committed to over the next 12 months to further support improved representation of colleagues throughout the organisation, such as reviewing our recruitment practices and learning environments.

EDI: Narrowing the gaps

Throughout 2024/25, we hosted several diversity and inclusion themed Lunch and Learn sessions, delivered by Inclusive Employers. There were 171 colleague attendances at Lunch and Learns across four sessions. These sessions covered a range of topics including intersectionality, Black History Month and Equality Impact Assessments (EIAs).

Colleague development: Building capability

We made significant strides in colleague development this year, focusing on building leadership capabilities and practical skills across all levels. Tailored leadership programmes were introduced for the Group Executive Team, Directors Group and Leadership Team, encouraging collaboration and fostering a high-performance culture. The launch of our “Managing for Success” training equipped managers with core skills and strategies to lead through change, aligning with our 2030 Plan.

Practical learning was prioritised through initiatives like the Mock Employment Tribunal, which strengthened conflict-resolution skills. We also hired a Digital Learning Designer to create flexible, customised e-learning modules in-house, enhancing accessibility to training. We revamped our Performance Management Framework (PMF), rolling it out digitally in April 2024 after a successful 2023 launch. The updated PMF has been well-received, with colleagues appreciating structured conversations around performance and career growth. By March 2025, compliance with the PMF reached 91.60%, surpassing the 90% target.

Employer value proposition: Attracting tomorrow's workforce

In January 2025, we introduced our Values Awards, digital accolades hosted on our Boost platform, which enabled managers to celebrate colleagues who exemplify our values and behaviours. Complementing this, our popular eCards system continued to thrive, allowing peers and managers to send non-monetary, values-aligned recognition, shared visibly across the organisation. Nearly 500 eCards were issued in 2024/25, highlighting everyday contributions to our work. We also remained a Living Wage Employer, committing to fair salaries for our lowest-paid colleagues. We ran our second Colleague Engagement Survey during the year. The results from the survey were positive for the second year in a row, with improvements achieved against every metric.

Involving colleagues: Engagement activity

We launched our new colleague engagement group, “Colleague Connect”. This is part of the wider Colleague Voice and has enabled engaged or interested colleagues to be involved in consultation exercises for new initiatives, policy and training development and other personal development opportunities. 58 colleagues have joined Colleague Connect and contributed to activities undertaken. The availability of a diverse group of colleagues to consult on initiatives has been extremely useful and powerful and provided additional confidence that the programmes delivered are supporting the needs of our people.

We hosted several engagement and celebration events for colleagues throughout the year. The “Big Week In” generated over 1,000 colleague engagements, with nearly 150 taking part in the sports day activities linked to Our 2030 Plan theme “On Track to 2030.” Over a quarter of colleagues accessed the health and wellbeing support available in our reward and recognition platform (Boost) and the site has supplemented the activities we delivered throughout the year. We also brief 300 trade colleagues in person three times a year through our Business Brief sessions.

Transformational programmes- Looking ahead

This year we laid the groundwork for our six transformational programmes, an integral part of our work over the next five years. In year two, we are setting out our roadmaps for ensuring these six programmes

are a success, guiding decision-making and ensuring resources are used effectively. Supported by strong Board oversight, rigorous risk management and a clear line of sight on both financial resilience and customer outcomes, we stand ready to meet the next chapter of challenges.

Performance Reporting

We set and monitor our own internal key performance indicators as well as the Regulator's TSMs to ensure we maintain our focus on the areas relevant to our business and Our 2030 Plan. The table below is our complete suite of indicators. The performance is RAG rated, 'red' being outside of target and 'green' being within target.

Performance Measures	2023/24 Actual	2024/25 Actual	Target	Comment
At least 90% of our customers will recommend us	70%	70%	>82%	Performance has improved as a result of continuous improvement across our services. Based on customer feedback we have focussed on reducing delays to repairs and improving our management of reports of anti-social behaviour (ASB). A noise nuisance policy will be launched in Summer 2025 as noise nuisance is a common factor of ASB. We are recruiting for additional trades colleagues and resource is now split between response and programmed repairs to manage demand more efficiently.
Avoidable contact with customers will be less than 5%	28%	28%	<5%	A key part of the Customer Connect project is to develop our customer digital option by increasing opportunities for customers to manage aspects of their tenancies online. As we continue to improve our digital offer for customers it is expected that performance against this measure will improve.
We will achieve 70% first point of contact resolution	69%	75%	>70%	Following the completion of the Customer First project, performance has improved and is now within target.
% of properties with a valid gas safety certificate	99.94%	99.96%	100%	End of 2024/25 performance for the Landlord Gas Safety Report (LGSR) was 99.96%. Of the 19,825 homes that require a certificate, eight were overdue at the end of 2024/25. We were fully compliant with regulations for homes we could not access. We have added a Quick Response (QR) code to appointment letters to make it easier for customers to change appointments and we are recruiting a Compliance No Access Officer to improve our property access rates. We remain 100% compliant with regulations.
% of properties with an electrical condition report	99.99%	99.99%	100%	End of 2024/25 performance 99.99%. We have attended several court hearings for the two homes that are non compliant. The Court has issued directions outlining next steps and deadlines. We continue to collaborate with our Community Housing Team to resolve access issues and ensure support is given to customers where needed. We remain 100% compliant with process and regulations.
% of planned asbestos inspections carried out in communal areas	100%	100%	100%	Fully Compliant with regulations.
% of planned water hygiene risk assessments completed	100%	100%	100%	Fully Compliant with regulations.
% of communal areas with an FRA	100%	100%	100%	Fully Compliant with regulations.
Customer satisfaction with repairs %	94%	95%	>84%	Performance has improved for 2024/25 and remains above target.
Repairs appointments made and kept %	96%	97%	>98%	Below target but performance is improving. Steps have been taken to increase visibility of appointments so they can be monitored more closely by planners. Trades resource has been split between responsive and programmed repairs to improve resource management and ensure that demand is met.

Performance Measures	2023/24 Actual	2024/25 Actual	Target	Comment
Average days to complete a repair	28	14	<35	Performance has improved and remains above target for responsive repairs.
% of customers satisfied with landlord's approach to handling anti-social behaviour (Transactional survey)	86%	53%	>61%	Following a customer scrutiny exercise, an ASB action plan has been created. Through this action plan a noise nuisance policy will be launched in Summer 2025 as noise nuisance is a common factor of ASB.
% of customers satisfied with landlord's approach to handling anti-social behaviour (Perception survey)	50%	59%	>61%	
Decent Homes Standard compliance	99.99%	99.32%	100%	There were 16 homes non-compliant at the end of 2024/25. All homes are included in the 2025/26 programme.
% of customers satisfied their landlord provides a home that is well-maintained	72%	77%	>73%	Performance has improved as a result of our investment in the repairs service.
% of customers satisfied their landlord provides a home that is safe	80%	82%	>79%	Performance has improved as a result of our investment in the repairs service.
% of customers satisfied with rent as VFM	74%	78%	≥78%	This is slightly below target but has improved in 2024/25. Dissatisfaction themes from customers relate to ASB and delays with repairs. An action plan is in place to improve ASB processes. Repairs resource has been split between response and programmed to meet demand and we are recruiting additional trades colleagues into the repairs service.
At least 90% of our colleagues will recommend whg as a great place to work	77%	82%	>90%	This performance is based on survey results from October 2024. All engagement scores improved compared to the December 2023 survey. We received Sunday Times Best Places to Work recognition in 2024 and 2025.
Contracted hours lost to sickness	5%	4%	<4.5%	This has improved and is now within target.
Annual colleague rolling turnover	14%	11%	<16%	This has improved as a result of our performance management framework.
Number of colleague accidents	52	63	0	10 of the accidents reported in 2024/25 were RIDDOR.
Number of colleague near misses	89	61	0	Reported near misses have reduced in 2024/25. This is considered low for a organisation of whg's size.
New affordable homes completed	502	467	444	87 Shared Ownership and 380 rented homes.
Homes started on site	184	222	85	59 Shared Ownership and 163 rented homes.
Shared ownership sales	115	103	44	103 sales plus one re-purchase and sale.
Outright sales per annum	43	39	-	Due to our partnership with Lovell Partnerships performance has remained strong
Support people into new opportunities	3,848	4,962	>2,500	Original forecast exceeded.
Generate social value to a third of our turnover	£44.6m	£53.7m	>£45.3m	Evaluated externally by HACT.
Secure funding for community investments	554k	285.8k	>£250k	Original forecast exceeded.
Headline social housing cost per home	£4,455	£5,212	<£5,678	Costs have increased but we continue to perform better than our peers.
Current arrears	2.6%	2.23%	<3.15%	This has improved for 2024/25.
Void rent loss	1.14%	0.97%	<0.65%	Recruitment for additional trades resource into the Void service is currently underway. Development of the Find a Home system continues and changes will increase the efficiency of the Lettings process. Joint meetings take place regularly to optimise the Void and Lettings teams' activities.
Cashable VFM savings	£7.6m	£7.1m	>£4m	VFM remains a key focus and we have continued to exceed our target.
Property turnover	1,112	984	<1,404	Properties returned has reduced. This is most likely due to changes to the Allocations Policy in 2024/25.

Value for Money Statement

The Regulator of Social Housing ('RSH') published the Value for Money (VFM) Standard and the VFM Code of Practice in 2018. Both of these specify what registered providers are required to report in their statutory financial statements to comply with the VFM Standard. Our Board has the responsibility of ensuring that we meet the expectations set out in the VFM Standard.

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

Section 1	Strategic approach to VFM and how we achieve VFM in meeting our strategic objectives
Section 2	Benchmarking to compare how we perform with others
Section 3	VFM gains achieved through consideration of alternative delivery structures

Section 1: Strategic approach to VFM

VFM Strategy

Our Board has set our VFM Strategy which identifies how we seek to deliver VFM for our customers and stakeholders. Our 2030 plan sets out our vision and objectives and underpinning the plan is a series of strategies defining how we will deliver our plan. Each strategy has within it a set of defined success measures which will be monitored and reported on in the VFM statement every year.

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

Guiding Principles		
	Economy	For us this means minimising our costs while continuing to deliver quality homes and services to our customers.
	Efficiency	We will seek to stretch our resources as far as possible without compromising quality.
	Effectiveness	We will use our resources to achieve our six transformational programmes and the VFM measures embedded in our VFM Strategy.
	Equity	We will ensure we use our resources to reduce inequality in our communities.
	Ethics	We will use our resources with integrity, being open and accountable about our spending decisions.

We compare ourselves with both the sector and our peers using the Regulator's Value for Money Metrics Benchmarking Tool: Group Data (consolidated) and using published TSM data.

We also undertake service reviews annually to ensure services are delivering value for money.

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

Our Board sets the strategic approach to VFM. Our Executive Team implements the VFM strategy and is supported by all colleagues who instil the guiding principles in operational planning and service

delivery at individual business stream level. Our customers play a key part in informing our VFM work through various channels. Our customer voice strategy sets out a wide range of opportunities for our customers to influence and scrutinise our strategies, policies, and services. During 2024/25 we have completed 71 consultations and engaged with over 3,000 customers. Our approach to consultation is embedded into all customer facing policies and forms part of our governance arrangements for approval and fulfils the requirements of the RSH's Consumer Standards. The Customer Service Oversight Committee oversees the outcomes of customer involvement in key areas of work, reporting this to the Board. 48 Customer Service Assessors are conducting regular inspections across key areas, 15 block champions regularly assess high rise homes to assess building safety and The Service Improvement Group (SIG) has been established consisting of 11 members to provide oversight and evaluation by customers of the services we provide.

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

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

Equity and **Ethics** principles underpin our approach to creating social and environmental value for our customers and communities. Our social justice transforming lives transformational programme includes VFM targets specifically aimed at delivering outcomes for health and wellbeing, employment and training and supporting those in hardship. **Equity** and **Ethics** also underpins our approach to Work and the Workplace of the Future which drives our practice in relation to how we attract and retain high quality people. We develop policies and practices that deliver a culture where colleagues feel engaged, treated fairly and are committed to delivering our ambitions. As we develop our approach to sustainability in the future, both from a corporate perspective and from the point of view of our customers' homes, we will seek to deliver ambitions that are not underpinned by financial outcomes but by ethical outcomes, such as working towards net zero carbon aims for our homes, reduction in energy costs for our customers' and reducing our corporate carbon footprint.

Transparency and accountability are important to us and we have appropriate performance monitoring and reporting systems in place which encompass all aspects of our VFM principles. Our social value ambitions are articulated throughout the relevant aims of Our 2030 Plan. In addition, our strategic report includes information on ESG and Sustainability.

The following sections demonstrate how we have delivered VFM against our strategic aims for the financial year ending 2024/25.

Section 2 : Regulator of Social Housing VFM Metrics

In comparing our performance we look at two specific comparisons, firstly in relation to the sector weighted average and secondly the performance of our peer group. The peer group is created using the following criteria.

Our most representative peer group, taken from the Regulator's database of all RPs, is providers between 20,000 to 30,000 homes, at least 50% of their homes of general needs type and at least 30% of their homes in the East Midlands or West Midlands. LSVTs and Traditional providers are grouped in this peer group.

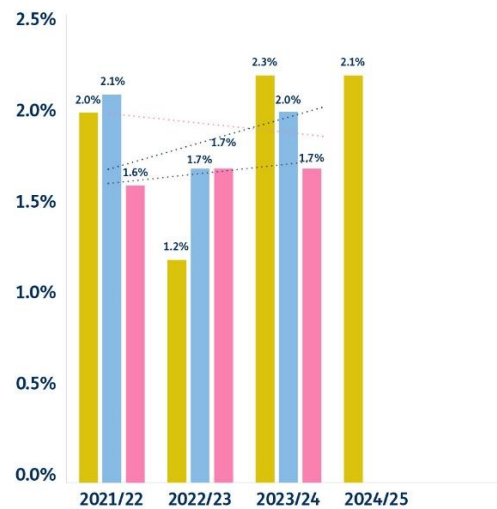
The following charts compare our performance (gold) with sector (blue) then our peer group (pink). The sector and peer comparison data for 2024/25 is not yet published by the Regulator so will be included in next year's statements.

Reinvestment %



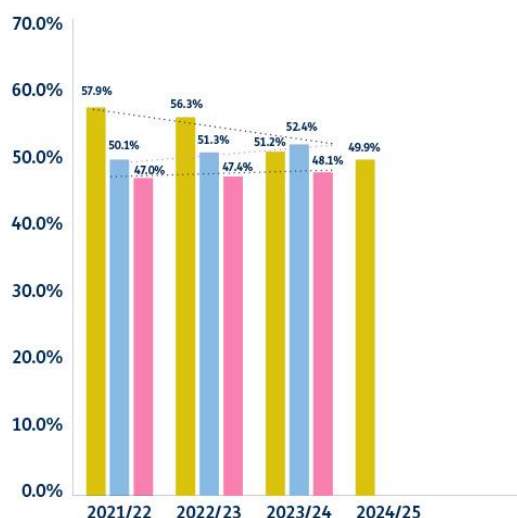
The graph above shows that we are investing more in our homes as a percentage of our housing assets than both the sector average and our peer group.

New Supply (Social)



The graph above shows that development programmes are not linear. Generally we are developing more than the peer group, as a percentage of our homes owned, over the past three years but slightly below the sector average.

Gearing



The graph above shows that we are more highly geared (debt as a percentage of our housing fixed assets) than both the sector average and our peers. Our gearing is declining which is an indicator of increasing financial strength.

EBITDA MRI



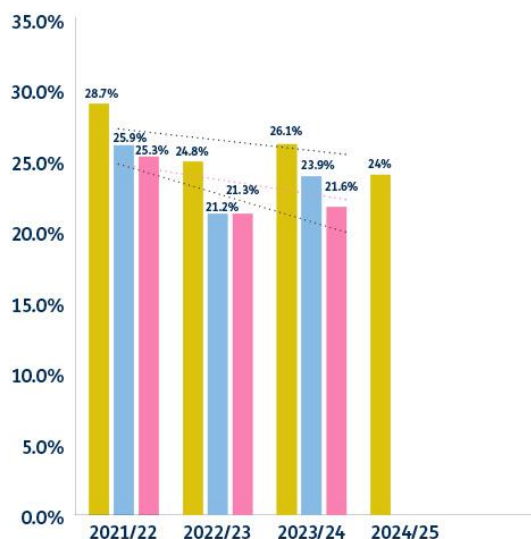
The graph above shows that we have out-performed both the sector average and our peer group for operating surplus as a percentage of interest costs. We expect this trend to continue but expect our percentage to reduce in 2025/26 due to our increased investment in existing homes.

Headline Social Housing Costs per home



The graph above shows that all organisations are seeing increasing cost per home as a percentage of social homes owned. We have lower costs than the sector average and peer average due to our high concentration of general needs homes and ongoing efficiency drives.

Operating Margin social housing lettings



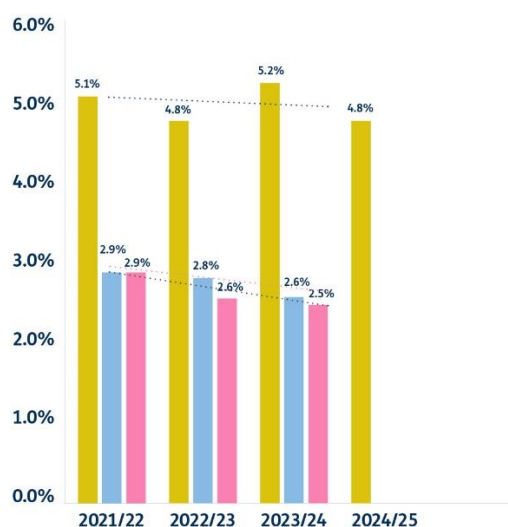
The graph above shows that there has been a downward trend on margins (surplus on social housing lettings as a percentage of turnover from social housing lettings). Whilst we have seen some reduction in margin we compare favourably with both the sector and our peers.

Operating Margin overall



The graph above shows a similar pattern to the social housing lettings margin. Whilst we have seen some reduction in margin (operating surplus as a percentage of turnover) we compare favourably with both the sector and our peers.

ROCE



The graph above shows that we compare favourably against both the sector average and the peer group in terms of return on capital employed (operating surplus as a percentage of net assets).

Section 2 Continued: TSM Comparisons

Our Tenant Satisfaction Measures are reported quarterly to our Customer Services Oversight Committee. We aim to perform better than the sector average (median) on our measures as we strive to deliver a good service, particularly in those areas that are most important to our customers.

We will channel future available investment capacity into those areas that need improving the most. Due to the nature of our areas of operation, predominantly Walsall, nearly 90% of our homes are in the top 30% of the poorest neighbourhoods in England, and 46% are in the top 10%. This is much higher than the national social housing average. All those measures marked as 'green' show that we already perform better than the sector average in many areas.

Tenant Satisfaction Measures	23/24 whg performance	24/25 whg performance	Trajectory	23/24 Average (Median) Scores Published by the Regulator	23/24 Peer Group Average Scores
TP01: Taking everything into account, how satisfied or dissatisfied are you with the service provided by your landlord?	70%	77%	↑	73%	71%
TP02: If yes, how satisfied or dissatisfied are you with the overall repairs service from your landlord over the last 12 months?	74%	80%	↑	73%	70%
TP03: If yes, how satisfied or dissatisfied are you with the time taken to complete your most recent repair after you reported it?	62%	71%	↑	69%	64%
TP04: How satisfied or dissatisfied are you that your landlord provides a home that is well-maintained?	72%	77%	↑	73%	71%
TP05: Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that your landlord provides a home that is safe?	79%	82%	↑	79%	78%
TP06: How satisfied or dissatisfied are you that your landlord listens to your views and acts upon them?	66%	64%	↑	63%	61%
TP07: How satisfied or dissatisfied are you that your landlord keeps you informed about things that matter to you?	67%	72%	↑	73%	72%
TP08: To what extent do you agree or disagree with the following? "My landlord treats me fairly and with respect."	77%	84%	↑	79%	78%
TP09: If yes, how satisfied or dissatisfied are you with your landlord's approach to complaints handling?	35%	36%	↑	37%	36%
TP10: If yes, how satisfied or dissatisfied are you that your landlord keeps these communal areas clean and well-maintained	61%	63%	↑	67%	68%
TP11: How satisfied or dissatisfied are you that your landlord makes a positive contribution to your neighbourhood?	62%	69%	↑	65%	65%
TP12: How satisfied or dissatisfied are you with your landlord's approach to handling anti-social behaviour?	62%	59%	↑	61%	62%
RP01: Proportion of homes that do not meet the Decent Homes Standard	0.01%	0.08%	↓	0.07%	0.2%
RP02: Percentage of repairs within the target time set for themselves - Emergency Repairs in time	98.4%	99.7%	↑	95%	89%
RP02: Percentage of repairs within the target time set for themselves - Non-Emergency Repairs in time	63%	82%	↑	80%	65%
BS01: Proportion of homes for which all required gas safety checks have been carried out	99.9%	100%	↑	100%	99.9%
BS02: Proportion of homes for which all required fire risk assessments have been carried out	100%	100%	↔	100%	99.8%
BS03: Proportion of homes for which all required asbestos surveys have been carried out	100%	100%	↔	100%	99.4%
BS04: Proportion of homes for which all required legionella risk assessments have been carried out	100%	100%	↔	100%	99.9%
BS05: Proportion of homes for which all required communal lift safety checks have been carried out	100%	100%	↔	100%	97.4%
NM01: Anti-social behaviour cases relative to the size of the landlord - total cases per 1,000 homes	42	55	↓	36	43
NM01: Anti-social behaviour cases relative to the size of the landlord - total cases involving hate crime per 1,000 homes	0.8	2.0	↓	0.6	1
CH01: Complaints received relative to the size of the landlord - total stage 1 complaints per 1,000 homes	22	32	↓	48	60
CH01: Complaints received relative to the size of the landlord - total stage 2 complaints per 1,000 homes	5	8	↓	6	10
CH02: Complaints responded to within Complaint Handling Timescales - Stage 1	98.5%	97.2%	↑	87%	82%
CH02: Complaints responded to within Complaint Handling Timescales - Stage 2	92.2%	98.1%	↑	88%	87%

As shown by our TSMs, we have made significant improvement this year on a number of our measures which is due to a combination of enhanced levels of investment and improved processes. Further work is required in some areas as explained below:

-
- **TP07:** Keeping our customers informed about things that matter to them. Our results in this area are improving, we have reviewed our communication methods and now the customer voice team are fully embedded we can see this is moving in the right direction.
 - **TP09:** Improving our approach to complaints handling. As the CH01 measure shows, we know we have a higher number of stage 2 complaints each year than the sector average, so we aim to understand the drivers of this and enhance our effectiveness in this area.
 - **TP10:** Keeping our communal areas clean and well maintained. We are reviewing our approach to communal areas with a view to making further investments where needed. In April 2025, new contracts were mobilised for both grounds maintenance and cleaning. Customers who were involved in the procurement process made it clear that they wanted a better quality service, not necessarily the cheapest. Working in partnership with our customers we reviewed the service specification for both contracts and we also increased the quality versus cost weighting in the procurement assessment criteria. To ensure that we were able to hold our new contractors accountable, we linked the contracts to clear performance indicators, including a customer satisfaction indicator that is measured monthly through a new transactional survey. The new contracts also have penalties for non-performance, which will help us to ensure that services are delivered in accordance with expectations. Early results are showing a positive improvement in customer satisfaction.
 - **TP12, NM01, CH01:** Improving our approach to the handling of anti-social behaviour. As the NM01 measure shows, our communities have a higher number of anti-social behaviour cases each year than the sector average. We believe that there are two main reasons for our numbers being higher than average. Firstly, Walsall, which is where we have the majority of our homes, has experienced some very serious incidents of crime and ASB over the last 12 months, which has directly affected how safe people feel in their communities. We continue to work closely and effectively with our statutory partners, such as the Police, to respond to these incidents. Secondly, we have been actively encouraging customers to report ASB to us as part of our ASB Improvement Plan, so the fact that we have seen a corresponding increase in the number of ASB reports, is seen as a positive.

Over the last 12 months we have undertaken a deep dive into our ASB handling TSM score, including engaging customers who have had experience of our service, in order to understand what and where we needed to improve. To support our customers with this exercise, TPAS (Tenant Participation Advisory Service) were engaged to provide independent advice and guidance. With the help of our customers we created an improvement plan, which has been available for all of our customers via our website. Improvements to our service have included the introduction of new policies and procedures, a new triage and risk assessment process for all new reports of ASB and ongoing training and development for our colleagues. Although we are pleased to report that satisfaction has improved by 6.7% over the last 12 months (52.2% to 58.9%), reflecting all the hard work and changes that have been made, we know that there is more to do. Our new Customers and Communities Strategy 2025-2028 recognises the importance of this to our customers and we are therefore working towards achieving accreditation for our ASB service within year 1 of our strategy (2025-26).

Where possible, we will channel future investment into those areas that need improving the most.

Section 3 : VFM gains achieved through consideration of alternative delivery structures

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

The tables below summarise the VFM gains. As shown, we have a successful track record in delivering cashable VFM gains. We have set up our Corporate Company Structure in such a way to maximise VAT efficiencies in relation to our key areas of spend. We continue to engage in procurement activity which seeks to reduce our costs while maintaining quality of service delivery. We obtain ad hoc grants for our asset management work and we continually seek to refine our funding arrangements. We continue to benefit from significant refinancing work which ensures we pay the least amount of debt servicing costs and this had continued to deliver benefit in 2024/25. Cashable gains in 2024/25 are £19.4m; all of these gains are reinvested in our business so we can deploy more resources directly to our frontline services or new development programme.

For non-cashable gains, these are mostly derived from 'social value' that has been created by either our community investment activities or our new development programme. We use the HACT model to calculate social value which uses various multipliers for each activity. For example, with new development spend, £48.1m of development spend is multiplied by 3.5 to derive £168.35m of social value. The value is deemed to represent improved prospects for a new person or family being provided a permanent and affordable place to live.

VFM Summary	2023/24 £000s		2024/25 £000s		2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
	Target	Actual	Target	Actual	Target	Target	Target	Target
Total Cashable	11,496	18,359	14,405	19,364	18,970	20,936	29,461	25,323
Total Non-Cashable	352,945	326,842	255,605	223,522	268,241	269,550	270,892	272,269
Grand Total	364,441	345,201	270,010	242,886	287,211	290,486	300,353	297,592

Economy Paying the lowest possible price to achieve the desired quality	2023/24 £000s		2024/25 £000s		2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
	Target	Actual	Target	Actual	Target	Target	Target	Target
Procurement savings	100	326	172	306	300	308	316	324
Asset Management savings	127	777	75	2,450	5,086	75	75	75
Treasury: Debt restructure	1,678	1,828	641	641	641	641	641	641
Treasury: Investments	275	275	100	100	48	48	48	48
Project Benefits	100	158	107	107	93	96	98	101
IT	0	181	49	49	0	0	0	0
Waste Management	0	0	0	21	0	0	0	0
Cost Reductions	0	0	0	0	1,028	200	200	0
Development Grant Funding	0	1,300	0	0	350	0	0	0
Total VFM Savings	2,280	4,845	1,144	3,674	7,546	1,368	1,378	1,189
Cashable	2,280	4,845	1,144	3,674	7,546	1,368	1,378	1,189
Non Cashable	0	0	0	0	0	0	0	0

Efficiency Getting the most out of the resources put in	2023/24 £000s		2024/25 £000s		2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
	Target	Actual	Target	Actual	Target	Target	Target	Target
Procurement	100	335	131	562	250	257	263	270
Vat Recovery (Partial exemption)	75	100	75	82	75	77	79	81
Vat Recovery (whg Developments)	68	83	37	100	28	28	29	30
Vat Recovery (Components)	1,913	1,537	1,556	1,180	1,136	1,552	1,000	750
Universal Credit BOT	10	10	10	10	15	16	16	17
Project Benefits	100	151	346	226	394	404	415	425
Income from commercial activity	807	764	1,333	1,515	636	636	636	636
Board and Committee Recruitment	0	0	0	31	0	0	0	0
Vehicle costs	0	0	0	0	838	1,047	1,047	0
Cost Reductions	0	0	0	0	0	646	646	0
Development grant	646	3,134	4,709	6,658	4,500	10,038	18,113	15,903
Profit on property sales	3,251	6,485	4,260	5,132	3,380	4,693	5,661	5,840
Joint Venture profits	338	316	332	144	0	0	0	0
Market rent surpluses	440	90	229	347	217	230	244	258
Total VFM Savings	7,748	13,005	13,018	15,987	11,469	19,624	28,149	24,210
Cashable	7,538	12,509	12,531	15,158	10,810	18,947	27,455	23,498
Non Cashable	210	496	487	829	659	677	694	712

Effectiveness Using our resources to achieve our aims and social purpose	2023/24 £000s		2024/25 £000s		2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
	Target	Actual	Target	Actual	Target	Target	Target	Target
Procurement	10	48	10	44	15	15	16	16
Asset Management savings	53	0	0	0	0	0	0	0
Insurance	50	254	54	222	55	57	58	60
Housing Disrepair	0	0	0	305	55	57	58	60
Project Benefits	100	19	3	3	0	0	0	0
People Services	0	0	0	137	0	0	0	0
Total VFM Savings	213	321	67	711	125	129	132	136
Cashable	53	0	0	0	0	0	0	0
Non Cashable	160	321	67	711	125	129	132	136

Ethics Use our resources with integrity in our communities	2023/24 £000s		2024/25 £000s		2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
	Target	Actual	Target	Actual	Target	Target	Target	Target
Health & Wellbeing Outcomes	6,105	10,098	7,188	6,499	14,705	15,087	15,480	15,882
Customer Voice	4,750	4,575	5,593	7,745	4,912	5,040	5,171	5,305
Digital Inclusion	4,243	851	0	0	0	0	0	0
Housing Benefit Bill Savings	8,107	6,095	9,545	8,395	6,000	6,156	6,316	6,480
External Funding	1,600	600	460	286	344	344	344	344
Donations	25	88	0	5	0	0	0	0
Environmental Gains	0	317	270	241	270	277	284	292
EPC C energy bill savings	0	43	0	119	990	1,016	1,042	1,069
Total VFM Savings	24,830	22,667	23,056	23,290	27,221	27,920	28,637	29,372
Cashable	1,625	1,005	730	532	614	621	628	636
Non Cashable	23,205	21,662	22,326	22,758	26,607	27,299	28,009	28,736

Equity	2023/24 £000s		2024/25 £000s		2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s
	Target	Actual	Target	Actual	Target	Target	Target	Target
Use our resources to reduce inequality								
Money Advice Service	16,351	21,310	19,251	25,768	18,534	19,016	19,510	20,018
Jobs & Training	1,364	1,746	1,605	3,551	1,288	1,321	1,356	1,391
Employment	2,530	1,736	2,978	1,446	3,098	3,178	3,261	3,346
Development	309,125	279,571	208,891	168,459	217,930	217,930	217,930	217,930
Total VFM Savings	329,370	304,363	232,725	199,224	240,850	241,445	242,057	242,685
Cashable	0	0	0	0	0	0	0	0
Non Cashable	329,370	304,363	232,725	199,224	240,850	241,445	242,057	242,685

How we use our gains

For our cashable gains, these have all helped to build capacity and strength in our financial plans and have been used for reinvestment in existing homes and new affordable homes. Of the £19.3m cashable gains generated:

- £5.8m has been reinvested in existing homes to deliver component replacements such as kitchens, bathrooms and EPC-C related works
- £13m has been invested in developing new homes
- £286k has been invested in our social investment activity
- £214k has contributed to general management costs to help offset the impact of rising costs

Ethics and Equity Gains

Our community investment programme is focused upon tenancy sustainment, using low-cost high impact incentives. We meet customers basic needs and provide a human bridge into opportunities such as education, training, and employment.

During 2024/2025 our Money Advice Service managed to secure financial gains for customers of over £6m, 30% more than last year. This includes over £4m secured in Housing Benefit and Universal Credit, £579k additional disability benefits and over £460k through the renegotiation of debt agreements, including the clearing/reducing or rescheduling of debt (not including rent arrears).

Our Money Advice Team is a vital part of our 'Here When you Need Us' services for our customers, focussing on sustaining tenancies and helping us achieve our ambition not to evict anybody into homelessness. Last year we only had 12 evictions, which is a significant achievement given our size, the continued pressure on household finances and the economic challenges that our communities face. This has a direct business benefit, with each eviction estimated to cost us in excess of £25,000 in lost income, court costs and repairs.

Over the last 12 months, our Work 4 Health programme supported 190 customers to move into sustainable work within the NHS increasing customers income and improving outcomes. Over 50% of customers who secured a job began their journey with us by receiving a Diwali Hamper or a Kindness Bag, demonstrating the power of incentives and hooks to begin important behaviour change.

With 46% of children in the West Midlands impacted by child poverty our Kindness Shops (places in our communities to exchange donations) are a unique dignified way to offer parents access to good quality children's clothes, footwear, and household items. We know from feedback that this initiative reduces the likelihood of low-income families buying goods using high interest credit such as doorstep lending and catalogues. Kindness Shops are therefore an effective intervention to reduce the impact of child poverty. In 2024/2025 we held 3 Kindness Shops with 181 customers attending and benefitting. Our Money Advice Team attend the pop-up shops providing an informal pathway to support for rent arrears or debt.

With research highlighting that 18% of school absences are due to asthma which contributes to poorer educational outcomes, our ACEing Asthma programme is designed to ensure that a child's asthma is

not made worse by environmental factors within the home such as damp or mould and that children have equitable access to health services.

In 2024/2025 ACEing Asthma supported 84 children ensuring they were receiving equitable support from community asthma services. The programme supported 35 parents by referring them to whg's Money Advice to secure additional benefits or to manage debt. 95% of families were on a low income and were therefore provided with fuel vouchers, children's winter coats, shoes, bedding, carpets, and white goods. The programme does not want to create dependency but is focussed upon upskilling customers to self-help. 15 of the parents completed accredited training or moved into work via our Work 4 programme. One of the parents is now employed within whg helping other customers to access the services which have improved her family's prospects.

Service Reviews

To ensure we get value from money from our operational structures and ways of delivering services, a key commitment of our VFM strategy is to carry out a number of service reviews each year. The reviews not only look to benchmark ourselves against others but also to identify innovative ways to become more efficient, in terms of how we deploy our people resource and whether or not we are maximizing use of technology in our processes. Service reviews are carried out using a combination of in house subject matter experts, our Insight and Improvement Team and third party advisors. During 2024/25 the following reviews were undertaken

Home Maintenance Service (HMS)

Teams have been re-aligned into responsive and programme delivery teams with each team being arranged into two geographical areas East and West, to further improve delivery efficiency and reduce outstanding repairs. An additional 18 trade operatives are also being recruited to keep up with customer demand.

In addition to the above, we have an active 'HMS Continuous Improvement Plan' in place focusing on the reduction in manual processes, improved use of IT system functionality, improving data, training colleagues and enhancing reporting.

Asset Investment

Investment in colleague resources in the Asset Investment Team has been made to increase skills, capacity, and knowledge needed to scale up the delivery of energy efficiency works to meet the ambition of EPC C by 2030. Asset Investment is subject to increasing challenges around building safety, net zero carbon and inflationary pressures on component costs. The team structure will enhance our ability to plan, maximise the return on investment and efficiently model capacity and resource requirements. Strengthening the commercial and contractual oversight will also enable us to maximise the value for money outputs across programme delivery.

Building Safety

The introduction of the Building Safety Act has marked a pivotal shift in how building safety is regulated across England and Wales. In response, we undertook a strategic review of our Building Safety Team to ensure we were structured effectively to meet the Act's demands, in particular the principle of accountability.

As a result, we established a streamlined, centralised team structure with dedicated roles that focus on the core disciplines of building safety. This restructure delivers value for money by driving efficiency, improving oversight, and strengthening leadership. The key benefits include:

- Refocusing Team Leaders on improving the quality of frontline delivery

-
- Unifying active and passive fire safety management under one specialist Fire Safety Manager, bringing an engineering-informed, holistic view of building safety
 - Created a flat management structure that enables real-time visibility of performance and swift resolution of issues across the team

This targeted, accountability-led model ensures we are well positioned to deliver safe buildings and provide greater assurance for residents.

Neighbourhoods

An independent review of the Neighbourhoods Service was conducted in 2024 which made a number of findings in relation to processes, ways of working, customer experience and technology. In response to these findings, the Neighbourhoods Service will be redesigned in 2025, the key benefits that this will deliver are:

- A redefined service offer so that customers and colleagues understand the purpose and boundaries of the service.
- Greater alignment to our Community Housing Service to enhance our offer in communities, leading to truly local services that respond to community needs and priorities.
- Improved systems and technology designed to remove manual processes, driving efficiency and building capacity within the team.
- Enhanced ability to monitor communal services contract performance, in turn impacting customer satisfaction with this area of the service.

Cost reduction plan

During the year we prepared a cost reduction plan aiming to reduce our operating costs by 4% by 2026/27 and then reinvest these savings when they are generated. Our cost reduction plan includes a reduction in FTEs (£1m) which has already been implemented to support the creation of a number of new posts in both frontline service areas and back office to support the delivery of Our 2030 Plan. We also aim to reduce our vehicle repairs costs in 2025/26 by purchasing a new fleet of vehicles and we are on track for delivery of these savings. We have commenced implementation of small scale automation technology to improve efficiency in back office functions such as Finance and HR, aiming to reduce running costs by an amount equal to the investment cost.

Principal Risks and Uncertainties

The environment in which we operate produces inherent risks that we face in our everyday operations including economic challenges, government policy, technological and social change. The Board clearly sets out its appetite to risk, providing the setting for business operations. The Board's overall risk appetite for whg is considered with regards to the strategic risks and thematic risk appetites, as well as whg's values and purpose and corporate aims. The Board considers risk appetite in the context of regulatory requirements, the operating environment, whg's positive culture, and financial capacity.

No business is without risk and the Board recognises that risks undertaken must have an associated reward. Therefore, some risk appetites may carry more weight in decisions than others. The Board has a **balanced** overall risk appetite, acknowledging the healthy strategic tension between some thematic appetites and recognising it as a driver for robust discussion and decision-making.

The Board's thematic risk appetite is set out below:



We are not averse to taking on measured risk to deliver our objectives, but when taking these decisions, the Board fully appraises the risk to understand the potential impact. The Risk Management Framework approved by the Board sets out the arrangements for identifying and managing risk as set out in the process below.



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



The Board, as part of its review of risk management, has identified its most significant Strategic Risks and uncertainties, together with the mitigating actions taken in order to ensure that the risks are appropriately monitored and controlled. A summary of our Strategic Risk Register is set out below.

Key to Summary of Assurance

Substantial
Moderate
Limited

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
1. Serious H&S incident (not including landlord H&S or building safety)	21	18	Averse/3
OUTSIDE APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk includes the potential for colleague, contractor and the public safety issues, with the potential impact of a serious incident linked to human error. Robust controls include the H&S and other policies, People and Culture dashboard, sickness absence management system, mandatory training, and work is underway to strengthen other controls and assurance. This risk is therefore 'treated' with improvement actions in progress to further mitigate the risk and reduce the scores closer to the averse 'health and safety' risk appetite and target score.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
2. Information security resilience is inadequate	25	18	Minimal/8
OUTSIDE APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk covers an information security breach leading to major service disruptions and/or the compromise of sensitive data. This risk is currently managed outside of the minimal 'IT security and resilience' risk appetite and target score, however controls are robust with the delivery of the Security and Stability programme in 2024/25, which included updating the system infrastructure and hardware. This risk is 'treated' with further control improvements in progress and Cyber Essentials accreditation will be sought towards the end of 2025, providing additional assurance. This will reduce the risk scores closer to the minimalist 'IT security and resilience' risk appetite and target score.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
3. Severe flooding and/ or overheating of assets	20	17	Open/17
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk focuses on the impact of climate change resulting in flooding or overheating of whg's homes, following a climate hazard screening assessment by external consultants. Controls include the Sustainability Strategy and Decarbonisation Roadmap, investment in existing stock and the 'whg Standard' for development of new homes. This risk is managed within the open 'Environment/zero carbon approach' risk appetite and target score, and classed as 'treated' with work underway to strengthen the controls and further mitigate the risk. External assurance from the Ritterwald sustainable housing label remains in place.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
4. Critical distress within the development programme	23	14	Open/17
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk deals with potential 'distress' across a number of development schemes, resulting in significant financial impact for whg and a failure to deliver the Development Strategy. It is managed within the open 'growth – development' risk appetite and target score, with controls including funding availability, robust governance, technically experienced teams, robust contractor/development partnership arrangements and appropriate due diligence around development opportunities and land acquisitions. A new Development Strategy and strengthening of the senior leadership structure will maximise the first line controls. This risk is classed as 'treated' as the controls mitigate the risk.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
5. Data integrity is inadequate	24	9	Minimal/8
OUTSIDE APPETITE	Summary of Assurance		
	First line	Second line	Third line
This new risk was identified in June 2024, recognising the importance of the reliance on robust data to inform strategic decisions and ensure excellent customer service. Existing controls include the stock condition database and strong income collection systems, as well as experienced colleagues and system and procedure training. This risk is currently managed outside the minimal risk appetite and target score, but is 'treated', with work in progress to strengthen controls and assurance, including the delivery of a strategic transformational programme to ensure data-driven decisions, envisaged to bring this risk to within risk appetite and target score.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
6. Serious H&S incident due to breach of landlord H&S or building safety obligations	21	9	Averse/3
OUTSIDE APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk includes the potential for customer safety issues in their homes or buildings (building safety, gas, electrical, fire, water hygiene, asbestos, mechanical equipment). Internal controls are robust and many, including qualified colleagues and robust safety checking programmes, with detailed scrutiny of performance in this area, and strong external assurance. The risk is 'tolerated' outside of the averse 'health and safety' risk appetite and target score due to the possibility of human error and the impact of a potential serious incident, but the controls and assurance demonstrate this risk is mitigated as far as it can be.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
7. Deterioration or damage of assets (homes/blocks)	24	9	Open/17
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk considers the potential risk to customer homes and buildings due to insufficient asset investment or accidental or deliberate damage. This risk is managed within the open 'asset management and regeneration' risk appetite and target score with strong controls and assurance in place and is therefore classed as 'treated'. Controls and assurance include the Asset Management Strategy, detailed stock condition data, funded investment programmes and continuously improving Home Maintenance Services, as well as robust scrutiny of performance and external assurance.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
8. Ineffective services to customers	20	9	Open/15
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk covers the potential for service failure across any area of the business delivering front line services to customers. Controls such as the embedded community housing model, support services attracting external funding, and ongoing improvements to Home Maintenance Services ensure this risk is managed well within the open 'customer service' risk appetite and target score, enabling ongoing support and excellent services for customers and communities. The December 2024 C1 Consumer Standards rating from the Regulator of Social Housing's Inspection confirmed this risk is well managed, and the controls and assurance in place mean this risk is classed as 'treated'.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
9. Insufficient funding	17	9	Balanced/13
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
Loan and grant funding, rental income, void rent loss, sale of outright sale and shared ownership homes are all identified as risk areas, but this risk is well controlled overall and managed within the balanced 'Finance' risk appetite and target score, despite external political and economic factors. Strong controls are in place, including the Treasury Management Strategy, Golden Rules and stress testing, as well as a range of external assurance. This includes the December 2024 confirmation of the V1 rating from the Regulator of Social Housing and the A2 rating from Moody's. This risk is therefore well managed and classed as 'treated'.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
10. Insufficient colleague resource (capacity and capability)	13	8	Open/13
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk considers the impact of not having the right or sufficient colleagues on the delivery of Our 2030 Plan. Challenges with recruiting and retaining the right people are generally limited to a small number of specialist roles. Controls include competitive pay and benefits, a robust recruitment process and performance management framework, and strong learning and development arrangements. The risk is managed below the open 'people' risk appetite and target score of 13, and is classed as 'treated', with the controls in place mitigating the risk.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
11. Inadequate governance arrangements	24	3	Minimal/8
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk covers the potential for governance failures across the Group, as well as non-compliance with legislation and regulation, including data protection. The many mitigating controls 'treat' the risk, ensuring it is managed within the minimal 'legal and regulatory compliance' risk appetite and target score. Controls include strong board, committee and inter-group arrangements which minimise the risk to whg as the parent, and its social housing assets, and protecting its charitable status and objectives. A verified risk management and strong internal controls framework supports the strong governance arrangements. The December 2024 confirmation of the G1 rating from the Regulator of Social Housing, for compliance with the Governance and Financial Viability Standard, provided assurance that this risk is well managed.			

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

Streamlined Energy and Carbon Reporting (SECR)

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

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

We have opted to use the Operational Control boundary definition to define our carbon footprint boundary. The reporting period for the compliance is 1 April 2024 – 31 March 2025. Included within that boundary are Scope 1 & 2 energy emissions, as well as Scope 3 emissions from business travel in the UK.

How is our Carbon Footprint measured?

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

Scope 1 relates to the direct emissions from gas and transport fuel combustion. For us this will include gas consumption from our offices, community centres, communal areas and plant rooms, as well as transport fuel used for our company fleet.

Scope 2 relates to the indirect emissions from electricity generation. For us this will include electricity consumption from our offices, communal areas, and plant rooms.

Scope 3 relates to the indirect emissions associated with our value chain. The only mandatory reporting for Scope 3 is the emissions from business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel. The rest of Scope 3 is only optionally reported because it can be harder to track, and the boundaries are harder to define.

Methodology

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

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

In SECR reporting there are two reporting approaches: 'location-based' and 'market-based'. Location-based reporting is the mandatory method and uses grid average figures (a mix of renewable and non-renewable fuels). A market-based reporting approach calculates the emissions associated with the energy sources or tariffs that the consumer has specifically chosen.

Carbon intensity ratios

Our Scope 1, 2 and 3 emissions are also measured against factors that indicate the size of the organisation. For our disclosure, we have used the number of full-time employees. This provides us with

a 'carbon intensity ratio' that help us to understand our carbon footprint relative to our size. It means we can not only benchmark against future reports if we change size, we can also compare ourselves directly to other, similar organisations.

Energy efficiency actions

We have invested heavily over many years and continues to invest in our homes to improve their energy efficiency and move all homes above EPC band C rating over the next 5 years. We also has a clear commitment for our homes, commercial buildings and our business to achieve Net Zero by or before 2050.

Within the 2024/25 financial year, we completed 1,539 thermal or heating improvement measures which include;

- 324 Roof replacements
- 887 boiler or full heating replacements and controls
- 103 double glazed full window installations
- 141 Solar PV Installations
- 60 Loft Insulation Top ups
- 24 External Wall Insulation

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

Carbon Emissions Reporting

Emissions Calculations

The tables below provide a breakdown of our footprint for 2024/25, comparing both market and location based emissions, comparing our performance against the previous financial year.

Figure 1 Market Based Emissions

Type of Emissions Activity	Activity	(kWh)	(tCO ₂ e)	% of Total
Energy Generation	Solar PV Renewal Generation	343,589	0	0%
	Subtotal	343,589	0	0%
Direct (Scope 1)	Natural Gas	3,676,611	0	0%
	Company Fleet	2,806,073	671	90.1%
	Subtotal	6,482,684	671	90.1%
Indirect (Scope 2)	Electricity	3,219,808	0	0%
	Subtotal	3,219,808	0	0%
Indirect Other (Scope 3)	(kwh)	302,437	74	9.9%
	Subtotal	302,437	74	9.9%
Total Energy Use		(kWh)	10,004,929	
Total (Market based *)Gross Emissions		(tCO ₂ e)	745	
Full Time Employed		FTE	767	
Tonnes of Gross CO ₂ e per FTE		(tCO ₂ e)	0.97	

The results show that our total energy use and total gross Green House Gas (GHG) emissions amounted to 10,004,929 kWh and 2,084 tonnes of CO₂e (location-based) respectively in the 2024/25 financial year in the UK. This is a 3.5% increase from the previous financial year.

As we purchase 100% green electricity and gas backed by REGOs and RGGOs respectively, our market-based emissions for the 2024/25 financial year are zero. Furthermore, we generated 343,589 kWh of electricity through solar panels saving 84 tCO₂e; this is an increase from 239,070 kwh or 58 tCO₂e in 2023/24.

We have chosen 'Tonnes of CO₂e per full time employee (FTE)' as an intensity metric as this is an appropriate metric for the business. The intensity metric for the financial year 2024/25 was 2.72 tCO₂e/FTE compared to 2.58 tCO₂e/FTE in 2023/24.

Figure 2 – Year on Year analysis (2024/25 vs 2023/24)

Type of Emissions Activity	Units	2024/25	2023/24	YOY % Change
Energy Generation	(kwh)	343,589	239,070	44%
Direct (Scope 1)	(kwh)	6,482,684	5,372,548	21%
	(tCO ₂ e)	1,343	1,143	17%
Indirect (Scope 2)	(kwh)	3,219,808	3,694,003	-13%
	(tCO ₂ e)	667	765	-13%
Indirect Other (Scope 3)	(kwh)	302,437	288,250	5%
	(tCO ₂ e)	74	70	6%
Total Energy Use	(kWh)	10,004,929	9,662,900	3.5%
Total Gross Emissions	(tCO ₂ e)	2,084	1,978	5.4%
Renewable Electricity	(tCO ₂ e)	667	765	-12.8%
Total Net Emissions	(tCO ₂ e)	745	835	-10.8%
Tonnes of Gross CO₂e per FTE	(tCO ₂ e)	2.72	2.58	5.4%

The year-on-year analysis outlines that there has been an increase of 3.5% in total energy usage (kWh) as well as a 5.4% increase in total Gross (Location Based) emissions between the 2024/25 and 2023/24 financial year. This is equivalent to 71 tCO₂e.

Sustainable Finance

The RCF with Lloyds Plc is a sustainably linked loan and we have three measurable KPI targets for year ending 31 March 2025 of which 2 were met. The outcome of the three KPI's are set out below.

- KPI 1: we met the target to maintain our Ritterwald scores of Ambassador, Frontrunner and Ambassador for environment (E), social (S) and governance (G) respectively.
- KPI 2a: we met the target to deliver a minimum of 320 new homes by delivering 467 homes.
- KPI 2b: we did not meet the target of 100% new developments in the year to be EPC B or above as 15% were EPC-C.
- KPI 3: we met the target to have at least 64% of our existing homes at EPC C or above.

The margin on the Lloyds RCF facility is 0.95% and this will be reduced by a maximum 0.05% on meeting or exceeding the three KPI's, potentially saving on a fully drawn facility of £25k per annum. The adjustment reduces to 0.033% if 2 KPI's are met, and 0.017% if only one KPI is achieved. If none are met, then there is no adjustment and no defaults are triggered. As the RCF is not currently drawn we are not benefiting from any discount.

Financial Review

Statement of Comprehensive Income (SOCl)

5-year trend analysis of key financial ratios

	24/25 £m	23/24 £m	22/23 £m	21/22 £m	20/21 £m
Statement of comprehensive income					
Turnover	146.1	135.8	121.1	120.5	120.8
Operating surplus	38.8	41.8	39.2	40.5	38.4
Operating margin	27%	31%	32%	34%	32%
Net margin	17%	24%	18%	17%	23%
EBITDA	48.7	50.2	45.2	46.5	46.1
EBITDA (MRI)	21.7	28.3	29.8	28.6	34.4
Statement of financial position					
Total assets less current liabilities	812.0	779.8	810.9	720.1	646.5
Long Term Debt	395.0	395.0	395.0	395.0	401.1
Deferred Grant	107.7	101.4	94.5	82.2	69.0
Other LT Creditors	21.4	21.9	22.8	22.8	0.1
Pension Provision	0.2	0.3	0.3	0.3	8.7
Other Provisions	1.8	0.9	1.2	0.5	0.8
Income and expenditure reserve	285.9	260.3	297.1	219.3	166.8
	812.0	779.8	810.9	720.1	646.5
Funding metrics					
Interest cover covenant	2.2	3.1	2.4	2.1	2.11
Weighted average cost of funds	4.2%	4.2%	4.2%	4.7%	4.8%
Gearing covenant (Housing Properties at Cost)	38%	39%	38%	39%	-
Gearing covenant (net debt per unit)	-	-	-	14.8	15.1

Turnover: £146.1m, a £10.3m increase since last year (£135.8m, 2023/24).

Social housing lettings contributed £132.6m to Group turnover for the year, an increase of £12.7m since the previous year. £12.6m of this increase is due to the annual rent increase of 7.7% and 467 new homes developed and let for the first time. £0.1m of the increase is due to variances in grant amortisation and revenue grants.

Other social housing contributed a further £11.3m to Group turnover for the year, a decrease of £2.4m since the previous year. £10.4m of this turnover is from the sale of shared ownership homes, which was £1.5m less than last year as less homes were ready for sale during the year. £893k of this turnover was from other miscellaneous income such as revenue grants and VAT recovered, a decrease of £883k from the previous year mainly relating to revenue grants; we received a government grant towards investment in existing homes last year as a one off which meant grants reduced for 2024/25.

Non social housing contributed £2.1m to Group turnover for the year, the same amount as last year.

Our five year trend shows turnover consistently increasing for a number of reasons. We have in place a funded development programme to deliver more new homes for rent and shared ownership each year which increases both our rental income and property sales income. We also dispose of a number of homes each year through right to buy, right to acquire, void sales, shared ownership first tranche sales and shared ownership staircasing sales; we have experienced growth in these types of sales year on year, contributing to growth in turnover. For our existing homes, our rents have typically increased by

September CPI plus 1% every year in line with government regulations, with the exception of the rent cap in 2023/24, which also contributes towards our turnover growth. We also strive to maximise revenue grants where possible for various activities such as investment in our existing homes or community investment initiatives. Whilst this income stream does not increase year on year necessarily, some years it has contributed to growth in turnover.

Operating surplus: £38.8m, 27% operating margin (£41.8m, 31% operating margin, 2023/24)

Operating performance continues to be strong with an Operating Surplus of £38.8m (27%). This has however decreased since last year by £3m despite the £10.3m increase in turnover; therefore the underlying cost increase £13.3m since last year. This is due to a number of factors which have put pressure on our cost base. The Group continues to be managing the compound impact of differential inflation experienced in 2023/24 when our rents were capped at a 7% increase whilst inflation on our cost base outstripped this. Average inflation on costs were between 10% and 20% depending on the nature of our costs; repairs costs and development costs experienced the highest inflation.

Social housing lettings costs increased by £12.2m. One main element of this increase was management costs (£5.8m) as we increased our average FTEs during the year by 33 and we also had a £2.2m higher than expected level of disrepair claims. We have set up a new provision for these claims moving forward. Another main element of the £12.2m cost increase is our revenue repairs increase (£4.9m). In addition to inflation on costs, we have increased our underlying investment in our Home Maintenance Service with a view to increasing the volume of repairs completed in the year to drive improvement in customer satisfaction. This investment is showing a positive impact as satisfaction scores have improved as set out in our TSMs. Depreciation is the other main element of the £12.2m cost increase (£1.1m); it will continue to increase each year as we build more new homes and implement more component replacements on existing homes.

Other social housing costs have increased by £1.8m since last year. The biggest increase was the £2.6m impairment charge which is a one off this year relating to a distressed development scheme that experienced unrecoverable costs. Grant was approved as a contribution towards the increased scheme costs in 2025/26 so next year's SOCI is likely to include a release of grant to offset this impairment cost. The impairment cost is partly offset by a £693k reduction in property cost of sales for shared ownership homes as less homes have been available to sell this year. We have also experienced an increase in profit from other property sales (£958k) which has partly offset the impact of our impairment charge as we have sold more homes under right to buy, right to acquire, voids sales and shared ownership staircasing sales than the previous year.

Non social housing costs have reduced by £481k mainly due to a reduction in revenue grants for our community investment activities.

Our five-year trend on operating margin is a year-on-year reduction. In addition to the cost pressures experienced this year, we have taken strategic decisions in previous years to increase investment year-on-year in our homes, in particular our repairs service, and in our people, particularly in terms of growth in FTEs. This strategic approach to year on year capacity creation helps us to maintain and improve the quality of our services.

Net margin: 17% (24%, 2023/24)

The net margin is after accounting for interest and financing costs of £15.9m (2024: £15.4m), interest receivable £1.5m (2024: £6.1m of which £3m was notional interest on pension assets) and surplus from joint venture of £0.1m (2024: £0.3m). The margin has decreased since last year for the aforementioned reasons as well as a significant reduction in interest receivable of £4.5m. This is due to a one off notional (non-cash) interest receivable on our pension asset in 2023/24 (£3.2m) which we are unlikely to receive again. Furthermore our bank interest receivable has reduced by £1.3m as we are holding less cash reserves than the previous year.

Our five-year trend on net margin is a generally decreasing trend for all the reasons stated above. In addition, we have decreased our cash reserves steadily from £80m five years ago to £30.3m this year. This is due to spending the money raised from capital markets on developing new homes. We have therefore continued to receive less interest receivable on our deposits and investments over the years.

EBITDA £48.7m (£50.2m, 2023/24)

Our Earnings Before Interest, Tax, Depreciation and Amortisation is a good indication of how well our operating surplus converts to cash. It was £48.7m this year, £9.9m higher than operating surplus after all the main non-cash accounting entries are eliminated. Whilst this is a decrease of £1.5m since last year, this is a healthy position as it means 33% of our turnover converts to cash. This cash is used to fund investment activities in existing homes and borrowing costs incurred on debt used to fund building new homes. This investment shows in the growth of our 'Total assets less current liabilities'.

Our five year trend shows a continued reduction as we are strategically utilising our cash to fund ongoing increases in investments in existing homes and new homes. Our existing homes require cyclical component replacements as well as investment to improve their energy efficiency rating. Our development programme is planned to continue until 2030.

EBITDA MRI £21.7m (£28.3m, 2023/24)

Our Earnings before Interest, Tax, Depreciation and Amortisation, capital major repairs included, is similar to the metric above but this time takes off the cost incurred on existing homes capital investment. It has continued to reduce year on year for the past five years. The table below shows how our capital investment in existing homes has grown year on year as components are due for renewal as well as responding to changes in regulation on the quality and safety of our homes. We have also commenced our journey for all homes to be at least EPC-C by 2030.

	24/25	23/24	22/23	21/22	20/21
	£000s	£000s	£000s	£000s	£000s
Capital investment in existing homes (capital and revenue)	27,015	21,952	15,401	17,939	11,714

The above spend has increased by 131% over the past five years which has continued to put pressure on our ability build more new homes and we have reduced our development programme as a result of this.

Statement of Financial Position

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

Total assets less current liabilities: £812m (£779.8m, 2023/24)

This is a combination of fixed assets and net current assets.

Fixed assets of £804m include capital expenditure (set out in Notes 12 to 14 to the Financial Statements) of £76.4m in major works to existing properties and in developing and acquiring new homes. The year-end balance includes £42.6m relating to schemes that are already on site and will contribute to future completed home targets.

Net current assets of £8.1m have decreased by £22.4m mainly due to the £19.6m reduction in cash and cash equivalents to fund continued expenditure on new development. The other £2.8m reduction is due to general movement in debtors and creditors as we have sold properties held for sale in debtors and received grants and other income in advance in creditors.

The five year trend shows that our asset base has continued to strengthen year on year with our investment activities.

Long Term debt: £395m (£395m, 2023/24)

Our historic debt has not increased this year as we have used cash reserves to fund the new development programme. As cash reserves deplete, it is expected we will draw our secured RCFs in the near future.

Deferred grant: £107.7m (£101.4m, 2023/24)

The net increase of £6.3m during the year as a result of securing Homes England Grant Funding for

new development and Decarbonisation funding for EPC-C works. The increase is offset by amortisation charges to the SOCI as grant is released to the SOCI over the life of the asset to which it relates.

Other creditors: £21.4m (£21.9m, 2023/24)

The net movement was a decrease of £0.5m as a result of amortisation of loan premiums and issue costs on historic debt issues.

Pensions Provision: £0.2m (£0.3m, 2023/24)

This balance relates to a provision for pension liability on our Social Housing Pension Scheme. The liability has reduced by £0.1m as a result of an increased discount rate applied to our fund value and future liabilities.

Other provisions (£0.9m, 2023/24)

These have increased by £0.9m since last year as a result of a new provision being created for Section 11 Disrepair Claims. Increased volume of claims is a sector-wide issue and our approach to mitigate the financial impact includes recruitment of additional surveyors and increasing the legal and insurance team resource. With these changes we anticipate our level of payments to reduce.

Reserves: £285.9m (£260.3m, 2023/24)

Reserves have increased by £25.6m reflecting the total comprehensive income for the year. Movement in the reserves balances is further shown in the Statement of Changes in Reserves.

Funding metrics

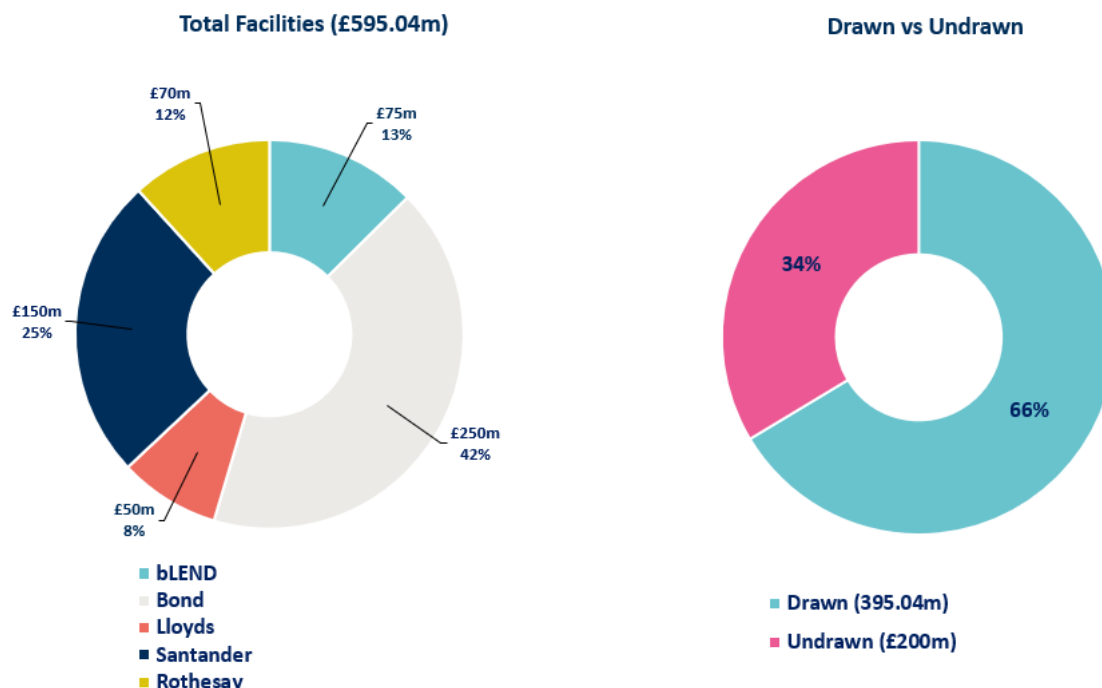
Our funder metrics have a track record of strong performance over the past five years. Our interest cover remains strong at 2.2 times cover however it is on a downward trend. This is due to increased investment in existing homes and the compound impact of inflation on our cost base outstripping inflation on our rental income. There was also a one off impairment charge of £2.6m in respect of one development scheme that experienced financial distress and unrecoverable costs. Our gearing covenant has remained stable at 38%. Our weighted average cost of funds has remained unchanged at 4.2%.

Treasury Management

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

Liquidity and Capital Structure

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



Interest Rate Risk

The Group manages its interest rate risk through its Treasury Policy which requires at least 60% of drawn debt to be fixed. As at 31 March 2025, 100% of debt was fixed.

Investment Policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked to ensure investments are not at risk. Surplus cash is mainly invested in AAA rated money market funds as well as fixed or floating deposit accounts. Rates of interest have increased during the year as these vary with Bank of England base rate and in the final quarter of the financial year the average weighted return across the portfolio was 5.2%.

Currency Risk

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

Loan Covenants

The Group ensures that it operates with a prudent level of headroom on all loan covenants and monitors forecast covenant performance on a monthly basis. This is reported to the Board on a quarterly basis. The Business Plan is resilient to these covenants with a degree of headroom. As at 31 March 2025 and throughout the year, the Group met all of its covenant targets, golden rules and trigger points for the financial year.

Credit Rating

During the year we retained our Moody's rating of A2 stable which was reaffirmed in January 2025. We have maintained our rating amidst a challenging period for the Housing Association sector.

The credit strengths listed were:

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

The Strategic Report of the Board was approved by the Board on 31 July 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Gary Moreton', with a stylized flourish at the end.

Gary Moreton, Chair of the Board
31 July 2025

A handwritten signature in black ink, appearing to read 'Gary Fulford', with a stylized flourish at the end.

Gary Fulford, Chief Executive
31 July 2025

The Report of the Board

The Report of the Board

The Board presents its report and audited Financial Statements for the year ended 31 March 2025. The Walsall Housing Group structure, registration status and principal activities are shown in the Strategic Report.

Board Statement of Public Benefit

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

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

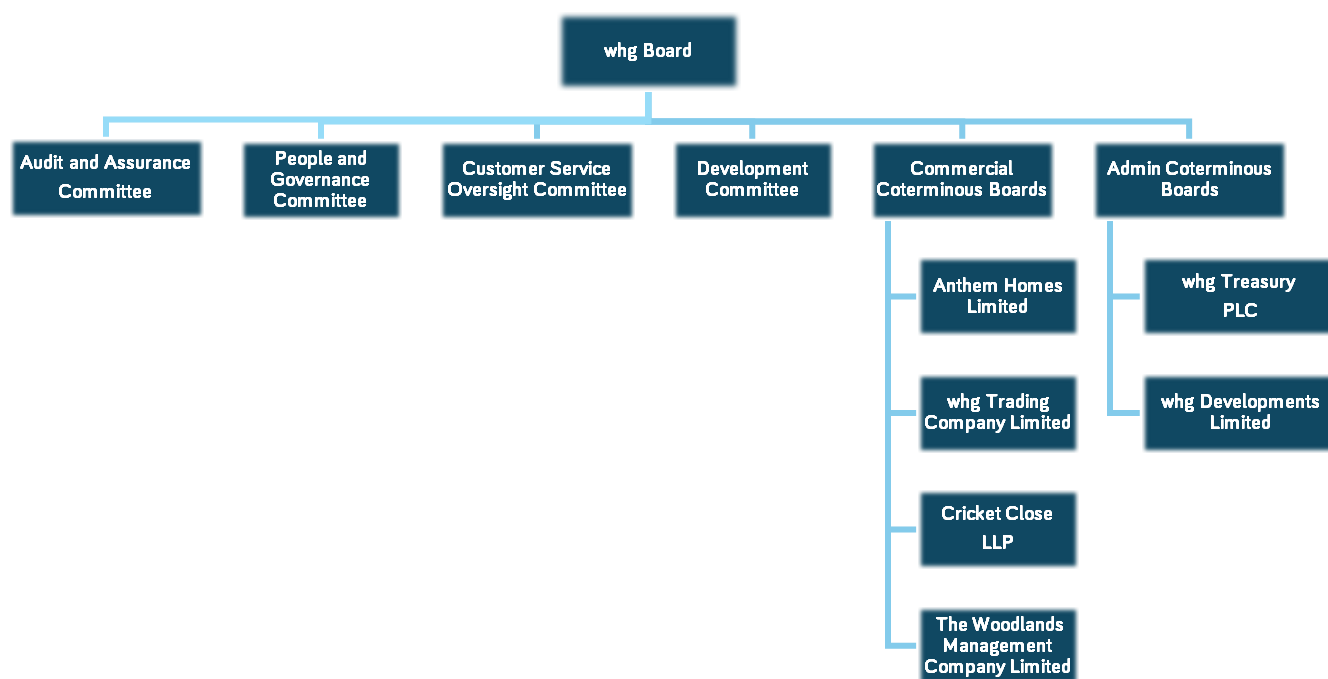
The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our chosen area of operation and our published policies, designed to ensure fair access to our services for all those in housing or other need.

The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing service and environmental improvements are shared by our customers. As a registered charity, the Board Members of Walsall Housing Group Limited, who are considered Trustees under charity law are responsible for ensuring compliance with all relevant charity law. We provide annual returns to the Charity Commission and have arrangements in place to obtain Trustees' consent before disposing of assets. Any non-charitable activities are carried out in an appropriate subsidiary company.

Governance

The Non-Executive Board Members (Trustees) and the Executive Directors are listed in the front of these accounts. As of 31 March 2025, the Board was made up of eleven non-executive Board Members and one Executive Board Member (Group Chief Executive), who are responsible for the Group's governance. The Board meets regularly, with additional development days and training days. The Board works alongside the Executive Team which is responsible for the day to day management of the Group's activities. The Board complies with the National Housing Federation Code of Governance 2020 and can have a maximum of 12 Members. The Board and Committee structure is summarised below:

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



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

The Regulator of Social Housing (RSH) requires all Registered Providers (RPs) to adopt and comply with a recognised Code of Governance. The Board approved the adoption of the latest version of the National Housing Federation (NHF) Code of Governance 2020 from April 2021, as recommended by the Governance and Remuneration Committee (now the People and Governance Committee). The People and Governance Committee reviewed and approved the latest self-assessment against the Code of Governance in May 2025 on the basis that it had strong assurance that whg and its subsidiaries, where applicable, are fully compliant with the NHF Code of Governance. The subsidiaries have also adopted the Code where it is relevant. As required by the NHF Code of Governance, an external and independent review of our governance took place in spring 2025. The outcomes were hugely positive with the assessment noting areas of good practice, robust controls and an effective approach to managing governance.

Board Statement on compliance with RSH's Governance, Financial Viability and Consumer Standards

The People and Governance Committee has completed an annual assessment of our compliance with the RSH's Governance, Financial Viability and Consumer Standards and reported to the Board in May 2025 that we are fully compliant in all material respects. This includes using reasonable endeavours to ensure compliance with all relevant law, including the review of six monthly updates from an external legal advisor. Our procedures ensure that we comply with statutory requirements and compliance activities. We have effective and robust governance arrangements in place that enable us to successfully deliver our corporate objectives and continually improve our services to customers. Robust oversight, scrutiny and procedures are in place to ensure that we remain viable and that our assets are not put at risk.

General Data Protection Regulation

We respect an individual's right to data privacy and data protection in line with the General Data Protection Regulation (GDPR). We are pleased to report that we have not needed to make any reports to the ICO this year.

Board Statement on Modern Slavery

This statement is made under Section 54(1) of the Modern Slavery Act 2015. It constitutes our Anti-Slavery and Human Trafficking Statement for the financial year ending 31 March 2025. This statement is approved by the Board and applies to all organisations within the Group. It is reviewed and updated annually. We are committed to acting ethically and with integrity in all business relationships. We have taken steps to ensure that adequate processes and controls are in place to ensure slavery and human trafficking is not taking place anywhere in our supply chains. To read the full statement, visit: [whg-Anti-Slavery-and-Human-Trafficking-Statement-2024-2025.pdf](#)

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Walsall Housing Group Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2025. We work within a regulated sector and are proud to hold the highest level accreditation of G1/V1/C1 for our governance activity, our financial viability and our compliance with consumer regulation.

Long term consequences of our decisions

Our 2030 Plan was designed to have a long-term beneficial impact on the Group and to contribute to its success in delivering quality homes and services to our customers. The plan was informed through consultation and engagement with customers and stakeholders, enabling us to ensure our strategic objectives align with those views and priorities. Our organisation is here for the long-term and decisions and plans are always made with that forward-thinking view. We will continue to operate our business within tight budgetary controls and in line with our regulatory targets.

Key decisions in the year to demonstrate that decision making has been supported by financial and non-financial information

The Board approved the annual Budget in March 2025. As part of this Budget approval, the Board assessed in-depth financial information on all aspects of the business. In addition, the Board approved a long-term Business Plan and all economic assumptions made within it. The Board assessed the financial impact of numerous scenarios on the Business Plan via a comprehensive set of multi-variance stress tests and mitigating actions to ensure ongoing financial viability should the economic or regulatory environment worsen. In terms of non-financial information, the Board has assessed performance information on a regular basis throughout the year and used this to determine investment decisions for the long-term Business Plan. Key examples of this include investment in technology, energy efficiency and carbon reduction measures and improvement of existing homes.

This year, the Board focused on embedding Our 2030 Plan, particularly through the oversight of the formulation of detailed action plans to underpin delivery. Monitoring of these plans remain a priority for the Board, with a continued emphasis on the six transformational programmes: Data driven decisions; Forward thinking services; Social justice – transforming lives; Sustainable futures; Making places; and, Work and workplace of the future.

This year was also the first year of the official requirement to measure and report on customer satisfaction through Tenant Satisfaction Measures (TSMs). The Board regularly reviewed the TSM information and was pleased to see scores significantly improving over the course of the year.

Interests of our colleagues

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

Key decisions in the year that demonstrate protection of colleagues' interests

The Board was deeply aware of how the current economic climate was impacting colleagues but were mindful of how any salary increase needed to be balanced against affordability and service to customers. During the year the Board worked with unions to award fair and competitive salary uplifts reflecting the current economic climate.

Regular salary benchmarking continues to take place to ensure colleagues' salaries are in line with industry norms. We invest in pension scheme arrangements, offering a choice of schemes allowing colleagues to select the most appropriate for their circumstances.

In addition, we enhanced our Employer Value Proposition; opening a new reward and recognition scheme and launching a new colleague engagement group, Colleague Connect.

Training on diversity and inclusion has also been provided to support the culture of treating people fairly and a number of lunch and learn sessions have taken place for example on allyship and unconscious bias. A robust policy framework is in place, including policies for code of conduct and health and safety, which protects colleagues. In addition, an independent annual engagement survey is carried out to monitor the ongoing wellbeing of teams across the business. The engagement scores are high, indicating that our approach is in line with its ambition to be an employer of choice and we were proud to be awarded The Times Top 100 employer recognition.

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

Business relationships with suppliers, customers and others

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

Key decisions in the year that demonstrate relationship management with stakeholders

We actively engaged with stakeholders during the year through various channels. whg regularly engages with key partners and stakeholders such as local authority partners, Homes England, regulatory bodies, funders, and trades bodies as a few examples. Developing and maintaining these positive relationships supports access to opportunities to deliver new homes and services. Working in partnership also creates greater capacity and ensures whg remains a partner of choice.

An effective procurement strategy is in place which enables opportunities for suppliers of all sizes to offer their services and ongoing contract management approaches ensure that suppliers receive the level of engagement expected from us as determined by the contractual arrangements. We ensure all contractors have strong sustainability credentials and share similar values.

Our 2030 Plan is heavily focused on understanding our customers and delivering great service. During the year customers were given the opportunity to influence and contribute to strategic decisions, while the Board gained valuable insight into customers' views, needs, concerns, and complaints. The Service Improvement Group (SIG) was established consisting of 11 members to provide oversight and evaluation by customers of the services we provide. Building on this foundation, the Board enhanced its focus by regularly reviewing data on complaints and exploring meaningful ways to learn from them, ensuring a proactive approach to improving customer experiences. In addition, Board members regularly meet customers through estate visits, community walkabouts, customer events and through engagement at formal meetings.

Impact on the community and the environment

Our 2030 Plan considered the impact of the Group's operations on the community and environment and our wider societal responsibilities, and how we impact the regions we serve throughout the Midlands.

Key decisions in the year to demonstrate our impact on the community and environment

We are supporting the government's ambition for all social housing in England to achieve an Energy Performance Certificate (EPC) rating of at least C by 2030. This included starting work on one of the region's first net zero neighbourhoods at Dudley Fields in Walsall. This goes beyond the fabric of a home and considers energy infrastructure, engagement with retrofit and what it means to a community to be sustainable.

We continue at pace to refine our business as usual approach to include ESG, articulating how current activities meet environmental and sustainability outcomes and developing new objectives to drive future investment decisions. We now have 176 colleagues trained in carbon literacy and over 12% accredited as carbon literate with the Carbon Literacy Project, becoming sustainability champions and making pledges that align with our sustainability agenda. The ESG working group will continue to meet to provide assurance that sustainability is being managed as a strategic priority across operations and planning. We are among the first in the UK to be certified as a sustainable housing provider by RITTERWALD and a Carbon Literate Bronze organisation.

High standards of business conduct

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, using high standards of business conduct and good governance expected for a business such as ours. The intention is to nurture our reputation, through both the construction and delivery of Our 2030 Plan that reflects our responsible behaviour. We are well run and have tight budgetary controls ensuring we achieve our budgeted targets each year. This provides assurance to our lenders and investors.

Key decisions in the year

We carry out an annual assessment of compliance against regulatory standards and continue to achieve a G1/V1 regulatory grading, as well as C1 in the new Consumer Standard, evidencing high standards of business conduct. We also maintained our A2 credit rating with Moody's in January 2025. In addition, the assurance framework and three lines of defence model continues to drive a strong internal control environment. There are numerous policies in place for code of conduct, standing orders and financial regulations, fraud and whistleblowing, all of which provide a clearly defined framework for business conduct.

Act fairly between members

As a Registered Provider of social housing, a charity and not for profit organisation, the focus of our activities is to deliver housing and other support services to our customers. We are committed to act

fairly and avoid conflicts of interest should they arise.

Key decisions in the year

We carried out an external review which reinforced the positive culture and strong governance arrangements we have in place. During the year we welcomed 2 new Board and Committee members to our governance structure. As well as bringing a wealth of skills and lived experience, our new additions have increased the diversity across our Boards and Committees. The adoption of the NHF Code of Governance 2020 supports the efficacy of the Board acting fairly and supporting the interests of customers and colleagues. Board members act in the best interests of each company they represent ensuring each entity operates within the articles of association.

Statement of Compliance with the SORP

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

Other Information

Where information is not shown within the Report of the Board in accordance with S414c (11) Companies Act 2006 it is instead included within the Strategic Report starting on page 5. This includes the Energy and Carbon report starting on page 40.

Qualifying Third Party Indemnity Provisions

The Directors have third party indemnity insurance through the Group.

Going Concern

The Group has long-term debt facilities in place which provide adequate resources to finance reinvestment in existing homes, together with meeting our targets for new development programmes. The Board approved business plan shows the Group has liquidity in place for at least the next 33 months before refinancing is required to replace expiring debt facilities.

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

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

The Group has a very strong liquidity position with £30.3m cash holding at 31 March 2025 and with undrawn revolving facilities of £200m, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

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

Board Statement on the Effectiveness of Internal Control

The Board holds responsibility for establishing and maintaining adequate and effective systems of internal control and for reviewing their effectiveness. The systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

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

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing. This is reflected in every risk report considered at each Board meeting, as well as being the subject of regular review by the Audit and Assurance Committee. The Board is of the opinion that internal control arrangements are effective. The arrangements adopted by the Board in reviewing the effectiveness of the systems of internal control, together with some of the key elements of the control framework, include:

Identifying and Evaluating Key Risks

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

The Executive Team regularly considers reports on these risks and the Corporate Director of Governance, Compliance and Communications is responsible for ensuring any significant change affecting key risks is reported to the Committee.

Control environment and internal controls

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

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

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

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

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

Fraud Assurance

The work with our internal auditors provides assurance that controls are designed to reduce the risk of fraud and to respond to suspected instances of fraudulent activity. The policies on fraud prevention and whistleblowing address any specific issues arising. These policies are reviewed regularly. We maintain a register of fraud risk, reviewed annually by the Audit and Assurance Committee and undertake fraud awareness training with colleagues. Any material frauds are reported to the Regulator of Social Housing and Charity Commission as required. During the year there were no material frauds. Suspect activity was identified, this was fully and independently investigated and appropriate action has been taken.

Statement of Board Responsibilities

The Board is responsible for preparing the Report of the Board, the Strategic Report and the Financial Statements in accordance with applicable law and regulations. The Companies Act 2006 and the Housing Act 1996 require the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity and company law and the Housing Act 1996, the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the income and expenditure of the Group and the Company for that period. In preparing those Financial Statements, the directors are required to:

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

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

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

Disclosure of Information to the Auditor

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

Auditor

Beever and Struthers acted as our external auditors for 2024/25 and are re-appointed for 2025/26. This report was approved by the Board and authorised for issue on 31 July 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Gary Moreton', with a large, stylized flourish at the end.

Gary Moreton
Chair of the Board 31 July 2025

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

Opinion

We have audited the financial statements of Walsall Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2025 which comprise the Consolidated Statement of Total Comprehensive Income, Consolidated Statement of Changes in Reserves, Company Statement of Changes in Reserves, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and the Notes to the Financial Statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2025 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Strategic Report and the Report of the Board, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and,

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

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

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 56, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group and the Association's activities and the regulated nature of the Group and the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias

Due 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. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Maria Hallows FCA (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers

Statutory Auditor and Chartered Accountants

One Express

1 George Leigh Street

Manchester

M4 5DL

Date: 27 August 2025

Consolidated Statement of Total Comprehensive Income for the year ended 31 March 2025

The consolidated Financial Statements on pages 62 to 111 were approved by the Board on 31 July 2025.

	Note	Group		Company	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Turnover	3	146,081	135,770	145,631	135,493
Operating expenditure	3	(115,154)	(101,614)	(115,270)	(101,719)
Gain on disposal of property, plant and equipment	3,6	7,720	6,762	7,720	6,762
Movement in fair value of investment properties	3,15	25	600	25	600
Share in Surplus from Joint Venture	3,33	144	316	-	-
Operating surplus	3a,3b	38,816	41,834	38,106	41,136
Interest receivable and other income	7	1,502	6,080	1,553	6,427
Interest and financing costs	8	(15,922)	(15,406)	(15,922)	(15,406)
Gift Aid		-	-	772	956
Surplus for the year before tax		24,396	32,508	24,509	33,113
Taxation	11	19	(114)	-	-
Surplus for the year after tax		24,415	32,394	24,509	33,113
Other comprehensive income / (expenditure):					
Remeasurements – Actuarial gain in respect of pension schemes	26	23,801	14,246	23,801	14,246
Derecognition of pension asset	26	(21,321)	(83,512)	(21,321)	(83,512)
Total comprehensive income for the year		26,895	(36,872)	26,989	(36,153)



Gary Moreton
Chair
31 July 2025



Gary Fulford
Group Chief Executive
31 July 2025

The consolidated results relate wholly to continuing activities. The accompanying Notes form part of these Financial Statements.

Consolidated Statement of Changes in Reserves for the year ended 31 March 2025

	Income and expenditure reserve £'000
Balance as at 1 April 2023	297,132
Surplus for the year	32,394
Other comprehensive income/(expenditure) for the year:	
Actuarial gain/(loss) in respect of the pension scheme	14,246
Derecognition of pension asset	(83,512)
Balance at 31 March 2024	260,260
Surplus for the year	24,415
Other comprehensive income/(expenditure) for the year:	
Actuarial gain/(loss) in respect of the pension scheme	23,801
Derecognition of pension asset	(21,321)
Transfer to Capital Grant	(1,215)
Balance at 31 March 2025	285,940

Company Statement of Changes in Reserves for the year ended 31 March 2025

	Income and expenditure reserve £'000
Balance as at 1 April 2023	315,366
Surplus for the year	33,113
Other comprehensive income/(expenditure) for the year:	
Actuarial gain/(loss) in respect of the pension scheme	14,246
Derecognition of pension asset	(83,512)
Balance at 31 March 2024	279,213
Surplus for the year	24,509
Other comprehensive income/(expenditure) for the year:	
Actuarial gain/(loss) in respect of the pension scheme	23,801
Derecognition of pension asset	(21,321)
Transfer to Capital Grant	(1,215)
Balance at 31 March 2025	304,987

Consolidated Statement of Financial Position

At 31 March 2025

	Note	Group		Company	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Fixed Assets					
Intangible assets	12	617	935	617	935
Tangible fixed assets - Housing Properties	13	776,997	720,989	796,745	740,565
Tangible fixed assets - Other Fixed Assets	14	14,267	13,875	14,267	13,875
Investment properties	15	11,680	11,655	11,680	11,655
HomeBuy loans receivable	16	107	107	107	107
Investment in Subsidiaries	17	-	-	100	100
Investment in Joint Venture	33	229	1463	-	-
Other Investments	33	120	20	20	20
		804,017	749,044	823,536	767,257
Current Assets					
Inventories held for sale	18a	1,924	-	-	-
Properties held for sale	18b	2,056	5,333	2,056	3,491
Trade and other debtors	19	12,705	10,649	16,796	12,764
Debtors due in more than one year	20	-	-	500	2,821
Investments		2,603	2,702	2,603	2,702
Cash and cash equivalents		27,715	47,245	24,499	44,771
		47,003	65,929	46,454	66,549
Creditors: Amounts falling due within one year	21	(38,942)	(35,208)	(38,863)	(35,079)
Net current assets		8,061	30,721	7,591	31,470
Pension Asset	26	-	-	-	-
Total assets less current liabilities		812,078	779,765	831,127	798,727
Creditors: Amounts falling due after more than one year	22	(524,116)	(518,379)	(524,118)	(518,388)
Provisions for liabilities					
Defined Benefit Pension provision	26	(196)	(269)	(196)	(269)
Other provision	27	(1,826)	(857)	(1,826)	(857)
Total net assets		285,940	260,260	304,987	279,213
Reserves					
Income and expenditure reserves		285,940	260,260	304,987	279,213
Total Reserves		285,940	260,260	304,987	279,213

The accompanying Notes form part of these Financial Statements.

The Financial Statements on pages 62 to 111 were approved by the Board and authorised for issue on 31 July 2025 and are signed on its behalf by:

Gary Moreton
Chair
31st July 2025



Gary Fulford
Group Chief Executive
31st July 2025



Consolidated Statement of Cash Flows for the year end 31 March 2025

	Note	2025 £'000	2024 £'000
Net cash generated from operating activities	29	63,945	62,739
Cash flow from investing activities			
Purchase of tangible fixed assets - housing properties		(71,575)	(93,600)
Purchase of tangible fixed assets - other		(2,115)	(1,351)
Loan from/(to) non-group entity		2,325	4,973
Investment in non group assets		1,300	-
Repayment of Homebuy Loan		-	30
Grants received		2,337	2,083
Interest received		1,613	2,887
		(66,115)	(84,978)
Cash flow from financing activities			
Interest paid		(17,459)	(17,596)
Withdrawal from deposits		99	31,702
		(17,360)	14,106
Net change in cash and cash equivalents		(19,530)	(8,133)
Cash and cash equivalents at beginning of the year		47,245	55,378
Cash and cash equivalents at end of the year		27,715	47,245

The accompanying Notes form part of these Financial Statements.
A reconciliation of net debt is shown in Note 29A.

Notes to the Financial Statements

1. Legal Status

Walsall Housing Group Limited is a company limited by guarantee, registered under the Companies Act 2006 and is an English registered charity and social housing provider. Walsall Housing Group is a public benefit entity. The Company's registered office address and principal place of business is: 100 Hatherton Street, Walsall, WS1 1AB.

Walsall Housing Group's principal activities and the nature of the Company's operations can be found in the Group profile on page 4. Walsall Housing Group (the Group) comprises the following entities:

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

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

*** Walsall Housing Group Limited also has 20% share (via whg Trading Limited subsidiary) in a joint venture Homes for the West Midlands LLP (Registration number OC452327). This is not a subsidiary of the Group.*

2. Accounting policies

Basis of Accounting

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

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

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

Basis of Consolidation

The consolidated Financial Statements incorporate those of the Company and all its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies to obtain economic benefits). All Financial Statements are made up to 31 March 2025.

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

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

Joint Ventures

An entity is treated as a joint venture where a member of the Group holds an interest and shares control under a contractual agreement with one or more parties external to the Group. In the Group accounts, joint ventures are accounted for using the equity method. Under this method, where the venture itself is not a parent, the fair value model is adopted, and an equity investment is initially recognised at the transaction price (including transaction costs). Changes in fair value are recognised where it is practicable to do so. Where it is impracticable to measure fair value reliably or without undue cost or effort, the cost model will be used in accordance with the provisions of FRS 102. Dividends and other distributions will be recognised by the subsidiary which has made the investment when received. At group level this will reduce the carrying amount of the investment.

Reduced Disclosures

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

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

Going Concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Group financial plan has been subjected to a wide range of stress tests. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Turnover and Revenue Recognition

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

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

Other Income

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

Investment income is recognised on an accruals basis.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

is seven years.

Tangible Fixed Assets – Housing Properties

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

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

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

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

Works to existing properties are capitalised when they either replace a component that has been treated separately for depreciation purposes, or are improvement works that enhance the economic benefits of the asset. Such enhancements can occur if improvements result in any of the following:

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

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

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

Right to Buy and Right to Acquire Disposals

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

Voluntary Right to Buy Disposals

For homes sold under the scheme the proceeds will be retained to fund replacement homes. The discount received by the tenant is claimed back from Homes England. We claim back any transaction cost i.e. legal costs and debt associated with the property, and the net cash amount will be held as a designated reserve to fund replacement properties as disclosed in Note 35.

Investment Properties

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

of Comprehensive Income.

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

Government Grants

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

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

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

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

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

Government grants that impose specified future performance-related conditions on the Company are recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Other Grants

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

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

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

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

Building Components	Years
Structure / Roofing / Bin Chutes	100 or 125
Windows and Doors	27-30
Kitchens	18-20
Bathrooms	27-30
Central Heating	27-30
Boilers	10-15
Rewiring	22-25
External Wraps	35-40
Aerials	30
Flat Roofing	25
Lifts	25
Sprinklers	25
Solar PV Panels	25
Door Entry Systems	20
Lift Maintenance	10

Impairments of Fixed Assets

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

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

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

Other Tangible Fixed Assets

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

Other Assets	Years
Office buildings	50
IT	4-15
Furniture & office equipment	10
Motor Fleet vehicles	10
Motor Other vehicles	2-4
Office improvements	4-8

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

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

Cash and cash equivalents

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

Borrowing Costs

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

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

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

Taxation

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

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

Deferred Taxation

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

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

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

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

Value Added Tax (VAT)

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

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

The group expenditure is subject to VAT in different ways: -

- The majority of the Group expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.
- Although a large proportion of the Group's income is exempt from VAT, the Group charges VAT on some of its income and can recover VAT on directly attributable costs.
- The Group is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs (HMRC) and the recovered amounts are disclosed in turnover.

Interest Payable

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

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

Leases

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

Colleague Benefits

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

The cost of any unused holiday entitlement at 31 March is recognised in the period in which the employee's services are received.

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

Retirement Benefits

Defined benefit plans

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

Liabilities relating to our share of the SHPS and LGPS scheme are included on the Statement of

Financial Position. Assets are only included up to the extent to which an Asset Ceiling report demonstrated they are recoverable.

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

The net defined benefit liability / asset represents the present value of the defined benefit obligation less the fair value of plan assets out of which obligations are to be settled.

Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The following are recognised in the Statement of Comprehensive Income:

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

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

HomeBuy

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

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

Financial Instruments

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

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

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

Financial Assets

Debtors

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

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

for a similar debt instrument.

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

Financial Liabilities

Creditors

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

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

Borrowings

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

Derecognition of financial assets and liabilities

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

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

Provisions

The Group recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable, will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Critical Accounting Estimates and Areas of Judgement

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

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of

assets and liabilities within the next financial year are discussed below.

Defined Benefit Obligation (DBO) – WMPF

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

Defined Benefit Obligation (DBO) – SHPS

Our estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases and the roll forward of actuarial information to 31 March 2025. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 26).

All defined benefit obligations are recorded at fair value, all surpluses are subject to a further asset ceiling report to determine the extent to which surpluses are recoverable and therefore can be recorded as an asset in the statement of financial position.

Fair value measurement

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

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

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

Useful lives of depreciable assets

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

Critical areas of judgement

Impairment

On an annual basis we review for potential impairment. An impairment review was carried out which included the impact of failure of three contractors on our development schemes. The detailed assessment concluded that the schemes remain viable.

More generally, we estimated the recoverable amount of our housing properties as follows:

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

An impairment of £2.6m has been made in relation to The Hollyhedge scheme. This site became distressed following the liquidation of the principal contractor. Further investigation revealed some structural defects on site. Grant has been secured in May 2025 to meet all of the remediation works. The grant has not been recorded as either income or a debtor at 31 March 2025 as the formal award of

the grant was not made until May 2025. The proportion of the grant specifically relating to the remediation will be released to the statement of comprehensive income in 2025/26.

Capitalisation of property development costs

Distinguishing the point at which a project is more than likely to continue, allowing capitalisation of associated development costs requires judgement. Where a scheme is unlikely to continue the abortive costs are written off to the statement of comprehensive income.

Fire Safety

We undertake regular fire risk assessments on all of its high-rise and low-rise blocks to ensure compliance with fire safety standards, taking into consideration the specific facts and circumstances of each block we have concluded that no financial provision is required.

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

GROUP – continuing activities	Turnover	Cost of sales	Operating expenditure	Surplus on Disposal	Revaluation of Investment Property	Share in Surplus from Joint Venture	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	132,646	-	(100,873)	-	-	-	31,773
Other social housing activities							
First tranche low cost home ownership sales	10,434	(9,174)	-	-	-	-	1,260
Gain on disposal of property, plant and equipment	-	-	-	7,720	-	-	7,720
Charges for support services	-	-	-	-	-	-	-
Development costs	-	-	(837)	-	-	-	(837)
Other social housing grants	252	-	-	-	-	-	252
VAT recoverable	25	-	-	-	-	-	25
Other social housing	616	-	(317)	-	-	-	299
Impairment of Development Costs	-	-	(2,600)	-	-	-	(2,600)
	143,973	(9,174)	(104,627)	7,720	-	-	37,892
Activities other than Social Housing							
Non social housing lettings	1,088	-	(401)	-	-	-	687
Non social housing grants	227	-	(466)	-	-	-	(239)
Outright property sale	-	-	-	-	-	-	-
Other non social housing	793	-	(486)	-	-	-	307
Share in Surplus from Joint Venture	-	-	-	-	-	144	144
Increase in valuation of Investment Properties	-	-	-	-	25	-	25
	146,081	(9,174)	(105,980)	7,720	25	144	38,816

2024

GROUP – continuing activities	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Share in Surplus from Joint Venture	Operating Surplus
	£'000	£'000	£'000	£'000	£'000		£'000
Social housing lettings	119,946	-	(88,637)	-	-	-	31,309
Other social housing activities							
First tranche low cost home ownership sales	11,980	(9,867)	-	-	-	-	2,113
Gain on disposal of property, plant and equipment	-	-	-	6,762	-	-	6,762
Charges for support services	-	-	-	-	-	-	-
Development costs	-	-	(1,007)	-	-	-	(1,007)
Other social housing grants	977	-	-	-	-	-	977
VAT recoverable	182	-	-	-	-	-	182
Other social housing	617	-	(269)	-	-	-	348
	133,702	(9,867)	(89,913)	6,762	-	-	40,684
Activities other than Social Housing							
Non social housing lettings	1,040	-	(604)	-	-	-	436
Non social housing grants	330	-	(828)	-	-	-	(498)
Outright property sale	-	-	-	-	-	-	-
Other non social housing	698	-	(402)	-	-	-	296
Share in Surplus from Joint Venture	-	-	-	-	-	316	316
Increase in valuation of Investment Properties	-	-	-	-	600	-	600
	135,770	(9,867)	(91,747)	6,762	600	316	41,834

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

Included within social housing lettings operating expenditure are non-cash amounts that relate to FRS 102 assumptions in respect of the pension funds for 'current service costs' and 'curtailments' of £2.4m (2024: £2.3m). This non-cash financial assumption is derived by the scheme actuaries.

2025						
COMPANY – continuing activities	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	132,646	-	(101,042)	-	-	31,604
Other social housing activities						
First tranche low cost home ownership sales	10,434	(9,174)	-	-	-	1,260
Gain on disposal of property, plant and equipment	-	-	-	7,720	-	7,720
Charges for support services	-	-	-	-	-	-
Development costs	-	-	(832)	-	-	(832)
Other social housing grants	252	-	-	-	-	252
VAT recoverable	25	-	-	-	-	25
Other social housing	736	-	(317)	-	-	419
Impairment of Housing Properties	-	-	(2,600)	-	-	(2,600)
	144,093	(9,174)	(104,791)	7,720	-	37,848
Activities other than Social Housing						
Non social housing lettings	1,087	-	(401)	-	-	686
Non social housing grants	227	-	(466)	-	-	(239)
Outright property	-	-	-	-	-	-
Other non social housing	224	-	(438)	-	-	(214)
Increase in valuation of Investment Properties	-	-	-	-	25	25
	145,631	(9,174)	(106,096)	7,720	25	38,106

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

2024						
COMPANY – continuing activities	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	119,946	-	(88,805)	-	-	31,141
Other social housing activities						
First tranche low cost home ownership sales	11,980	(9,867)	-	-	-	2,113
Gain on disposal of property, plant and equipment	-	-	-	6,762	-	6,762
Charges for support services	-	-	-	-	-	-
Development costs	-	-	(998)	-	-	(998)
Other social housing grants	977	-	-	-	-	977
VAT recoverable	182	-	-	-	-	182
Other social housing	768	-	(270)	-	-	498
	133,853	(9,867)	(90,073)	6,762	0	40,675
Activities other than Social Housing						
Non social housing lettings	1,040	-	(605)	-	-	435
Non social housing grants	330	-	(828)	-	-	(498)
Outright property	-	-	-	-	-	-
Other non social housing	270	-	(346)	-	-	(76)
Increase in valuation of Investment Properties	-	-	-	-	600	600
	135,493	(9,867)	(91,852)	6,762	600	41,136

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

GROUP	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2025	2024
				Total £'000	Total £'000
Rent receivable net of identifiable service charges	119,166	2,376	3,011	124,553	112,370
Service charge income	5,330	462	718	6,510	6,116
Amortised government grants	843	-	-	843	1,292
Other grants	524	216	-	740	168
Turnover from social housing lettings	125,863	3,054	3,729	132,646	119,946
Management	(28,300)	(464)	-	(28,764)	(22,986)
Service charge costs	(6,358)	(644)	(487)	(7,489)	(7,272)
Routine maintenance	(13,098)	(215)	-	(13,313)	(13,381)
Planned maintenance	(24,348)	(399)	-	(24,747)	(20,347)
Major repairs expenditure	(10,021)	(164)	-	(10,185)	(9,604)
Bad debts	(616)	(10)	(7)	(633)	(456)
Depreciation of housing properties	(15,106)	(254)	(382)	(15,742)	(14,591)
Operating expenditure on social housing lettings	(97,847)	(2,150)	(876)	(100,873)	(88,637)
Operating surplus on social housing lettings	28,016	904	2,853	31,773	31,309
Void losses	(1,135)	(165)	(6)	(1,306)	(1,364)

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

COMPANY	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2025	2024
				Total £'000	Total £'000
Rent receivable net of identifiable service charges	119,166	2,376	3,011	124,553	112,370
Service charge income	5,330	462	718	6,510	6,116
Amortised government grants	843	-	-	843	1,292
Other grants	524	216	-	740	168
Turnover from social housing lettings	125,863	3,054	3,729	132,646	119,946
Management	(28,306)	(464)	-	(28,770)	(22,992)
Service charge costs	(6,360)	(644)	(487)	(7,491)	(7,274)
Routine maintenance	(13,101)	(215)	-	(13,316)	(13,384)
Planned maintenance	(24,353)	(400)	-	(24,753)	(20,353)
Major repairs expenditure	(10,022)	(164)	-	(10,186)	(9,605)
Bad debts	(616)	(10)	(7)	(633)	(456)
Depreciation of housing properties	(15,255)	(256)	(382)	(15,893)	(14,741)
Operating expenditure on social housing lettings	(98,013)	(2,153)	(876)	(101,042)	(88,805)
Operating surplus on social housing lettings	27,850	901	2,853	31,604	31,141
Void losses	(1,135)	(165)	(6)	(1,306)	(1,364)

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

	Group and Company	
	2025 £'000	2024 £'000
Market rented housing properties	751	694
Garage rents	337	346
	1,088	1,040

4. Accommodation in management and development

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

GROUP AND COMPANY	2025 Number	2024 Number
Social housing		
General housing:		
- social rent	18,157	18,122
- affordable rent	2,703	2,476
Supported housing	385	345
Low cost home ownership	869	791
Total owned	22,114	21,734
Leasehold properties	666	666
Total managed	22,780	22,400
Non-social housing		
Market rented housing properties	101	101
Total owned and managed	101	101
Accommodation in development at the year end	390	638

GROUP AND COMPANY	2024 No	Additions No	Disposals No	Other No	2025 No
Social housing					
General housing:					
- social rent	18,122	113	(74)	(4)	18,157
- affordable rent	2,476	229	(3)	1	2,703
Supported housing	345	38	(1)	3	385
Low cost home ownership	791	87	(9)		869
Total owned	21,734	467	(87)	-	22,114
Leasehold properties	666	-	-	-	666
Total managed	22,400	467	- 87	-	22,780
Non-social housing					
Market rented housing properties	101	-	-	-	101
Total owned and managed	101	-	-	-	101

The Group owns 30 commercial properties (2024:30).

5. Operating Surplus

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

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Amortisation of deferred capital grant	(853)	(1,302)	(853)	(1,302)
Non government grant	(216)	(168)	(216)	(168)
Amortisation of intangible fixed assets	314	459	314	459
Depreciation of housing properties	15,742	14,591	15,893	14,741
Depreciation of other tangible fixed assets	1,638	1,597	1,638	1,597
Impairment	2,600	-	2,600	-
Operating lease rentals:				
- land and buildings	55	55	55	55
- vehicles and equipment	49	56	49	56
Auditor's remuneration (including non recoverable VAT)				
- Fees payable to the Company's auditor for the audit of the Financial Statements	144	104	129	82
- Fees payable to the Company's auditor for other services:	7	-	-	-
Total audit services	151	104	129	82

6. Surplus on disposal of property, plant and equipment

Included in the Operating Surplus (Note 3)	Group and Company	
	2025 £'000	2024 £'000
Disposal proceeds	9,959	9,258
Carrying value of fixed assets	(2,062)	(2,411)
Other costs of sale	(177)	(85)
Surplus on disposal	7,720	6,762

	Group and Company					
	2025			2024		
	£'000	£'000	£'000	£'000	£'000	£'000
	Proceeds	Cost of Sale	Surplus	Proceeds	Cost of Sale	Surplus
AHO/LCHO Staircasing	1,029	(749)	280	1,319	(892)	427
RTB Sales	1,973	(398)	1,575	2,385	(405)	1,980
RTA Sales	4,021	(666)	3,355	4,140	(818)	3,322
Other Housing Property Sales	2,516	(325)	2,191	647	(59)	588
Sale of Other Assets	420	(101)	319	767	(322)	445
Total	9,959	(2,239)	7,720	9,258	(2,496)	6,762

7. Interest receivable and similar income

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Bank interest receivable	1,502	2,846	1,436	2,790
Net interest receivable on the net defined benefit liability	-	3,193	-	3,193
Interest receivable from subsidiaries and joint ventures	-	41	117	444
	1,502	6,080	1,553	6,427

8. Interest and financing costs

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Financing cost on the net defined benefit liability	71	12	71	12
Bond and loan interest	17,439	17,534	17,439	17,534
Premium/discount amortised	(722)	(843)	(722)	(843)
Amortisation of issue costs	356	358	356	358
	17,143	17,061	17,143	17,061
Interest payable capitalised on housing properties under construction	(1,221)	(1,655)	(1,221)	(1,655)
	15,922	15,406	15,922	15,406
Capitalisation rate used to determine the finance costs capitalised during the period	4.20%	4.20%	4.20%	4.20%

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

9. Employees

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

GROUP AND COMPANY	2025 No.	2024 No.
Administration	177	168
Development	27	27
Housing, support and care	558	534
Average monthly FTE	762	729

GROUP AND COMPANY	2025 No.	2024 No.
Administration	185	176
Development	28	28
Housing, support and care	576	552
Average monthly headcount	789	756

Employee Costs:	2025 £'000	2024 £'000
Wages and salaries *	34,171	30,284
Social security costs	3,591	3,148
Other pension costs	4,619	4,340
Total Employee Costs	42,381	37,772

* Includes redundancy costs of £897k (2024 472k)

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

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

	2025 No	2024 No
£60,000 - £70,000	38	25
£70,001 - £80,000	18	15
£80,001 - £90,000	10	7
£90,001 - £ 100,000	1	1
£100,001 - £110,000	6	4
£110,001 - £120,000	4	1
£120,001 - £130,000	5	1
£130,001 - £140,000	2	1
£140,001 -£150,000	2	1
£160,001 - £170,000	1	1
£170,001 - £180,000	2	-
£180,001 - £190,000	1	1
£200,001 - £210,000	1	-
£210,001 - £220,000	-	1
£230,001 - £240,000	1	-
£280,001 - £290,001	-	1
£290,001 - £300,000	1	-

10. Key management personnel

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

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

GROUP AND COMPANY	2025 £'000	2024 £'000
Basic salary	1,240	1,129
Benefits in kind	93	90
National Insurance	172	157
Pension contributions	93	83
	1,598	1,459

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

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 7 (2024: 7).

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2024: £nil).

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

Highest Paid Director	2025 £'000	2024 £'000
Remuneration	278	265
National Insurance	36	35
Pension Contribution	21	20
	335	320

Board members Attendance and Emoluments

Board members are paid as follows:

Committee

Audit and Assurance	AAC
Customer Service Oversight Committee	CSOC
People and Governance	PGC
Development Committee	DC
Commercial Coterminous Board	CCB
Administrative Coterminous Board	ACB
Cricket Close LLP	CC LLP

For 2025 no members of the Board other than the Chief Executive participate in the Social Housing Pension Scheme or the Local Government Pension Scheme.

Executive and Non-Executive Board Members	Attendance		Remuneration	
	Board	Committee	2025 £'000	2024 £'000
Gary Fulford (Chair ACBs, Member CCBs)	9/9	ACBs 2/3 CCBs 2/4 CC LLP 2/3	-	-
Paul O'Driscoll to 30/09/2024	4/5	DC 4/4	4.4	8.3
Parminder Kaur	8/9		8.2	6.8
Elisabeth Downes (Chair PGC) to 31/12/2024	7/7	PGC 3/3	-	-
Daren Fradgley to 28/02/2024	7/8	CSOC 3/4	6.9	8.2
Natalia Hill (CSOC Chair)	7/9	CSOC 4/4	9.2	9.2
Katie Kershaw (CCB Chair)	8/9	CCBs 4/4	9.2	7.8
Gary Moreton (Chair)	9/9	PGC 4/4	20.4	20.4
		CSOC 4/4		
Akshay Parikh (DC Chair)	8/9	DC 7/7	9.2	9.2
		PGC 3/3		
Guy Weston (AAC Chair)	7/9	AAC 4/4 DC 5/7	9.2	9.2
Deborah Walthorne	9/9	AAC 4/4	8.2	6.8
Ian Shapiro	6/9	PGC 3/4	8.2	8.2
Craig Varian - joined November 2024	3/4	DC 6/7	6.4	-
Nicola Pease - joined February 2025	2/2	PGC 1/1	2.3	-
Total			101.8	94.1
Board Expenses			2.2	2.6
Committee Members Remuneration			40.5	39.5
Total			144.5	136.2

11. Taxation

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

Group	2025	2024
Current tax	£'000	£'000
UK corporation tax	26	(107)
Total current tax	26	(107)
Deferred tax		
-Origination and reversal of timing differences	(7)	(7)
Total deferred tax	(7)	(7)
Total tax on surplus on ordinary activities	19	(114)

	2025	2024
	£'000	£'000
Surplus on ordinary activities before tax	24,396	32,508
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 25% (2024: 25%)	6,099	8,127
-Exempt charitable activities	(6,082)	(8,048)
Adjustment to tax charge in respect of prior periods	(43)	28
Current tax charge for the year	26	(107)
Capital allowances in excess of depreciation	(7)	(7)
Adjustment to closing deferred tax rate	-	-
Deferred Tax	(7)	(7)

Company	2025	2024
Current tax	£'000	£'000
UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on surplus on ordinary activities	-	-

	2025	2024
	£'000	£'000
Surplus on ordinary activities before tax	24,509	33,113
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 25% (2024: 25%)	6,127	8,278
Exempt charitable activities	(6,127)	(8,278)
Capital allowances in excess of depreciation	-	-
Adjustment to opening deferred tax rate	-	-
Current tax charge for the year	-	-

12. Intangible Fixed Assets

Group and Company	IT Software £'000	IT Software work in progress £'000	Total Intangible assets £'000
Cost			
At 31st March 2024	2,976	31	3,007
Additions	-	-	-
Transfer to Tangible	-	-	-
Projects completed	31	(31)	-
Disposals	(17)	-	(17)
At 31st March 2025	2,990	-	2,990
Amortisation			
At 31st March 2024	(2,072)	-	(2,072)
Charged in the year	(314)	-	(314)
Released on disposal	13	-	13
At 31st March 2025	(2,373)	-	(2,373)
Net book value			
At 31st March 2025	617	-	617
At 31st March 2024	904	31	935

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

13. Fixed Assets – housing properties

Fixed Assets – housing properties

Group	Social housing properties held for letting	Social housing properties under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
– housing properties	£'000	£'000	£'000	£'000	£'000
Cost					
At 31st March 2024	753,350	52,883	67,663	3,436	877,332
Additions	-	37,006	-	11,125	48,131
Works to existing properties	16,083	10,932	-	-	27,015
Interest capitalised	-	1,060	-	161	1,221
Schemes completed	57,694	(57,694)	11,552	(11,552)	-
Components Completed	5,325	(5,325)	-	-	-
Property disposals	(1,889)	-	(754)	-	(2,643)
Costs written off	(152)	(42)	(79)	-	(273)
Component disposals	(2,688)	-	-	-	(2,688)
Impairment of Development Costs	-	(2,600)	-	-	(2,600)
At 31st March 2025	827,723	36,220	78,382	3,170	945,495
Depreciation					
At 31st March 2024	155,021	-	1,322	-	156,343
Depreciation charged in year	15,362	-	380	-	15,742
Released on disposal – properties	(652)	-	(19)	-	(671)
Released on disposal – components	(2,837)	-	79.00	-	(2,916)
At 31st March 2025	166,894	-	1,604	-	168,498
Net book value					
At 31st March 2025	660,829	36,220	76,778	3,170	776,997
At 31st March 2024	598,329	52,883	66,341	3,436	720,989

Included in the depreciation charge for the year is £316k of accelerated depreciation on components disposed before the end of their useful economic lives (2024: £414k).

Included in the impairment charge for the year is £2.6m which relate to a block of 71 homes under construction that need to be partially demolished and rebuilt due to structural defects (2024: £0k).

13. Fixed Assets – housing properties (continued)

Company	Social housing properties held for letting	Social housing properties under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
– housing properties	£'000	£'000	£'000	£'000	£'000
Cost					
At 31st March 2024	773,545	54,611	67,663	3,436	899,255
Additions	-	37,329	-	11,125	48,454
Works to existing properties	16,083	10,932	-	-	27,015
Interest capitalised	-	1,060	-	161	1,221
Schemes completed	58,361	(58,361)	11,552	(11,552)	-
Components Completed	5,325	(5,325)	-	-	-
Property disposals	(1,889)	-	(754)	-	(2,643)
Costs written off	(149)	(42)	79.00	-	(270)
Component disposals	(2,688)	-	-	-	(2,688)
Impairment of Development Costs	-	(2,600)	-	-	(2,600)
At 31st March 2025	848,588	37,604	78,382	3,170	967,744
Depreciation					
At 31st March 2024	157,368	-	1,322	-	158,690
Depreciation charged in year	15,513	-	380	-	15,893
Released on disposal – properties	(652)	-	(19)	-	(671)
Released on disposal – components	(2,834)	-	(79)	-	(2,913)
At 31st March 2025	169,395	-	1,604	-	170,999
Net book value					
At 31st March 2025	679,193	37,604	76,778	3,170	796,745
At 31st March 2024	616,177	54,611	66,341	3,436	740,565

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

Housing properties book value net of depreciation comprises

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Freehold land and buildings	695,788	649,959	715,536	669,535
Leasehold buildings	1,261	1,253	1,261	1,253
Shared Ownership	79,948	69,777	79,948	69,777
	776,997	720,989	796,745	740,565

13. Fixed Assets – housing properties (continued)

Expenditure on works to existing properties

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Components capitalised	27,015	21,952	27,015	21,952
Amounts charged to Statement of Comprehensive Income	10,185	9,604	10,186	9,605
	37,200	31,556	37,201	31,557

Social housing assistance

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Total accumulated social housing grant received or receivable at 31 March	123,450	113,818	125,394	115,762
Recognised in the Statement of Comprehensive Income	(11,550)	(10,812)	(13,494)	(12,756)
Held as deferred income	111,900	103,006	111,900	103,006

Finance costs

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Aggregate amount of finance costs included in the cost of housing properties	10,133	8,912	10,133	8,912

14. Tangible Fixed Assets – Other

Group and Company	Offices	Furniture Fixtures and Fittings	Computers & Office Equipment	Computers & Office Equipment WIP	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 31st March 2024	13,455	2,520	4,157	7	2,762	22,901
Additions	-	214	-	1,015	886	2,115
Projects completed	-	-	435	(435)	-	-
Reclassification to HP	-	-	-	-	-	-
Disposals	-	(4)	(151)	-	(113)	(268)
At 31st March 2025	13,455	2,730	4,441	587	3,535	24,748
Depreciation						
At 31st March 2024	(4,020)	(2,209)	(2,092)	-	(707)	(9,028)
Charged in the year	(307)	(76)	(568)	-	(685)	(1,636)
Reclassification to HP	-	-	-	-	-	-
Released on disposal	-	2	126	-	55	183
At 31st March 2025	(4,327)	(2,283)	(2,534)	-	(1,337)	(10,481)
Net book value						
At 31st March 2025	9,128	447	1,907	587	2,198	14,267
At 31st March 2024	9,435	312	2,065	7	2,056	13,875

15. Investment properties

Group and Company		
Non social housing properties held for letting	2025	2024
	£'000	£'000
At 1 April	11,655	11,055
Additions adjustment	-	-
Revaluation	25	600
At 31 March	11,680	11,655

The Company owns a portfolio of market rented properties. These properties are accounted for at fair value. The Company used Bridgehouse Professional Valuation Services who undertook a desktop review to establish the current fair value of the properties. The current worth was then adjusted for movements in the property market using the median property price trends for the Walsall area. The methodology produced an estimated valuation of £11.7m at March 2025 (2024: £11.6m). The movements in fair value £25k (2024: £600k) have been recognised in the Statement of Total Comprehensive Income.

16. HomeBuy loans receivable

Group and Company		
	2025	2024
	£'000	£'000
At 1 April	107	137
Loan repayment	-	(30)
At 31 March	107	107

17. Investments in subsidiaries

Name & type of entity	Company No	Place of Registration	31st March 2024	Additions	At 31st March 2025
whg Treasury Plc	9138070	England & Wales	50,000	-	50,000
whg Developments Ltd	7872595	England & Wales	1	-	1
whg Trading Ltd	5407219	England & Wales	1	-	1
Anthem Homes Ltd	10591652	England & Wales	50,000	-	50,000
Cricket Close LLP	OC417013	England & Wales	-	-	-
The Woodlands Management Company (Harrowby) Ltd	9721558	England & Wales	-	-	-
			100,002	-	100,002

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

whg Treasury PLC to whg

Intra-Group transactions	Allocation basis	2025 £'000	2024 £'000
Interest payable	Bond interest charge payable	10,177	10,053
Custodian fees	Custodian fees payable	9	199
Management services	Fixed fee	20	20
Gift aid	Not applicable	(21)	(20)
		10,185	10,252

There is a £267.7m long term intra-group creditor owed to whg Treasury PLC at the year end (2024: £268.1m).

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

whg to whg Developments Ltd

Intra-Group transactions	Allocation basis	2025 £'000	2024 £'000
Interest payable	Interest charge on loan	21	22
Management services	Percentage of development costs	151	238
		172	260

whg Developments Ltd to whg

Intra-Group transactions	Allocation basis	2025 £'000	2024 £'000
Recharge of cost of sales	Design & Build	15,360	24,271
Gift aid	Not applicable	(233)	(173)
		15,127	24,098

There is a £123k net intra-group creditor owed to whg Developments Ltd at the year-end made up of £795k owed to whg Developments Ltd and £672k owed by whg Developments Limited (2024: net creditor £803k). Included in the £672k debt owed by whg Developments Limited is a £500k loan made by whg on 20 December 2012. Interest is charged at 4.5% (2024: 4.5%). Interest amounted to £21k for the year (2024: £22k).

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

whg to whg Trading Ltd

Intra-Group transactions	Allocation basis	2025 £'000	2024 £'000
Management services	Percentage of payroll costs	52	70

whg Trading Ltd to whg

Intra-Group transactions	Allocation basis	2025 £'000	2024 £'000
Gift aid	Not applicable	(518)	(764)

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

Intra-Group transactions	Allocation basis	2025 £'000	2024 £'000
Interest payable	Interest charge payable	96	421
Management services	Percentage of payroll costs	37	37
		133	458

There is a £1.5m intra-group debtor owed by Anthem Homes Limited at the year end made up of £4m owed by Anthem Homes Limited to whg and £2.5m owed to Anthem Homes Limited by Cricket Close LLP (2024: net debtor £3.9m). The £4m debt owed by Anthem Homes Limited includes a loan made by Walsall Housing Group which was at LIBOR (0.2% for the year) plus 3% up to 31 January 2022 and thereafter at a 5% fixed rate (market rate at the time). The £2.5m debtor includes a loan made to Cricket Close LLP at a 5% market rate. During the year Anthem Homes Limited approved the write off of £300k of interest to Cricket Close LLP.

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

whg to The Woodlands Management Company (Harrowby) Limited

Intra-Group transactions	Allocation basis	2025	2024
		£'000	£'000
Management services	Percentage of payroll costs	7	6

There is a £nil intra-group debtor owed by The Woodlands Management Company (Harrowby) Limited at the year end (2024: £nil).

18a. Inventories held for sale

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Inventories:				
Land	1,924	-	-	-
Total	1,924	-	-	-

The land relates to Cricket Close LLP's asset.

18b. Properties held for sale

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Shared Ownership Properties				
Completed properties	151	1408	151	1,408
Work in progress	1,905	3,925	1,905	2,083
Total	2,056	5,333	2,056	3,491

19. Debtors

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Due within one year				
Rent and service charges receivable	5,489	6,530	5,489	6,530
Less: provision for bad and doubtful debts	(3,681)	(3,421)	(3,681)	(3,421)
	1,808	3,109	1,808	3,109
Deferred tax asset	103	110	-	-
Other debtors	446	411	446	411
Prepayments and accrued income	10,348	4,694	10,266	4,582
Loan to Anthem Lovell LLP	-	2325	-	-
Amounts owed by Group undertakings	-	-	4,276	4,662
	12,705	10,649	16,796	12,764

20. Debtors due in more than one year

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Due after one year				
Loan to Anthem Homes Limited	-	-	-	2,321
Loan to whg Developments Limited	-	-	500	500
	-	-	500	2,821

21. Creditors: amounts falling due within one year

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Trade creditors	8,661	9,716	7,872	8,176
Rent and service charges received in advance	3,597	3,733	3,596	3,727
Social housing grant received in advance	4,852	1,590	4,852	1,590
Other grants received in advance	1,564	2,703	1,564	2,703
Amounts owed to Group undertakings	-	-	5,933	6,722
Deferred grant income (Note 23)	836	1,376	836	1,376
Corporation Tax	17	107	-	-
Other taxation and social security	853	807	850	806
Unpaid contributions for retirement benefits	356	329	356	329
Other creditors	3,066	1,236	3,070	1,236
Accruals and deferred income	15,140	13,611	9,934	8,414
	38,942	35,208	38,863	35,079

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

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Deferred Grant (Note 23)	107,628	101,484	107,628	101,484
Debt (Note 24)	395,040	395,040	395,040	395,040
Loan Premium and Issue Costs	20,664	21,031	20,664	21,031
Recycled Capital Grant (Note 25)	452	575	452	575
Amounts owing to Group Undertakings	-	-	38	38
Sinking Funds	332	249	296	220
	524,116	518,379	524,118	518,388

23. Deferred grant income

Deferred Grant includes £373k (2024: £383k) relating to office buildings and £1m (2024: £1.1m) component accounting grant.

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
At 1st April	102,860	95,566	102,860	95,566
Grant received in the year	6,870	8,737	6,870	8,737
Transfer to RCGF	(287)	(137)	(287)	(137)
Grants paid to partners	-	-	-	-
Grants recognised as income	(126)	(4)	(126)	(4)
Released to income in the year	(853)	(1,302)	(853)	(1,302)
At 31st March 2025	108,464	102,860	108,464	102,860
Amounts to be released within one year (Note 21)	836	1,376	836	1,376
Amounts to be released in more than one year (Note 22)	107,628	101,484	107,628	101,484
	108,464	102,860	108,464	102,860

24. Debt analysis

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Due within one year				
Loans	-	-	-	-
Total loans within one year	-	-	-	-
Due after more than one year				
Loans	70,040	70,040	70,040	70,040
Bond	250,000	250,000	250,000	250,000
bLEND	75,000	75,000	75,000	75,000
Total loans due after one year	395,040	395,040	395,040	395,040
Total loans	395,040	395,040	395,040	395,040
Payable to external funders	395,040	395,040	145,040	145,040
Payable to Group undertakings	-	-	250,000	250,000
	395,040	395,040	395,040	395,040

Scottish Widows loan of £70.04m was novated to Rothesay Life on 27 February 2025.

Bank loans and derivatives

During the year there have been no changes.

Bond

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

The market value of the bond as at 31 March 2025 was £303m (2024: £285m).

Facilities and security

At 31 March 2025 the Group had £200m of agreed but undrawn borrowing facilities available in the form of revolving credit facilities.

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

Terms of repayment, interest rates and issue costs

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

The £70m of bank loans accrue interest at an average rate of approximately 5.5%. As above, the £250m bond has been issued at a coupon rate of 4.25%.

Gross issue costs for both the bank loans and the bond were £3.7m (2024: £3.6m) and were capitalised in the years in which they were incurred. Amortisation charged in the year was £357k (2024: £358k).

bLEND plc

In October 2020, the Group secured £75m of new funding with an effective rate of 2.267% through the bLEND aggregator on a deferred drawdown arrangement. The price was based on a gilt of 0.787%, a

spread of 1.48% and was subject to further annualised bLEND costs of 0.2%. The deal attracted a premium of £11.2m and when the funds were drawn in October 2021 the Group received net proceeds of £84m with the remaining amount held in the loan reserve fund for future interest payments. The upfront fees associated with this deal were £1m and these were capitalised in 2020. The market value of bLEND was £75m.

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

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Within one year or on demand	-	-	-	-
One year or more but less than two years	-	-	-	-
Two years or more but less than five years	-	-	-	-
Five years or more	395,040	395,040	395,040	395,040
	395,040	395,040	395,040	395,040

Interest rate profile

The Group's debt has a weighted average interest rate of 4.2% (2024: 4.2%) and the weighted average for which it is fixed is the lifetime of the loan.

25. Recycled Capital Grant Fund

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Opening Balance as at 1 April	575	815	575	815
Inputs to RCGF:				
Grant recycled from property disposals	327	147	327	147
Interest accrued	24	31	24	31
Transfers from other PRPs	-	-	-	-
Recycling of grant				
New Build	(474)	(418)	(474)	(418)
Closing Balance as at 31 March	452	575	452	575

Amounts due for repayment	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Within one year	-	-	-	-
After more than one year	452	575	452	575
At 31 March	452	575	452	575

26. Pension obligations

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

Pension Asset/ (Liability) Summary Note

	2025 £'000	2024 £'000
WMPF	-	-
SHPS	(196)	(269)
Total	(196)	(269)

West Midlands Pension Fund

The West Midlands Pension Fund (WMPF) is a multi-employer scheme with more than one participating employer and is administered under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2022. WMPF commenced a valuation process on 31 March 2025 and will be effective from 1 April 2026.

The fair value of the scheme assets at 31 March 2025 was £269.9m

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

The results in this note include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively.

Key Results

The estimated position at 31 March 2025 shows an asset of £104.8m compared with a £83.5m last year. The key reason for this change is the change in funding position of the scheme in the main due to the underlying discount rates.

The employer's contributions to the WMPF by the Company and Group for the year ended 31 March 2025 were £1.6m (2023: £1.5m). whg received a rebate for the year of £2.5m due to an improved funding position which resulted in the actual rate being 8.2% for the year. The employer's contribution rate has been fixed as 21.4% of pensionable salaries until 31 March 2025 with a discount of 13.2%.

Early retirements over the year, have resulted in £nil past service cost in the year to 31 March 2025 (2024: £nil). There were £nil (2024: £nil) of other settlements, curtailments, discretionary practices, constructive obligations or other material events during the year.

Calculation Method

The figures at 31 March 2025 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 31 March 2022.

Social Housing Pension Scheme

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

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

The last valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £700m; this was previously £1.56b. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

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

For accounting purposes, the liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The estimated position at 31 March 2025 shows a current deficit of £196k (2024: £269k).

The number of scheme members employed by the Group at 31 March 2025 was nil (2024: nil). The charge to the Group for the year was £69.5k. (2024: £61k).

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

Calculation Method

The figures at 31 March 2025 are based on projecting forward the results of the last formal actuarial valuation of the scheme as at 30 September 2023.

Key Assumptions

The key financial assumptions have been based on market assumptions as at 31 March 2025 and have been derived in a consistent manner to last year. This has resulted in the following assumptions:

Principal actuarial assumptions Financial assumptions	Group and Company			
	WMPF		SHPS	
	31-Mar-25 % per annum	31-Mar-24 % per annum	31-Mar-25 % per annum	31-Mar-24 % per annum
Discount rate	5.80	4.85	5.82	4.90
Future salary increase rate	3.75	3.75	3.79	3.78
Future pension increase rate (CPI)	2.75	2.75	2.79	2.78
Inflation assumption	2.75	2.75	3.10	3.15

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2025 are detailed below.

	WMPF		SHPS	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Retiring today:				
Males	20.1	20.2	20.5	20.5
Females	23.5	23.5	23.0	23.0
Retiring in 20 years:				
Males	21.5	21.6	21.7	21.8
Females	25.2	25.2	24.5	24.4

Amounts recognised in surplus or deficit

	Group and Company			
	WMPF		SHPS	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Current service cost	3,979	3,906	-	-
Admin charges	-	-	2	2
Amounts charged to operating costs	3,979	3,906	2	2

	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Net interest (receivable)/payable	60	(3,193)	11	12
Amounts within interest and financing costs	60	(3,193)	11	12

Amounts recognised in the Statement of Total Comprehensive Income

	WMPF		SHPS	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Re measurements	2,464	(69,266)	16	(51)
Actuarial gain/(loss) in respect of pension scheme	2,464	(69,266)	16	(51)

Amounts recognised in Statement of Financial Position

	WMPF		SHPS	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Present value of funded obligations	-	-	(1,341)	(1,448)
Fair value of plan assets	-	-	1,145	1,179
Net pension asset/(liability)	-	-	(196)	(269)

Reconciliation of opening and closing asset value in Statement of Financial Position

	Group and Company WMPF	
	2025 £'000	2024 £'000
Opening fair value of plan assets	83,512	69,266
Increase in fair value of plan assets	21,321	14,246
Closing fair value of plan assets	104,833	83,512
Impact of Asset Restriction	(104,833)	(83,512)
Closing value of Assets recognised in SOFP	-	-

In 2023/24 whg de-recognised the pension asset relating to WMPF scheme. The current asset value has increased to £104.8m. We have again obtained an asset ceiling report, this views the asset on the basis of recoverability. This report recommends that it would not be prudent to recognise the asset value in the statement of financial position.

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

	Group and Company			
	WMPF		SHPS	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Opening scheme liabilities	188,330	187,587	1,448	1,560
Current service cost	3,979	3,906	2	2
Interest cost	9,117	8,890	69	73
Change in financial assumptions	(30,005)	(11,477)	(167)	(1)
Change in scheme experience	(1,539)	(1,130)	57	(31)
Change in demographic assumptions	(331)	5,348	-	(18)
Benefits paid	(5,825)	(6,135)	(68)	(137)
Member Contributions	1,397	1,341	-	-
Closing scheme liabilities	165,123	188,330	1,341	1,448

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

	Group and Company			
	WMPF 2025 £'000	2024 £'000	SHPS 2025 £'000	2024 £'000
Opening fair value of plan assets	271,842	255,983	1,179	1,290
Interest income	13,107	12,083	58	61
Return on plan assets (excess of interest income)	(12,140)	7,038	(94)	(101)
Contributions by employer	1,575	1,532	70	66
Benefits paid	(5,825)	(6,135)	(68)	(137)
Member contributions	1,397	1,341	-	-
Closing fair value of plan assets	269,956	271,842	1,145	1,179

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

Sensitivity analysis

Sensitivity analysis	Change in assumptions	Impact £000	Change in liabilities
Discount Rate	decrease of 0.1% pa	3,032	Increase by 2%
Rate of Mortality	A 1 year increase in life expectancy	6,605	Increase by 4%
Rate of salary growth	Increase of 0.1% pa	220	Increase by 0%
Rate of inflation	Increase of 0.1% pa	2,893	Increase by 2%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate. The average duration of the defined benefit obligation at the period ended 31 March 2025 is 20 years.

Legal Case Disclosure – Virgin Media v NTL Trustees Ltd (GMP Equalisation)

In 2023, the High Court ruled in the case of Virgin Media Ltd v NTL Trustees II Ltd and Others, confirming that trustees of defined benefit (DB) pension schemes must ensure that past transfer values paid to members include an appropriate adjustment for Guaranteed Minimum Pension (GMP) equalisation. This requirement applies retrospectively to transfers made since 1990.

Impact on whg

The West Midlands Local Government Pension Scheme (WMPF), which is a funded defined benefit scheme.

WMPF have made no additional allowance within the accounting balance sheet for this legal judgement. We have taken this approach because at the time of writing:

- the ruling only applies to the above-named private sector pension scheme

- the legal judgement was subject to appeal (however the Court of Appeal dismissed in July 2024 and the original ruling stands)
- it is unknown whether Section 37 certificates exist for prior WMPF scheme amendments.
- it is unknown whether there would be any potential remedy required to public service schemes (including the WMPF).
- it is unknown what the impact of any potential remedy would be

The Social Housing Pension Scheme (SHPS) – Defined Contribution (DC) section, which is unaffected by this judgment. However whg has historical liabilities in the DB scheme relating to deferred members which may be affected.

We were notified in 2021 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 is seeking clarification from the Court on these items, and this process is ongoing with the Court's determination expected no earlier than Summer 2025. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

In addition, the DWP are being asked by pension bodies to look at pragmatic solutions where schemes are unable to evidence historic section 37 confirmation (eg introduce legislation that would allow retrospective section 37 certificates to be produced now to validate historic changes).

whg have made no additional provision for liabilities but will continue to monitor developments and assess its position in conjunction with the scheme administrators.

27. Provisions for liabilities and charges

Group and Company	Insurance claims	Housing Disrepair Claims	Restructuring costs	Leave pay	Total
	£'000	£'000	£'000	£'000	£'000
At 31st March 2024	514	-	46	297	857
Additions	350	806	206	38	1,400
Utilised	(385)	-	(46)	-	(431)
Reversals	-	-	-	-	-
At 31st March 2025	479	806	206	335	1,826

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

Provision has been made for housing disrepair claims, including compensation, legal and repair costs in relation to claims which had crystallised in the year.

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

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

28. Share Capital

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

29. Cash flow from operating activities

	2025 £'000	2024 £'000
Surplus for the year	24,415	32,394
Adjustments for non-cash items:		
Depreciation & Impairment of tangible fixed assets	19,980	16,188
Amortisation of intangible assets	314	459
Pension costs less contributions payable	2,336	2,310
Government grants amortised in the year	(853)	(1,306)
Adjustments for investing of financing activities:		
Movement in fair value of investment properties	(25)	(600)
Interest payable	15,922	15,406
Interest received	(1,502)	(6,080)
Taxation	(19)	114
Dividend from non-group assets	(1,400)	-
Operating cash flows before movements in working capital	59,168	58,885
Increase in Inventories	(1,924)	-
Decrease in properties held for sale	3,277	824
Carrying amount of tangible fixed asset disposals	2,062	2,083
Decrease/(increase) in trade and other debtors	358	(73)
Increase in trade and other creditors	108	1,399
Increase/(decrease) in provisions	896	(379)
Cash generated from operating activities	63,945	62,739

29A. Analysis of changes in net debt

	At 1 April 2024 £'000	Cash flows £'000	Other non-cash movement £'000	At 31 March 2025 £'000
Cash and cash equivalents	47,245	(19,530)	-	27,715
Investments	2,702	(99)	-	2,603
Bonds due greater than one year	(347,560)	-	655	(346,905)
Loans due greater than one year	(68,511)	-	(288)	(68,799)
Total	(366,124)	(19,629)	367	(385,386)

30. Capital Commitments

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Expenditure contracted for but not provided for	46,450	54,612	46,450	54,612
Expenditure authorised by the Board, but not contracted	7,401	21,002	7,401	21,002
	53,851	75,614	53,851	75,614

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

	Group		Company	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Loan financing	45,929	71,327	45,929	71,327
Affordable housing grant	7,454	3,607	7,454	3,607
Other government grant	468	680	468	680
	53,851	75,614	53,851	75,614

31. Contingent assets/liabilities

The Group and Company had no contingent assets at 31 March 2025 (2024: £nil).

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

32. Leasing commitments

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

	2025	2024
	£'000	£'000
Within one year	79	79
Between two and five years	173	5
Over five years	-	-
	252	84

33. Related parties

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

Wholly Owned Subsidiaries

- whg Treasury PLC is a non-charitable company registered with Companies House. Its principal activity is to act as an onward moneylender of bond monies to its immediate parent company Walsall Housing Group Limited. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation.
- whg Developments Limited is a non-charitable company registered with Companies House whose principal activity is to provide a design and build service to Walsall Housing Group Limited. The Group owns the £1 share which was issued at par on incorporation.
- whg Trading Company Limited is a non-charitable company registered with Companies House whose principal activity is providing housing related professional services. The company also receives feed in tariff from solar panels, renewable heat incentives and overage on the sale of land. The Group owns the £1 share which was issued at par on incorporation. The voting rights of one vote per share are with the parent company. On 3 May 2019 whg Trading Company Limited became a designated member of Cricket Close LLP owning 1% of the shareholding in the LLP. On 7 July 2020 whg Trading Company Limited acquired The Woodlands Management Company (Harrowby) Limited. On 17 May 2024 whg Trading Company Limited became a designated member of Homes for the West Midlands LLP.
- Anthem Homes Limited is a non-charitable company registered with Companies House. Its principal activity is to develop homes for outright sale. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation. Anthem Homes Limited has agreed a revolving loan facility secured by debenture with Anthem Lovell LLP which is limited to site specific Business Plans approved by Board. At present only one such facility has been agreed on the Lockside scheme which has an agreed interest rate of 5% on 30% of the drawn funds (effective annual rate of 1.875%). During the year Anthem Lovell LLP fully repaid the loan drawn on the facility totalling £2,325k.
- Cricket Close LLP is a Limited Liability Partnership and a non-charitable company registered with Companies House. It is a subsidiary of Anthem Homes which owns 99% of the LLP with a £2 member interest and the remaining 1% is owned by whg Trading Limited.
- The Woodlands Management Company (Harrowby) Limited was acquired on 7 July 2020. The principle activity is residential property management. As part of that management service charges are collected from lessees to meet the cost managing and maintaining the property. The company is a wholly owned subsidiary of whg Trading Company Limited. The liability of whg trading Company Limited (being the only Member) is £1. The company is a Company Limited by Guarantee without share capital.

Joint Ventures

- Anthem Lovell LLP is a Limited Liability Partnership and is a non-charitable company registered with Companies House (No. OC425694). Anthem Homes Limited is in partnership with Lovell Homes Limited each partner has a 50% share of the company. It was created on 18 January 2019 and the initial capital of £2.00 (two pounds) was contributed in cash by each Member in the sum of £1 (one pound) by way of its Capital Contribution and the LLP credited such amounts against the relevant Member's Capital Account. This is an associate company.

It is accounted for by using the equity method of accounting. The Group's investment was £229k at the 31 March 2025 (2024: £1,463k). We recognise our share of the profit or loss through the Statement of Comprehensive Income. Walsall Housing Group Ltd has recognised £144k in 2024/25 (2023/24: £316k) in respect of its share of profit in relation to open market sales.

Other Investments

- On 17 May 2024 whg Trading Company Limited became a designated member of Homes for the West Midlands LLP, which is a non-charitable company registered with Companies House (No. OC452327) registered office 5th Floor, 49 King Street, Manchester, M2 7AY. The LLP has been established to enable sustainable regeneration and to facilitate the provision of new affordable homes in the West Midlands area, initially in collaboration with the West Midlands Combined Authority ("WMCA"), and with the possibility of responding to other opportunities in the region. The Group's investment was £100k at the 31 March 2025 (£nil 2024). This is an associate company. It is accounted for by using the equity method of accounting. We recognise our share of the profit or loss through the Statement of Comprehensive Income. Walsall Housing Group Limited has recognised £nil in 2024/25 (£nil 2023/24) in respect of its share of profit.

All entities are incorporated in England and Wales.

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

34. Financial assets and liabilities

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

Categories of financial assets and financial liabilities

FINANCIAL ASSETS

Financial assets measured at amortised cost

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Net Rent Debtor	1,808	3,109	1,808	3,109
Other Debtors	446	411	446	411
Accrued Income	6,218	1,856	6,218	1,856
Amounts owing by Group undertakings	-	-	2,841	5,645
Cash and cash equivalents	27,706	47,245	24,489	44,771
Current Investments	2,603	2,702	2,603	2,702
Total Financial Assets	38,781	55,323	38,405	58,494

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Loans and bond	415,704	416,070	415,704	416,070
Trade Creditors	8,661	9,716	7,872	8,176
Accruals	15,102	13,590	9,896	8,393
Amounts owing to Group undertakings	-	-	5,970	6,760
Other Creditors	3,066	1,236	3,069	1,236
Sinking Funds	332	249	296	220
Total	442,865	440,861	442,807	440,855

Borrowing facilities

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

	Group		Company	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Expiring between one and two years – revolving credit facility	-	-	-	-
Expiring in more than two years – revolving credit facility	200,000	200,000	200,000	200,000
	200,000	200,000	200,000	200,000

35. Reserves

The Group took part in the Midlands pilot of a Voluntary Right to Buy scheme between 2019 and 2020, it created a designated reserve for the net proceeds plus discount reclaimed from Homes England less the amount of debt repaid. This designated reserve will be used to fund the one for one replacement of housing property. The reserve now stands at £2.4m.

	Group		Company	
	General Reserves £'000	Designated Reserves £'000	General Reserves £'000	Designated Reserves £'000
At 31st March 2024	256,756	3,504	275,709	3,504
Total comprehensive income for the year	26,895	-	26,989	-
Transfer from designated reserve	1,215	(1,215)	1,215	(1,215)
Transfer to designated reserve	(126)	126	(126)	126
Transfer to deferred grant	(1,215)	-	(1,215)	-
At 31st March 2025	283,525	2,415	302,572	2,415

WALSALL HOUSING GROUP LIMITED

England & Wales - Charity number 1108779

Accounts

Walsall Housing Group Limited
Financial Statements for the year ended
31 March 2024



Company Registration Number: 04015633
Registered Provider Number: L4389
Registered Charity Number: 1108779

Registered office:
100 Hatherton Street,
Walsall. WS1 1AB

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Board, Executive Directors and Advisors

Board

Appointed

Left

Gary Moreton (Chair)
 Gary Fulford (Chair of Admin
 Coterminous Board)
 Paul O'Driscoll
 Guy Weston (Chair of the Audit and
 Assurance Committee)
 Daren Fradgley
 Akshay Parikh
 Elisabeth Downes
 Ian Shapiro
 Natalia Hill
 Katie Kershaw (Chair of Commercial
 Coterminous Board)
 Deborah Walthorne (Deputy Chair of
 the Audit and Assurance Committee)
 Parminder Kaur

25/05/2023

01/06/2023

01/06/2023

Company Secretary

Dawn Hendon

Executive Directors

Gary Fulford	Group Chief Executive
Sangita Surridge	Corporate Director of Finance
Dawn Hendon	Corporate Director of Governance, Compliance and Communications
Lisa Wallis	Corporate Director of People and Culture
Robert Gilham	Corporate Director of Strategy, Assets and Transformation
Fay Shanahan	Corporate Director of Operations and IT
Rebecca Bennett Casserly	Corporate Director of Development

Statutory Auditor

Beever and Struthers
 The Colmore Building
 20 Colmore Circus Queensway
 Birmingham B4 6AT

Internal Auditor

BDO LLP
 Two Snowhill Queensway
 Birmingham
 B4 6GA

Principal Banker

Lloyds Bank plc
 The Bridge
 Walsall
 WS1 1LU

Strategic Report

Principal Activities

The Group is a not-for-profit, social housing business whose principal activities include the development and management of affordable housing across the Midlands and investing in our local communities. Services include shared ownership homes and the development of homes for rent and outright sale. During 2023/24 the Group continued to expand outside of Walsall and owns and manages homes in 21 local authorities in the Midlands. The Group, as of 31 March 2024, owns and/or manages 22,400 social homes. The Company, its subsidiaries and its joint venture are shown in the diagram below for the year ended 31 March 2024.

Organisation Structure



Walsall Housing Group Ltd (Parent): This is the registered provider of the Group that rents and maintains our homes. It also owns the newly developed homes for rent and shared ownership and borrows from banks and whg Treasury PLC to fund its development programme.

whg Treasury PLC: This company was set up to issue a public bond to raise funds for investment in our development programme via Walsall Housing Group Limited.

whg Developments Ltd: This company carries out design and build services for any land-led sites. This helps to deliver efficiencies within professional fees incurred for these sites and therefore contributes towards the ongoing value for money drive.

whg Trading Company Ltd: This company holds our non-housing related commercial activity and generates profits to help subsidise our affordable homes new development programme.

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

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

Cricket Close LLP: This is another partnership which Anthem Homes holds in conjunction with whg Trading. It owns land which will be developed in the future.

The Woodlands Management (Harrowby) Company Ltd: This company's principal activity is residential property management.

Our vision

‘Dedicated to the success of our people and places’

Our values



Accountable
Taking responsibility



Courageous
Trying new things



Trustworthy
Being honest in everything we do



One Team
Achieving great things by working together



Excellent
Striving to be the best

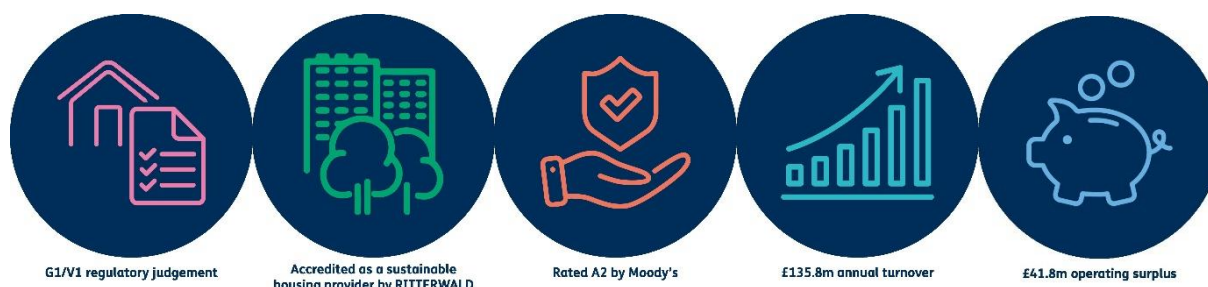
Our Corporate Plan (2020 to 2024) has five key aims:

- Aim 1 Deliver high quality homes and services for our customers**
Providing excellent services across our expanding geography, working with our customers, communities and stakeholders to sustain tenancies. We are an anchor organisation who invests in the provision of new affordable homes to help meet housing need.
- Aim 2 Be an exceptional place to work that attracts, develops and retains talent**
To ensure colleagues can truly shine and reach their full potential, we are committed to being a great employer that recognises the importance of a truly flexible and inclusive workplace and rewards excellence. All colleagues are given the opportunity to make a real difference and we encourage them to perform to the best of their ability. We recognise the need for excellent leaders across the organisation and will praise and celebrate great work whilst expecting every colleague to be accountable for their individual performance.
- Aim 3 Grow and extend our services, our reach and our range**
Being a community focussed organisation, we understand the needs and challenges that our customers and communities face. We will therefore continue to work with partners and stakeholders to ensure that these needs are met, whether this is through the provision of in-house services or through our strategic partners. We have ambitious plans for growth and central to this growth is a bold development and acquisition programme which will underline the regional nature of our business. We will continue to improve our environmental performance through appropriate use of modern methods of construction and the continued improvement of our existing homes.
- Aim 4 Promote health and prosperity where we can make a difference**
We want our customers to live healthy, prosperous lives but understand some may require additional support to achieve this. We do what we can, together with our partners, to find the right solution for each individual. This includes programmes geared towards promoting independence, improving health, building confidence, enhancing capability, reducing the digital divide and gaining the skills to secure employment.
- Aim 5 Deliver a strong business, fit for today and prepared for tomorrow**
We will develop a roadmap to incorporate sustainability into our activities. Recognising our ever more challenging operating environment, we will safeguard our income by focusing appropriate priority and resource on core services. This approach is supported by the careful financial management and good governance needed to fulfil our future aspirations. We are efficient, driving down costs and constantly seeking value for money. Building on our performance management culture, pursuing excellence and striving for continuous improvement will help achieve this.

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

Operating and Financial Review

Meeting the challenges of the year



This has been the final year of our current Corporate Plan, finishing off what we started 10 years ago. It has also been our 20th anniversary, marking two decades of providing good quality and affordable homes.

Over those years we have seen many changes; with unprecedented challenges testing our resilience and adaptability. Covid-19, Brexit, the war in Ukraine, and economic factors have all impacted our operations.

We are seeing competing financial pressures, including the cost of retrofitting and meeting net zero, while our costs for goods and services continues to increase. These increasing demands on our income stream have meant we have managed operating cost carefully, balancing our desire to invest in our existing homes against the desire to build more homes.

More crucially, the financial crisis has had, and continues to have, a significant impact on our customers and our communities. We are seeing increasing vulnerabilities and support needs, with more and more customers turning to our additional services such as money advice and health and wellbeing.

Despite these challenges we remained resilient and committed to our core purpose of providing good-quality, safe and secure homes that people can thrive in. We continued to increase our portfolio, building hundreds of new homes and seeing healthy shared ownership sales. We invested a huge amount of additional support and interventions to enable customers to sustain their tenancies and lead happy and healthy lives.

We also completed our three year programme to modernise our IT estate. The SaS (Security and Stability) programme, which forms part of our Cyber Essentials accreditation process, was delivered on time and under budget. These deployments have already meant that our initial systems risk rating on the Strategic Risk Register have successfully been reduced. These foundations give whg the platform to invest in new systems, generate future efficiencies and re-deploy resource to front line services for customers.

We developed our services, expanding on our work with health partners to provide employment opportunities and wellbeing initiatives for customers. We received national recognition for our work; our commitment to tackling social injustice was featured in a report by the Housing Ombudsman, while our Community Housing Officer model was held up as best practice in the National Housing Federation's report on the Better Social Housing Review. We also received plaudits for our ongoing sustainability work and welcomed the Levelling up Secretary to one of our flagship developments. We welcome the support of our partners and grant funding, which is enabling us to build more affordable homes and decarbonise our existing stock.

We know that 2024/25 brings with it new challenges. New regulations will require significant resource

for our business, while the outcome of the general election could see changes to housing policy. However, we are confident in our ability to continue to deliver high-quality, sustainable homes and services, while also maintaining financial resilience.



With the launch of Our 2030 Plan, our new corporate plan, we are excited to embark on our next chapter through six key transformational programmes, forming an ambitious programme of change, which will support us as we build a resilient and prosperous future.

Keeping customers safe

We created a new Director of Building Safety role to focus and prioritise our building safety work. We registered our high-rise buildings with the Building Safety Regulator and developed our building safety case reports ready for inspection when called for. These are managed and maintained electronically through our innovative building safety platform, Twinned IT.

We also embarked on our regular audits of fire-resistant doors and produced bespoke building safety booklets to ensure we are compliant with the latest regulation.

Reviewing our complaints process

2023/24 was a challenging year for complaints in the housing sector, with a significant increase in volumes. This was reflected within whg, with 527 complaints received, a 53% increase in comparison to the previous financial year. We know how important it is for customers to have appropriate redress when things go wrong and used these complaints as a valuable source of learning to help us improve services.

During the year we invested in our Customer Experience team and continuously improved our ways of working. We have improved our tracking and monitoring of complaints cases in terms of identifying risks and providing advice. We introduced a process to review complaints and complaint themes to understand the root cause, identify improvements and agree action plans with service areas. During the year we conducted eight deep dive reviews covering a range of areas under our new process with customer involvement.

Delivering the TSMs

We launched the Tenant Satisfaction Surveys in April 2023 and included the results in our monthly performance management framework. We took part in mid-year benchmarking exercises to understand our performance in relation to the wider sector. Senior leaders developed an action plan to continuously improve services based on feedback received.

Meeting the new consumer standards

We encouraged transparency in our decision-making processes and ensured customers had a say in matters affecting them and their homes. We also carried out customer impact assessments of our policies and decisions to show how customers were involved.

We involved customers in decision making; during the year 54 customer engagement activities took place, with 40 influencing strategic decisions, including policy, strategy, procurement and recruitment decisions. These included customers helping to develop the Customer Voice strategy and being involved in writing our new Damp, Mould and Condensation Policy. Over the same time period we also held 17 individual events where customers had the opportunity to meet and speak with Board Members directly.

Our development programme



Building more homes

It has been a record year for our development programme with more than 500 homes (including 131 for social rent) delivered across 26 sites in 2023/24 – our highest number over the course of our Corporate Plan. We have expanded our offer into new local authority areas and forged new partnerships with developers. Across the Midlands we are currently on 22 sites building 1,044 homes across 11 local authorities. In Walsall alone we are currently on 9 sites building 331 homes.

New developments include our first homes in Stourbridge, where we are working with Revelan Group, Homes England and Dudley Council to transform the former Tudor Dairies site into a 51-home development.

We are making good progress at The Royal Quarter in Wolverhampton, a new residential place created out of land in and around the Grade II Listed former Royal Hospital. With around 500 new homes across three phases, phase one and part of phase two are already occupied. The ongoing phase two includes 48 apartments for over 55s within the Grade II Listed former hospital, and 154 homes for affordable rent and shared ownership on land to the rear.

We also opened our new wellbeing scheme for over 55s at Lockside, in Walsall. The apartment block of 50 one and two bed homes is part of a wider development of 324 homes.



Our delivery resilience

The operating environment continues to be challenging and we have seen the impact of inflation, material supply and planning delays on our handover profile. We have also been uncompromising in the quality of new homes which has affected the number completed.

We continued to operate our development risk framework which includes robust financial checks on contractors, monitoring of site progress and programme scrutiny and our development exposure golden rule which limits the amount of capital committed to new development schemes each year.

The last year saw the demise of one of our SME development partners. The safeguards and resilience we have in place ensure we are not over-exposed to SMEs and we have been able to adapt our programme to minimise the impact this has had.

Building long-term partnerships with stakeholders and investors

Our regeneration activity both at large scale and small scale has some impressive placemaking credentials and we have built on our reputation of successfully converting brownfield sites to residential use. Over the last year our work has garnered attention from numerous quarters. We have welcomed

the Mayor of the West Midlands to numerous sites and the Secretary of State for Levelling Up, Housing and Communities praised our Lockside development in Walsall as an 'exemplar' of brownfield redevelopment during a visit in February.

We have successfully re-profiled our Homes England funded programme and as a result have secured an additional grant of £1.3m, which will enable us to build even more homes. We have also started to access funding through Homes England's continuous market engagement route.

Our homes



Investing in our homes

We continued to invest in our stock and spent £65.1m improving our homes in 2023/24.

We have managed our risks carefully; rising costs and the increasing need to secure value for money meant we worked closely with contractors for our major works programme to manage costs. We terminated contracts with one of our delivery partners due to quality and costs issues, reducing our major works contractors to two. This resulted in delivery days. However, we are now gearing up with a larger programme and are back on track with our spend. We also continued with our five-year cycle of stock condition surveys, gathering data on more than 7,000 of our properties to drive our future work program.

Tackling repairs

In 2023/24 we invested £5 million in tackling our repairs backlog. Recognising our satisfaction levels for repairs carried out is high, we decided to do this in-house by recruiting an additional 20 colleagues. We also introduced two 'Repairs Booster Teams' of multi-skilled trades people carrying out multiple jobs in a single visit. This has been hugely successful in reducing wait times and we strive to clear our backlog during 2024/25.

Addressing damp and mould

We take any report of damp and mould very seriously and have robust systems in place to investigate and take remedial action. We worked with customers on our Damp and Mould Task & Finish (Scrutiny) Group to help shape and improve the way we deal with damp and mould, knowing we would get the best results with their help. Their views helped us shape our service, resulting in improved processes, communications and use of technology to build on our best practice service delivery.

Creating more energy efficient homes

We continued to target energy efficiency improvements to our older homes and started a two-year programme to improve 445 homes with a range of energy saving measures such as external wall insulation, solar photo-voltaic panels, loft and cavity wall insulation and improved ventilation to help combat the challenges around any potential future damp and mould. We were also awarded £1.68m from the Social Housing Decarbonisation Fund (SHDF) which will be used to improve the energy efficiency of 178 homes over the next two years.

Measuring our impact

We continue to pursue decarbonisation to help us deliver net zero carbon by 2050. Our emissions baseline includes not just scope 1 and 2 emissions from our own operations, but also scope 3 emissions

originating from activities outside of our control. We continue to be a Ritterwald accredited organisation which means we hold a Certified Sustainable Housing Label. This label provides external assurance on our ESG credentials which is particularly favoured by our current and potential future investors. Our accreditation scores include 'Ambassador' for the Environmental dimension, 'Front Runner' for the Social dimension and 'Ambassador' for the Governance dimension.

Our customers



Our jobs and training service raised the employment chances of 3,848 customers



Achieved MIST accreditation



Secured £44.6m in social value



£554k external funding secured to support a range of community projects

Strengthening our communities

We continued to invest in our Community Housing model and increased the number of Community Housing Officers that we have, creating more capacity and opportunity for us to work proactively in our communities. We also restructured our services, bringing our Community Safety Team and Neighbourhoods Team under our Community Housing umbrella, providing a more cohesive and effective service. These improvements ensured we have a visible local presence across all our communities and that our customers know who they can go to if they need us.



Over the course of the year we were cited as best practice by both the Housing Ombudsman (Jan 2024) and the National Housing Federation which can be found at the following web links;

- (<https://www.housing-ombudsman.org.uk/reports/spotlight-on-attitudes-respect-and-rights-relationship-of-equals/>).NHF (December 2023)
- (<https://www.housing.org.uk/resources/a-year-on-from-the-better-social-housing-review/>).

Demonstrating our ongoing commitment to our communities, we invested £1.1m to upgrade our CCTV cameras across our neighbourhoods. This ensures that we have the latest, most up to date equipment, enabling us to better identify risk of incidents of ASB, criminality and fly tipping. This upgrade provides us with greater scope to support our Community Housing Officers and partners such as police through the provision of evidence to better support their investigations.

Preventing Homelessness

The continuing economic challenges affecting the UK has meant ongoing financial hardship for many of our customers. To address this, we continued to invest in our 'here when you need us' services for customers, including our Money Advice Team, which has seen a 26% increase in the number of cases opened in the last 12 months. The team secured over £4.8m in financial gains for customers. This included helping our customers to secure the welfare benefits that they are entitled to, as well as successfully challenging benefit decisions through the appeals process.

During 2023/24 we were re-awarded our HQN MIST¹ accreditation. MIST is an independent assessment of our Income Collection and Money Advice Service, and we were delighted to see our strong commitment to tenancy sustainment reflected in the findings of the review:

“...to support a tenancy sustainment ethos, whg recognises the need to maintain a strong offer of advice and support for households experiencing hardship. This has been an area of outstanding success for whg, with over £31m in financial gains generated over the past five years”.

We continued to sustain a very low number of evictions. In 2023/24, we only had 13 evictions (9 in 2022/23), which in view of our size and strong income collection performance compares very well against our peers.

Improving customer service

In March 2024 we launched our new Omnichannel functionality. This enables us to manage all customer enquiries across multiple channels (online customer portal / social media / telephone calls and emails etc), improving our customer's experience and streamlining our process. We also responded to an increase in customer demand by increasing our colleague investment in Customer Services. We will continue to innovate and improve our customer service and in 2024/25, we will be focussing on increasing the number of enquiries we resolve at first point of contact.

Supporting customers to thrive

We continued to deliver against our H Factor Strategy, Health, Hope and Happiness. We secured £554k in additional income, helping us to expand our work to build capacity in our communities and support our customers.

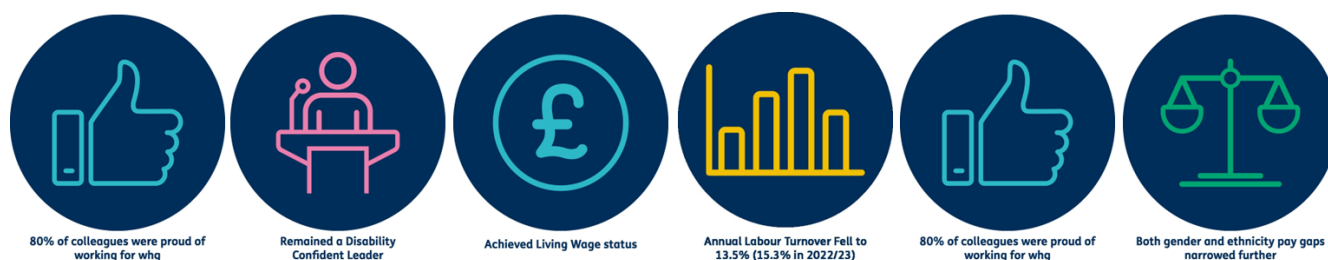
We supported 150 residents into work at Walsall Healthcare Trust through our Work 4 Health programme and led strategically the Black Country Health & Housing Forum, bringing together housing providers from across the Black Country together with the Integrated Care Board (ICB). This Forum enables us to amplify the needs of our customers to health partners, share good practice and influence strategic priorities.



Our Diabetes Champions Service was recognised as best practice by Diabetes UK in their report 'Tackling Inequality Commission Report'. [https://diabetes-resources-production.s3.eu-west-1.amazonaws.com/resources-s3/public/2023-11/366_Tackling_Inequality_Commission_Report_DIGITAL%20\(1\).pdf](https://diabetes-resources-production.s3.eu-west-1.amazonaws.com/resources-s3/public/2023-11/366_Tackling_Inequality_Commission_Report_DIGITAL%20(1).pdf) This programme, which is funded by the NHS Black Country Integrated Care Board (ICB) and delivered in partnership with the NHS community diabetes service, will support 400 people over the next two years.

¹ MIST stands for Maximising Income Sustaining Tenancies

Our people



Building our culture

We aim to be an exceptional place to work that attracts, develops and retains talent. To help us achieve this, in 2023/24 we developed a People and Culture Dashboard. This dashboard enables us to measure and understand how initiatives and policies are impacting our culture and employee wellbeing and engagement and supports us to foster a positive work environment in line with our values and behaviours.

We used data-driven insight to inform decisions on services to colleagues. As a result of a colleague survey, we enhanced our Employee Value Proposition by introducing a new reward platform. This includes additional benefits and the opportunity for colleagues to be recognised for good performance and demonstrating our values and behaviours.

An external review of our organisational culture in 2023 found strong, positive evidence of good practice, colleague experience and aligned values. Actions to turn the dial on our organisational culture from 'good' to 'great' are underway and will also underpin strategy development in 2024/25.

Developing a high performance workforce

We aim to be fit for the future and ensure our colleagues receive continuous training, education, and development that supports our current and future needs. We carried out a data exercise to provide us with evidence-based insights which is supporting our approach to workforce planning. We established a long-term process to identify and grow talent from within, with the goal to fill leadership positions; at the end of 2023/24, over 50% of our managers were 'homegrown.'

We also introduced a new Performance Management Framework (PMF). This not only gives us a consistent approach to people management across the line management structure, but also supports our work to develop a strong workforce of the future, identifying future leaders and supporting our succession planning strategy. Through our PMF we can provide opportunities for growth within the organisation and ensure we have the talent there when we need it.

We also responded to a change in regulations and invested heavily in damp and mould training, to ensure colleagues had the knowledge they need to appropriately diagnose and address those issues in customers' homes. We continue to prioritise statutory and regulatory training needs and maintain 100% compliance in relevant roles.

Promoting equality, diversity and inclusion

In our ongoing commitment to fostering an inclusive workplace, we recognise the importance of addressing the gender and ethnicity pay gap.

This year, for the first time, we have sought additional assurance on our approach and methodology from an external specialist when compiling our pay gap figures. They confirmed our data is accurate and that our approach is genuinely making a difference.

We appointed a new Head of Inclusion and Organisational Culture, introduced 'blind sifting' so that hiring managers are unable to see personal details of applicants and achieved Living Wage employer recognition from the Living Wage Foundation, enhancing our inclusive employment offer. We also altered our board recruitment process to ensure we are accessing all available talent and reaping the benefits of diversity. Our most recent figures show the impact this approach is having. We have seen

our gender pay gap narrow for a fourth year running. The mean gender pay gap has reduced from 12.67% to 8% over the period. Our ethnicity pay gap has also reduced over the same four year period from 12.7% to 8.3%.

We continue to develop the diversity and inclusion offer to colleagues, by facilitating a range of lunch and learn sessions, also attended by our Board members.

Supporting health and wellbeing

We aim to make a difference to all colleagues through a culture that cares and have created a safe, healthy workplace where the mental and physical health of our workforce is valued equally. We created a new Colleague Wellbeing and Engagement Manager post and deliver a regular calendar of events that support both our wellbeing and diversity and inclusion offer.

These wellbeing initiatives all contributed to a positive, productive and rewarding environment, with scores from our latest colleague survey outperforming the sector benchmark.

Building a culture of sustainability

We are proud to be a carbon literate organisation and by March 2024 over 10% of our colleagues were accredited as carbon literate. These colleagues made group action pledges that align with sustainability and decarbonisation objectives to support delivery of the Sustainability Strategy. Our approach continues to be used as an example of best practice across the sector and beyond with the business gaining the Bronze accredited carbon literate award for its commitment to this agenda.



Value for Money Statement

The Regulator of Social Housing ('RSH') published the Value for Money (VFM) Standard and the VFM Code of Practice in 2018. Both of these specify what registered providers are required to report in their statutory financial statements to comply with the VFM Standard. The RSH use the VFM Standard to implement their co-regulatory approach and their statutory obligations in relation to economic and consumer matters. Our Board has the responsibility of ensuring that we meet the expectations set out in the VFM Standard.

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

Section 1	Strategic approach to VFM and how we achieve VFM in meeting our strategic objectives
Section 2	Benchmarking to compare how we perform with others
Section 3	VFM gains achieved through consideration of alternative delivery structures

Section 1: Strategic approach to VFM

VFM Strategy

Underpinning the five key aims, our Board has set our VFM Strategy which identifies how we seek to deliver VFM for our customers and stakeholders in delivering each aim. 2023/24 was the final year of our Corporate Plan. In 2024/25 whg will be reporting against our new VFM strategy.

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

Guiding Principles		
	Economy	For us this means minimising our costs while continuing to deliver quality homes and services to our customers.
	Efficiency	We will seek to stretch our resources as far as possible without compromising quality.
	Effectiveness	We will use our resources to achieve our five strategic Corporate Plan aims and the VFM measures that are embedded within each aim.
	Equity	We will ensure we use our resources to reduce inequality in our communities.
	Ethics	We will use our resources with integrity, being open and accountable about our spending decisions.

The Board has set outcome based VFM targets against each of the five aims of the 2020-24 Corporate Plan, which include both strategic key performance indicators, and specific VFM metrics that capture and measure one or more of the five Es. Our annual budgets are aligned to deliver these targets. Each target, if achieved, delivers against one or more of the five guiding principles outlined above.

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

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

Our Board sets the strategic approach to VFM and the delivery of it is overseen by the Board VFM Champion. Our Executive Team implements the VFM strategy and is supported by all colleagues who instil the guiding principles in operational planning and service delivery at individual business stream level. Our customers play a key part in informing our VFM work through various channels. Our customer voice strategy sets out a wide range of opportunities for our customers to influence and scrutinise our strategies, policies, and services. During 2023/24 we have completed 54 consultations and engaged with over 2,200 customers. Our approach to consultation is embedded into all customer facing policies and forms part of our governance arrangements for approval and fulfils the requirements of the RHS's Consumer Standards. The Customer Service Oversight Committee oversees the outcomes of customer involvement in key areas of work, reporting this to the Board.

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

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

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

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

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

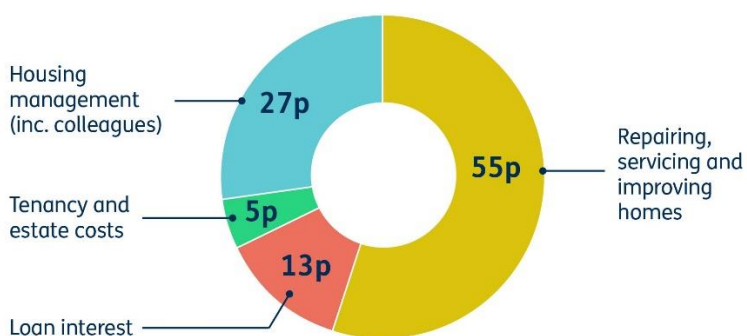
The following sections demonstrate how we have delivered VFM against our five strategic aims for the financial year ending 2023/24.

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

Of the 22,501 homes that whg owns and manages, over 99.8% are deemed as affordable which means our customers' rents are below the general rents charged by the private sector. 80% of whg's homes are for social rent, which provides good value for money for our customers. The rent our customers pay for their homes also covers a wide range of additional services, creating additional value for our customers. The chart below indicates where customers' rent is spent.

Spending and investment

How each £1 of your rent was spent in 2023/24



Improving homes
£65.1m
(2022/23: £50.5m)

Routine repairs
£13.3m
(2022/23: £12.5m)

Planned maintenance
£20.3m
(2022/23: £18.3m)

Major works
£31.5m
(2022/23: £19.7m)

The chart shows how whg spends each pound of rent. The largest proportion being spent on repairs, investment in homes and servicing to maintain the quality of our homes.

The following table shows our performance on our aim 1 VFM targets set by the Board. These are the historical transactional KPIs that were set out in the VFM strategy approved by the Board specifically for each Corporate Plan aim. Each target has been RAG rated (Red/Amber/Green) to indicate whether it is significantly below target (red), below target (amber), or at/above target (green).

	22/23 Actual	23/24 Actual	Target	Comments
 At least 90% of our customers will recommend us	74%	70%	82%	The percentage of customers who would recommend whg has dipped in 2023/24 when compared to the previous year. This is largely linked to satisfaction with the repairs service. This year we have invested resource into our Repairs Booster Teams, to reduce the repairs backlog and waiting times for customers. We expect our backlog to be cleared during 2024/25. Action plans have also been created to improve satisfaction scores across TSMs.
Avoidable contact with customers will be less 	27.62%	28.29%	<5%	Avoidable contact has been influenced by our repairs performance. Significant changes have been made to the repairs service to drive improvement. Our 2030 Plan includes a transformation programme in relation to repairs delivery.

		22/23 Actual	23/24 Actual	Target	Comments
 We will achieve 70% first point of contact resolution		65%	69%	70% by 2024	First point of contact resolution has increased bringing performance slightly under target. Our Customer First project, enabled by our new omni-channel solution, will review contact levels into the business with an aim to reduce avoidable contact and increase first point of contact resolution.
 Provide a great, consistent housing and services offer	% of properties with a valid gas safety certificate	99.93%	99.94%	100%	Despite challenges within the court system, gas safety has improved compared to last year. The percentage of homes with a valid gas safety certificate is at 99.94%, and we remain 100% compliant with the gas regulations as all legal actions are being taken to gain access to the homes without a valid certificate.
	% of properties with an electrical condition report	99.99%	99.99%	100%	Although performance for electrical condition reports is maintained, the one home overdue as at 31 Mar 2024 has since been completed. This was a challenging case and colleagues in Community Housing and the Repairs service worked in collaboration to resolve.
	% of planned asbestos inspections carried out in communal areas	100%	100%	100%	We are pleased to report that for the remaining Building and Safety metrics we have maintained 100% compliance.
	% of planned water hygiene risk assessments completed	100%	100%	100%	We have carried out 100% of inspections as planned.
	% of communal areas with an FRA	100%	100%	100%	We are pleased to report that for all other Building and Safety metrics we have maintained 100% compliance.
	Customer satisfaction with repairs %	84.3%	93.7%	>84%	Customer satisfaction for completed repairs remains above target and has increased when compared to the previous year. However, timescales for repairs have consistently been the most common reason for dissatisfaction in overall customer satisfaction survey results throughout 2023/24.

		22/23 Actual	23/24 Actual	Target	Comments
	Repairs appointments made and kept %	94%	95.5%	98%	This metric has improved but is still below target. As the backlog is cleared during 2024/25 we expect to reach target for appointments made and kept.
	Average days to complete a repair	29	28	35	This metric has improved since last year as the Repairs Booster Team works through our backlog.
	ASB satisfaction %	97%	86%	100%	This year we have seen a decline in our Anti-social behaviour (ASB) satisfaction score. We are currently working to understand how we can improve in this area and work is ongoing to strengthen our partnership working in this area.
	Decent Homes Standard compliance	100%	99.99%	100%	This year there has been a decline in the number of homes meeting the Decent Home Standard compliance; typically, these are homes that are void and subject to high repair costs or disposal on the open market to generate income to subsidise the new development programme.
	% of customers satisfied their landlord provides a home that is well-maintained	62%	72.4% Sector quartiles not yet published	Median	The % of customers satisfied their home is well maintained has improved compared to the previous year by just over 10%.
	% of customers satisfied their landlord provides a home that is safe	67%	79.7% Sector quartiles not yet published	Median	We have also seen an improvement in the % of customers who are satisfied that their home is safe. This TSM has improved by over 12%.
	% of customers satisfied with rent as VFM	84%	74%	87%	The number of customers satisfied with their rent as VFM has declined compared to the previous year. Based on survey responses, it is likely that delays with repairs, maintenance of communal areas, and the rent increase, have contributed to this lower score. It could also be caused by the concerns around the cost of living and high inflation. As reported above, we have invested in our repairs service to deliver more repairs and we anticipate this will have a positive impact on this metric in 2024/25.

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

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

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

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

	22/23 Actual	23/24 Actual	Target	Comments
 At least 90% of our colleagues will recommend whg as a great place to work	86%	77%	90%	The methodology for calculating this score changed with the launch of our new engagement survey in December 2023 and a move towards Employee Net Promoter Score. The score of 77% is therefore not comparable with previous years' reported figures. One of the transformational programmes in Our 2030 Plan is 'Work and workplace of the future' which seeks to improve all of our colleague engagement scores.
Contracted hours lost due to sickness 	4.41%	4.58%	<3.5%	Performance for 2023/24 is just outside target. Sickness absence was below target in six out of 12 months in 2023/24, but the average rate was impacted by exceptionally higher levels between August and November 2023. The appointment of a new HR Advisor and a renewed approach to managing long-term absence has resulted in absence trending downwards in the final quarter of 2024. Additional resources dedicated to colleague wellbeing, launched in the second half of 2023, should also result in a sustained improvement in the absence rate throughout 2024/25.
 Annual colleague rolling turnover	15.3%	13.56%	<15%	Labour turnover has remained consistent throughout 2023/24 and remains stable and manageable. A slight decline in Quarter 4 is in part the result of a relatively significant increase to headcount from recruiting Trades colleagues to support the RBT. Otherwise, labour turnover is

	22/23 Actual	23/24 Actual	Target	Comments
				positive and, because our employer brand and Employee Value Proposition are competitive, our ability to recruit new colleagues remains strong.
Number of colleague accidents and near misses 	61 accidents (5 x RIDDOR) 88 near misses	52 accidents (5 x RIDDOR) 89 near misses	0	Despite having controls in place accidents will occur from time to time. Our drive for safety culture improvement and managing our risks, is embedded in our 2030 Plan. The level of RIDDOR accidents and near misses reported in 2023/24, are consistent with numbers reported in the previous year, however the total number of accidents has reduced. The incidents, however minor, give us the opportunity to learn, and contribute towards a culture that cares.

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

This aim is to ensure we can provide value added services to as many people/families in need as possible. In delivering this aim, we invest significant amounts in our local areas. We strive to build more new homes and serve more communities.

The table below summarises the grant and sales income we generate and investments we make to increase the supply of new homes. We not only aim to provide affordable housing, but we also seek to generate returns from market rent and market sales homes in order to reinvest these into the delivery of more affordable homes. The table sets out the level of investment we aim to deliver via Our 2030 Plan.

	2023/24 £000s Actual	2024/25 £000s Forecast	2025/26 £000s Forecast	2026/27 £000s Forecast	2027/28 £000s Forecast
Income generated:					
Development grant	1,122	4,709	13,396	14,204	14,814
Sales income generated for reinvestment	16,352	10,326	20,520	13,210	14,778
Share of Joint Venture Profits	316	332	0	0	0
Market rent surpluses	90	229	243	257	270
Cashable savings	7,570	3,541	3,614	3,743	3,879
Sub total	25,449	19,137	37,773	31,414	33,741
Investments made:					
Developing new homes	(83,070)	(70,865)	(80,099)	(69,659)	(66,550)
Investment in Joint Ventures to deliver mixed tenure homes	0	0	0	0	0
Sub total	(83,070)	(70,865)	(80,099)	(69,659)	(66,550)
Income shortfall funded through loan drawdowns	(57,621)	(51,727)	(42,326)	(38,245)	(32,809)

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

	22/23 Actual	23/24 Actual	Target	Comments
 Complete 500 new affordable homes every year	255 in year (cumulative 1,007 since Apr '20)	502 in year (cumulative 1,509 since Apr '20)	2,000 new homes over the period 2020 to 2024	Despite the challenging operating environment, we have delivered an additional 502 new homes in 2023/24. This brings the total (since Apr 2020) to 1,509.
Homes started on site 	494 in year (cumulative 1,289 since Apr '20)	184 in year (cumulative 1,473 since Apr '20)	2,000 + over the period 2020-2024	We started on site with 184 homes in 2023/24. Given the challenges of the operating environment, this is a good performance and brings the total (since April 2020) to 1,473.
Shared ownership sales 	68	115	88	The shared ownership sales programme has performed well this year, despite uncertainty with the mortgage market and higher interest rates.
Complete 50 outright sales per annum 	53	43	200 over the period 2020 to 2024	Since April 2020, there have been 96 outright sales, 43 of these which were achieved this year at our Anthem Lovell LLP Joint Venture at Lockside, Walsall. In addition, Keepmoat continue to sell their homes on our land at Goscoat through 2024 generating overage payments for whg.

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

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

Education and Training: We work closely with our partners to promote employment opportunities. The NHS funds a dedicated Employment and Skill officer post to specifically work with our customers to promote training and employment opportunities. whg also employs a small number of dedicated colleagues to build the capacity of our customers to secure employment.

Health and Wellbeing: We work with partners in this area; we contribute strategically and operationally to the 'Walsall Together' Partnership, specifically the resilient communities priority, ensuring our service is aligned. In addition, we invest in 'social prescribing' to improve people's health and wellbeing. We also have a number of funded health champion posts who are employed to promote healthy lifestyles to our residents.

Hardship support: We work closely with a number of organisations to secure funding and donations to help to support vulnerable people throughout the year with general living costs and basic necessities required for modern living. We also run specific campaigns for example we sought donations of toys for families who were struggling to meet the costs of Christmas. whg also has a hardship fund which is accessed on a needs basis.

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

	2022/23 £'000 Actual	2023/24 £'000 Actual	2024/25 £'000 Forecast	2025/26 £'000 Forecast	2026/27 £'000 Forecast	2027/28 £'000 Forecast
Income						
Employment & Training	440	95	48	-	-	-
Health Partnerships	-	-	32	-	-	-
Resilient Communities	138	217	-	-	-	-
Infant Feeding	-	-	140	-	-	-
Social Prescribing	-	18	16	-	-	-
Wellbeing Schemes	144	157	250	258	266	274
Young Persons	173	151	223	223	-	-
Grant Secured for External Partners	735	-	-	-	-	-
Total Income	1630	638	709	481	266	274
Expenditure						
Employment & Training	(651)	(298)	(274)	(282)	(237)	(237)
Health Partnerships	-	-	(43)	-	-	-
Stronger Communities	-	(217)	(238)	(245)	(252)	(260)
Resilient Communities	(138)	(217)	-	-	-	-
Infant Feeding	-	-	(127)	-	-	-
Social Prescribing	(210)	(153)	(213)	(134)	-	-
Wellbeing Schemes	(366)	(208)	(261)	(269)	(277)	(285)
Young Persons	(59)	(47)	(49)	(51)	-	-
Grant Expenditure by External Partners	(735)	-	-	-	-	-
Total Expenditure	(2,159)	(1,140)	(1,205)	(981)	(766)	(782)
Income Shortfall funded through rental Income	(529)	(502)	(496)	(500)	(500)	(508)

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

	22/23 Actual	23/24 Actual	Target	Comments
 Support 10,000 people into new opportunities	3,437 (Cumulative 12,913 since Apr '20)	3,848 (Cumulative 16,761 since Apr '20)	10,000 by Mar'24	We have beaten our target to achieve this success measure by supporting over 16,761 customers to increase their confidence, skills, and health and wellbeing by moving them into new opportunities. This equates to 168% of our four-year target being achieved.
Generate social value equivalent to a third of our turnover 	£51.1m +	£44.6m +	>£40.2m	A wide range of social, economic and wellbeing initiatives have been delivered during 2023/24 that are quantified using the HACT Social Value measurement tool and externally verified. The original target did not include social value returns on new developments. The HACT tool

	22/23 Actual	23/24 Actual	Target	Comments
	£230m from £65.6m new development spend	£279m from £79.7m new development spend		uses a 3.5 times multiplier to calculate the social value of our development spend.
Secure £5 million funding for community investments by 2024 	£1.63m (Cumulative £4.7m since Apr '20)	£554K (Cumulative £5.2m since Apr '20)	£5m by 2024	We have levered £554K of funding in 2023/24 (this includes Infant Breast Feeding, Click Start and NHS funding). Over the past four years we have exceeded the £5 million target of external funding for community investments.

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

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

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

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

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

	22/23 Actual	23/24 Actual	Target	Comments
 Our normal operating margin will exceed 30%	31%	31%	>30%	Our profitability provides good assurance that we can meet our financial obligations and that our financial health is strong compared with some of our peers. This enables us to service more debt, build more new homes and increase investment in our existing homes and communities. For 2024/25, we have increased our budget to £4,852 per home, the increase being invested in existing homes.
Work towards achieving sector median or lower for headline social housing cost per home 	£4,051 Below sector median (i.e. higher than median cost)	£4,455 Below sector median (i.e. lower than median cost)	Sector median by 2024	

	22/23 Actual	23/24 Actual	Target	Comments
 Current arrears	2.92%	2.63%	<3.15%	Rent arrears ended the year at 2.63% (customer best point method), which is an improvement compared to last year and 0.23% under target.
Void rent loss 	0.67%	1.14%	<0.65%	In 2023/24 several trades colleagues were transferred from the Voids team, to support with damp related remedial works, and later in the year, to support responsive repairs. This has impacted void rent loss (VRL) performance for 2023/24. However, despite ending the year 0.49% outside target, monthly VRL is on a downward trend and is expected to be within target by the end of Quarter 2 of 2024/25.
 Cashable VFM savings	£6.8m	£7.57m	£3.9m	Cashable gains totalled £7.57m for 2023/24. Cashable savings are reinvested in our business so we can deploy more resources directly to our frontline services or new development programme.
Property turnover 	1,072	1,112	< 1,404	Property turnover increased this year, however, remains within target. Tenancy sustainment remains a key focus across the organisation and we are pleased to report an evictions rate of only 13 tenancies.

Service Level Benchmarking

Section 2: Benchmarking to compare how we perform with others

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

There are two main sources of benchmarking used:

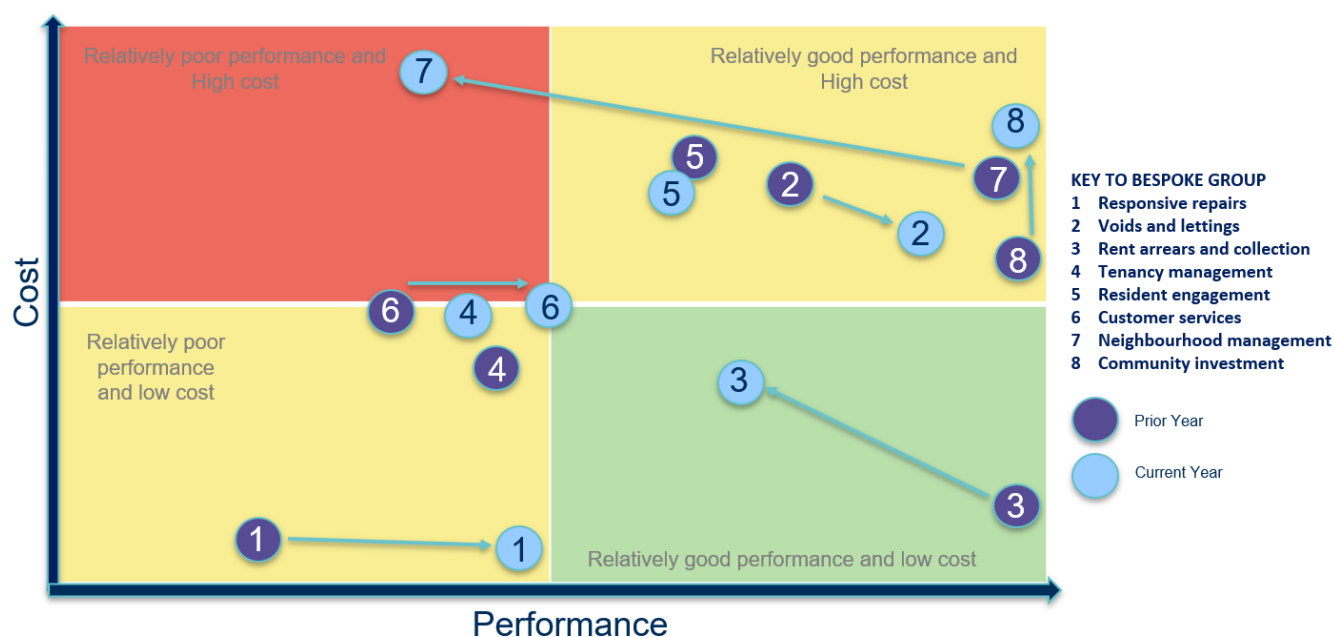
- Housemark provides service level benchmarking. There are 231 housing providers in the Housemark national dataset and 20 providers in the tailored dataset, which is based on the Midlands and North West organisations of between 10,000 to 30,000 homes. The Housemark dataset is based on the financial year 2022/23 submissions; and
- The RSH VFM Metrics Benchmarking Tool. We have constructed a number of bespoke level peer groups using this tool, as encouraged by the Regulator. The tool allows peers to be selected based on geographical region, number of homes owned, mix of general needs and supported housing, and whether they are a traditional housing provider or LSVT ('Local Authority Stock Transfer').

Housemark benchmarking data

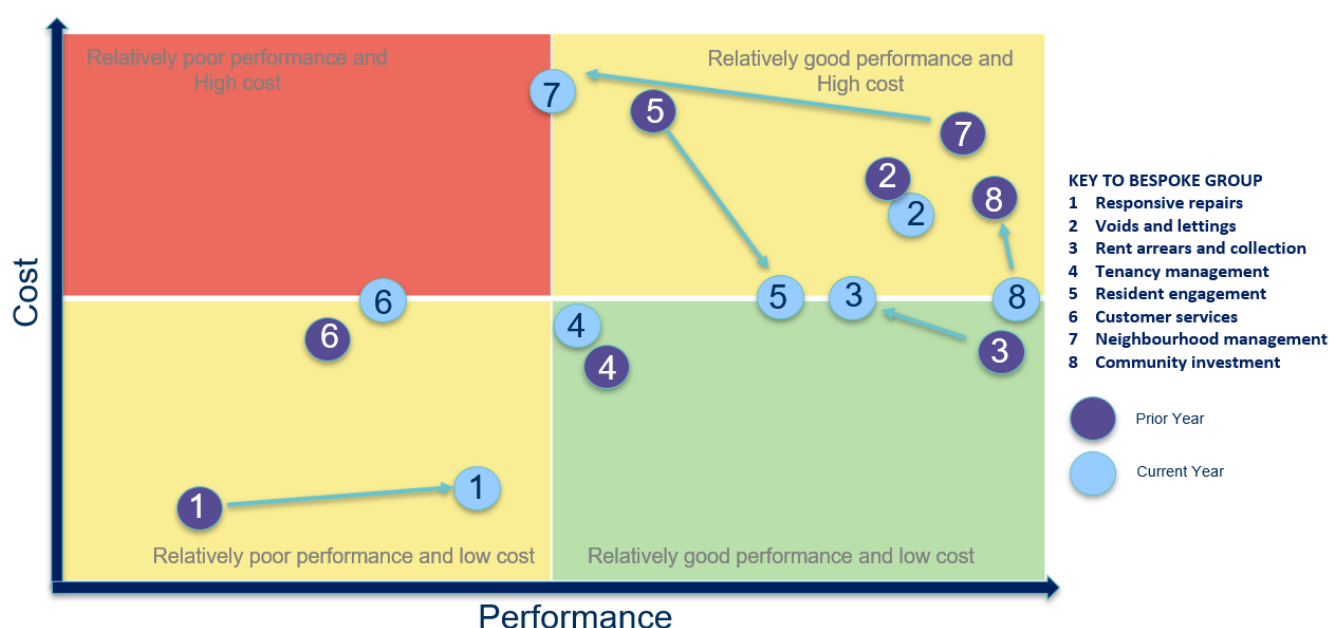
The VFM quadrants below plot whg's performance over the previous two years, the first being the bespoke benchmark group and the second being the national dataset. The arrow indicated the relative movement in performance between the two years.

Benchmark Comparison - Tailored peer group

Benchmark Comparisons



National Comparisons



Explanations:

The tables below summarise the performance measures used for each service line's position on the VFM quadrant. Commentary on the tables of data is by exception, focusing on those areas which are performing outside of our expectations. For example there are areas where we have planned to spend more than the sector median, such as community investment, and areas where we would expect spend to be lower than sector median where we have aimed for the most economical and efficient service delivery model such as rent arrears and collection. Note that the 'indicative' 2023/24 outturn has been included in the table below for contextual purposes but these may be subject to change. Note also that the indirect cost per property indicative 2023/24 figures have reduced since 2022/23 due to some large one-off costs in 2022/23 such as redundancies, non-cash pension costs and closure of satellite office space.

1 Responsive repairs

	20/21	21/22	22/23	Indicative 23/24	Peer Median 22/23	Sector Median 22/23
Direct cost per property of responsive repairs	£239.58	£268.48	£336.13	£362.22	£579.29	£569.13
Indirect cost per property of responsive repairs	£86.13	£58.25	£108.46	£40.00	£51.59	£40.69
Total cost per property of responsive repairs	£325.71	£326.73	£444.59	£402.22	£630.88	£609.82
Satisfaction with the overall repairs service	74%	78%	84%	94%	84%	87%

whg's costs are low when compared to peers, therefore demonstrating 'economy' is achieved. However, in terms of customer satisfaction, scores are on par with our peers but slightly below the sector median. We strive to do better than this. During the year we aimed to reduce the backlog of repairs, however there is still a backlog. We approved an additional investment of £5m into the service and we are on track for the backlog to be cleared in 2024/25. £3.3m of the investment was spent in 2023/24 with the remainder carried forward to 2024/25.

2 Voids and lettings

	20/21	21/22	22/23	Indicative 23/24	Peer Median 22/23	Sector Median 22/23
Direct cost per property of void works and lettings	£217.17	£233.10	£229.55	£564.66	£257.92	£228.88
Indirect cost per property of void works and lettings	£72.22	£44.30	£71.33	£26.31	£10.01	£11.44
Total cost per property of void works and lettings	£289.39	£277.40	£300.88	£590.97	£267.93	£240.32
Void rent loss	0.74%	0.66%	0.69%	1.2%	1.36%	1.36%

Our costs are showing higher than peers and the sector median however this was a planned investment as we outsourced more of our void repair works than ever before. This need arose as our internal voids trade operatives were moved to our responsive repairs service to help reduce the backlog during 2023/24.

3 Rent arrears and collection

	20/21	21/22	22/23	Indicative 23/24	Peer Median 22/23	Sector Median 22/23
Direct cost per property of rent arrears and collection	£84.73	£80.86	£87.98	£81.67	£97.23	£92.77
Indirect cost per property of rent arrears and collection	£56.19	£28.89	£65.61	£24.20	£68.78	£61.53
Total cost per property of rent arrears and collection	£140.92	£109.75	£153.59	£105.87	£166.01	£154.30
Rent collected %	99.1%	100.0%	100.0%		99.6%	99.4%

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

4 Tenancy management

	20/21	21/22	22/23	Indicative 23/24	Peer Median 22/23	Sector Median 22/23
Direct cost per property of tenancy management	£61.04	£68.85	£87.40	£81.13	£86.87	£87.93
Indirect cost per property of tenancy management	£50.08	£25.38	£57.70	£21.28	£58.23	£62.11
Total cost per property of tenancy management	£111.12	£94.23	£145.10	£102.41	£145.10	£150.04
Satisfaction with the service provided	85.9%	82.3%	80.2%		81.0%	80.8%

whg is fully committed to a **Community Housing Model**. The aim of the model is to ensure we have a local presence across all of our geography. In terms of both cost and quality we are around median performance when compared to the sector and our peers for 2022/23 but we expect to show an improved performance for 2023/24 as we recover from one-off costs incurred in the previous year.

5 Resident involvement

	20/21	21/22	22/23	Indicative 23/24	Peer Median 22/23	Sector Median 22/23
Direct cost per property of customer involvement	£28.70	£30.41	£28.69	£26.63	£24.27	£31.72
Indirect cost per property of customer involvement	£24.84	£33.39	£24.73	£9.12	£17.31	£22.96
Total cost per property of customer involvement	£53.54	£63.80	£53.42	£35.75	£41.58	£54.68
Satisfaction that views are taken into account	76.8%	63.8%	71.7%		63.8%	65.1%

Whilst direct costs are showing as more expensive than peers, this is due to planned investment in this area and when viewed in conjunction with the satisfaction levels that customer views are considered, the investment is yielding positive results. As the regulatory landscape is changing, with more emphasis on listening to customers, whg intends to continue investing in this area over the coming years.

6 Customer services

	20/21	21/22	22/23	Indicative 23/24	Peer Median 22/23	Sector Median 22/23
Direct cost per property of housing management	£247.94	£275.04	£296.42	£275.16	£299.58	£309.60
Indirect cost per property of housing management	£185.38	£100.10	£221.19	£81.57	£218.03	£207.42
Total cost per property of housing management	£433.32	£375.14	£517.61	£356.73	£517.61	£517.02
Average seconds to answer inbound calls	277	306	327		352	224

During the year we have implemented a new Omni-channel system to improve customer contact experience across a multitude of communication channels including phone, email and social media. Our performance is strong compared to peers on this metric and we expect to see further efficiency savings over the coming years.

7 Neighbourhood management

	20/21	21/22	22/23	Indicative 23/24	Peer Median 22/23	Sector Median 22/23
Direct cost per property of ASB	£64.79	£64.79	£64.54	£59.91	£37.19	£38.17
Indirect cost per property of ASB	£9.85	£22.94	£52.04	£19.19	£24.69	£26.47
Total cost per property of ASB	£74.64	£87.73	£116.58	£79.10	£61.88	£64.64
Satisfaction with neighbourhoods as a place to live	82.1%	82.3%	80.2%		81.0%	81.5%

We continue to see costs that are higher than our peers in this area however this spend is necessary as we strive to ensure our customers feel safe. We have a significant proportion of high-rise flats within our homes portfolio which means anti-social behaviour can be a problem. We have invested in CCTV and our Community Safety Team to mitigate this risk and make our blocks feel like safe places to live. High investment in this area is likely to continue to keep our satisfaction scores high.

8 Community investment

	20/21	21/22	22/23	Indicative 23/24	Peer Median 22/23	Sector Median 22/23
Direct cost per property of community investment	£53.21	£54.88	£63.24	£58.70	£58.21	£25.31
Indirect cost per property of community investment	£19.26	£20.36	£57.90	£21.36	£31.90	£15.08
Total cost per property of community investment	£72.47	£75.24	£121.14	£80.06	£90.11	£40.39
Residents undertaking training or education	1,567	1,821	1,187		92	59

As shown by the figures above, whg has made a conscious decision to invest in this area compared to the sector median because whg's homes are primarily based in areas where unemployment and deprivation are higher than the national average. Performance remains strong as whg are supporting significantly more customers with training and education than the national average.

Regulator of Social Housing Benchmarking – VFM metrics

We report and compare our performance against the VFM metrics using the latest Global Accounts 2022/23 published by the RSH. We have compared ourselves at a national level, against all other registered housing providers, as well as at a more tailored peer group level.

The peer groups were as follows:

Peer Group 1: Nine providers between 20,000 to 30,000 homes, at least 30% of their homes of general needs type and at least 30% of their homes in the East Midlands, North East, North West, and West Midlands. All LSVTs.

Peer Group 2: Five providers between 20,000 to 30,000 homes, at least 50% of their homes of general needs type and at least 30% of their homes in the East Midlands and West Midlands. All LSVTs.

Peer Group 3: Eight providers between 20,000 to 30,000 homes, at least 80% of their homes of general needs type and at least 50% of their homes in the East Midlands, North East, North West, and West Midlands. LSVTs and traditional providers.

Peer Group 4: Fifteen providers between 10,000 to 35,000 homes, at least 30% of their homes of general needs type and at least 30% of their homes in the East Midlands and West Midlands.

We believe Peer Group 2 provides the most meaningful comparisons as it is most geographically aligned to whg. Peer Group 4 is most aligned in terms of the proportion of general needs homes owned. The table below shows the data for all peer groups and has RAG rated (red, amber, green) the outcomes for whg to indicate whether we perform worse than the lowest 25% of the peer groups 2 and 4 (red), worse than the lowest 50% (amber) or better than median (green). Only the 2022/23 outcomes have been RAG rated as that is the year relevant to the dataset published by the Regulator.

As shown by the table below, except for gearing we perform well on all indicators when compared to all peer groups.

Metric	Peer Group 1	Peer Group 2	Peer Group 3	Peer Group 4	whg Actual 22/23	whg Actual 23/24
Reinvestment	7.0%	7.0%	7.3%	8.2%	11.6%	13.3%
New Supply (Social)	1.2%	1.7%	1.4%	1.9%	1.2%	2.3%
New Supply (Non Social)	0.09%	0.02%	0.1%	0.0%	0.0%	0.0%
Gearing	46.8%	51.2%	46.5%	53.5%	56.3%	51.2%
EBITDA MRI	90.1%	117.9%	104.0%	117.9%	141%	194%
Headline Social Housing Costs per home	£4,418	£4,418	£4,303	£4,188	£4,051	£4,455
Operating Margin social housing lettings	18.7%	23.1%	20.7%	23.1%	24.8%	26.1%
Operating Margin overall	18.7%	20.7%	17.5%	20.7%	24.2%	24.8%
ROCE	2.6%	2.7%	2.6%	3.0%	4.8%	5.2%

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

Metric	Sector Median	Sector Weighted Average	whg Actual 2022/23	whg Actual 2023/24
Reinvestment	6.7%	6.9%	11.6%	13.3%
New supply delivered (SH units)	1.3%	1.7%	1.20%	2.3%
New supply delivered (NSH units)	0.00%	0.27%	0.02%	0.0%
Gearing (NBV of Housing Properties)	45.3%	47.4%	56.3%	51.2%
EBITDA MRI Interest Cover	128%	104%	141%	194%
Headline SH cost per unit	£4,586	£5,251	£4,051	£4,455
Operating Margin (SHL)	19.8%	21.3%	24.8%	26.1%
Operating Margin (Overall)	18.2%	16.6%	24.2%	24.8%
Return on Capital Employed (ROCE)	2.8%	2.6%	4.8%	5.2%

Reinvestment

Reinvestment % looks at the scale of investment in our existing and new homes as a % of their value. We are upper quartile for this metric due to our aim of developing 500 new homes each year and approach to maintaining the quality of our homes. We perform stronger than all four peer groups on this metric.

New supply delivered (SH units)

New supply social % expresses the number of new social homes delivered as a proportion of all homes owned. In 2022/23 our performance placed us lower than most of the peer groups in the benchmark year. This was due to some delays in delivering the development programme; these homes were delivered in 2023/24 and our performance rose to 2.3%.

New supply delivered (NSH units)

The supply of non social housing is expected to be 0%. There were no plans to deliver either market rent or outright sale homes during the year although these are included in mixed development schemes in the future. Other peer groups delivered a small number of homes in this category.

Gearing (NBV of Housing Properties)

Gearing % shows the proportion of net borrowing in relation to the value of the asset base and indicates the degree of dependence on debt finance. Gearing is above the sector median because our fixed asset values are below the sector average. As the Group builds more new homes over the forthcoming years, the gearing will reduce. A more relevant measure of gearing for the Group is the gearing covenant set by the funders for which we have sufficient headroom. Our peers range from 46.8% to 53.5% median performance.

EBITDA MRI Interest Cover

Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover % measures our level of cash surplus generated as a percentage of interest paid. The interest cover percentage is stronger than the sector average and all of our peer groups.

This is primarily due to the underspend in our asset investment programme (£7.6m) as our newly appointed contractors took longer than expected to mobilise the programme. By 2023/24, contractors were fully mobilised. The development programme has also under-spent, contributing to lower interest payable than expected. This metric has increased to 194% for 2023/24 but this relates mainly to debt drawdowns being lower than expected therefore saving on interest costs. There is also a one-off notional interest receivable, this is a non cash adjustment for 2023/24 only and it relates to theoretical interest on our opening pension asset as at April '23. Higher cash reserves have also generated higher than expected interest receivable.

Headline SH cost per unit

Headline social housing cost per unit combines several cost elements to provide our overall social housing cost per unit. Our costs in 2022/23 reflects a lower spend per home than sector median performance and our peer groups for reasons outlined above. Spend increases for 2023/24 and is more in line with the sector.

Operating Margin (SHL)

Operating margin % shows the profitability of our assets and is an indicator of our operating efficiency. Our social housing operating margin is stronger than our peer group and sector average which is mainly due to our high concentration of general needs homes and low levels of diversified income streams. This is a good indicator of our credit strength as noted by our credit rating agency.

Operating Margin (Overall)

Our overall operating margin is stronger than the sector average and our peer groups. As mentioned above our spend increases in 2023/24 but our margins are still maintained at this strong level.

Return on Capital Employed (ROCE)

Return on capital employed shows how well we are using our assets and debt to generate a financial return. This indicator remains upper quartile when compared to the sector average and our peer groups.

In addition to the above sector benchmarking information, we have recently collated a full year's information on our Tenant Satisfaction Measures. These will be published separately on our website for customer information at <https://www.whg.uk.com>

Section 3: VFM gains achieved through consideration of alternative delivery structures

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

The tables below summarise the VFM gains. As shown, we have a successful track record in delivering cashable VFM gains. We have set up our Corporate Company Structure in such a way to maximise VAT benefits in relation to our key areas of spend. We continue to engage in procurement activity which seeks to reduce our costs while maintaining quality of service delivery. We obtain ad hoc grants for our asset management work and we continually seek to refine our funding arrangements. Significant refinancing work was undertaken in 2022/23 to ensure we pay the least amount of debt servicing costs and this had continued to deliver benefit in 2023/24. Cashable savings in 2023/24 are £7.57m; all of these cashable savings are reinvested in our business so we can deploy more resources directly to our frontline services or new development programme.

For non-cashable gains, these are mostly derived from 'social value' that has been created by either our community investment activities or our new development programme. We use the HACT model to calculate social value which uses various multipliers for each activity. For example, with new development spend, £79.8m of development spend is multiplied by 3.5 to derive £279.2m of social value. The value is deemed to be improved prospects for a new person or family being provided a permanent and affordable place to live.

VFM Summary	2022/23		2023/24		2024/25	2025/26
	Target	£000s Actual	Target	£000s Actual	£000s Target	£000s Target
Total Cashable	5,001	7,088	6,012	7,570	6,042	4,609
Total Non-Cashable	327,504	279,807	352,946	326,843	255,605	287,668
Grand Total	332,505	286,895	358,958	334,413	261,647	292,277

Economy	2022/23		2023/24		2024/25	2025/26
	Target	£000s Actual	Target	£000s Actual	£000s Target	£000s Target
Paying the lowest possible price to achieve the desired quality						
Procurement savings	100	348	100	326	172	181
Asset Management savings	127	314	127	777	2,575	2,575
Treasury	1,996	2,500	1,953	2,103	741	691
Other	0	169	100	1,639	156	164
Total VFM Savings	2,223	3,331	2,280	4,845	3,644	3,611
Cashable	2,223	3,331	2,280	4,845	3,644	3,611
Non Cashable	0	0	0	0	0	0

Efficiency	2022/23		2023/24		2024/25	2025/26
	Target	£000s Actual	Target	£000s Actual	£000s Target	£000s Target
Getting the most out of the resources put in						
Procurement savings	0	464	100	335	131	138
Vat Recovery	1,652	1,231	2,055	1,721	1,668	254
Other	0	791	110	161	356	374
Total VFM Savings	1,652	2,486	2,265	2,217	2,155	766
Cashable	1,652	1,772	2,055	1,721	1,668	254
Non Cashable	0	714	210	496	487	512

Effectiveness	2022/23		2023/24		2024/25	2025/26
	Target	£000s Actual	Target	£000s Actual	£000s Target	£000s Target
Using our resources to achieve our aims and social purpose						
Procurement savings	0	29	10	48	10	11
Asset Management savings	47	50	53	0	0	0
Insurance	0	154	50	254	54	56
Other	0	18	100	19	3	3
Total VFM Savings	47	251	213	321	67	70
Cashable	47	50	53	0	0	0
Non Cashable	0	201	160	321	67	70

Ethics	2022/23		2023/24		2024/25	2025/26
	Target	£000s Actual	Target	£000s Actual	£000s Target	£000s Target
Use our resources with integrity in our communities						
Health & Wellbeing Outcomes	5,655	6,930	6,105	10,098	7,188	11,658
Customer Voice	4,400	5,392	4,751	4,575	5,593	6,327
Digital Inclusion	3,930	4,816	4,243	851	0	0
Housing Benefit Bill Savings	7,509	9,202	8,107	6,095	9,545	7,036
External Funding & Donations	1,078	1,660	1,625	688	460	460
Environmental Gains & EPC energy bill savings	0	275	0	359	270	329
Total VFM Savings	22,572	28,275	24,831	22,666	23,056	25,810
Cashable	1,078	1,935	1,624	1,004	730	744
Non Cashable	21,494	26,341	23,207	21,662	22,326	25,066

Equity	2022/23		2023/24		2024/25	2025/26
	Target	£000s Actual	Target	£000s Actual	£000s Target	£000s Target
Use our resources to reduce inequality						
Money Advice Service	15,145	18,560	16,351	21,310	19,251	24,539
Jobs & Training / Employment	3,606	4,419	3,893	3,482	4,584	4,020
Development	287,259	229,572	309,125	279,572	208,891	233,460
Total VFM Savings	306,010	252,551	329,369	304,364	232,726	262,019
Cashable	0	0	0	0	0	0
Non Cashable	306,010	252,551	329,369	304,364	232,726	262,019

Asset maximisation

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

health outcomes’. For example, we have successfully commenced a new development scheme for 17 new homes on small sites of land holdings where unused land has been re-purposed to create new affordable homes. We have also developed our sustainability strategy which includes a focus on open spaces and how we can use them to deliver on our social and environmental objectives.

We have also been successful in achieving grant funding from three different sources (Walsall Council, the Social Housing Decency Fund Wave 2, and Towns Fund) to create a Net Zero Carbon ready neighbourhood in Dudley Fields in Bloxwich. These projects will be delivered over the next two financial years.

Investment in non-social housing activity

We invest in non-social housing activity with purpose, to reinvest surpluses in social housing homes and services. We invest in open market sales homes but limit the risk exposure to £20m and carry out activity through a subsidiaries and joint venture arrangements in order to protect our social housing assets. In addition, we generate income through solar panels on a small proportion of our buildings.

Treasury Initiatives

We continue to drive value for money through our funding structure. For example, we have reduced our interest payable by refinancing some of our fixed rate loans. We have also increased the borrowing power of a proportion of our homes by switching valuation bases.

Geography

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

IT Infrastructure

During the year, we have continued to invest in our IT infrastructure, in particular our security foundations. We have successfully completed our two year Security and Stability Programme. We have modernised our IT infrastructure by moving to the cloud and upgrading our data centre infrastructure. This programme was a series of complex changes which have been delivered on time and within budget.

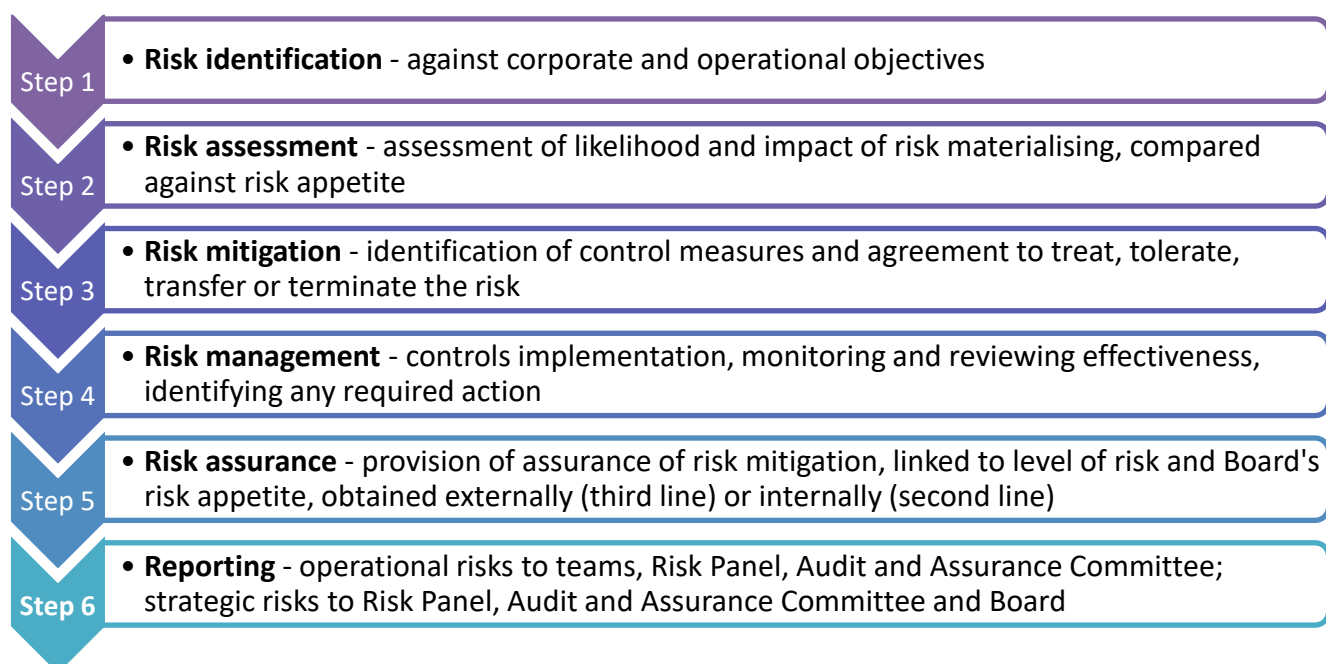
We have also replaced our customer contact system with a cloud hosted omni-channel system which is set to improve how we manage our customer contact through multiple channels to improve our customer experience.

Principal Risks and Uncertainties

The environment in which we operate produces inherent risks that we face in our everyday operations including economic challenges, government policy, technological and social change. The Board clearly sets out its appetite to risk, shown below, providing the setting for business operations.

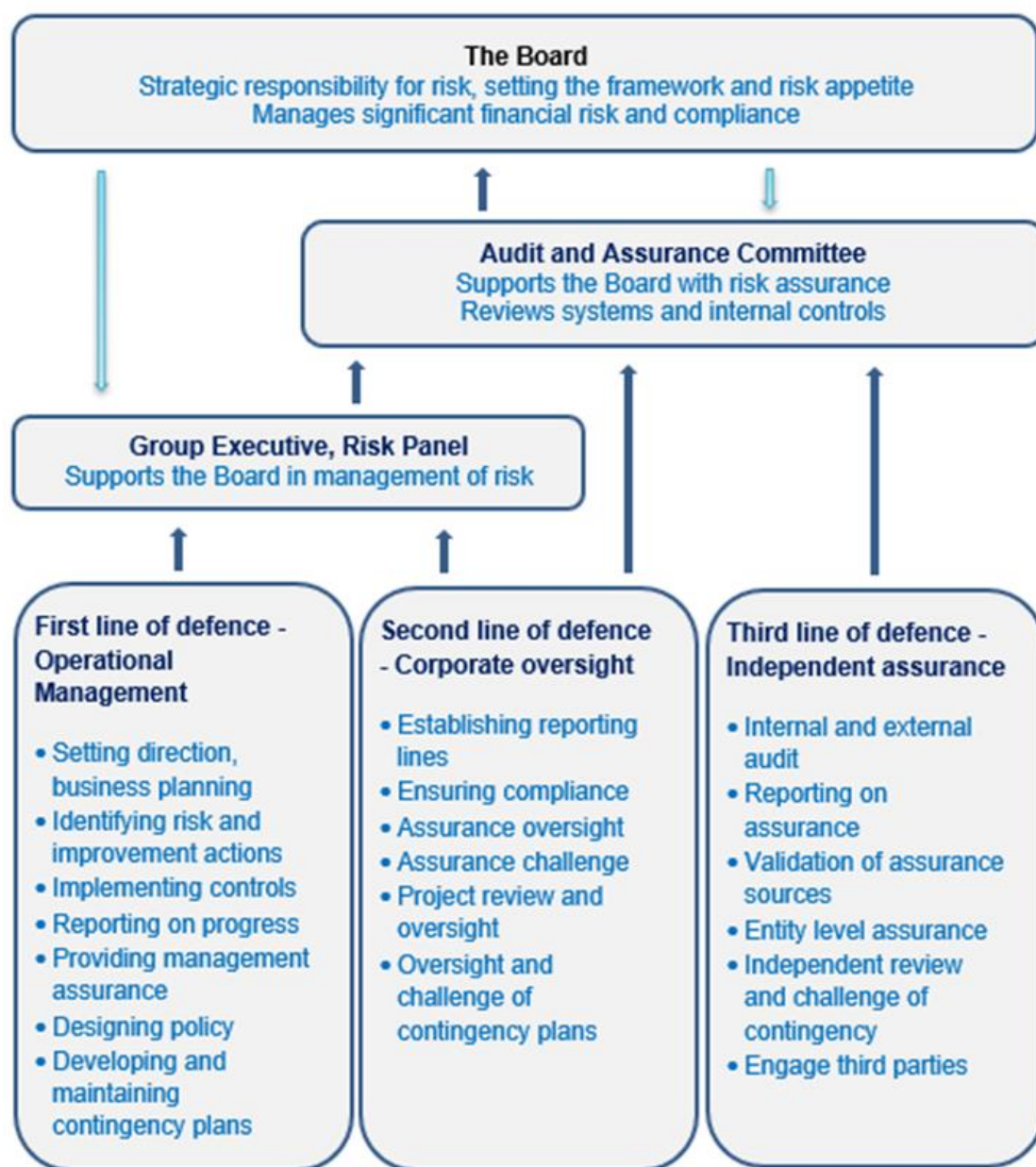


We are not averse to taking on measured risk to deliver our objectives, but when taking these decisions, the Board fully appraises the risk to understand the potential impact. The Risk Management Framework approved by the Board sets out the arrangements for identifying and managing risk as set out in the process below.



The Group has adopted the three lines of defence risk management model, which is designed so that assurance is obtained through the strength and source of controls and the Group's reliance upon them. Regular reviews of risk and work set out in the Risk Management Framework are overseen by the Risk Panel, Executive Team and Audit and Assurance Committee which remain focused on mitigating risks

at all levels in the business whilst the Board retains overall responsibility. This ensures effective controls are in place. This approach is central to putting us in a strong position to achieve our strategic aims and embrace opportunities as they may arise.



The Board, as part of its review of risk management, has identified its most significant Strategic Risks and uncertainties, together with the mitigating actions taken in order to ensure that the risks are appropriately monitored and controlled. A summary of our Strategic Risk Register is set out below.

Key to Summary of Assurance

Substantial
Moderate
Limited

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
1. Information security breach	25	14	Minimalist 8
OUTSIDE APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk covers cyber security threats and physical security arrangements and access to buildings and secure areas. Ongoing improvements to security and system stability have reduced the risk in this area over the past two years and will further reduce the risk scores but potentially not to within the minimalist 'IT security and resilience' risk appetite and target score, due to the ongoing threat of cyber attack.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
2. Serious health, safety or environmental incident	21	14	Averse 3
OUTSIDE APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk includes the potential for colleague and customer safety issues (building, gas, electrical, fire, water hygiene, asbestos, mechanical equipment, infectious disease) as well as possible environmental incidents. The risk is tolerated outside of the averse 'health and safety' risk appetite and target score due to the possibility of human error and the impact of a potential serious incident, but the controls and assurance are strong with the risk being mitigated as far as it can be.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
3. Insufficient investment in assets	24	13	Open 13
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line

This risk considers the potential of insufficient asset investment to meet legislative or regulatory requirements, or customer expectations. Whilst this risk is managed within the open 'asset management and regeneration' risk appetite and target score, services have had increased pressure stemming from the Covid-19 pandemic, rising costs and the availability of labour and materials. In addition to the controls around day to day repairs service delivery, further mitigating controls in progress include investment in building safety, net zero carbon (linked to risk 4 below) and Decent Homes 2.

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
4. Impact of climate change	17	13	Cautious 13
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk focuses on the impact of climate change on whg's ability to deliver its new build development and stock investment programmes whilst meeting Government carbon reduction targets. It also considers the impact of climate change on existing housing stock, customers and colleagues. This was identified as a new strategic risk at the end of 2021/22 and is managed within the cautious risk target score (encompassing the averse 'health and safety', minimal 'legal and regulatory compliance', cautious 'finance' and 'reputation', open 'growth – development', 'asset management and regeneration' and 'environment/zero carbon approach' risk appetites). The Sustainability Strategy and Decarbonisation Roadmap was approved in December 2022 and Ritterwald ESG accreditation was obtained in 2023. Other controls will continue to be developed with a 'Sustainable Futures' transformational project detailed in Our 2030 Plan.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
5. Inadequate governance arrangements	24	13	Minimalist 8
OUTSIDE APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk covers the potential for governance failures across the Group, as well as non-compliance with legislation and regulation, including data protection. The many mitigating controls ensure the risk is managed well, but the scores were increased in March 2024 due to the increased scrutiny of the sector and new legislation and regulatory framework to respond to. This risk is now outside the minimal 'legal and regulatory compliance' risk appetite and target score but is expected to return to within target with controls being strengthened. Existing controls include strong board, committee and inter-group arrangements which minimise the risk to Walsall Housing Group as the parent, and its social housing assets, and protecting its charitable status and objectives. A verified risk management and strong internal controls framework supports the strong governance arrangements.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
6. Development programme delayed	23	12	Open 17
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line

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

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
7. Ineffective services to customers	20	9	Open 15
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
This risk covers the potential for service failure across any area of the business delivering front line services to customers, excluding asset management (included in risk 3 above). Controls such as the embedded community housing model and support services attracting external funding, ensure this risk is managed well within the open 'customer service' risk appetite and target score, enabling ongoing support for customers and communities.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
8. Insufficient funding	17	9	Cautious 13
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line
Loan and grant funding, rental income, void rent loss, sale of outright sale and shared ownership homes are all identified as risk areas, but this risk is well controlled overall and managed within the cautious 'Finance' risk appetite and target score, despite external political and economic factors. Strong controls are in place including a range of external assurance.			

Strategic Risk Summary (risk category)	Risk Scores		Appetite/Target risk score
	Gross (G)	Net (N)	
9. Insufficient colleague resource (capacity and capability)	13	5	Open 17
WITHIN APPETITE	Summary of Assurance		
	First line	Second line	Third line

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

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

Streamlined Energy and Carbon Reporting (SECR)

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

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

whg have opted to use the Operational Control boundary definition to define our carbon footprint boundary. The reporting period for the compliance is 1 April 2023 – 31 March 2024. Included within that boundary are Scope 1 & 2 energy emissions, as well as Scope 3 emissions from business travel in the UK.

How is our Carbon Footprint measured?

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

Scope 1 relates to the direct emissions from gas and transport fuel combustion. For whg this will include gas consumption from our offices, community centres, communal areas and plant rooms, as well as transport fuel used for our company fleet.

Scope 2 relates to the indirect emissions from electricity generation. For whg this will include electricity consumption from our offices, communal areas, and plant rooms.

Scope 3 relates to the indirect emissions associated with our value chain. The only mandatory reporting for Scope 3 is the emissions from business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel. The rest of Scope 3 is only optionally reported because it can be harder to track, and the boundaries are harder to define.

Methodology

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

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

In SECR reporting there are two reporting approaches: 'location-based' and 'market-based'. Location-based reporting is the mandatory method and uses grid average figures (a mix of renewable and non-renewable fuels). A market-based reporting approach calculates the emissions associated with the

energy sources or tariffs that the consumer has specifically chosen.

Carbon intensity ratios

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

Energy efficiency actions

whg has invested heavily over many years and continues to invest in our homes to improve their energy efficiency and move all homes above EPC band C rating over the next 6 years. whg also has a clear commitment for our homes, commercial buildings and our business to achieve Net Zero by or before 2050.

Within the 2023/24 financial year, whg completed 1,569 of either thermal or heating improvement measures which include;

- 448 Roof replacements
- 979 boiler or full heating replacements and controls
- 142 double glazed full window installations

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

Carbon Emissions Reporting

Emissions Calculations

The tables below provide a breakdown of whg's footprint for 2023/24, comparing both market and location based emissions, comparing our performance against the previous financial year.

Figure 1 Market Based Emissions

Type of Emissions Activity	Activity	(kWh)	(tCO ₂ e)	% of Total
Energy Generation	Solar PV Renewal Generation	239,070	0	0%
	Subtotal	239,070	0	0%
Direct (Scope 1)	Natural Gas	2,578,557	0	0%
	Company Fleet	2,793,991	668	90.1%
	Subtotal	5,372,548	668	90.1%
Indirect (Scope 2)	Electricity	3,694,003	0	0%
	Subtotal	3,694,003	0	0%
Indirect Other (Scope 3)	(kwh)	288,250	70	9.9%
	Subtotal	288,250	70	9.9%
Total Energy Use		(kWh)	9,354,801	
Total (Market based *)Gross Emissions		(tCO ₂ e)	725	
Full Time Employed		FTE	767	
Tonnes of Gross CO ₂ e per FTE		(tCO ₂ e)	0.95	

The results show that whg's total energy use and total gross Green House Gas (GHG) emissions amounted to 9,354,801 kWh and 1,978 tonnes of CO₂e (location-based) respectively in the 2023/24 financial year in the UK. This is a 3% reduction from the previous financial year.

As whg purchases 100% green electricity and gas backed by REGOs and RGGOs respectively, our market-based emissions for the 2023/24 financial year are zero. Furthermore, whg generated 239,070 kWh of electricity through solar panels saving 50 tCO₂e; this is a reduction from 380,820 kwh or 81 tCO₂e in 2022/23.

whg have chosen 'Tonnes of CO₂e per full time employee (FTE)' as an intensity metric as this is an appropriate metric for the business. The intensity metric for the financial year 2023/24 was 2.58 tCO₂e/FTE compared to 2.63 tCO₂e/FTE in 2022/23.

Figure 2 – Year on Year analysis (2023/24 vs 2022/23)

Type of Emissions Activity	Units	2023/24	2022/23	YOY % Change
Energy Generation	(kwh)	239,070	380,820	-37%
Direct (Scope 1)	(kwh)	5,372,548	5,642,315	-5%
	(tCO ₂ e)	1,143	1,189	-4%
Indirect (Scope 2)	(kwh)	3,694,003	3,728,640	-1%
	(tCO ₂ e)	765	721	6%
Indirect Other (Scope 3)	(kwh)	288,250	291,945	-1%
	(tCO ₂ e)	70	72	-3%
Total Energy Use	(kWh)	9,354,801	9,662,900	-3.2%
Total Gross Emissions	(tCO ₂ e)	1,978	1,982	-0.2%
Renewable Electricity	(tCO ₂ e)	765	721	6.1%
Total Net Emissions	(tCO ₂ e)	738	725	1.8%
Tonnes of Gross CO ₂ e per FTE	(tCO ₂ e)	2.58	2.63	-1.9%

The year-on-year analysis outlines that there has been a reduction of 3.2% in total energy usage (kWh) as well as a 0.2% reduction in total Gross (Location Based) emissions between the 2023/24 and 2022/23 financial year. This is equivalent to 4 tCO₂e.

Financial Review

Statement of Comprehensive Income (SOCl)

Turnover: £135.8m

Social housing lettings contributed £119.9m to Group turnover for the year. This includes the impact of the annual rent increase and new homes developed during the year. A further £11.9m derived from Shared Ownership first tranche sales and £4m from other activities takes the total turnover to £135.8m, higher than last year's £121.1m.

Operating surplus: £41.8m (31% operating margin)

Operating performance continues to be strong with an Operating Surplus of £41.8m (31%). Without the impact of fixed asset sales, the margin would be 26%. These are good results for the Group and demonstrate that the core financial performance is complemented by, but not dependent on, asset sales and this surplus will support investment in new and existing homes. The social housing lettings operating margin was 26% for the year which is also good performance and helps us to maintain our credit rating, a key part of our Treasury Strategy, to ensure value for money in future borrowing costs.

Surplus for the year after tax: £32.4m

The surplus for the year after tax includes net interest and financing costs of £15.4m (2023: £20.3m), interest receivable £5.9m (2023: £3.6m) and surplus from joint venture of £0.3m (2023: £nil). The interest receivable included notional interest on pension assets of £3m.

Total comprehensive income for the year: (£36.8m)

The net deficit for the year of £36.8m was significantly impacted by two factors. Whilst there was a £14.2m positive movement in the value of our pension asset derived from a year-end actuarial valuation of pension assets and liabilities, there was also a derecognition of the pension asset from the Statement of Financial Position. This has resulted in a movement of £83.5m.

Statement of Financial Position

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

Fixed Assets: £749m

Capital expenditure is set out in Notes 12 to 14 to the Financial Statements. During the year we have invested a gross £78.8m in major works to existing properties and in developing and acquiring new homes. We have received £8.9m from the Homes England Affordable Homes Programme towards the cost of our new build programme. This combined investment can be seen in the movement in the net book value of housing assets to £721.3 from £641.6m. The year-end balance includes £61.5m relating to schemes that are already on site and will contribute to future completed home targets.

Net Current Assets: £30.7m

Current assets have decreased by £41m. Significant movements include £39.8m reduction in investments, cash and cash equivalents due to the continued expenditure on development. Debtors due after one year has reduced by £7.3m due to the repayment of £4.9m of loans from Anthem Homes Ltd, the remaining balance is due in 2024/25. Short term creditors have reduced by £4.9m which is due to the release of social housing grant received in advance.

Long Term Creditors: £518.4m

The net movement in long term creditors was an increase of £6.1m. The most significant element of which was an increase in deferred grant of £7.1m. There was a decrease in loan premium and amortised costs of £783k and a £240k decrease in the recycled capital grant.

Pensions Asset: £0

whg has de-recognised last year's pension asset to align with the sector. Our underlying actuarial valuation shows an asset of £88.8m. (See Note 26 for more detail).

Reserves: £260.3m

Reserves have decreased by £36.8m reflecting the total comprehensive income for the year. Movement in the reserves balances is further shown in the Statement of Changes in Reserves.

Statement of Cash Flows

This statement shows that the cash inflow generated from operating activities of £62.7m. During the year we funded investment in new and existing housing assets of £94m. £31.7m was withdrawn from investments, interest of £17.6m was payable and £4.9m was repaid from the joint venture with Anthem Lovell. Overall, there has been a net cash outflow of £8.1m.

5-year trend analysis of key financial ratios

	23/24	22/23	21/22	20/21	19/20
	£m	£m	£m	£m	£m
Statement of comprehensive income					
Turnover	135.8	121.1	120.5	120.8	112.2
Operating surplus	41.8	39.2	40.5	38.4	37.6
Operating margin	30.8%	32.4%	33.6%	31.8%	33.5%
Net margin	23.9%	18.2%	17.3%	22.6%	14.7%
EBITDA	50.2	45.2	46.5	46.1	41.0
EBITDA (MRI)	28.3	29.8	28.6	34.4	29.2
Statement of financial position					
Total net assets	779.8	810.9	780.6	646.5	618.5
Long Term Debt	395.0	395.0	450.9	401.1	402.8
Deferred Grant	101.4	94.5	82.2	69	61.3
Derivatives	0.0	0.0	0	0	9.6
Other LT Creditors	21.9	22.8	27.5	0.1	0
Pension Provision	0.3	0.3	0.2	8.7	14.2
Other Provisions	0.9	1.2	0.5	0.8	0.9
Income and expenditure reserve	260.3	297.1	219.3	166.8	129.7
	779.8	810.9	780.6	646.5	618.5
Funding metrics					
Interest cover covenant	3.1	2.4	2.1	2.11	2.12
Weighted average cost of funds	4.2%	4.2%	4.7%	4.8%	4.8%
Gearing covenant (Housing Properties at Cost)	39%	38%	39%	-	-
Gearing covenant (net debt per unit)	-	-	14.8	15.1	14.9

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

EBITDA: Earnings before interest, tax, depreciation and amortisation

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

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

Turnover has steadily increased over the past five years as a result of our new build programme and rent increases. The rent settlement for 2023/24 was 7.7% resulting in an increase of £10.3m. Our **operating surpluses** and **operating margin** have come under increasing pressure over the past two years due to the high inflationary environment and government intervention in the 2022/23 rent increase, capping it at 7% . During the period we have continued to invest in delivering services and continuing to increase the supply of homes.

Our **net margin** has varied over the years, mainly due to changes in the actuarial valuation of our pension fund. The **EBITDA** (Earnings Before Interest, Tax, Depreciation and Amortisation) shows a consistently healthy position, allowing whg to continue investing in existing homes and new homes. The **EBITDA MRI** (EBITDA Major Repairs Included) shows the impact on the EBITDA with major repairs capital spend included, an indicator of earnings available to service debt used to build new homes. Performance on this indicator varies depending on the nature of investment works carried out to our homes and the scale of components replaced in any one year in order to maintain the quality of our homes.

Total net assets have reduced in 2023/24 for the following reasons: the derecognition of the pension asset of £83.5m, reduction of cash and investments of £39.8m offset by an increase in housing properties of £79.7m. Our deferred grant account continues to increase each time a new grant is received, made up primarily of Homes England funding for the new build programme although we also receive other grants to a lesser degree from local authorities and other government agencies.

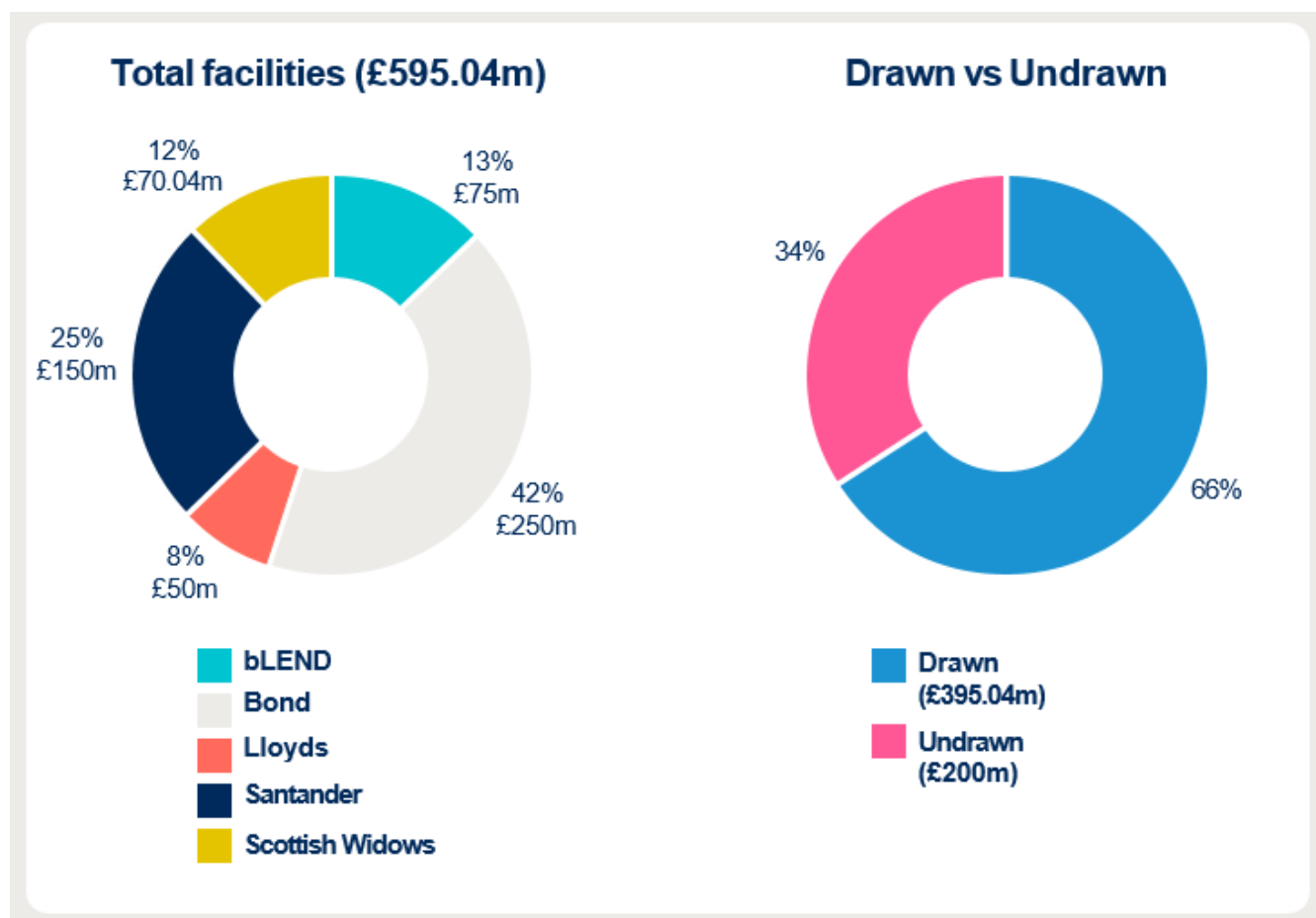
Our funder metrics also have a track record of strong performance over the past five years. Our **interest cover** remains strong at 3 times cover and our **gearing covenant** has remained stable at 39%. Our **weighted average cost of funds** has remained unchanged at 4.2%.

Treasury Management

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

Liquidity and Capital Structure

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



Interest Rate Risk

The Group manages its interest rate risk through its Treasury Policy which requires at least 60% of drawn debt to be fixed. As at 31 March 2024, 100% of debt was fixed.

Investment Policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked to ensure investments are not at risk. Surplus cash is mainly invested in AAA rated money market funds as well as fixed or floating deposit accounts. Rates of interest have increased during the year as these vary with Bank of England base rate and in the final quarter of the financial year the average weighted return across the portfolio was 5.2%.

Currency Risk

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

Loan Covenants

The Group ensures that it operates with a prudent level of headroom on all loan covenants and monitors forecast covenant performance on a monthly basis. This is reported to the Board on a quarterly basis. The Business Plan is very resilient to these covenants with a degree of headroom. As at 31 March 2024 and throughout the year, the Group met all of its covenant targets for the financial year.

Credit Rating

During the year Moody's upgraded our rating to A2 stable which was reaffirmed in January 2024. We have improved our rating amidst a challenging period for the Housing Association sector.

The credit strengths listed were:

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

The Strategic Report of the Board was approved by the Board on 1 August 2024 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Gary Moreton', with a stylized, looped end.

*Gary Moreton, Chair of the Board
1 August 2024*

A handwritten signature in black ink, appearing to read 'Gary Fulford', with a stylized, looped end.

*Gary Fulford, Chief Executive
1 August 2024*

The Report of the Board

The Board presents its report and audited Financial Statements for the year ended 31 March 2024.

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

Board Statement of Public Benefit

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

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

The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our area of operation and our published policies, designed to ensure fair access to our services for all those in housing or other need.

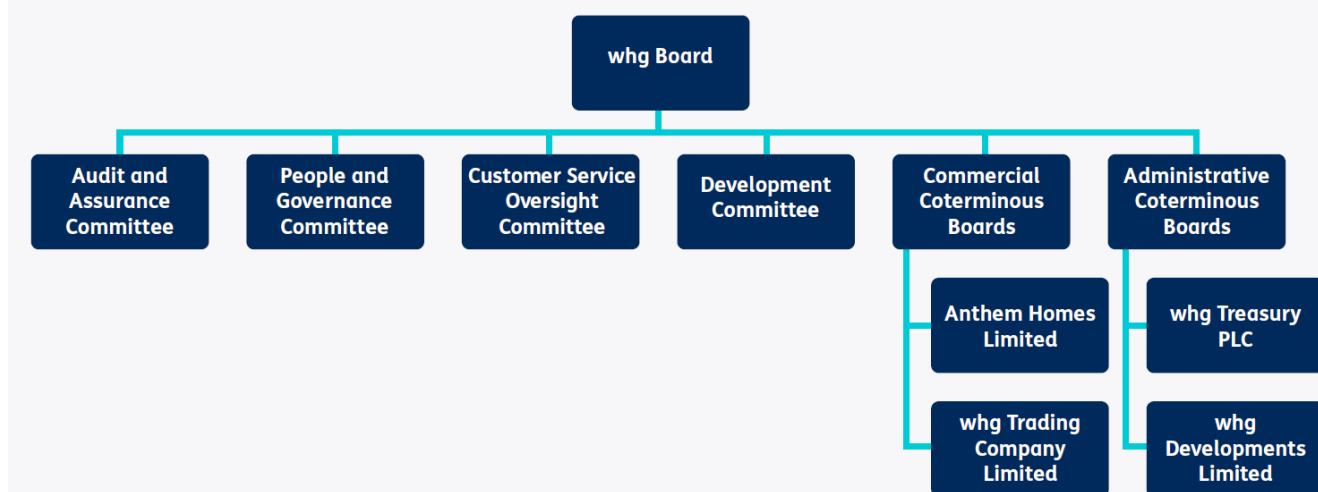
The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing service and environmental improvements are shared by our residents.

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

Governance

The Non-Executive Board Members and the Executive Directors are listed in the front of these accounts. As of 31 March 2024, the Board was made up of twelve Board Members, who are responsible for the Group's governance. The Board meets regularly, with additional development days and training days. The Board works alongside the Executive Team which is responsible for the day to day management of the Group's activities. The Board complies with the National Housing Federation Code of Governance 2020 and can have a maximum of 12 Members. The Board and Committee structure is summarised below:

Committee Structure



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

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

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

The People and Governance Committee reviewed and approved the latest self-assessment against the Code of Governance in May 2024, on the basis that it had strong assurance that whg and its subsidiaries, where applicable, are fully compliant with the NHF Code of Governance.

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

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

The People and Governance Committee has completed an annual assessment of our compliance with the RSH's Governance and Financial Viability Standard and reported to the Board in May 2024 that we are fully compliant in all material respects. This includes using all reasonable endeavours to ensure compliance with all relevant law, including the review of six monthly updates from an external legal advisor.

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

General Data Protection Regulation

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

Board Statement on Modern Slavery

This statement is made under Section 54(1) of the Modern Slavery Act 2015. It constitutes whg's Anti-Slavery and Human Trafficking Statement for the financial year ending 31 March 2024. This statement is approved by the Board and applies to all organisations within the Group. It is reviewed and updated annually.

whg is committed to acting ethically and with integrity in all business relationships. We have taken steps to ensure that adequate processes and controls are in place to ensure slavery and human trafficking is not taking place anywhere in our supply chains. To read the full statement, visit: <https://www.whg.uk.com/wp-content/uploads/2024/07/whg-Anti-Slavery-and-Human-Trafficking-Statement-2023-24-Signed.pdf>

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Walsall Housing Group Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2024. In particular, by reference to the approval of our 2030 Plan. We work within a regulated sector and are proud to hold the highest level accreditation of G1/V1 for our governance activity and our financial viability.

Long term consequences of our decisions

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

Key decisions in the year to demonstrate that decision making has been supported by financial and non-financial information: The Board approved the annual Budget in March 2024. As part of this Budget approval, the Board assessed in-depth financial information on all aspects of the business. In addition, the Board approved a long-term Business Plan and all economic assumptions made within it. The Board assessed the financial impact of numerous scenarios on the Business Plan via a comprehensive set of stress tests and mitigating actions to ensure ongoing financial viability should the economic or regulatory environment worsen. In terms of non-financial information, the Board has assessed performance information on a regular basis throughout the year and used this to determine investment decisions for the long-term Business Plan. Key examples of this include investment in technology, energy efficiency and carbon reduction measures and improvement of existing homes.

Throughout the year the Board worked on our 2030 Plan, which was finalised in March, and reviewed our achievements against our previous strategy that was set out 10 years ago. We are proud of what we achieved over the last four years and look forward to our new plan which focuses on six transformational projects that form an ambitious programme of change. They include sustainability, making places, a workplace for the future, social justice, forward-thinking services and data-driven decisions.

Interests of our colleagues

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

Key decisions in the year that demonstrate protection of colleagues' interests:

The Board was deeply aware of how the current economic climate was impacting colleagues but were mindful of how any salary increase needed to be balanced against affordability and service to customers. During the year the Board worked with unions to award fair and competitive salary uplifts reflecting the current economic climate.

Regular salary benchmarking continues to take place to ensure colleagues' salaries are in line with industry norms. whg invests in pension scheme arrangements, offering a choice of schemes allowing colleagues to select the most appropriate for their circumstances. In addition, whg enhanced its

Employer Value Proposition, launching a new rewards platform which enables colleagues to collaborate and acknowledge great performance.

Training on equality, diversity and inclusion has also been provided to support the culture of treating people fairly and a number of lunch and learn sessions have taken place on allyship and unconscious bias.

A robust policy framework is in place, including policies for code of conduct and health and safety, which protects colleagues. In addition, an annual engagement survey is carried out to monitor the ongoing wellbeing of teams across the business. The engagement scores are high, indicating that whg's approach to colleague management is in line with its ambition to be an employer of choice.

Last year colleagues were involved in the development of our 2030 Plan and helped shape the new values. Their feedback has ensured our values are authentic and accurately reflect the culture within whg.

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

Business relationships with suppliers, customers and others

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

Key decisions in the year that demonstrate relationship management with stakeholders:

whg actively engages with stakeholders during the year through various channels. An effective procurement strategy is in place which enables opportunities for suppliers of all sizes to offer their services and ongoing contract management approaches ensure that suppliers receive the level of engagement expected from whg as determined by the contractual arrangements. whg ensures all contractors have strong sustainability credentials and share similar values.

whg's new 2030 Plan is heavily focused on understanding our customers and delivering great service. During the year the Board focussed on making the authentic 'voice of the customer' a fundamental part of its decision-making. Customers were given the opportunity to influence and contribute to strategic decisions, while the Board had insight into customers' views, needs, concerns and complaints. During 2023/24, 54 customer engagement activities took place, with over 2,200 customers involved in influencing decisions, including policy, strategy, procurement and recruitment decisions.

The Board also took every opportunity to engage with customers, taking part in activities such as Customer in the Room sessions, estate walkabouts, networking and community events.

Impact on the community and the environment

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

Key decisions in the year to demonstrate our impact on the community and environment:

whg is working towards upgrading homes to a minimum EPC C rating by 2030. This includes the start of our next phase of retrofit this year which includes partnering with Walsall Council to deliver a net zero neighbourhood accelerator plan to support sustainable communities. This goes beyond the fabric of a home and considers energy infrastructure, engagement with retrofit and what it means to a community to be sustainable.

whg continues at pace to refine its business as usual approach to include ESG, articulating how current activities meet environmental and sustainability outcomes and developing new objectives to drive future investment decisions. This has been reflected in a sustainability objective being included in the Performance Management Framework for colleagues to use where carbon literacy pledges have been

made or where appropriate in their area of delivery. whg now has over 10% of colleagues accredited as carbon literate with 4 Board members including the chair also completing this training.

The ESG working group will continue to meet to provide assurance that sustainability is being managed as a strategic priority across operations and planning.

High standards of business conduct

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

Key decisions in the year: whg carries out an annual assessment of compliance against regulatory standards and continues to achieve a G1/V1 regulatory grading, evidencing high standards of business conduct. whg was also upgraded to an A2 rating with a stable outlook by Moody's in October 2023. In addition, the assurance framework and three lines of defence model continues to drive a strong internal control environment. There are numerous policies in place for code of conduct, standing orders and financial regulations, fraud and whistleblowing, all of which provide a clearly defined framework for business conduct.

Act fairly between members

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

Key decisions in the year: We implemented the recommendations from an external review of governance arrangements conducted in 2022/23.

During the year we welcomed six new Board and Committee members to the whg governance structure. As well as bringing a wealth of skills and lived experience, our new additions have increased the diversity across our Boards and Committees.

The adoption of the NHF Code of Governance 2020 supports the efficacy of the Board acting fairly and supporting the interests of customers and colleagues. Board members act in the best interests of each company they represent ensuring each entity operates within the articles of association.

Statement of Compliance with the SORP

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

Other Information

Where information is not shown within the Report of the Board in accordance with S414c (11) Companies Act 2006 it is instead included within the Strategic Report starting on page 6. This includes the Energy and Carbon report starting on page 40

Qualifying Third Party Indemnity Provisions

The Directors have third party indemnity insurance through the Group.

Going Concern

The Group has long-term debt facilities in place which provide adequate resources to finance day to day operations, reinvestment in existing homes, together with meeting our targets for new development programmes. The Board approved business plan shows the Group has liquidity in place for at least the next 40 months before refinancing is required to replace expiring debt facilities.

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

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

The Group has a very strong liquidity position with £49.9m cash holding at 31 March 2024 and with undrawn revolving facilities of £200m, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

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

Board Statement on the Effectiveness of Internal Control

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

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

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

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

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

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

Identifying and Evaluating Key Risks

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

The Executive Team regularly considers reports on these risks and the Corporate Director of Governance, Compliance and Communications is responsible for ensuring any significant change affecting key risks is reported to the Committee.

Control environment and internal controls

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

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

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

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

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

Fraud Assurance

The work with our internal auditors provides assurance that controls are designed to reduce the risk of fraud and to respond to suspected instances of fraudulent activity. The policies on fraud prevention and whistleblowing address any specific issues arising. These policies are reviewed regularly. We maintain a register of fraud risk, reviewed annually by the Audit and Assurance Committee and undertake fraud awareness training with colleagues. Any material frauds are reported to the Regulator of Social Housing and Charity Commission as required.

During the year there were no material frauds. Suspect activity was identified, this was fully and independently investigated, appropriate action has been taken.

Statement of Board Responsibilities

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

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

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

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

The Board and the Executive Team are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of Information to the Auditor

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

Auditor

Beever and Struthers acted as our external auditors for 2023/24 and are re-appointed for 2024/25.

This report was approved by the Board and authorised for issue on 1 August 2024 and signed on its behalf by:



Gary Moreton
Chair of the Board
1 August 2024

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

Opinion

We have audited the financial statements of Walsall Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2024 which comprise the Consolidated Statement of Total Comprehensive Income, Consolidated Statement of Changes in Reserves, Company Statement of Changes in Reserves, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows and the Notes to the Financial Statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2024 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If

we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

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

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on pages 54 and 55, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud.

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group and the Association's activities and the regulated nature of the Group and the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias

Due 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. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of our report

This report is made solely to the Association's members, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Lee Cartwright (Senior Statutory Auditor)

For and on behalf of

Beever and Struthers

Statutory Auditor and Chartered Accountants

The Colmore Building

20 Colmore Circus Queensway

Birmingham

B4 6AT

Date: 23 September 2024

Consolidated Statement of Total Comprehensive Income for the year ended 31 March 2024

The consolidated Financial Statements on pages 59 to 104 were approved by the Board on 1 August 2024.

	Note	Group 2024 £'000	2023 £'000	Company 2024 £'000	2023 £'000
Turnover	3	135,770	121,121	135,493	120,532
Operating expenditure	3	(101,614)	(91,908)	(101,719)	(92,017)
Gain on disposal of property, plant and equipment	3,6	6,762	9,290	6,762	9,290
Movement in fair value of investment properties	3,15	600	326	600	326
Share in Surplus from Joint Venture	3,33	316	414	-	-
Operating surplus	5	41,834	39,243	41,136	38,131
Interest receivable and other income	7	6,080	3,608	6,427	4,127
Interest and financing costs	8	(15,406)	(20,287)	(15,406)	(20,287)
Exceptional item	36	-	(527)	-	(527)
Gift Aid		-	-	956	343
Surplus for the year before tax		32,508	22,037	33,113	21,787
Taxation	11	(114)	(7)	-	-
Surplus for the year after tax		32,394	22,030	33,113	21,787
Other comprehensive income / (expenditure):					
Remeasurements – Actuarial gain in respect of pension schemes	26	14,246	55,822	14,246	55,822
Derecognition of pension asset	26	(83,512)	-	(83,512)	-
Total comprehensive income for the year		(36,872)	77,852	(36,153)	77,609



Gary Moreton
Chair
1 August 2024



Gary Fulford
Group Chief Executive
1 August 2024

The consolidated results relate wholly to continuing activities. The accompanying Notes form part of these Financial Statements.

Consolidated Statement of Changes in Reserves for the year ended 31 March 2024

	Income and expenditure reserve £'000
Balance as at 1 April 2022	219,280
Surplus for the year	22,030
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	55,822
Balance at 31 March 2023	297,132
Surplus for the year	32,394
Other comprehensive income/(expenditure) for the year:	
Actuarial gain/(loss) in respect of the pension scheme	14,246
Derecognition of pension asset	(83,512)
Balance at 31 March 2024	260,260

Company Statement of Changes in Reserves for the year ended 31 March 2024

	Income and expenditure reserve £'000
Balance as at 1 April 2022	237,757
Surplus for the year	21,787
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	55,822
Balance at 31 March 2023	315,366
Surplus for the year	33,113
Other comprehensive income/(expenditure) for the year:	
Actuarial gain/(loss) in respect of the pension scheme	14,246
Derecognition of pension asset	(83,512)
Balance at 31 March 2024	279,213

Consolidated Statement of Financial Position

At 31 March 2024

		Group		Company	
	Note	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed Assets					
Intangible assets	12	935	1,935	935	1,935
Tangible fixed assets - Housing Properties	13	720,989	641,612	740,565	660,662
Tangible fixed assets - Other Fixed Assets	14	13,875	14,915	13,875	14,915
Investment properties	15	11,655	11,055	11,655	11,055
HomeBuy loans receivable	16	107	137	107	137
Investment in Subsidiaries	17	-	-	100	100
Investment in Joint Venture	33	1463	948	-	-
Other Investments		20	20	20	20
		749,044	670,622	767,257	688,824
Current Assets					
Properties held for sale	18	5,333	6,157	3,491	4,367
Trade and other debtors	19	10,649	8,748	12,764	9,886
Debtors due in more than one year	20	0	7,298	2,821	10,019
Investments	34	2,702	34,404	2,702	34,404
Cash and cash equivalents	34	47,245	55,378	44,771	53,383
		65,929	111,985	66,549	112,059
Creditors: Amounts falling due within one year	21	(35,208)	(40,118)	(35,079)	(40,146)
Net current assets		30,721	71,867	31,470	71,913
Pension Asset	26	0	68,396	0	68,396
Total assets less current liabilities		779,765	810,885	798,727	829,133
Creditors: Amounts falling due after more than one year	22	(518,379)	(512,248)	(518,388)	(512,262)
Provisions for liabilities					
Defined Benefit Pension provision	26	(269)	(270)	(269)	(270)
Other provision	27	(857)	(1,235)	(857)	(1,235)
Total net assets		260,260	297,132	279,213	315,366
Reserves					
Income and expenditure reserves		260,260	297,132	279,213	315,366
Total Reserves		260,260	297,132	279,213	315,366

The accompanying Notes form part of these Financial Statements.

The Financial Statements on pages 59 to 104 were approved by the Board and authorised for issue on 1 August 2024 and are signed on its behalf by:



Gary Moreton
Chair
1 August 2024



Gary Fulford
Group Chief Executive
1 August 2024

Consolidated Statement of Cash Flows for the year end 31 March 2024

	Note	2024 £'000	2023 £'000
Net cash generated from operating activities	29	62,739	65,766
Cash flow from investing activities			
Purchase of tangible fixed assets - housing properties		(93,600)	(70,369)
Purchase of tangible fixed assets - other		(1,351)	(3,506)
Loan from/(to) non-group entity		4,973	5,000
Repayment of Homebuy Loan		30	-
Grants received		2,083	2,987
Interest received		2,887	3,446
		(84,978)	(62,442)
Cash flow from financing activities			
Interest paid		(17,596)	(23,247)
Repayment of loan		-	(68,367)
Withdrawal from deposits		31,702	(6,134)
		14,106	(97,748)
Net change in cash and cash equivalents		(8,133)	(94,424)
Cash and cash equivalents at beginning of the year		55,378	149,802
Cash and cash equivalents at end of the year		47,245	55,378

The accompanying Notes form part of these Financial Statements.
A reconciliation of net debt is shown in Note 29A.

Notes to the Financial Statements

1. Legal Status

Walsall Housing Group Limited is a company limited by guarantee, registered under the Companies Act 2006 and is an English registered charity and social housing provider. Walsall Housing Group is a public benefit entity. The Company's registered office address and principal place of business is: 100 Hatherton Street, Walsall, WS1 1AB.

Walsall Housing Group's principal activities and the nature of the Company's operations can be found in the Group profile on page 4. Walsall Housing Group (the Group) comprises the following entities:

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

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

2. Accounting policies

Basis of Accounting

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

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

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

Basis of Consolidation

The consolidated Financial Statements incorporate those of the Company and all its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies to obtain economic benefits). All Financial Statements are made up to 31 March 2024.

All intra-Group transactions and balances between Group companies are eliminated on consolidation. The wholly owned subsidiaries which are consolidated are listed at 1 above.

Joint Ventures

An entity is treated as a joint venture where a member of the Group holds an interest and shares control under a contractual agreement with one or more parties external to the Group. In the Group accounts, joint ventures are accounted for using the equity method. Under this method, where the venture itself is not a parent, the fair value model is adopted, and an equity investment is initially recognised at the transaction price (including transaction costs). Changes in fair value are recognised where it is practicable to do so. Where it is impracticable to measure fair value reliably or without undue cost or effort, the cost model will be used in accordance with the provisions of FRS 102. Dividends and other distributions will be recognised in Anthem Homes Ltd accordingly. At group level this will reduce the carrying amount of the investment.

Reduced Disclosures

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

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

Going Concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Group financial plan has been subjected to a wide range of stress tests. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Turnover and Revenue Recognition

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

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

Other Income

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

Investment income is recognised on an accruals basis.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

Tangible Fixed Assets – Housing Properties

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

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

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

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

Works to existing properties are capitalised when they either replace a component that has been treated separately for depreciation purposes, or are improvement works that enhance the economic benefits of the asset. Such enhancements can occur if improvements result in any of the following:

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

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

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

Right to Buy and Right to Acquire Disposals

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

Voluntary Right to Buy Disposals

For homes sold under the scheme the proceeds will be retained by whg to fund replacement homes. The discount received by the tenant will be claimed back by whg from Homes England. We will claim back any transaction cost i.e. legal costs and debt associated with the property, and the net cash amount will be held as a designated reserve to fund replacement properties as disclosed in Note 35.

Investment Properties

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

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board considers that, because investment properties are not held for consumption, but for their investment potential, to depreciate them

would not give a true and fair view. If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Government Grants

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

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

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

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

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

Government grants that impose specified future performance-related conditions on the Company are recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Other Grants

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

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

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

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

Building Components**Years**

Structure / Roofing / Bin Chutes	100 or 125
Windows and Doors	27-30
Kitchens	18-20
Bathrooms	27-30
Central Heating	27-30
Boilers	10-15
Rewiring	22-25
External Wraps	35-40
Lifts	25
Door Entry Systems	20
Lift Maintenance	10

Impairments of Fixed Assets

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

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

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

Other Tangible Fixed Assets

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

Other Assets	Years
Office buildings	50
IT	4-15
Furniture & office equipment	10
Motor Fleet vehicles	10
Motor Other vehicles	2-4
Office improvements	4-8

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

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

Cash and cash equivalents

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

Borrowing Costs

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

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

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

Taxation

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

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

Deferred Taxation

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

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

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

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

Value Added Tax (VAT)

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

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

The group expenditure is subject to VAT in different ways: -

- The majority of the Group expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.
- Although a large proportion of the Group's income is exempt from VAT, the Group charges VAT on some of its income and can recover VAT on directly attributable costs.
- The Group is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs (HMRC) and the recovered amounts are disclosed in turnover.

Interest Payable

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

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

Leases

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

Colleague Benefits

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

The cost of any unused holiday entitlement at 31 March is recognised in the period in which the employee's services are received.

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

Retirement Benefits

Defined benefit plans

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

Liabilities relating to whg's share of the SHPS and LGPS scheme are included on the Statement of Financial Position. Assets are only included up to the extent to which an Asset Ceiling report demonstrated they are recoverable.

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

The net defined benefit liability / asset represents the present value of the defined benefit obligation less the fair value of plan assets out of which obligations are to be settled.

Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The following are recognised in the Statement of Comprehensive Income:

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

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

HomeBuy

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

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

Financial Instruments

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

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

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

Financial Assets

Debtors

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

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

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

Financial Liabilities

Creditors

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

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

Borrowings

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

Derecognition of financial assets and liabilities

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

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

Provisions

The Group recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable, will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Critical Accounting Estimates and Areas of Judgement

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

Critical accounting estimates and assumptions

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

Defined Benefit Obligation (DBO) – WMMAPF

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

During the year whg derecognised its pension assets, capping them to zero based on the Asset Ceiling report provided by the actuary.

Defined Benefit Obligation (DBO) – SHPS

whg's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases and the roll forward of actuarial information to 31 March 2024. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 26).

Fair value measurement

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

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

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

Useful lives of depreciable assets

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

Critical areas of judgement

Impairment

On an annual basis we review for potential impairment. An impairment review was carried out which included the impact of failure of three contractors on our development schemes. The detailed assessment concluded that the schemes remain viable, and no impairment was necessary.

More generally, we estimated the recoverable amount of our housing properties as follows:

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

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

Capitalisation of property development costs

Distinguishing the point at which a project is more than likely not to continue, allowing capitalisation of associated development costs requires judgement.

Fire Safety

whg undertakes regular fire risk assessments on all of its high-rise and low-rise blocks to ensure compliance with fire safety standards, taking into consideration the specific facts and circumstances of each block we have concluded that no financial provision is required.

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

2024							
GROUP – continuing activities	Turnover	Cost of sales	Operating expenditure	Surplus on Disposal	Revaluation of Investment of Property	Share in Surplus from Joint Venture	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	119,946	-	(88,637)	-	-	-	31,309
Other social housing activities							
First tranche low cost home ownership sales	11,980	(9,867)	-	-	-	-	2,113
Gain on disposal of property, plant and equipment	-	-	-	6,762	-	-	6,762
Charges for support services	-	-	-	-	-	-	-
Development costs	-	-	(1,007)	-	-	-	(1,007)
Other social housing grants	977	-	-	-	-	-	977
VAT recoverable	182	-	-	-	-	-	182
Other social housing	617	-	(269)	-	-	-	348
	133,702	(9,867)	(89,913)	6,762	-	-	40,684
Activities other than Social Housing							
Non social housing lettings	1,040	-	(604)	-	-	-	436
Non social housing grants	330	-	(828)	-	-	-	(498)
Outright property sale	-	-	-	-	-	-	-
Other non social housing	698	-	(402)	-	-	-	296
Share in Surplus from Joint Venture	-	-	-	-	-	316	316
Increase in valuation of Investment Properties	-	-	-	-	600	-	600
	135,770	(9,867)	(91,747)	6,762	600	316	41,834

2023							
GROUP – continuing activities	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment of Property	Share in Surplus from Joint Venture	Operating Surplus
	£'000	£'000	£'000	£'000	£'000		£'000
Social housing lettings	109,613	-	(82,548)	-	-	-	27,065
Other social housing activities							
First tranche low cost home ownership sales	7,082	(5,790)	-	-	-	-	1,292
Gain on disposal of property, plant and equipment	-	-	-	9,290	-	-	9,290
Charges for support services	-	-	-	-	-	-	-
Development costs	-	-	(907)	-	-	-	(907)
Other social housing grants	436	-	-	-	-	-	436
VAT recoverable	100	-	-	-	-	-	100
Other social housing	632	-	(347)	-	-	-	285
	117,863	(5,790)	(83,802)	9,290	-	-	37,561
Activities other than Social Housing							
Non social housing lettings	976	-	(188)	-	-	-	788
Non social housing grants	627	-	(1,226)	-	-	-	(599)
Outright property sale	615	(599)	-	-	-	-	16
Other non social housing	1,040	-	(303)	-	-	-	737
Share in Surplus from Joint Venture	-	-	-	-	-	414	414
Increase in valuation of Investment Properties	-	-	-	-	326	-	326
	121,121	(6,389)	(85,519)	9,290	326	414.00	39,243

3b. Particulars of turnover, cost of sales, operating costs and operating surplus**2024**

COMPANY – continuing activities	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	119,946	-	(88,805)	-	-	31,141
Other social housing activities						
First tranche low cost home ownership sales	11,980	(9,867)	-	-	-	2,113
Gain on disposal of property, plant and equipment	-	-	-	6,762	-	6,762
Charges for support services	-	-	-	-	-	-
Development costs	-	-	(998)	-	-	(998)
Other social housing grants	977	-	-	-	-	977
VAT recoverable	182	-	-	-	-	182
Other social housing	768	-	(270)	-	-	498
	133,853	(9,867)	(90,073)	6,762	0	40,675
Activities other than Social Housing						
Non social housing lettings	1,040	-	(605)	-	-	435
Non social housing grants	330	-	(828)	-	-	(498)
Outright property	-	-	-	-	-	0
Other non social housing	270	-	(346)	-	-	(76)
Increase in valuation of Investment Properties	-	-	-	-	600	600
	135,493	(9,867)	(91,852)	6,762	600	41,136

2023

COMPANY – continuing activities	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	109,613	-	(82,719)	-	-	26,894
Other social housing activities						
First tranche low cost home ownership sales	7,082	(5,790)	-	-	-	1,292
Gain on disposal of property, plant and equipment	-	-	-	9,290	-	9,290
Charges for support services	-	-	-	-	-	-
Development costs	-	-	(904)	-	-	(904)
Other social housing grants	436	-	-	-	-	436
VAT recoverable	100	-	-	-	-	100
Other social housing	751	-	(347)	-	-	404
	117,982	(5,790)	(83,970)	9,290	0	37,512
Activities other than Social Housing						
Non social housing lettings	976	-	(188)	-	-	788
Non social housing grants	627	-	(1,226)	-	-	(599)
Outright property	615	(599)	-	-	-	16
Other non social housing	332	-	(244)	-	-	88
Increase in valuation of Investment Properties	-	-	-	-	326	326
	120,532	(6,389)	(85,628)	9,290	326	38,131

Included within social housing lettings operating expenditure are non-cash amounts that relate to FRS 102 assumptions in respect of the pension funds for 'current service costs' and 'curtailments' of £2.3m (2023: £5.4m). This non-cash financial assumption is derived by the scheme actuaries.

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

GROUP	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2024	2023
				Total £'000	Total £'000
Rent receivable net of identifiable service charges	108,363	1,717	2,290	112,370	103,260
Service charge income	5,119	340	657	6,116	5,038
Amortised government grants	1,292	-	-	1,292	1,135
Other Income	-	168	-	168	180
Turnover from social housing lettings	114,774	2,225	2,947	119,946	109,613
Management	(22,490)	(371)	(125)	(22,986)	(26,996)
Service charge costs	(6,334)	(465)	(473)	(7,272)	(7,624)
Routine maintenance	(13,165)	(216)	-	(13,381)	(12,534)
Planned maintenance	(20,019)	(328)	-	(20,347)	(18,323)
Major repairs expenditure	(9,449)	(155)	-	(9,604)	(4,307)
Bad debts	(466)	(7)	17	(456)	(662)
Depreciation of housing properties	(14,039)	(235)	(317)	(14,591)	(12,102)
Operating expenditure on social housing lettings	(85,962)	(1,777)	(898)	(88,637)	(82,548)
Operating surplus on social housing lettings	28,812	448	2,049	31,309	27,065
Void losses	(1,363)	(1)	-	(1,364)	(726)

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

COMPANY	2024				2023
	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	Total £'000	Total £'000
Rent receivable net of identifiable service charges	108,363	1,717	2,290	112,370	103,260
Service charge income	5,119	340	657	6,116	5,038
Amortised government grants	1,292	-	-	1,292	1,135
Other grants	-	168	-	168	180
Turnover from social housing lettings	114,774	2,225	2,947	119,946	109,613
Management	(22,496)	(371)	(125)	(22,992)	(27,003)
Service charge costs	(6,336)	(465)	(473)	(7,274)	(7,626)
Routine maintenance	(13,168)	(216)	-	(13,384)	(12,538)
Planned maintenance	(20,025)	(328)	-	(20,353)	(18,329)
Major repairs expenditure	(9,450)	(155)	-	(9,605)	(4,308)
Bad debts	(466)	(7)	17	(456)	(662)
Depreciation of housing properties	(14,186)	(238)	(317)	(14,741)	(12,253)
Operating expenditure on social housing lettings	(86,127)	(1,780)	(898)	(88,805)	(82,719)
Operating surplus on social housing lettings	28,647	445	2,049	31,141	26,894
Void losses	(1,363)	(1)	-	(1,364)	(732)

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

	Group and Company	
	2024 £'000	2023 £'000
Market rented housing properties	694	636
Garage rents	346	340
	1040	976

4. Accommodation in management and development

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

GROUP AND COMPANY	2024 Number	2023 Number
Social housing		
General housing:		
- social rent	18,122	18,063
- affordable rent	2,476	2,287
Supported housing	345	286
Low cost home ownership	791	680
Total owned	21,734	21,316
Leasehold properties	666	659
Total managed	22,400	21,975
Non-social housing		
Market rented housing properties	101	101
Total owned and managed	101	101
Accommodation in development at the year end	638	956

The Group owns 30 commercial properties (2023:30).

5. Operating Surplus

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

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Amortisation of deferred capital grant	(1,302)	(1,145)	(1,302)	(1,145)
Non government grant	(168)	(180)	(168)	(180)
Amortisation of intangible fixed assets	459	462	459	462
Depreciation of housing properties	14,591	12,102	14,741	12,253
Depreciation of other tangible fixed assets	1,597	909	1,597	909
Operating lease rentals:				
- land and buildings	55	55	55	55
- vehicles and equipment	56	56	56	56
Auditor's remuneration (including non recoverable VAT)				
- Fees payable to the Company's auditor for the audit of the Financial Statements	104	104	82	82
- Fees payable to the Company's auditor for other services:	-	-	-	-
Total audit services	104	104	82	82

6. Surplus on disposal of property, plant and equipment

Included in the Operating Surplus (Note 3)	Group and Company	
	2024	2023
	£'000	£'000
Disposal proceeds	9,258	13,115
Carrying value of fixed assets	(2,411)	(2,694)
Other costs of sale	(85)	(1,131)
Surplus on disposal	6,762	9,290

	Group and Company					
	2024			2023		
	£'000	£'000	£'000	£'000	£'000	£'000
	Proceeds	Cost of Sale	Surplus	Proceeds	Cost of Sale	Surplus
AHO/LCHO Staircasing	1,319	(892)	427	1,636	(1,149)	487
RTB Sales	2,385	(405)	1,980	3,802	(651)	3,151
RTA Sales	4,140	(818)	3,322	6,113	(987)	5,126
Other Housing Property Sales	647	(59)	588	19	0	19
Sale of Other Assets	767	(322)	445	1,545	(1,038)	507
Total	9,258	(2,496)	6,762	13,115	(3,825)	9,290

7. Interest receivable and similar income

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank interest receivable	2,846	2,996	2,790	2,978
Net interest receivable on the net defined benefit liability	3,193	421	3,193	421
Interest receivable from subsidiaries and joint ventures	41	191	444	728
	6,080	3,608	6,427	4,127

8. Interest and financing costs

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Net interest payable on the net defined benefit liability	12	5	12	5
Bond and loan interest	17,534	21,357	17,534	21,357
Premium/discount amortised	(843)	(683)	(843)	(683)
Amortisation of issue costs and commitment fees	358	533	358	533
	17,061	21,212	17,061	21,212
Interest payable capitalised on housing properties under construction	(1,655)	(925)	(1,655)	(925)
	15,406	20,287	15,406	20,287
Capitalisation rate used to determine the finance costs capitalised during the period	4.20%	4.20%	4.20%	4.20%

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

9. Employees

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

GROUP AND COMPANY	2024 No.	2023 No.
Administration	168	202
Development	27	25
Housing, support and care	534	521
Average monthly FTE	729	748

GROUP AND COMPANY	2024 No.	2023 No.
Administration	176	212
Development	28	27
Housing, support and care	552	539
Average monthly headcount	756	778

Employee Costs:	2024 £'000	2023 £'000
Wages and salaries*	30,284	29,576
Social security costs	3,148	3,103
Other pension costs	4,340	7,318
Total Employee Costs	37,772	39,997

* Includes redundancy costs of £472k (2023: £947k).

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

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

	2024 No	2023 No
£60,000 - £70,000	25	19
£70,001 - £80,000	15	6
£80,001 - £90,000	7	3
£90,001 - £100,000	1	7
£100,001 - £110,000	4	2
£110,001 - £120,000	1	2
£120,001 - £130,000	1	3
£130,001 - £140,000	1	1
£140,001 - £150,000	1	1
£150,001 - £160,000	0	1
£160,001 - £170,000	1	0
£170,001 - £180,000	0	0
£180,001 - £190,000	1	1
£200,001 - £210,000	0	1
£210,001 - £220,000	1	0
£240,001 - £250,000	0	1
£250,001 - £260,001	0	0
£260,001 - £270,000	1	1

10. Key management personnel

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

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

GROUP AND COMPANY	2024 £'000	2023 £'000
Basic salary	1,129	1,077
Benefits in kind	90	91
National Insurance	157	160
Pension contributions	83	81
	1,459	1,409

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

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 7 (2023: 7).

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2023: £nil).

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

Highest Paid Director	2024 £'000	2023 £'000
Remuneration	265	248
National Insurance	35	34
Pension Contribution	20	19
	320	301

Board members Attendance and Emoluments

Board members are paid as follows:

Committee

Audit and Assurance	AAC
Customer Service Oversight Committee	CSOC
People and Governance	PGC
Development Committee	DC
Commercial Coterminous Board	CCB
Administrative Coterminous Board	ACB
Cricket Close LLP	CC LLP

For 2024, no members of the Board other than the Chief Executive participate in the Social Housing Pension Scheme or the Local Government Pension Scheme.

Executive and Non-Executive Board Members	Attendance		Remuneration	
	Board	Committee	2024 £'000	2023 £'000
Gary Fulford (Chair ACBs, Member CCBs)	7/8	ACBs 3/4 CCBs 5/5 CC LLP 4/4	-	-
Sangita Surridge (Chair CC LLP)		CC LLP 4/4	-	-
Gregory Warner-Harris (CCB Chair) to 31/3/2023			-	10.2
Paul O'Driscoll	7/8	DC 4/5	8.3	8.2
Parminder Kaur	7/7		6.8	-
Elisabeth Downes (Chair PGC)	7/8	PGC 5/5	-	-
Daren Fradgley	6/8	CSOC 3/4	8.2	8.2
Natalia Hill (CSOC Chair)	6/8	CSOC 4/4	9.2	9.2
Katie Kershaw (CCB Chair)	7/7	CCBs 5/5	7.8	
Gary Moreton (Chair)	8/8	PGC 5/5 CSOC 4/4	20.4	22.6
Akshay Parikh (DC Chair)	6/8	DC 4/5 PGC 4/5	9.2	9.2
Guy Weston (AAC Chair)	7/8	AAC 5/5 DC 5/5	9.2	9.6
Deborah Walthorne	6/7	AAC 4/4	6.8	
Ian Shapiro	6/8	PGC 4/5	8.2	7.3
Total			94.1	84.5
Board Expenses			2.6	3.5
Committee Members Remuneration			39.5	37.4
Total			136.2	125.4

11. Taxation

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

Group	2024	2023
Current tax	£'000	£'000
UK corporation tax	(107)	-
Total current tax	(107)	0
Deferred tax		
-Origination and reversal of timing differences	(7)	(7)
Total deferred tax	(7)	(7)
Total tax on surplus on ordinary activities	(114)	(7)

	2024	2023
	£'000	£'000
Surplus on ordinary activities before tax	32,508	22,037
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 25% (2023: 19%)	8,127	4,187
-Exempt charitable activities	(8,048)	(4,187)
Adjustment for 2021/22	28	-
Current tax charge for the year	(107)	0
Capital allowances in excess of depreciation	(7)	(7)
Adjustment to closing deferred tax rate	-	-
Deferred Tax	(7)	(7)

Company	2024	2023
Current tax	£'000	£'000
UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on surplus on ordinary activities	-	-

	2024	2023
	£'000	£'000
Surplus on ordinary activities before tax	33,113	21,787
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 25% (2023: 19%)	8,278	4,140
Exempt charitable activities	(8,278)	(4,140)
Capital allowances in excess of depreciation	-	-
Adjustment to opening deferred tax rate	-	-
Current tax charge for the year	-	-

12. Intangible Fixed Assets

Group and Company	IT Software £'000	IT Software work in progress £'000	Total Intangible assets £'000
Cost			
At 1 April 2023	3,165	742	3,907
Additions	-	-	-
Transfer to Tangible	-	(318)	(318)
Projects completed	393	(393)	-
Disposals	(582)	-	(582)
At 31 March 2024	2,976	31	3,007
Amortisation			
At 1 April 2023	(1,972)	-	(1,972)
Charged in the year	(459)	-	(459)
Released on disposal	359	-	359
At 31 March 2024	(2,072)	-	(2,072)
Net book value			
At 31st March 2024	904	31	935
At 31st March 2023	1,193	742	1,935

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

13. Fixed Assets – housing properties

Fixed Assets – housing properties

Group	Social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
– housing properties	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2023	675,210	51,088	55,270	5,033	786,601
Additions	-	61,142	-	11,392	72,534
Component additions	16,837	5,115	-	-	21,952
Interest capitalised	-	1,354	-	301	1,655
Schemes completed	65,758	(65,758)	13,290	(13,290)	-
Property disposals	(1,760)	-	(897)	-	(2,657)
Costs written off	(32)	(58)	-	-	(90)
Component disposals	(2,663)	-	-	-	(2,663)
At 31 March 2024	753,350	52,883	67,663	3,436	877,332
Depreciation					
At 1 April 2023	(143,970)	-	(1,019)	-	(144,989)
Depreciation charged in year	(14,272)	-	(319)	-	(14,591)
Released on disposal – properties	558	-	16	-	574
Released on disposal – components	2,663	-	-	-	2,663
At 31 March 2024	(155,021)	-	(1,322)	-	(156,343)
Net book value					
At 31 March 2024	598,329	52,883	66,341	3,436	720,989
At 31 March 2023	531,240	51,088	54,251	5,033	641,612

Included in the depreciation charge for the year is £414k of accelerated depreciation on components disposed before the end of their useful economic lives (2023: £351k).

Company	Social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
– housing properties	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2023	695,329	52,216	55,270	5,033	807,848
Additions	-	61,818	-	11,392	73,210
Works to existing properties	16,837	5,115	-	-	21,952
Interest capitalised	-	1,354	-	301	1,655
Schemes completed	65,834	(65,834)	13,290	(13,290)	-
Property disposals	(1,760)	-	(897)	-	(2,657)
Costs written off	(32)	(58)	-	-	(90)
Component disposals	(2,663)	-	-	-	(2,663)
At 31 March 2024	773,545	54,611	67,663	3,436	899,255
Depreciation					
At 1 April 2023	(146,167)	-	(1,019)	0	(147,186)
Depreciation charged in year	(14,422)	-	(319)	-	(14,741)
Released on disposal – properties	558	-	16	-	574
Released on disposal – components	2,663	-	-	-	2,663
At 31 March 2024	(157,368)	0	(1,322)	0	(158,690)
Net book value					
At 31 March 2024	616,177	54,611	66,341	3,436	740,565
At 31 March 2023	549,162	52,216	54,251	5,033	660,662

Housing properties book value net of depreciation comprises

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Freehold land and buildings	649,959	581,063	669,535	600,113
Leasehold buildings	1,253	1,265	1,253	1,265
Shared Ownership	69,777	59,284	69,777	59,284
	720,989	641,612	740,565	660,662

13. Fixed Assets – housing properties (continued)**Expenditure on works to existing properties**

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Components capitalised	21,952	15,401	21,952	15,401
Amounts charged to Statement of Comprehensive Income	9,604	4,307	9,605	4,308
	31,556	19,708	31,557	19,709

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

Social housing assistance

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Total accumulated social housing grant received or receivable at 31 March:				
Recognised in the Statement of Comprehensive Income	(10,812)	(9,603)	(12,756)	(11,547)
Held as deferred income	103,006	100,813	103,006	100,813

Finance costs

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Aggregate amount of finance costs included in the cost of housing properties	8,912	7,256	8,912	7,256

14. Tangible Fixed Assets – Other

Group and Company	Offices	Furniture Fixtures and Fittings	Computers & Office Equipment	Computers & Office Equipment WIP	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2023	14,559	2,450	3,278	689	2,272	23,248
Additions	-	71	-	789	491	1,351
Projects completed	-	-	1,471	(1,471)	-	0
Reclassification to HP	(1,104)	-	-	-	-	(1,104)
Disposals	-	-	(592)	-	-	(592)
At 31 March 2024	13,455	2,521	4,157	7	2,763	22,903
Depreciation						
At 1 April 2023	(4,110)	(2,048)	(2,112)	-	(63)	(8,333)
Charged in the year	(321)	(161)	(471)	-	(644)	(1,597)
Reclassification to HP	411	-	-	-	-	411
Released on disposal	-	-	491	-	-	491
At 31 March 2024	(4,020)	(2,209)	(2,092)	0	(707)	(9,028)
Net book value						
At 31st March 2024	9,435	312	2,065	7	2,056	13,875
At 31 March 2023	10,449	402	1,166	689	2,209	14,915

15. Investment properties

Non social housing properties held for letting	Group and Company	
	2024	2023
	£'000	£'000
At 1 April	11,055	10,740
Additions adjustment	-	(11)
Revaluation	600	326
At 31 March	11,655	11,055

The Company owns a portfolio of market rented properties. These properties are accounted for at fair value. The Company used Bridgehouse Professional Valuation Services who undertook a desktop review to establish the current fair value of the properties. The current worth was then adjusted for movements in the property market using the median property price trends for the Walsall area. The methodology produced an estimated valuation of £11.6m at March 2024 (2023: £11m). The movements in fair value £600k (2023: £326k) have been recognised in the Statement of Total Comprehensive Income.

16. HomeBuy loans receivable

Group and Company		
	2024	2023
	£'000	£'000
At 1 April	137	137
Loan repayment	(30)	-
At 31 March	107	137

17. Investments in subsidiaries

Name & type of entity	Company No	Place of Registration	31st March 2023	Additions	At 31st March 2024
whg Treasury Plc	9138070	England & Wales	50,000	-	50,000
whg Developments Ltd	7872595	England & Wales	1	-	1
whg Trading Ltd	5407219	England & Wales	1	-	1
Anthem Homes Ltd	10591652	England & Wales	50,000	-	50,000
Cricket Close LLP	OC417013	England & Wales	-	-	-
The Woodlands Management Company (Harrowby) Ltd	9721558	England & Wales	-	-	-
			100,002	-	100,002

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

whg Treasury PLC to whg

Intra-Group transactions	Allocation basis	2024 £'000	2023 £'000
Interest payable	Bond interest charge payable	10,053	10,201
Custodian fees	Custodian fees payable	199	11
Management services	Fixed fee	20	20
Gift aid	Not applicable	(20)	(20)
		10,252	10,212

There is a £268.1m long term intra-group creditor owed to whg Treasury PLC at the year end (2023: £268.7m).

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

whg to whg Developments Ltd

Intra-Group transactions	Allocation basis	2024 £'000	2023 £'000
Interest payable	Interest charge on loan	22	23
Management services	Percentage of development costs	238	192
		260	215

whg Developments Ltd to whg

Intra-Group transactions	Allocation basis	2024	2023
		£'000	£'000
Recharge of cost of sales	Design & Build	24,271	19,575
Gift aid	Not applicable	(173)	(81)
		24,098	19,494

There is a £803k net intra-group creditor owed to whg Developments Ltd at the year end made up of £1.6m owed to whg Developments Ltd and £760k owed by whg Developments Limited. (2023: net creditor £2m). Included in the £760k debt owed by whg Developments Limited is a £500k loan made by Walsall Housing Group on 20 December 2012. Interest is charged at 4.5% (2023: 4.5%). Interest amounted to £22k for the year (2023: £23k).

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

whg to whg Trading Ltd

Intra-Group transactions	Allocation basis	2024	2023
		£'000	£'000
Management services	Percentage of payroll costs	70	70

whg Trading Ltd to whg

Intra-Group transactions	Allocation basis	2024	2023
		£'000	£'000
Gift aid	Not applicable	(764)	(242)

There is a £14k intra-group debtor owed by whg Trading Company Limited at the year end (2023: £11k).

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

Intra-Group transactions	Allocation basis	2024	2023
		£'000	£'000
Interest payable	Interest charge payable	421	706
Management services	Percentage of payroll costs	37	46
		458	752

There is a £3.9m intra-group debtor owed by Anthem Homes Limited at the year end made up of £6.7m owed by Anthem Homes Limited to whg and £2.8m owed to Anthem Homes Limited by Cricket Close LLP (2023: net debtor £8.1m). The £6.7m debt owed by Anthem Homes Limited includes a loan made by Walsall Housing Group which was at LIBOR (0.2% for the year) plus 3% up to 31 January 2022 and thereafter at a 5% market rate. The £2.8m debtor includes a loan made to Cricket Close LLP at a 5% market rate.

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

whg to The Woodlands Management Company (Harrowby) Limited

Intra-Group transactions	Allocation basis	2024	2023
		£'000	£'000
Management services	Percentage of payroll costs	6	6

There is a £nil intra-group debtor owed by The Woodlands Management Company (Harrowby) Limited at the year end (2023: £nil).

18. Properties held for sale

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Shared Ownership Properties				
Completed properties	1,408	1,219	1,408	1,219
Work in progress	3,925	4,938	2,083	3,148
	5,333	6,157	3,491	4,367
Properties developed for outright sale	-	-	-	-
Total	5,333	6,157	3,491	4,367

19. Debtors

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	6,530	5,203	6,530	5,203
Less: provision for bad and doubtful debts	(3,421)	(3,392)	(3,421)	(3,392)
	3,109	1,811	3,109	1,811
Deferred tax asset	110	117	-	-
Other debtors	411	592	411	572
Prepayments and accrued income	4,694	6,228	4,582	6,098
Loan to Anthem Lovell LLP	2,325	-	-	-
Amounts owed by Group undertakings	-	-	4,662	1,405
	10,649	8,748	12,764	9,886

20. Debtors due in more than one year

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Due after one year				
Loan to Anthem Lovell LLP	-	7,298	-	-
Loan to Anthem Homes Limited	-	-	2,321	9,519
Loan to whg Developments Limited	-	-	500	500
	0	7,298	2,821	10,019

21. Creditors: amounts falling due within one year

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank loans (Note 24)	-	-	-	-
Trade creditors	9,716	10,516	8,176	7,864
Rent and service charges received in advance	3,733	3,509	3,727	3,501
Social housing grant received in advance	1,590	6,775	1,590	6,775
Other grants received in advance	2,703	3,827	2,703	3,827
Amounts owed to Group undertakings	-	-	6,722	7,877
Deferred grant income (Note 23)	1,376	1,179	1,376	1,179
Corporation Tax	107	-	-	-
Other taxation and social security	807	746	806	740
Unpaid contributions for retirement benefits	329	64	329	64
Other creditors	1,236	1,257	1,236	1,257
Accruals and deferred income	13,611	12,245	8,414	7,063
	35,208	40,118	35,079	40,147

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

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Deferred Grant (Note 23)	101,484	94,387	101,484	94,387
Debt (Note 24)	395,040	395,040	395,040	395,040
Loan Premium and Amortisation Costs	21,031	21,814	21,031	21,814
Recycled Capital Grant (Note 25)	575	815	575	815
Amounts owing to Group Undertakings	-	-	38	38
Sinking Funds	249	192	220	168
	518,379	512,248	518,388	512,262

23. Deferred grant income

Deferred Grant includes £383k (2023: £393k) relating to office buildings and £1.1m (2023: £937k) component accounting grant.

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
At 1 April 2023	95,566	83,274	95,566	83,274
Grant received in the year	8,737	13,832	8,737	13,832
Transfer to RCGF	(137)	(407)	(137)	(407)
Grants paid to partners	0	0	0	0
Grants recognised as income	(4)	12	(4)	12
Released to income in the year	(1,302)	(1,145)	(1,302)	(1,145)
At 31 March 2024	102,860	95,566	102,860	95,566
Amounts to be released within one year (Note 21)	1,376	1,179	1,376	1,179
Amounts to be released in more than one year (Note 22)	101,484	94,387	101,484	94,387
	102,860	95,566	102,860	95,566

24. Debt analysis

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Due within one year				
Bank loans	-	-	-	-
Total loans within one year	-	-	-	-
Due after more than one year				
Bank loans	70,040	70,040	70,040	70,040
Bond	250,000	250,000	250,000	250,000
bLEND	75,000	75,000	75,000	75,000
Total loans due after one year	395,040	395,040	395,040	395,040
Total loans	395,040	395,040	395,040	395,040
Payable to external funders	395,040	395,040	132,098	131,525
Payable to Group undertakings	-	-	262,942	263,515
	395,040	395,040	395,040	395,040

Bank loans and derivatives

During the year there have been no changes.

Bond

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

The market value of the bond as at 31 March 2024 was £285m (2023: £218m).

Facilities and security

At 31 March 2024 the Group had £200m of agreed but undrawn borrowing facilities available in the form of revolving credit facilities.

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

Terms of repayment, interest rates and issue costs

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

The £70m of bank loans accrue interest at an average rate of approximately 5.5%. As above, the £250m bond has been issued at a coupon rate of 4.25%.

Gross issue costs for both the bank loans and the bond were £3.6m (2023: £4.1m) and were capitalised in the years in which they were incurred. Amortisation charged in the year was £358k (2023: £532k).

bLEND plc

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

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

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Within one year or on demand	-	-	-	-
One year or more but less than two years	-	-	-	-
Two years or more but less than five years	-	-	-	-
Five years or more	395,040	395,040	395,040	395,040
	395,040	395,040	395,040	395,040

Interest rate profile

The Group's debt has a weighted average interest rate of 4.2% (2023: 4.2%) and the weighted average for which it is fixed is the lifetime of the loan.

25. Recycled Capital Grant Fund

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Opening Balance as at 1 April	815	3,863	815	3,863
Inputs to RCGF:				
Grant recycled from property disposals	147	428	147	428
Interest accrued	31	64	31	64
Transfers from other PRPs	-	-	-	-
Recycling of grant				
New Build	(418)	(3,540)	(418)	(3,540)
Closing Balance as at 31 March	575	815	575	815

Amounts due for repayment	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Within one year	-	-	-	-
After more than one year	575	815	575	815
At 31 March	575	815	575	815

26. Pension obligations

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

Pension Asset/ (Liability) Summary Note

	2024	2023
	£'000	£'000
WMPF	0	68,396
SHPS	(269)	(270)
Total	(269)	68,126

West Midlands Pension Fund

The West Midlands Pension Fund (WMPF) is a multi-employer scheme with more than one participating employer and is administered under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2022.

The fair value of the scheme assets at that date was £271.8m

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

lose out from the introduction of the new scheme by effectively giving them the better of the benefits from the old and new schemes.

The results in this note include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively.

Key Results

The estimated position at 31 March 2024 shows an asset of £83.5m compared with a £68.4m last year. The key reason for this change is the change in funding position of the scheme in the main due to the underlying discount rates.

The employer's contributions to the WMPF by the Company and Group for the year ended 31 March 2024 were £1.5m (2023: £1.4m). whg received a rebate for the year of £2.4m due to an improved funding position which resulted in the actual rate being 8.2% for the year. The employer's contribution rate has been fixed as 21.4% of pensionable salaries until 31 March 2024 with a discount of 13.2%.

Early retirements over the year, have resulted in £nil past service cost in the year to 31 March 2024 (2023: £nil). There were £nil (2023: £nil) of other settlements, curtailments, discretionary practices, constructive obligations or other material events during the year.

Calculation Method

The figures at 31 March 2024 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 31 March 2022.

Social Housing Pension Scheme

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

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical

Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. At 31 March 2024 a total withdrawal from the defined benefit scheme would cost £590k, this would mitigate against all current and future liabilities.

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

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

For accounting purposes, the liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start

and end dates.

The estimated position at 31 March 2024 shows a current deficit of £269k (2023: £270k).

The number of scheme members employed by the Group at 31 March 2024 was nil (2023: nil). The charge to the Group for the year was £61k. (2023: £63k).

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

Calculation Method

The figures at 31 March 2024 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 30 September 2020.

Key Assumptions

The key financial assumptions have been based on market assumptions as at 31 March 2024 and have been derived in a consistent manner to last year. This has resulted in the following assumptions:

Principal actuarial assumptions Financial assumptions	Group and Company			
	WMPF		SHPS	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
	% per annum	% per annum	% per annum	% per annum
Discount rate	4.85	4.75	4.90	4.88
Future salary increase rate	3.75	3.95	3.78	3.74
Future pension increase rate (CPI)	2.75	2.95	2.78	2.74
Inflation assumption	2.75	2.95	3.15	3.20

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2024 are detailed below.

	WMPF		SHPS	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Retiring today:				
Males	20.2	20.3	20.5	21.0
Females	23.5	23.7	23.0	23.4
Retiring in 20 years:				
Males	21.6	21.7	21.8	22.2
Females	25.2	25.4	24.4	24.9

Amounts recognised in surplus or deficit

	Group and Company			
	WMPF		SHPS	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Current service cost	3,906	6,877	-	-
Admin charges	-	-	2	2
Amounts charged to operating costs	3,906	6,877	2	2

	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Net interest (receivable)/payable	(3,193)	(421)	12	5
Amounts within interest and financing costs	(3,193)	(421)	12	5

Amounts recognised in the Statement of Total Comprehensive Income

	WMPF		SHPS	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Re measurements	(69,266)	55,963	(51)	(141)
Actuarial gain/(loss) in respect of pension scheme	(69,266)	55,963	(51)	(141)

Amounts recognised in Statement of Financial Position

	WMPF		SHPS	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Present value of funded obligations	-	(187,587)	(1,448)	(1,560)
Fair value of plan assets	-	255,983	1,179	1,290
Net pension asset/(liability)	-	68,396	(269)	(270)

In 2022/23 whg recognised a pension asset of £68.4m in the statement of financial position on the consideration that the asset was producing a future economic benefit from reduced annual pension contributions. In 2023/24 the asset value has increased to £83.5m. However whg took the opportunity to obtain an asset ceiling report, this views the asset on the basis of recoverability. This report recommends that it would be prudent to derecognise the asset. The effect of the derecognition is reflected in Other Comprehensive Income shown on page 59.

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

	Group and Company			
	WMPF		SHPS	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Opening scheme liabilities	187,587	239,618	1,560	2,049
Current service cost	3,906	6,877	2	2
Interest cost	8,890	6,872	73	58
Change in financial assumptions	(11,477)	(75,684)	(1)	(557)
Change in scheme experience	(1,130)	22,593	(31)	64
Change in demographic assumptions	5,348	(9,200)	(18)	(4)
Benefits paid	(6,135)	(4,753)	(137)	(52)
Member Contributions	1,341	1,264	-	-
Closing scheme liabilities	188,330	187,587	1,448	1,560

Reconciliation of opening and closing balances of the fair value of plan assets**Group and Company**

	Group and Company			
	WMPF		SHPS	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Opening fair value of plan assets	255,983	257,080	1,290	1,864
Interest income	12,083	7,293	61	53
Return on plan assets (excess of interest income)	7,038	(6,328)	(101)	(638)
Contributions by employer	1,532	1,427	66	63
Benefits paid	(6,135)	(4,753)	(137)	(52)
Member contributions	1,341	1,264	-	-
Closing fair value of plan assets	271,842	255,983	1,179	1,290

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

Sensitivity analysis

Sensitivity analysis	Change in assumptions	Impact £000	Change in liabilities
Discount Rate	decrease of 0.1% pa	3,671	Increase by 2%
Rate of inflation	Increase of 0.1% pa	3,479	Increase by 2%
Rate of salary growth	Increase of 0.1% pa	256	Increase by 0%
Rate of Mortality	A 1 year increase in life expectancy	7,533	Increase by 4%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate. The average duration of the defined benefit obligation at the period ended 31 March 2024 is 20 years.

27. Provisions for liabilities and charges

Group and Company	Insurance claims £'000	Restructuring costs £'000	Leave pay £'000	Total £'000
At 1 April 2023	563	389	283	1,235
Additions	410	46	14	470
Utilised	(459)	(389)		(848)
Reversals	-	-	-	-
At 31 March 2024	514	46	297	857

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

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

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

28. Share Capital

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

29. Cash flow from operating activities

	2024 £'000	2023 £'000
Surplus for the year	32,394	22,037
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	16,188	13,011
Amortisation of intangible assets	459	462
Pension costs less contributions payable	2,310	5,452
Government grants amortised in the year	(1,306)	(1,133)
Adjustments for investing of financing activities:		
Movement in fair value of investment properties	(600)	(326)
Interest payable	15,406	20,287
Interest received	(6,080)	(3,608)
Taxation	114	-
Operating cash flows before movements in working capital	58,885	56,182
Increase in properties held for sale	824	(610)
Carrying amount of tangible fixed asset disposals	2,083	3,616
Decrease/(increase) in trade and other debtors	(73)	1,674
Increase/(decrease) in trade and other creditors	1,399	4,208
Increase/(decrease) in provisions	(379)	696
Cash generated from operating activities	62,739	65,766

29A. Analysis of changes in net debt

	At 1 April 2023 £'000	Cash flows £'000	Other non-cash movement £'000	At 31 March 2024 £'000
Cash and cash equivalents	55,378	(8,133)		47,245
Investments	34,404	(31,702)		2,702
Bonds due greater than one year	(348,337)		777	(347,560)
Bank loans due greater than one year	(68,516)		5	(68,511)
Total	(327,071)	(39,835)	782	(366,124)

30. Capital Commitments

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Expenditure contracted for but not provided for	54,612	103,161	54,612	103,161
Expenditure authorised by the Board, but not contracted	21,002	42,987	21,002	42,987
	75,614	146,148	75,614	146,148

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

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Loan financing	71,327	140,761	71,327	140,761
Affordable housing grant	3,607	3,245	3,607	3,245
Other government grant	680	2,142	680	2,142
	75,614	146,148	75,614	146,148

31. Contingent assets/liabilities

The Group and Company had no contingent assets at 31 March 2024 (2023: £nil).

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

At 31 March 2024, the Group has disposed of components, which had received £4k of grant funding (2023: £nil). Although the disposal of these components has not given rise to a relevant event for the purposes of recycling grant (as the Group retains the property asset) it does have a future obligation to recycle this grant once the property is disposed of.

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

32. Leasing commitments

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

	2024	2023
	£'000	£'000
Within one year	79	111
Between two and five years	5	83
Over five years	-	-
	84	194

33. Related parties

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

Wholly Owned Subsidiaries

- whg Treasury PLC is a non-charitable company registered with Companies House. Its principal activity is to act as an onward moneylender of bond monies to its immediate parent company Walsall Housing Group Limited. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation.
- whg Developments Limited is a non-charitable company registered with Companies House whose principal activity is to provide a design and build service to Walsall Housing Group Limited. The Group owns the £1 share which was issued at par on incorporation.
- whg Trading Company Limited is a non-charitable company registered with Companies House whose principal activity is providing housing related professional services. The company also receives feed in tariff from solar panels, renewable heat incentives and overage on the sale of land. The Group owns the £1 share which was issued at par on incorporation. The voting rights of one vote per share are with the parent company. On 3 May 2019 whg Trading Company Limited became a designated member of Cricket Close LLP owning 1% of the shareholding in the LLP. On 7 July 2020 whg Trading Company Limited acquired The Woodlands Management Company (Harrowby) Limited.
- Anthem Homes Limited is a non-charitable company registered with Companies House. Its principal activity is to develop homes for outright sale. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation. Anthem Homes Limited has agreed a revolving loan facility secured by debenture with Anthem Lovell LLP which is limited to site specific Business Plans approved by Board. At present only one such facility has been agreed on the Lockside scheme which has an agreed interest rate of 5% on 30% of the drawn funds (effective annual rate of 1.875%). As at 31 March 2024 Anthem Lovell LLP has drawn down £2,325k of the facility (2023: £7,298k).
- Cricket Close LLP is a Limited Liability Partnership and a non-charitable company registered with Companies House. It is a subsidiary of Anthem Homes which owns 99% of the LLP with a £2 member interest and the remaining 1% is owned by whg Trading Limited.
- The Woodlands Management Company (Harrowby) Limited was acquired on 7 July 2020. The principle activity is residential property management. As part of that management service charges are collected from lessees to meet the cost managing and maintaining the property. The company is a wholly owned subsidiary of whg Trading Company Limited. The liability of whg trading Company Limited (being the only Member) is £1. The company is a Company Limited by Guarantee without share capital.

Joint Venture

- Anthem Lovell LLP is a Limited Liability Partnership and is a non-charitable company registered with Companies House (No. OC425694). Anthem Homes Limited is in partnership with Lovell Homes Limited each partner has a 50% share of the company. It was created on 18 January 2019 and the initial capital of £2.00 (two pounds) was contributed in cash by each Member in the sum of £1.00 (one pound) by way of its Capital Contribution and the LLP credited such amounts against the relevant Member's Capital Account. This is an associate company. It is accounted for by using the equity method of accounting. The Group's investment was £1,463k at the 31st March 2024 (£948k 2023). We recognise our share of the profit or loss through the Statement of Comprehensive Income. Walsall Housing Group Ltd has recognised £316k in 2023/24 (£414k 2023) in respect of its share of profit in relation to open market sales.

All entities are incorporated in England and Wales.

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

34. Financial assets and liabilities

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

Categories of financial assets and financial liabilities

FINANCIAL ASSETS

Financial assets measured at amortised cost

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Net Rent Debtor	3,109	1,811	3,109	1,811
Other Debtors	411	592	411	572
Accrued Income	1,856	3,047	1,856	3,047
Amounts owing by Group undertakings	-	-	5,645	10,019
Cash and cash equivalents	47,245	55,377	44,771	55,383
Current Investments	2,702	34,404	2,702	34,404
Total Financial Assets	55,323	95,231	58,494	105,236

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank Loans and bond	416,070	416,854	416,070	416,854
Trade Creditors	9,716	10,516	8,176	7,864
Accruals	13,590	12,248	8,393	7,063
Amounts owing to Group undertakings	-	-	6,760	7,915
Other Creditors	1,236	1,257	1,236	1,257
Sinking Funds	249	192	220	168
Total	440,861	441,067	440,855	441,121

Borrowing facilities

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

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Expiring between one and two years – revolving credit facility	-	-	-	-
Expiring in more than two years – revolving	200,000	200,000	200,000	200,000
	200,000	200,000	200,000	200,000

35. Reserves

The Group took part in the Midlands pilot of a Voluntary Right to Buy scheme between 2019 and 2020, it created a designated reserve for the net proceeds plus discount reclaimed from Homes England less the amount of debt repaid. This designated reserve will be used to fund the one for one replacement of housing property. The reserve now stands at £3.5m.

	Group		Company	
	General Reserves	Designated Reserves	General Reserves	Designated Reserves
	£'000	£'000	£'000	£'000
As at 31 March 2023	293,851	3,281	312,085	3,281
Total comprehensive income for the year	(36,872)		(36,153)	
Transfer to designated reserve	(223)	223	(223)	223
As at 31 March 2024	256,756	3,504	275,709	3,504

WALSALL HOUSING GROUP LIMITED

England & Wales - Charity number 1108779

Accounts

Walsall Housing Group Limited
Financial Statements for the year ended 31 March 2023



Company Registration Number: 04015633
Registered Provider Number: L4389
Registered Charity Number: 1108779

Registered office:
100 Hatherton Street,
Walsall. WS1 1AB

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Board, Executive Directors and Advisors

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

Company Secretary

Dawn Hendon

Executive Directors

Gary Fulford	Group Chief Executive
Sangita Surridge	Corporate Director of Finance
Dawn Hendon	Corporate Director of Governance and Compliance
Theresa Huburn	Corporate Director of People and Learning - to 10/07/22
Lisa Wallis	Corporate Director of People and Learning - from 11/07/22
Robert Gilham	Corporate Director of Business Strategy and Assets
Fay Shanahan	Corporate Director of Operations and IT
Rebecca Bennett Casserly	Corporate Director of Development

Statutory Auditor

Beever and Struthers
One Express
1 George Leigh Street
Manchester
M4 5DL

Internal Auditor

BDO LLP
Two Snowhill Queensway
Birmingham
B4 6GA

Principal Banker

Lloyds Bank plc
The Bridge
Walsall
WS1 1LU

Strategic Report

Principal Activities

The Group is a not-for-profit, social housing business whose principal activities include the development and management of affordable housing across the Midlands and investing in our local communities. Our services include shared ownership homes and the development of homes for rent and outright sale. During 2022/23 the Group continued to expand outside of Walsall and whg owns and manages homes in 19 local authorities in the Midlands. The Group, as of 31 March 2023, owns and/or manages 21,975 social homes. The Company, its subsidiaries and its joint venture are shown in the diagram below for the year ended 31 March 2023.



Walsall Housing Group Ltd (Parent): This is the registered provider of the Group that rents and maintains our homes. It also owns the newly developed homes for rent and shared ownership and borrows from banks and whg Treasury PLC to fund its development programme.

whg Treasury PLC: This company was set up to issue a public bond to raise funds for investment in our development programme via Walsall Housing Group Limited.

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

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

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

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

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

The Woodlands Management (Harrowby) Company Ltd: This company's principal activity is residential property management.

Our vision

‘Dedicated to the success of our people and places’

Our values



Accountable

Taking responsibility



Courageous

Trying new things



Trustworthy

Being honest in everything we do



One Team

Achieving great things by working together



Excellent

Striving to be the best

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

- Aim 1 Deliver high quality homes and services for our customers**
Providing excellent services across our expanding geography, working with our customers, communities and stakeholders to sustain tenancies. We are an anchor organisation who invests in the provision of new affordable homes to help meet housing need.
- Aim 2 Be an exceptional place to work that attracts, develops and retains talent**
To ensure colleagues can truly shine and reach their full potential, we are committed to being a great employer that recognises the importance of a truly flexible and inclusive workplace and rewards excellence. All colleagues are given the opportunity to make a real difference and we encourage them to perform to the best of their ability. We recognise the need for excellent leaders across the organisation and will praise and celebrate great work whilst expecting every colleague to be accountable for their individual performance.
- Aim 3 Grow and extend our services, our reach and our range**
Being a community focussed organisation, we understand the needs and challenges that our customers and communities face. We will therefore continue to work with partners and stakeholders to ensure that these needs are met, whether this is through the provision of in-house services or through our strategic partners. We have ambitious plans for growth and central to this growth is a bold development and acquisition programme which will underline the regional nature of our business. We will continue to improve our environmental performance through appropriate use of modern methods of construction and the continued improvement of our existing homes.
- Aim 4 Promote health and prosperity where we can make a difference**
We want our customers to live healthy, prosperous lives but understand some may require additional support to achieve this. We do what we can, together with our partners, to find the right solution for each individual. This includes programmes geared towards promoting independence, improving health, building confidence, enhancing capability, reducing the digital divide and gaining the skills to secure employment.
- Aim 5 Deliver a strong business, fit for today and prepared for tomorrow**
We will develop a roadmap to take our activities to a carbon neutral footing. Recognising our ever more challenging operating environment, we will safeguard our income by focusing appropriate priority and resource on core services. This approach is supported by the careful financial management and good governance needed to fulfil our future aspirations. We are efficient, driving down costs and constantly seeking value for money. Building on our performance management culture, pursuing excellence and striving for continuous improvement will help achieve this.

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

Operating and Financial Review

Meeting the challenges of the year

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

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

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

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

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

Key highlights



Ensuring our homes are safe, decent and energy efficient

Investing in our homes

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

remains robust.

Improving our management of damp and mould

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

Addressing the repairs backlog

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

Embracing and embedding building safety

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

Prioritising our investment decisions

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

Highlights



Delivering services that enable customers and communities to thrive

Supporting customers during the cost of living crisis

The cost of living crisis was a critical concern for us and our customers over the last 12 months. In response we increased our hardship fund to £200k which enabled us to support more than 1,480

households with a range of immediate interventions, including fuel and food vouchers. During the year our Money Advice Team also supported 2,224 customers and secured an additional £2.7m for customers in unclaimed welfare benefits.

Reducing evictions

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

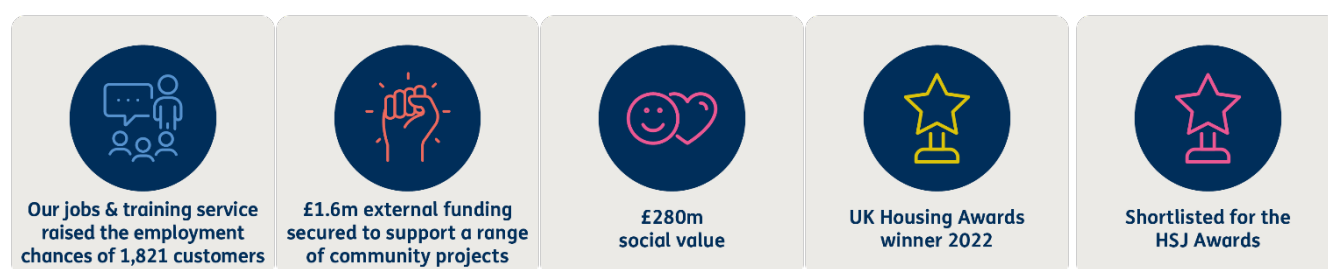
Creating stronger and more resilient communities

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

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

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

Highlights



Developing new homes and places customers can be proud of

A strong presence across the Midlands

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

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

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



Royal Wolverhampton former hospital site

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

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



Beechwood House, Willenhall

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

Our delivery resilience

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

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

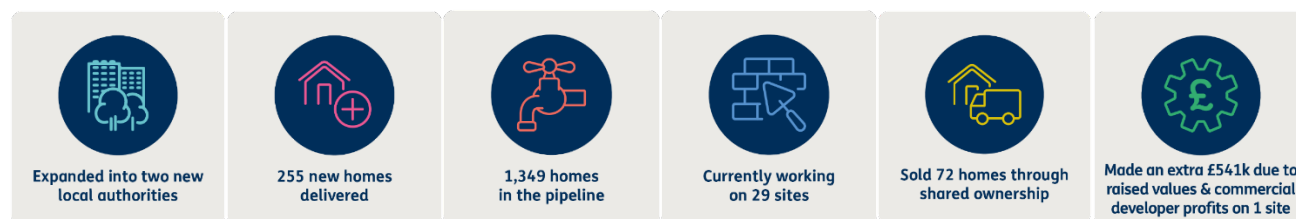
Partnership working

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

Preparing for future opportunities

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

Highlights



Building our people and culture

Attracting and retaining talent: Our Employee Value Proposition

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

Embracing equality, diversity and inclusion

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

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

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

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

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

Supporting health and wellbeing

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

Highlights



Providing long term sustainability

Launching our strategy

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

Investment in our sustainability strategy

Aim 1

Transform our places to be fit for the future



Climate change mitigation and energy efficiency; Biodiversity; Circular Economy

Investment aspiration:

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

Aim 2

Inspire our people and influence our communities



Community and customer engagement; Local Skills and Employment

Investment aspiration:

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

Aim 3

Incorporating sustainability standards and strengthening regulatory compliance



Regulatory compliance; Sustainable Procurement; Sustainable Finance

Investment aspiration:

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

Building a culture of sustainability

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

Measuring our impact

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

us to have stronger credentials with potential future lenders and investors. We have been awarded Ambassador for Environmental dimension, Front Runner for Social dimension and Ambassador for Governance dimension.

Highlights



Optimising our performance

Maximising automated communications

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

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

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

Shortening the void process

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

Streamlining our complaints process

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

Involving the customer voice

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

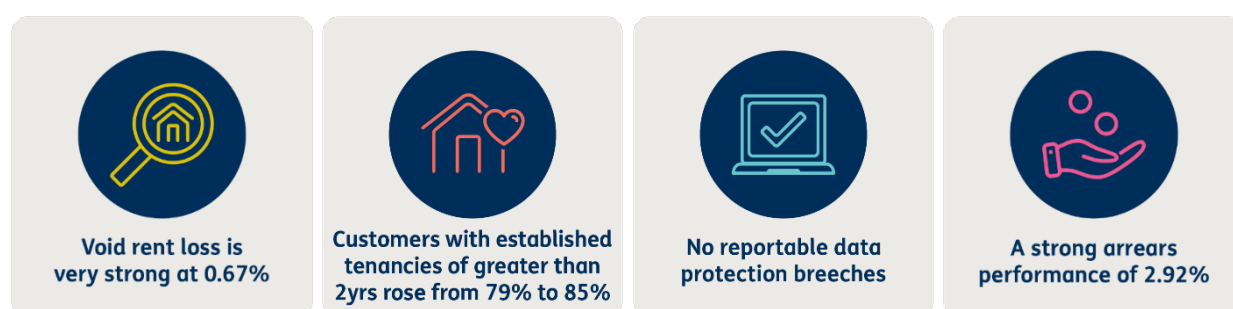
In September 2021 we moved away from standard operating practice and introduced Community Housing Officers ('CHOs'), who would safeguard and build upon our strong community focus as we grew across the Midlands. The service was created to better meet the needs of our customers, who we knew valued us having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

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

Embedding data protection

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

Highlights



Laying the foundations for the future

Developing the workforce of the future: Succession planning

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

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

Ensuring our technology is fit for the future

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

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

Developing the next Corporate plan

We began to gather intelligence to inform our next Corporate plan, due for launch in April 2024 and started engagement with our external stakeholders and partners. We carried out a stakeholder perception survey, the findings of which have been a key milestone in our corporate engagement

process. We also have planned a number of round tables with stakeholders to introduce and debate novel and out of sector thinking and grow links with organisations and individuals who can support our work and purpose in the future.

Preparing for the new Tenant Satisfaction Measures

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

Responding to the Better Social Housing Review

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

Highlights



242 colleagues attended an in-house course for future managers



48% of managers are 'home grown'



Launched our new Board Succession Strategy

Value for Money Statement

The Regulator of Social Housing ('RSH') published the Value for Money (VFM) Standard and the VFM Code of Practice in 2018. Both of these specify what registered providers are required to report in their statutory financial statements to comply with the VFM Standard. The RSH use the VFM Standard to implement their co-regulatory approach and their statutory obligations in relation to economic and consumer matters. Our Board has the responsibility of ensuring that we meet the expectations set out in the VFM Standard.

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

- Section 1** Strategic approach to VFM and how we achieve VFM in meeting our strategic objectives
- Section 2** Benchmarking to compare how we perform with others
- Section 3** Asset maximisation- making the most out of our asset base
- Section 4** VFM gains achieved through consideration of alternative delivery structures

Section 1: Strategic approach to VFM

VFM Strategy

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

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

Guiding Principles		
	Economy	For us this means minimising our costs while continuing to deliver quality homes and services to our customers.
	Efficiency	We will seek to stretch our resources as far as possible without compromising quality.
	Effectiveness	We will use our resources to achieve our five strategic corporate plan aims and the VFM measures that are embedded within each aim.
	Equity	We will ensure we use our resources to reduce inequality in our communities.
	Ethics	We will use our resources with integrity, being open and accountable about our spending decisions.

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

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

Performance against the outcome-based targets is monitored internally on a quarterly basis and reported externally on an annual basis within this VFM statement. Performance information is also subject to scrutiny by internal audit on a cyclical basis and we are also supported by third party advisors to help us continually develop and refine our performance data. We compare to peers using the Regulator’s Value for Money Metrics Benchmarking Tool Group Data (consolidated) and Housemark for service level peer analysis.

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

Our Board sets the strategic approach to VFM and oversees the delivery of it, led by a Board VFM Champion. Our Executive Team implements the VFM strategy and is supported by the Senior Leadership Team who instil the guiding principles in operational planning and service delivery at the level of individual business streams. Our customers play a key part in informing our VFM work through various channels. We have a Community Engagement and Inclusion Team who focus on involving customers and communities in helping us develop strategies, policies and plans and we have Customer Experience Specialists within our Business Change Team who help to link performance data to service redesign. The Customer Service Oversight Committee oversees the outcomes of customer involvement in key areas of work, reporting this to the Board.

We strive to make the optimum use of our resources and assets and use the returns they generate to help us sustain investment in our existing homes and build new ones, as explained throughout this

statement. We demonstrate our efficiency by generating a strong operating margin and we demonstrate our effectiveness by building many more new homes that people need, investment in existing homes and striving towards high levels of customer satisfaction with our services and neighbourhoods. We demonstrate our economy by tight budgetary control and controlled procurement activity; ensuring where possible, costs are in line with or below our peers and driving down our outliers. These three VFM principles are measured through our performance against the value for money metrics set by the RSH and delivery against our own value for money targets.

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

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

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

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

The following sections demonstrate how we have delivered VFM against our five strategic aims for the financial year ending 2022/23.

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

Of the 22,076 homes that whg owns and manages, over 99.6% are deemed as affordable which means our customers' rents are below the general rents charged by the private sector. The rent our customers pay for their homes also covers a wide range of additional services, creating additional value for our customers. The table below indicates the level of investment whg makes in homes and services.

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

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

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

	21/22 Actual	22/23 Actual	Target	Comments
 At least 90% of our customers will recommend us	80% 	74% 	82%	The percentage of customers who would recommend whg has dipped in 22/23 when compared to the previous year. This is largely linked to satisfaction with repairs as explained below.
Avoidable contact with customers will be less 	16.65% 	27.62% 	<5%	This performance has been influenced by our repairs performance, an area which is now going through significant change to drive improvement. The Customer First project will focus on reducing avoidable contact by resolving queries on the front line and reducing handovers. This project will go live in 2024/25.

		21/22 Actual	22/23 Actual	Target	Comments
 We will achieve 70% first point of contact resolution		64%	65%	70% by 2024	We have improved since last year but are not yet at target. Our Customer First project will empower the Customer Services Team to handle more customer enquiries in full, reducing the number of tasks forwarded to the Housing Team and improve customer experience.
 Provide a great, consistent housing and services offer	% of properties with a valid gas safety certificate	99.96%	99.93%	100%	Gas safety is a priority area of focus and whilst the percentage of homes with a valid gas safety certificate is 99.93%, we can confirm that we are 100% compliant with the gas regulations in terms of actions being taken to gain access to the properties without a valid certificate. There has been a slight increase in the number of properties without a valid gas safety certificate this year, largely driven by delays in the court system.
	% of properties with an electrical condition report	99.98%	99.99%	100%	Likewise, with electrical condition reports, we can confirm that the remaining 0.01% of homes without a report all comply in terms of legal processes being followed to gain access to the homes.
	% of planned asbestos inspections carried out in communal areas	100%	100%	100%	We have carried out 100% of inspections as planned.
	% of planned water hygiene risk assessments completed	100%	100%	100%	We have carried out 100% of inspections as planned.
	% of communal areas with an FRA	99.3%	100%	100%	We are pleased to report that for all other Building and Safety metrics we have maintained 100% compliance.
	Customer satisfaction with repairs %	78%	84.3%	>84%	We are above target for customer satisfaction for completed repairs, however detailed data analysis shows expressions of dissatisfaction have increased in areas such as waiting times for repairs and the number of visits required to complete a repair.
	Repairs appointments made and kept %	91%	94%	98%	

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

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

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

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

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

	21/22 Actual	22/23 Actual	Target	Comments
 At least 90% of our colleagues will recommend whg as a great place to work	89% 	86% 	90%	This is marginally off target. We have recently relaunched our performance management framework which will help managers to hold meaningful conversations with colleagues and provide a feedback loop. We have also just appointed a new Head of Inclusion and Organisational Culture which will further improve colleague engagement through various initiatives. More surveys will be launched in 2023/24; the first being a wellbeing survey.
Contracted hours lost due to sickness 	4.96% 	4.41% 	<3.5%	We finished the year just 0.91% above target, an improvement on last year. However, absence is trending downwards and next year we expect to see performance fall in line with our target. We will also be focusing our efforts on colleague wellbeing and access to support services.
 Annual colleague rolling turnover	15.9% 	15.3% 	<15%	The recruitment market has remained competitive in 2022/23 which has contributed to colleague turnover; salaries for technical and professional roles continue to be inflated making it attractive for people to move jobs. Turnover is trending downwards and will continue to be monitored throughout the year. Our salaries and rewards packages continue to be in line with sector median. A recent reward and recognition survey demonstrated; when asked if they

	21/22 Actual	22/23 Actual	Target	Comments
				felt their total reward package was fair and competitive, only 9% said No (52% agreed, 39% unsure).
Number of colleague accidents and near misses 	46 accidents 121 near misses 	61 accidents (5 x RIDDOR) 88 near misses 	0	Our drive for safety culture improvement is underpinned in our Corporate plan. Basic conventional safety management system elements such as training, competence checks, risk assessments and safe systems of work are in place to demonstrate legal compliance. Despite having controls in place, accidents do occur from time to time. The HS&E Team continually engage with our colleagues. Colleagues see reporting systems as an opportunity to learn and report all incidents, however minor, contributing towards a culture that cares.

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

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

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

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

The value for money measures for Aim 3 are shown in the table below and demonstrate how we are

committed to delivering new homes for our communities.

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

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

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

Education and Training: We work closely with our partner to promote employment opportunities. The

NHS funds a dedicated Employment and Skill officer post to specifically work with our tenants to promote training and employment opportunities. whg also employs a small number of dedicated colleagues to build the capacity of our tenants to secure employment.

Health and Wellbeing: We contribute strategically and operationally to 'Walsall Together', specifically the resilient communities priority, ensuring our service is aligned. In addition, we invest in 'social prescribing' to improve people's health and wellbeing. We also have a number of funded health champion posts who are employed to promote healthy lifestyles to our residents.

Hardship support: We work closely with a number of organisations to secure funding and donations to help to support vulnerable people throughout the year with general living costs and basic necessities required for modern living. We also run specific campaigns for example we sought donations of toys for families who were struggling to meet the costs of Christmas. whg also has a hardship fund which is accessed on a needs basis.

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

	2022/23 £'000 Actual	2023/24 £'000 Forecast	2024/25 £'000 Forecast	2025/26 £'000 Forecast	2026/27 £'000 Forecast
Income					
Employment & Training	440	72	72	34	0
Heath Partnerships	-	131	131	-	-
Resilient Communities	138	87	-	-	-
Social Prescribing	-	76	-	-	-
Wellbeing Schemes	144	144	144	144	144
Young Persons	173	272	272	272	272
Grant Secured for External Partners	735				
Total Income	1630	782	619	450	416
Expenditure					
Employment & Training	(651)	(424)	(424)	(386)	(352)
Heath Partnerships	-	(141)	(141)	-	-
Resilient Communities	(138)	(112)	-	-	-
Social Prescribing	(210)	(287)	(287)	(287)	(287)
Wellbeing Schemes	(366)	(203)	(203)	(203)	(203)
Young Persons	(59)	(72)	(74)	(76)	(79)
Grant Expenditure by External Partners	(735)	-	-	-	-
Total Expenditure	(2,159)	(1,239)	(1,129)	(952)	(921)
Income Shortfall funded through rental income	(529)	(457)	(510)	(502)	(505)

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

	21/22 Actual	22/23 Actual	Target	Comments
 Support 10,000 people into new opportunities	5,236 (Cumulative 9,476 since Apr '20) 	3,437 (Cumulative 12,913 since Apr '20) 	10,000 by Mar'24	We have beaten our target to achieve this success measure by supporting nearly 13,000 customers to increase their confidence, skills, and health and wellbeing by moving them into new opportunities.
Generate social value equivalent to a third of our turnover 	£48.7m  + £167m from £47.6m new development spend	£51.1m  + £230m from £65.6m new development spend	>£40.2m	A wide range of social, economic and wellbeing initiatives have been delivered during 2022/23 that are quantified using the HACT Social Value measurement tool and externally verified. The original target did not include social value returns on new developments. The HACT tool uses a 3.5 times multiplier to calculate the social value of our development spend.

		21/22 Actual	22/23 Actual	Target	Comments
Secure £5 million funding for community investments by 2024		£1.7m (Cumulative £3.1m since Apr '20) 	£1.63m (Cumulative £4.7m since Apr '20) 	£5m by 2024	Surpassing our annual target in 22/23 demonstrates we have a strong track record in securing grants for our community investment. We also use our rental income stream to invest in our initiatives. This was a 'stretch' target to drive our work strategically with partners.

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

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

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

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

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

		21/22 Actual	22/23 Actual	Target	Comments
 Our normal operating margin will exceed 30%		31% 	32% 	>30%	Our profitability provides good assurance that we can meet our financial obligations and that our financial health is strong compared with some of our peers. This enables us to service more debt, build more new homes and continue investing in our existing homes and communities. Our operating margin remains strong considering the operating environment and is likely to compare well against some of our peers. Our headline social housing cost per home is higher than peers however this is a good indication of the level of
Work towards achieving lower quartile performance for headline social housing cost per home		£3,815 Above Median (i.e. higher than median cost) 	£4,051 Above median (i.e. higher than median cost) 	Lower quartile by 2024	

	21/22 Actual	22/23 Actual	Target	Comments
				investment we make in our services.
 Current arrears	3.69% 	2.92% 	<3.5%	Rent arrears ended the year at 2.92%, 0.58% under target. Considering the current cost of living crisis this performance is a testament to the priority our customers place on paying their rent. In addition, our colleagues continue to support customers. This performance has been achieved whilst also keeping evictions low.
Void rent loss 	0.66% 	0.67% 	<0.65%	Void rent loss missed its target by 0.02%. It was however expected that this target would not be achieved due to the multiple challenges during the year. Due to the collaborative working and process improvements a worse position has been mitigated.
 Cashable VFM savings	£4.1m 	£6.8m 	£3.9m	Cashable VFM gains have exceeded target and plans are in place to deliver more gains next year, detailed later in this report.
Property turnover 	1,169 	1,072 	< 1,404	Property turnover in the year was 1,072 a further decrease on the previous year and well within target. Tenancy sustainment has been a major focus across the organisation and it is evident that this is positively contributing to the number of customers staying in their homes.

Service Level Benchmarking

Section 2: Benchmarking to compare how we perform with others

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

There are two main sources of benchmarking used. Housemark provides service level benchmarking and the Regulator of Social Housing's VFM metrics peer group benchmarking tool provides cost benchmarking information.

whg are members of Housemark and through this membership we are able to benchmark ourselves at a service level against a number of other housing providers nationally, as well as smaller, more tailored peer groups. There are 160 housing providers in the national dataset and 25 providers in the tailored dataset, which is based on the Midlands and North West organisations of between 10,000 to 30,000 homes. The Housemark dataset is based on the financial year 21/22 submissions.

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

Benchmark Comparison - Tailored peer group



National Comparison



Explanations:

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

1 Responsive repairs

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

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

Actions implemented since 21/22 to improve customer satisfaction with the service:

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

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

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

2 Voids and lettings

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

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

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

3 Rent arrears and collection

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

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

4 Tenancy management

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

whg introduced the **Community Housing Model** in September 2021, this new model of operating in our communities provides more officers present in our neighbourhoods and communities to support customers, listen to their wants and needs and respond by channelling services where they are required. This new model is still embedding and evolving to ensure that those customers who would not ordinarily engage with us receive a quality service.

5 Resident involvement

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

Actions implemented since 21/22:

Whilst direct costs are showing as more expensive than average, when viewed in conjunction with the satisfaction levels that customer views are taken into account, the investment in this area is yielding positive results. As the regulatory landscape is changing, with more emphasis on listening to customers, whg intends to continue investing in this area. During the year work has progressed on our new customer voice strategy and this will launch next year. We have already created a customer voice network which now has 221 members signed up. We have also worked on a customer engagement portal which will launch in Q1 of 2023/24 as part of the new strategy. We also have customers engaged in a number of environmental projects and building safety projects.

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

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

6 Customer services

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

Actions implemented since 21/22:

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

7 Neighbourhood management

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

Actions implemented since 20/21: Whilst costs are higher than our peers in this area, whg intends to continue investing in neighbourhood management to ensure our customers feel safe. We have a significant proportion of high-rise flats within our homes portfolio which means anti-social behaviour can be a problem. We therefore have invested in CCTV and our Community Safety Team to mitigate this risk and make our blocks feel like safe places to live.

8 Community investment

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

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

Regulator of Social Housing Benchmarking – VFM metrics

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

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

Peer Group 1: Nine providers between 20,000 to 30,000 homes, at least 30% of their homes of general

needs type and at least 30% of their homes in the East Midlands, North East, North West, and West Midlands. All LSVTs.

Peer Group 2: Four providers between 20,000 to 30,000 homes, at least 50% of their homes of general needs type and at least 30% of their homes in the East Midlands and West Midlands. All LSVTs.

Peer Group 3: Eight providers between 20,000 to 30,000 homes, at least 80% of their homes of general needs type and at least 50% of their homes in the East Midlands, North East, North West, and West Midlands. LSVTs and traditional providers.

Peer Group 4: Eleven providers between 10,000 to 35,000 homes, at least 30% of their homes of general needs type and at least 30% of their homes in the East Midlands and West Midlands.

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

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

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

Reinvestment
Reinvestment % looks at the scale of investment in our existing and new homes as a % of their value. We are upper quartile for this metric due to our aim of developing 500 new homes each year and approach to maintaining the quality of our homes. The average for RPs of a comparable size to us is 6.3% making our comparative performance even stronger.
New supply delivered (SH units)
New supply social % expresses the number of new social homes delivered as a proportion of all homes owned. In 2022/23 our performance places us lower than RP's of a comparable size which delivered a return of 2% in the benchmark year. This was due to some delays in delivering the development programme, these homes will now be delivered in 2023/24
New supply delivered (NSH units)
The supply of non social housing is expected to be 0%. There were no plans to deliver either market rent or outright sale homes during the year although these are included in mixed development schemes in the future. RP's of similar size deliver 0.02% non social properties in the benchmark year.
Gearing (NBV of Housing Properties)
Gearing % shows the proportion of net borrowing in relation to the value of the asset base and indicates the degree of dependence on debt finance. Gearing is above the sector median because our fixed asset values are below the sector average. As the Group builds more new homes over the forthcoming years, the gearing will reduce. A more relevant measure of gearing for the Group is the gearing covenant set by the funders for which we have sufficient headroom. Similar size RP's sit at an average gearing of 49%.
EBITDA MRI Interest Cover
Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover % measures our level of cash surplus generated as a percentage of interest paid. The interest cover percentage reflects a lower median comparison to the sector. Compared to the average for RP's of our size at 127%, this is still a relatively strong position. The Regulator EBITDA calculation includes differing non cash/cash items to that of our covenant calculation. For example the Regulator calculation includes non cash pension costs and excludes right to buy sales receipts.
Headline SH cost per unit
Headline social housing cost per unit combines several cost elements to provide our overall social housing cost per unit. Our costs in 2022/23 reflect a better than sector median performance.
Operating Margin (SHL)
Operating margin % shows the profitability of our assets and is an indicator of our operating efficiency. Our social housing operating margin reflects a sector median performance from our core activities. RP's of a similar size to whg performed at 26.2%.
Operating Margin (Overall)
Our overall operating margin reflected an upper median performance to the sector. Compared to RP's of our size at 23.8%, our relative performance is stronger still.
Return on Capital Employed (ROCE)
Return on capital employed shows how well we are using our assets and debt to generate a financial return. This indicator remains upper quartile. RP's of our size averaged 3.1% return in 2022/23.

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

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

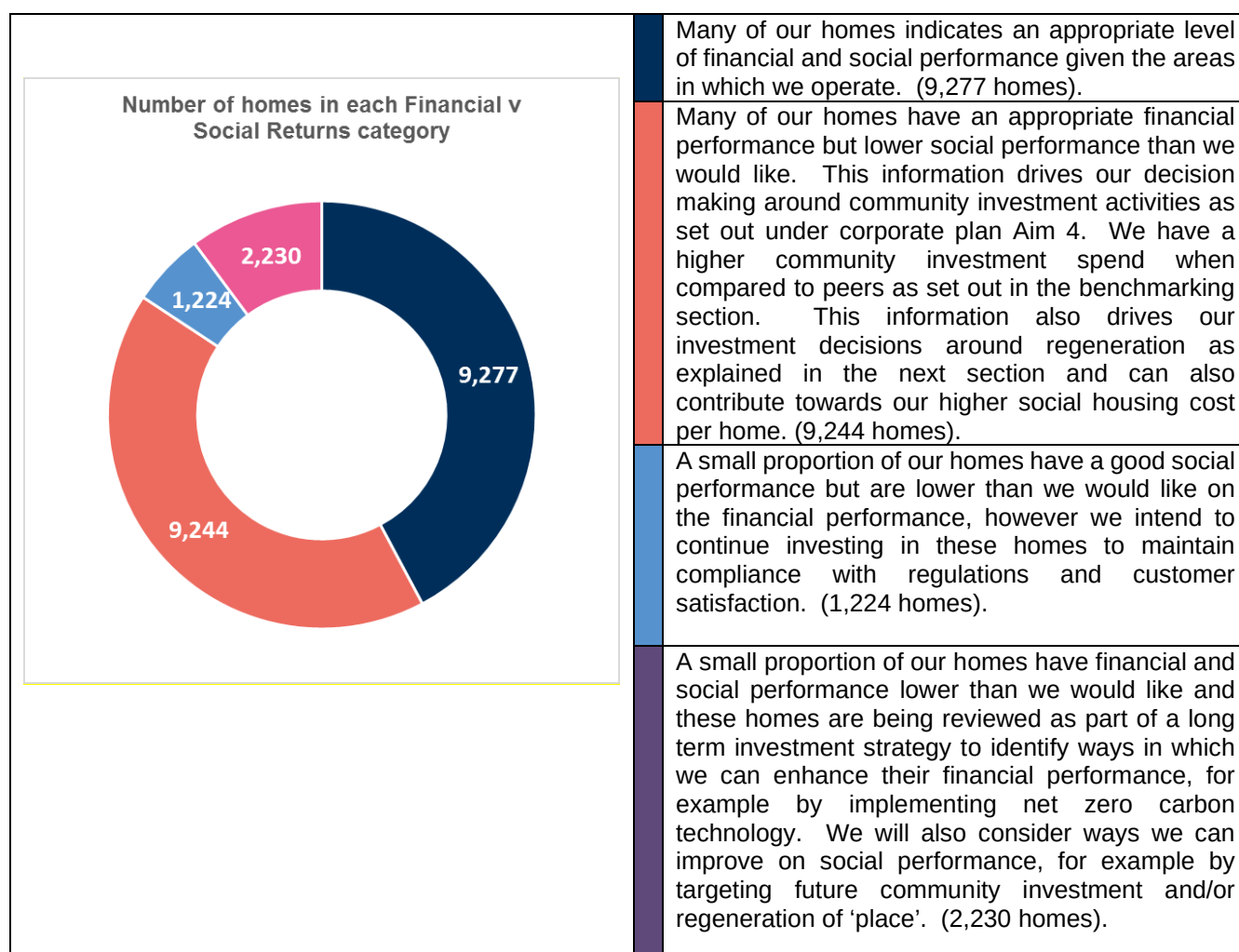
Section 3: Asset Maximisation – making the most out of our asset base

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

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

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

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



Regeneration and Sustainability

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

Borrowing power of our assets

We are careful to ensure we are continually able to maximise the borrowing power of our asset base. To achieve this, we ensure we maintain the quality of our homes to a standard that meets regulations and is satisfactory to our lenders. In addition, our Board has developed a new Security Strategy that is aimed at increasing the funding we can raise with banks and the capital markets to continue delivering new homes in our communities, whilst at the same time maintain strong financial health demonstrated through our financial metrics. This year we have increased our unencumbered assets pool as part of this strategy where we have changed our valuation basis from Existing Use Value - Social Housing to Market Value Subject To Tenancy, allowing c1,600 charged homes to be released from charge to create enhanced security capacity for future refinances.

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

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

The tables below summarise the VFM gains. As shown, we have a successful track record in delivering cashable VFM gains. We have set up our Corporate Company Structure in such a way to maximise VAT benefits in relation to our key areas of spend. We continue to engage in procurement activity which seeks to reduce our costs while maintaining quality of service delivery. We obtain ad hoc grants for our asset management work and we continually seek to refine our funding arrangements. Significant refinancing work was undertaken in 2022/23 to ensure we pay the least amount of debt servicing costs that we can. Cashable savings in 2022/23 are £6,818k; all of these cashable savings are reinvested in our business so we can deploy more resources directly to our frontline services or new development programme.

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

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

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

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

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

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

Stock investment programme

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

IT Strategy Investments

We continue to invest in our IT infrastructure. This investment is aimed directly at improving value for money for customers in terms of the effectiveness of our service delivery. We accelerated our move to the cloud, 77 out of 93 servers have migrated into the cloud, this represents 82% of planned migrations have now been achieved. The aim being to both reduce our infrastructure costs and enable us to improve the robustness of our cyber security. We have launched a new customer portal offering a better customer experience which also generates process efficiencies. This will result in more resource invested into frontline services for our customers.

Investment in non-social housing activity

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

Treasury Initiatives

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

Governance review

We have continued to implement the outcomes of an independent Governance review which was completed during 2021/22. We continue to have robust processes and governance effectiveness. One outcome of this review is a plan to streamline our governance structure which will enhance the delivery of value for money. We have also reviewed our committee structures to ensure greater accountability to our tenants.

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

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

Joint Ventures

Our first major Joint Venture has started to generate profits on homes for private sale, this allows us to reinvest into our new development programme to deliver more affordable homes. We will also consider other Joint Venture opportunities but will only enter those that help us to deliver our development strategy.

Partnership arrangements

We work with several partners including Walsall Together and the NHS to help tackle health inequalities, focusing on early intervention and prevention. For example, we have delivered our employment and training outcomes for customers with the NHS. In addition, our social prescribing service works with customers to provide greater access to the NHS services.

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

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

We are also key players in the NHF and Placeshapers Board.

Geography

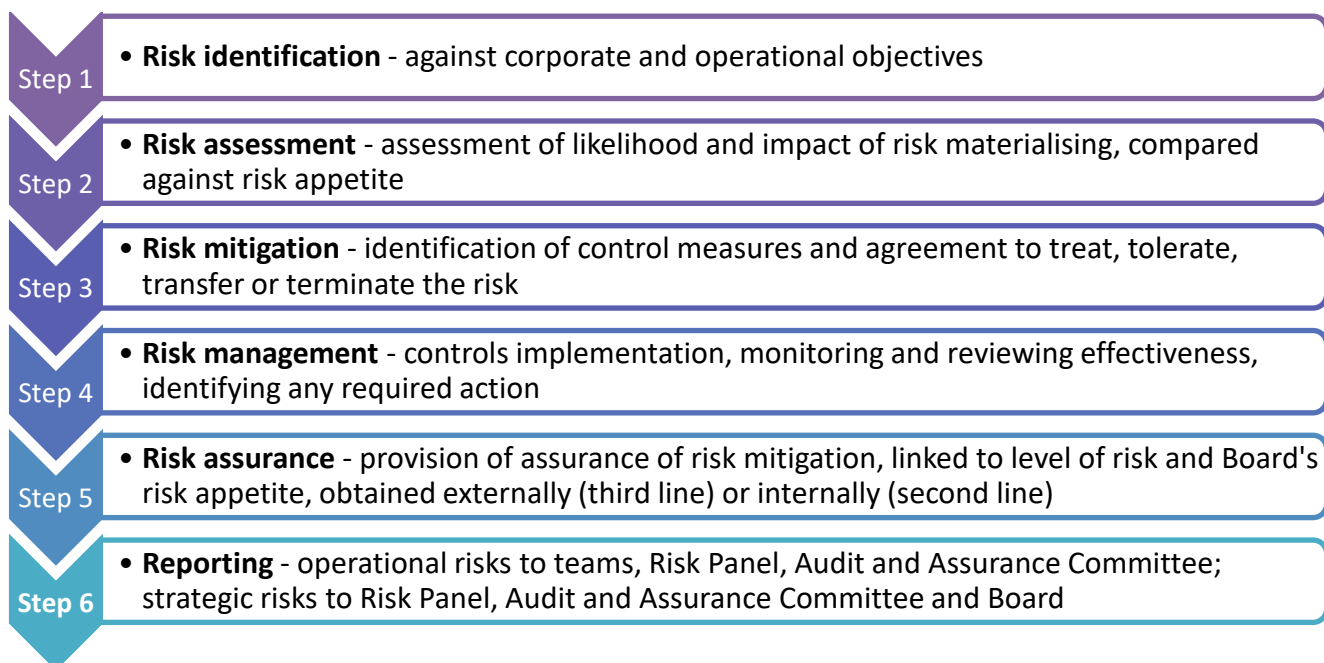
In order to ensure our cost base is as efficient as possible, and that the services we provide are as effective as possible for customers, we have ensured our new development strategy prioritises geographical areas beyond Walsall that do not compromise our abilities to serve our customers. Our primary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

Principal Risks and Uncertainties

The environment in which we operate produces inherent risks that we face in our everyday operations including economic challenges, government policy, technological and social change. The Board clearly sets out its appetite to risk, shown below, providing the setting for business operations.

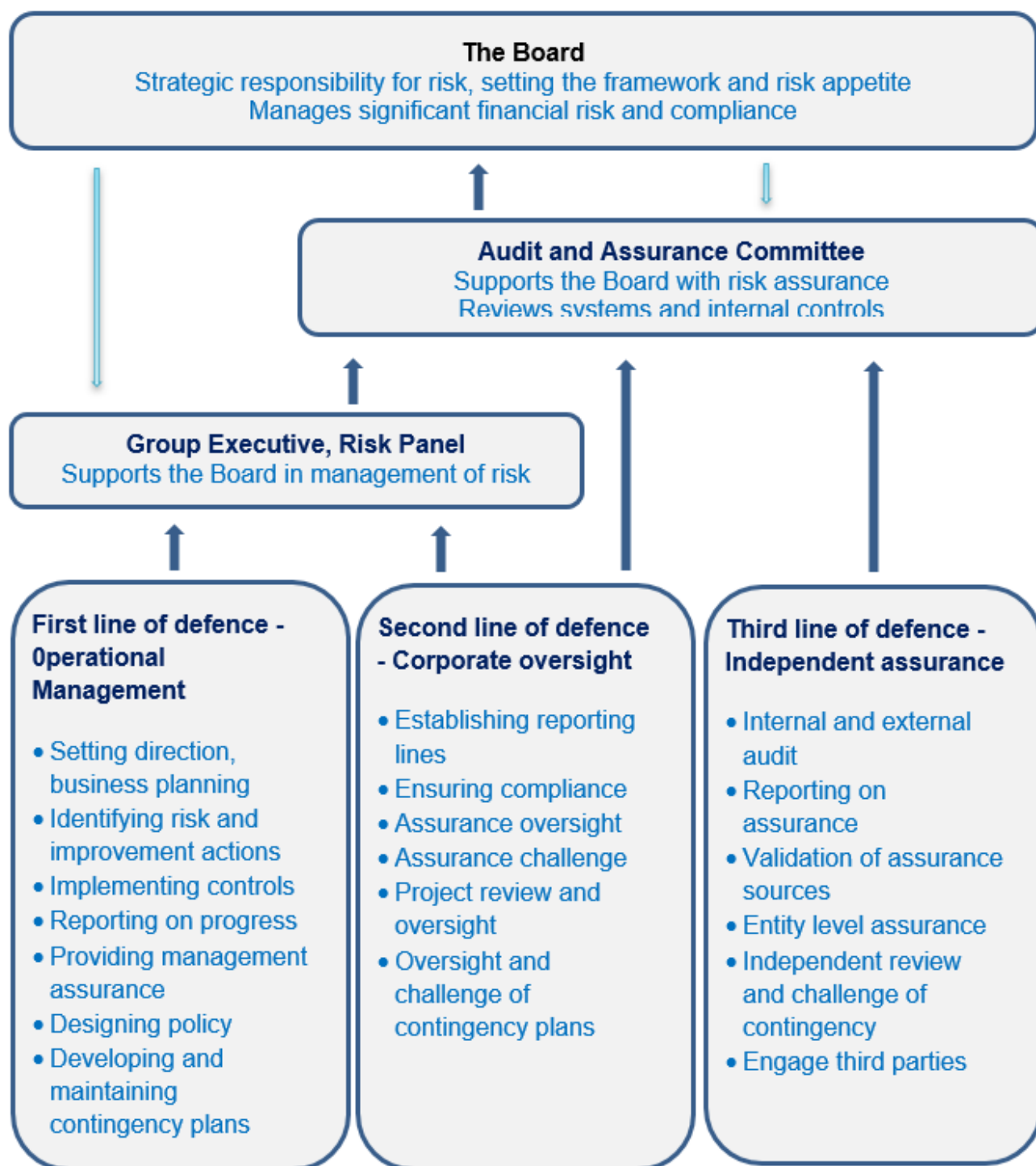


We are not averse to taking on measured risk to deliver our objectives, but when taking these decisions, the Board fully appraises the risk to understand the potential impact. The Risk Management Framework approved by the Board sets out the arrangements for identifying and managing risk as set out in the process below.



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

are in place. This approach is central to putting us in a strong position to achieve our strategic aims and embrace opportunities as they may arise.



The Board, as part of its review of risk management, has identified its most significant Strategic Risks and uncertainties, together with the mitigating actions taken in order to ensure that the risks are appropriately monitored and controlled. A summary of our Strategic Risk Register is set out below.

Key to Summary of Assurance

Substantial
Moderate
Limited

Strategic Risk Summary (risk category)	Risk Scores		Appetite or Target risk score
	Gross (G)	Net (N)	
1. Information security breach	25	18	Minimalist 8
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			
This risk covers cyber security threats and physical security arrangements and access to buildings and secure areas. Ongoing improvements to security and system stability have already reduced the risk in this area and will further reduce the risk scores to within the minimalist 'IT security and resilience' risk appetite and target score by the end of 2023/24.			

	Gross (G)	Net (N)	Appetite
2. Serious health, safety or environmental incident	21	14	Averse 3
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
MODERATE			
This risk includes the potential for colleague and customer safety issues (building, gas, electrical, fire, water hygiene, asbestos, mechanical equipment, infectious disease) as well as possible environmental incidents. The risk is tolerated outside of the averse 'health and safety' risk appetite and target score due to the possibility of human error and the impact of a potential serious incident, but the controls and assurance are strong with the risk being mitigated as far as it can be.			

	Gross (G)	Net (N)	Appetite
3. Insufficient investment in assets	24	13	Open 17
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
MODERATE			
This risk considers the potential of insufficient asset investment to meet legislative or regulatory requirements, or customer expectations. Whilst this risk is managed within the open 'asset management and regeneration' risk appetite and target score, services have seen increased pressure stemming from the Covid-19 pandemic, rising costs and the availability of labour and materials. In addition to the controls around day to day repairs service delivery, further mitigating controls in progress include investment in building safety, net zero carbon (linked to risk 5 below) and Decent Homes 2.			

	Gross (G)	Net (N)	Appetite
4. Insufficient funding	17	13	Cautious 13
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			
Loan and grant funding, rental income, void rent loss, sale of outright sale and shared ownership homes are all identified as risk areas, but this risk is well controlled overall and managed within the cautious 'Finance' risk appetite and target score, despite external political and economic factors. Strong controls are in place including a range of external assurance.			

	Gross (G)	Net (N)	Appetite
5. Impact of climate change	17	13	Cautious 13
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
MODERATE			
This risk focuses on the impact of climate change on whg's ability to deliver its new build development and stock investment programmes whilst meeting Government carbon reduction targets. It also considers the impact of climate change on existing housing stock, customers and colleagues. This was identified as a new strategic risk at the end of 2021/22 and whilst it is managed within the cautious risk target score (encompassing the averse 'health and safety', minimal 'legal and regulatory compliance', cautious 'finance' and 'reputation', open 'growth – development', 'asset management and regeneration' and 'environment/zero carbon approach' risk appetites) controls are being developed including approval of the Sustainability Strategy and Decarbonisation Roadmap in December 2022 and ongoing preparation for an ESG accreditation.			

	Gross (G)	Net (N)	Appetite
6. Development programme delayed	23	12	Open 17
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			
This deals with risk to the delivery of the Development Strategy up to March 2024. It is managed within the open 'growth – development' risk appetite with controls including funding availability, robust governance, technically experienced teams, robust contractor/development partnership arrangements and appropriate due diligence around development opportunities and land acquisitions.			

	Gross (G)	Net (N)	Appetite
7. Availability of IT systems and data	18	9	Minimalist 8
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
MODERATE			
Risk in this area has reduced with the ongoing improvements around security and stability bringing the net risk scores to within the minimalist 'IT security and resilience' risk appetite and target score. The risk is expected to de-escalate from the strategic risk register to the operational risk register once all enhancements have been applied to the controls. The range of improvements to controls include application and hardware upgrades and cloud migration.			

	Gross (G)	Net (N)	Appetite
8. Inadequate governance arrangements	24	8	Minimalist 8
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
HIGH			
This risk covers the potential for governance failures across the Group, as well as non-compliance with legislation and regulation, including data protection. The many mitigating controls ensure the risk is managed within the minimal 'legal and regulatory compliance' risk appetite and target score. They include strong board, committee and inter-group arrangements which minimise the risk to Walsall Housing Group as the parent, and its social housing assets, and protecting its charitable status and objectives. A verified risk management and strong internal controls framework supports the strong governance arrangements.			

	Gross (G)	Net (N)	Appetite
9. Ineffective services to customers	20	5	Open 15
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			
This risk covers the potential for service failure across any area of the business delivering front line services to customers, excluding asset management (included in risk 3 above). Controls such as a new, embedded community housing model and support services attracting external funding, ensure this risk is managed well within the open 'customer service' risk appetite and target score, enabling ongoing support for customers and communities.			

	Gross (G)	Net (N)	Appetite
10. Insufficient colleague resource (capacity and capability)	13	5	Cautious 13
Reliance on Controls	Summary of Assurance		
	First line	Second line	Third line
LOW			
This risk considers the impact of not having the right colleagues on the delivery of the Corporate Plan. Challenges with recruiting and retaining the right people are generally limited to a small number of specialist roles. Controls include competitive pay and benefits, a robust recruitment process, improvements to the performance framework and strong learning and development arrangements. The risk is managed well below the cautious 'people' risk appetite and target score.			

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

Streamlined Energy and Carbon Reporting (SECR)

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

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

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

How is our Carbon Footprint measured?

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

Scope 1 relates to the direct emissions from gas and transport fuel combustion. For whg this will include gas consumption from our offices, community centres, communal areas and plant rooms, as well as transport fuel used for our company fleet.

Scope 2 relates to the indirect emissions from electricity generation. For whg this will include electricity consumption from our offices, communal areas, and plant rooms.

Scope 3 relates to the indirect emissions associated with our value chain. The only mandatory reporting for Scope 3 is the emissions from business travel in employee-owned vehicles where the organisation is responsible for purchasing the fuel. The rest of Scope 3 is only optionally reported because it can be harder to track and the boundaries are harder to define.

Methodology

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

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

In SECR reporting there are two reporting approaches: 'location-based' and 'market-based'. Location-based reporting is the mandatory method and uses grid average figures (a mix of renewable and non-renewable fuels). A market-based reporting approach calculates the emissions associated with the energy sources or tariffs that the consumer has specifically chosen.

Carbon intensity ratios

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

to other, similar organisations.

Energy efficiency actions

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

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

- 41 loft insulations
- 942 boiler or full heating replacements and controls
- 12 external wall insulation installations
- 3 cavity wall insulation installations
- 48 double glazed full window installations

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

Carbon Emissions Reporting

Emissions Calculations

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

Figure 1 Market Based Emissions

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

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

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

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

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

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

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

Financial Review

Statement of Comprehensive Income (SOCl)

Turnover: £121.1m

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

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

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

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

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

Surplus for the year after tax: £22m

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

Total comprehensive income for the year: £77.8m

The net surplus for the year of £22m was significantly increased by £55.8m due to a positive movement in the value of our pension asset derived from a year-end revaluation of pension assets and liabilities. Key changes in valuation assumptions are the discount rate increasing from 2.85% in 2021/22 to 4.75% 2022/23 and future salary increases increasing from 3% in to 3.95%, both of which produce a net effect of a reduction in the value of future liabilities. Note 26 provides further details.

Statement of Financial Position

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

Fixed Assets: £670.6m

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

Net Current Assets: £71.9m

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

Long Term Creditors: £512.2m

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

Pensions Asset: £68.4m

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

Reserves: £297.1m

Reserves have increased by £77.8m reflecting the net comprehensive income for the year. Movement in the reserves balances is further shown in the Statement of Changes in Reserves.

Statement of Cash Flows

This statement shows that the cash inflow generated from operating activities of £65.7m provided cash cover of 2.8 times over the interest payable of £23.2m. During the year we funded investment in new and existing housing assets of £70.3m and also received grant income of £2.9m. Cashflow from financing activities includes cash interest paid in the year of £23.2m. Overall, there has been a net cash outflow of £94.4m.

5 year trend analysis of key financial ratios

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

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

EBITDA: Earnings before interest, tax, depreciation and amortisation

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

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

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

Our **net margin** has varied over the years, mainly due to changes in the actuarial valuation of our pension fund. The **EBITDA** (Earnings Before Interest, Tax, Depreciation and Amortisation) shows a consistently healthy position, allowing whg to continue investing in existing homes and new homes. The **EBITDA MRI** (EBITDA Major Repairs Included) shows the impact on the EBITDA with major repairs capital spend included, an indicator of earnings available to service debt used to build new homes. Performance on this indicator varies depending on the nature of investment works carried out to our homes and the scale of components replaced in any one year in order to maintain the quality of our homes.

Total net assets have reduced in 2022/23 changing the trend in previous years. We have repaid loans in the period which has reduced net assets by £20.6m. Our deferred grant account continues to increase each time new grant is received, made up primarily of Homes England funding for the new build programme although we also receive other grants to a lesser degree from local authorities and other government agencies. Our **pensions provision** has decreased over the years because the growth in pension assets is out pacing the increase in pension liabilities. Despite decreasing operating margins, we have continued to strengthen our **income and expenditure reserves** year on year, building financial strength and capacity to continue delivering services and growing our supply of affordable housing.

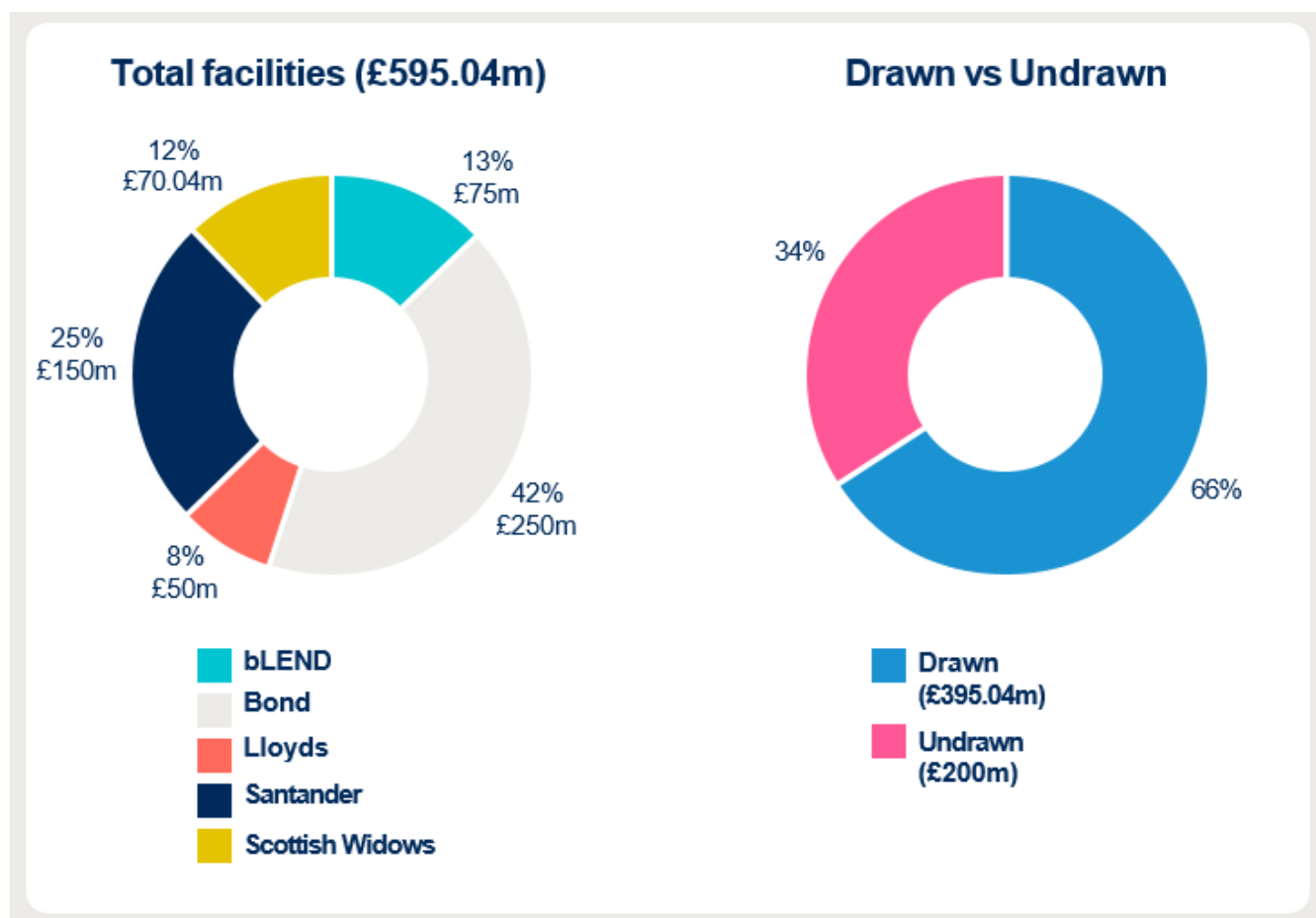
Our funder metrics also have a track record of strong performance over the past five years. Our **interest cover** has improved in 22/23 and during the year we have moved our **gearing covenant** from net debt per unit to net debt as a percentage of Housing properties at Cost. This has created new capacity to continue investing in our new development programme. Our **weighted average cost of funds** has continued to decrease over the years as we achieved efficiency gains through active treasury management.

Treasury Management

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

Liquidity and Capital Structure

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



Interest Rate Risk

The Group manages its interest rate risk through its Treasury Policy which requires at least 60% of drawn debt to be fixed. As at 31 March 2023, 100% of debt was fixed.

Investment Policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked to ensure investments are not at risk. Surplus cash is mainly invested in AAA rated money market funds as well as fixed or floating deposit accounts. Rates of interest have increased during the year as these vary with Bank of England base rate and in the final quarter of the financial year the average weighted return across the portfolio was 3.4%.

Currency Risk

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

Loan Covenants

The Group ensures that it operates with a prudent level of headroom on all loan covenants and monitors forecast covenant performance on a monthly basis. This is reported to the Board on a quarterly basis. The Business Plan is very resilient to these covenants with a degree of headroom. As at 31 March 2023 and throughout the year, the Group met all of its covenant targets for the financial year.

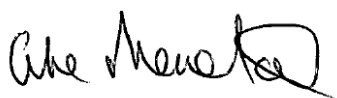
Credit Rating

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

The credit strengths listed were:

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

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



Gary Moreton, Chair of the Board
27 July 2023



Gary Fulford, Chief Executive
27 July 2023

The Report of the Board

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

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

Board Statement of Public Benefit

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

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

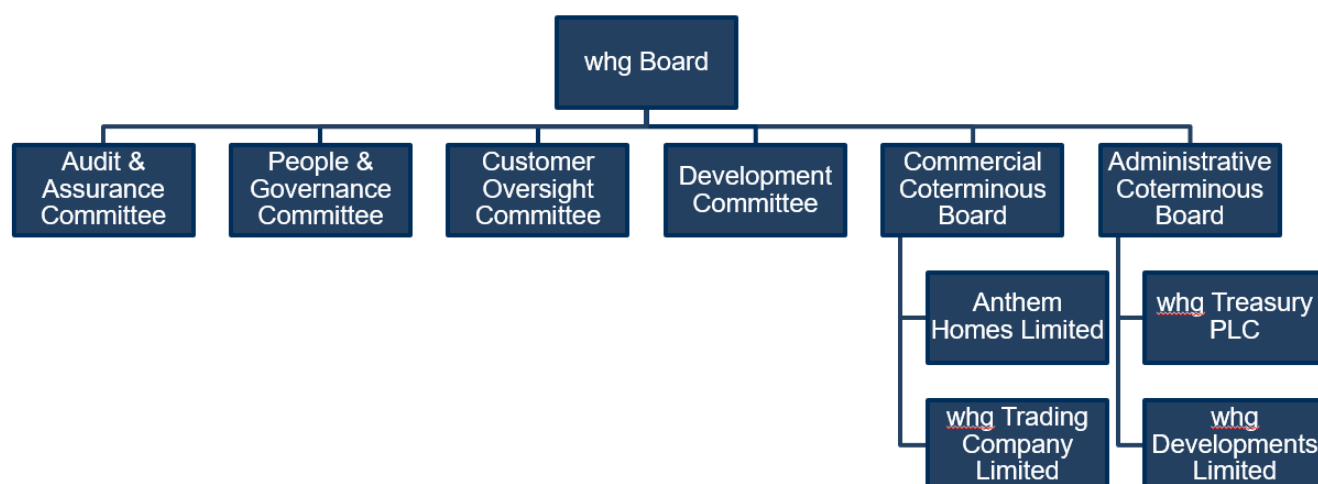
The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our area of operation and our published policies, designed to ensure fair access to our services for all those in housing or other need.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

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

Governance

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

As of 31 March 2023, the Board was made up of ten Board Members, who are responsible for the Group's governance. The Board meets regularly, with additional development days, training and breakfast sessions. The Board works alongside the Executive Team which is responsible for the day to day management of the Group's activities. The Board complies with the National Housing Federation Code of Governance and can have a maximum of 12 Members. The Board and Committee structure are summarised below.



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

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

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

The People and Governance Committee reviewed and recommended for approval the latest self-assessment against the Code of Governance, on the basis that it has strong assurance that whg and its subsidiaries, where applicable, are fully compliant with the NHF Code of Governance. The self-assessment was subsequently approved by the whg Board in May 2023.

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

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

The People and Governance Committee has completed an annual assessment of our compliance with the RSH's Governance and Financial Viability Standard and reported to the Board in May 2023 that we are fully compliant in all material respects. This includes using all reasonable endeavours to ensure compliance with all relevant law. An assessment has been carried out across the business of how whg identifies and complies with relevant legislation and keeps abreast of any new areas requiring compliance.

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

General Data Protection Regulation

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

Board Statement on Modern Slavery

This statement is made under Section 54(1) of the Modern Slavery Act 2015. It constitutes whg's Anti-Slavery and Human Trafficking Statement for the financial year ending 31 March 2023. This statement is approved by the Board and applies to all organisations within the Group. It is reviewed and updated annually.

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

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

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Walsall Housing Group Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2023. In particular, by reference to the approval of our Corporate plan launched in 2020. We work within a regulated sector and are proud to hold the highest level accreditation of G1/V1 for our governance activity and our financial viability.

Long term consequences of our decisions

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

Key decisions in the year to demonstrate that decision making has been supported by financial and non-financial information: The Board approved the annual Budget in March 2023. As part of this Budget approval, the Board assessed in depth financial information on all aspects of the business. In addition, the Board approved a long-term Business Plan and all economic assumptions made within it. The Board assessed the financial impact of numerous scenarios on the Business Plan via a comprehensive set of stress tests and mitigating actions to ensure ongoing financial viability should the economic or regulatory environment worsen. In terms of non-financial information, the Board has assessed performance information on a regular basis throughout the year and used this to determine investment decisions for the long-term Business Plan. Key examples of this include investment in digitalisation, energy efficiency and carbon reduction measures.

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

Interests of our colleagues

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

Key decisions in the year that demonstrate protection of colleagues' interests:

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

Regular salary benchmarking continues to take place to ensure colleagues' salaries are in line with industry norms. whg invests in pension scheme arrangements, offering a choice of schemes allowing colleagues to select the most appropriate for their circumstances. There are various colleague groups in operation within the business ensuring that they have a voice. Training on equality, diversity and inclusion has also been provided to support the culture of treating people fairly. A robust policy

framework is in place, including policies for code of conduct and health and safety, which protects colleagues. In addition, an annual engagement survey is carried out to monitor the ongoing wellbeing of teams across the business. The engagement scores are high, indicating that whg's approach to colleague management is in line with its ambition to be an employer of choice.

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

Business relationships with suppliers, customers and others

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

Key decisions in the year that demonstrate relationship management with stakeholders:

whg actively engages with stakeholders during the year through various channels. An effective procurement strategy is in place which enables opportunities for suppliers of all sizes to offer their services and ongoing contract management approaches ensure that suppliers receive the level of engagement expected from whg as determined by the contractual arrangements.

whg's Corporate plan is heavily focused on delivering high quality services to customers and various activities take place during the year to engage with customers, seek feedback on our services and use customer survey data to inform future shaping of service delivery. There are various forums for customers to participate in decision making including customer representation at Board level. The Board also take every opportunity to engage with customers, taking part in activities such as estate walkabouts, networking and community events. As part of the focus on listening to the customer voice, during the year the Board changed the remit of the Customer Experience Committee and renamed it as the Customer Service Oversight Committee.

Impact on the community and the environment

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

Key decisions in the year to demonstrate our impact on the community and environment:

whg is making good progress in upgrading homes to a minimum EPC-C rating by 2030. Alongside this decision, whg has also assessed the return on investment of all of its homes, considering financial returns and social returns and has used this data to work on a deep dive review of its poor performing homes with the aim of appraising various options to achieve the sustainability of these homes. whg continues at pace to develop its ESG roadmap to articulate how current activities meet environmental and sustainability outcomes and develop new objectives to drive future investment decisions. whg launched an ESG working group which meets regularly to look at the development of the roadmap to Net Zero Carbon by 2050 and action plan. The Board remains focussed on reducing the scourge of fly-tipping, which is a concern on many of whg's estates and improving neighbourhoods for customers.

High standards of business conduct

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

Key decisions in the year: whg carries out an annual assessment of compliance against regulatory standards and continues to achieve a G1/V1 regulatory grading, evidencing high standards of business conduct. whg was also rated A3 with a stable outlook by Moody's. In addition, the assurance framework

and three lines of defence model continues to drive a strong internal control environment. There are numerous policies in place for code of conduct, standing orders and financial regulations, fraud and whistle-blowing, all of which provide a clearly defined framework for business conduct.

Act fairly between members

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

Key decisions in the year: During the year we carried out a review of governance arrangements, assisted by third party experts. The review confirmed that whg is committed to, and demonstrates, strong governance with the report praising the “highly motivated and committed Board, Committees and Executive Team.” The report also singled out whg’s culture for its distinctiveness and how it is embedded across the organisation. The Board is now well on the way to completing all the recommendations made in the report. In addition, the Board signed up to the NHF EDI challenge aimed at improving the diversity and inclusion of the Board.

The adoption of the NHF Code of Governance 2020 supports the efficacy of the Board acting fairly and supporting the interests of customers and colleagues. Board members act in the best interests of each company they represent ensuring each entity operates within the articles of association.

Statement of Compliance with the SORP

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

Other Information

Where information is not shown within the Report of the Board in accordance with S414c (11) Companies Act 2006 it is instead included within the Strategic Report starting on page 6. This includes the Energy and Carbon report starting on page 47.

Qualifying Third Party Indemnity Provisions

The Directors have third party indemnity insurance through the Group.

Going Concern

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

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

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

The Group has a very strong liquidity position with £55m cash holding at 31 March 2023 and with undrawn revolving facilities of £200m, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

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

Board Statement on the Effectiveness of Internal Control

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

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

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

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

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

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

Identifying and Evaluating Key Risks

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

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

Control environment and internal controls

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

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

collection, managing voids, major works and responsive repairs and new development.

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

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

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

Fraud Assurance

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

Statement of Board Responsibilities

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

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

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

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

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

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

Disclosure of Information to the Auditor

Each Member of the Board has taken all the steps required of them by the Board Members' duty to

exercise due care, skill and diligence in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

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

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

A handwritten signature in black ink, appearing to read 'Gary Moreton', with a stylized flourish at the end.

Gary Moreton
Chair of the Board
27 July 2023

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

Opinion

We have audited the financial statements of Walsall Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2023 which comprise the Consolidated and the Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

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

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 52, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud

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

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

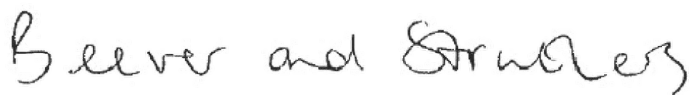
- We obtained an understanding of laws and regulations that affect the Group and the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental

effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation and employment legislation.

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

Use of our report

This report is made solely to the Association's members, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.



Maria Hallows (Senior Statutory Auditor)

**For and on behalf of
Beever and Struthers**

One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 17 August 2023

Consolidated Statement of Total Comprehensive Income for the year ended 31 March 2023

The consolidated Financial Statements on pages 64 to 111 were approved by the Board on 27 July 2023.

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



Gary Moreton
Chair



Gary Fulford
Group Chief Executive

The consolidated results relate wholly to continuing activities. The accompanying Notes form part of these Financial Statements.

Consolidated Statement of Changes in Reserves for the year ended 31 March 2023

	Income and expenditure reserve £'000
Balance as at 1 April 2021	166,812
Surplus for the year	20,801
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	31,667
Balance at 31 March 2022	219,280
Surplus for the year	22,030
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	55,822
Balance at 31 March 2023	297,132

Company Statement of Changes in Reserves for the year ended 31 March 2023

	Income and expenditure reserve £'000
Balance as at 1 April 2021	184,997
Surplus for the year	21,093
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	31,667
Balance at 31 March 2022	237,757
Surplus for the year	21,787
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	55,822
Balance at 31 March 2023	315,366

Consolidated Statement of Financial Position**At 31 March 2023****Company No. 4015633**

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

The accompanying Notes form part of these Financial Statements.

The Financial Statements on pages 68 to 111 were approved by the Board and authorised for issue on 27 July 2023 and are signed on its behalf by:



Gary Moreton

Chair


Gary Fulford
Group Chief Executive

Consolidated Statement of Cash Flows for the year end 31 March 2023

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

The accompanying Notes form part of these Financial Statements.
A reconciliation of net debt is shown in Note 29A.

Notes to the Financial Statements

1. Legal Status

Walsall Housing Group Limited is a company limited by guarantee, registered under the Companies Act 2006 and is an English registered charity and social housing provider. Walsall Housing Group is a public benefit entity. The Company's registered office address and principal place of business is: 100 Hatherton Street, Walsall, WS1 1AB.

Walsall Housing Group's principal activities and the nature of the Company's operations can be found in the Group profile on page 4. Walsall Housing Group (the Group) comprises the following entities:

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

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

2. Accounting policies

Basis of Accounting

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

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

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

Basis of Consolidation

The consolidated Financial Statements incorporate those of the Company and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All Financial Statements are made up to 31 March 2023.

All intra-Group transactions and balances between Group companies are eliminated on consolidation. The wholly owned subsidiaries which are consolidated are listed at 1 above.

Joint Ventures

An entity is treated as a joint venture where a member of the Group holds an interest and shares control under a contractual agreement with one or more parties external to the Group. In the Group accounts, joint ventures are accounted for using the equity method. Under this method, where the venture itself is not a parent, the fair value model is adopted, and an equity investment is initially recognised at the transaction price (including transaction costs). Changes in fair value are recognised where it is practicable to do so. Where it is impracticable to measure fair value reliably or without undue cost or effort, the cost model will be used in accordance with the provisions of FRS102. Dividends and other distributions will be recognised in Anthem Homes Ltd accordingly at group level this will reduce the carrying amount of the investment.

Reduced Disclosures

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

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

Going Concern

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

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

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

The Group has a very strong liquidity position with £89.7m cash holding at 31 March 2023 and with undrawn revolving facilities of £200m, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after

the date on which the report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Turnover and Revenue Recognition

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

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

Other Income

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

Investment income is recognised on an accruals basis.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation.

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

Tangible Fixed Assets – Housing Properties

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

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

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

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

Works to existing properties are capitalised when they either replace a component that has been treated separately for depreciation purposes, or are improvement works that enhance the economic benefits of the asset. Such enhancements can occur if improvements result in any of the following:

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

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

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

Right to Buy and Right to Acquire Disposals

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

Voluntary Right to Buy Disposals

For homes sold under the scheme the proceeds will be retained by whg to fund replacement homes. The discount received by the tenant will be claimed back by whg from Homes England. We will claim back any transaction cost i.e. legal costs and debt associated with the property, and the net cash amount will be held as a designated reserve to fund replacement properties as disclosed in Note 35.

Investment Properties

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

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

Government Grants

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

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

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

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

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant

remaining within creditors is released and recognised as income. Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

Other Grants

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

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

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

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

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

Impairments of Fixed Assets

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

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

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

Other Tangible Fixed Assets

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

Other Assets	Years
Office buildings	50
IT	4-15
Furniture & office equipment	10
Motor vehicles	2-4
Office improvements	4-8

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

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

Cash and cash equivalents

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

Borrowing Costs

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

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

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

Taxation

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

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

Deferred Taxation

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

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

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

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

Value Added Tax (VAT)

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

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

The group expenditure is subject to VAT in different ways:-

- The majority of the Group expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.
- Although a large proportion of the Group's income is exempt from VAT, the Group charges VAT on some of its income and is able to recover VAT on directly attributable costs.
- The Group is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs (HMRC) and the recovered amounts are disclosed in turnover.

Interest Payable

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

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

Leases

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

Colleague Benefits

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

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

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

Retirement Benefits

Defined benefit plans

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

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

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

The net defined benefit liability / asset represents the present value of the defined benefit obligation less the fair value of plan assets out of which obligations are to be settled.

Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The following are recognised in the Statement of Comprehensive Income:

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

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

HomeBuy

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

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

Financial Instruments

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

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

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

Financial Assets

Debtors

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

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

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

Financial Liabilities

Creditors

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

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

Borrowings

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

Derecognition of financial assets and liabilities

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

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

Provisions

The Group recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable, will result in the transfer of economic benefits and that obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Critical Accounting Estimates and Areas of Judgement

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

Critical accounting estimates and assumptions

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

Defined Benefit Obligation (DBO) – WMMAPF

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

Defined Benefit Obligation (DBO) – SHPS

whg's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases and the roll forward of actuarial information to 31 March 2023. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 26).

Fair value measurement

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

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

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

Useful lives of depreciable assets

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

Critical areas of judgement

Impairment

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

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

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

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

Capitalisation of property development costs

Distinguishing the point at which a project is more than likely not to continue, allowing capitalisation of associated development costs requires judgement.

Capitalisation of Motor Vehicle Fleet costs

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

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

2023							
GROUP – continuing activities	Turnover	Cost of sales	Operating expenditure	Surplus on Disposal	Revaluation of Investment Property	Share in Surplus from Joint Venture	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	109,613	-	(82,548)	-	-	-	27,065
Other social housing activities							
First tranche low cost home ownership sales	7,082	(5,790)	-	-	-	-	1,292
Gain on disposal of property, plant and equipment	-	-	-	9,290	-	-	9,290
Charges for support services	-	-	-	-	-	-	-
Development costs	-	-	(907)	-	-	-	(907)
Other social housing grants	436	-	-	-	-	-	436
VAT recoverable	100	-	-	-	-	-	100
Other social housing	632	-	(347)	-	-	-	285
	117,863	(5,790)	(83,802)	9,290	-	-	37,561
Activities other than Social Housing							
Non social housing lettings	976	-	(188)	-	-	-	788
Non social housing grants	627	-	(1,226)	-	-	-	(599)
Outright property sale	615	(599)	-	-	-	-	16
Other non social housing	1,040	-	(303)	-	-	-	737
Share in Surplus from Joint Venture	-	-	-	-	-	414	414
Increase in valuation of Investment Properties	-	-	-	-	326	-	326
	121,121	(6,389)	(85,519)	9,290	326	414	39,243

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

3b. Particulars of turnover, cost of sales, operating costs and operating surplus**2023**

COMPANY – continuing activities	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	109,613	-	(82,719)	-	-	26,894
Other social housing activities						
First tranche low cost home ownership sales	7,082	(5,790)	-	-	-	1,292
Gain on disposal of property, plant and equipment	-	-	-	9,290	-	9,290
Charges for support services	-	-	-	-	-	0
Development costs	-	-	(904)	-	-	(904)
Other social housing grants	436	-	-	-	-	436
VAT recoverable	100	-	-	-	-	100
Other social housing	751	-	(347)	-	-	404
	117,982	(5,790)	(83,970)	9,290	0	37,512
Activities other than Social Housing						
Non social housing lettings	976	-	(188)	-	-	788
Non social housing grants	627	-	(1,226)	-	-	(599)
Outright property	615	(599)	-	-	-	16
Other non social housing	332	-	(244)	-	-	88
Increase in valuation of Investment Properties	-	-	-	-	326	326
	120,532	(6,389)	(85,628)	9,290	326	38,131

2022						
COMPANY – continuing activities	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Operating Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	105,694	-	(75,506)	-	-	30,188
Other social housing activities						
First tranche low cost home ownership sales	10,728	(8,781)	-	-	-	1,947
Gain on disposal of property, plant and equipment	-	-	-	7,382	-	7,382
Charges for support services	-	-	(444)	-	-	(444)
Development costs	409	-	(1,121)	-	-	(712)
Other social housing grants	288	-	(212)	-	-	76
VAT recoverable	39	-	-	-	-	39
Other social housing	670	-	(167)	-	-	503
	117,828	(8,781)	(77,450)	7,382	0	38,979
Activities other than Social Housing						
Non social housing lettings	973	-	(181)	-	-	792
Non social housing grants	545	-	(1,431)	-	-	(886)
Outright property	480	(566)	-	-	-	(86)
Other non social housing	598	-	(105)	-	-	493
Increase in valuation of Investment Properties	-	-	-	-	1,045	1,045
	120,424	(9,347)	(79,167)	7,382	1,045	40,337

Included within social housing lettings operating expenditure are non-cash amounts that relate to FRS102 assumptions in respect of the pension funds for 'current service costs' and 'curtailments' of £5.4m (2022: £5.4m). This non-cash financial assumption is derived by the scheme actuaries.

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

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

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

COMPANY	General needs housing	Supported housing and housing for older people	Low cost home ownership	2023	2022
				Total	Total
	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	99,744	1,627	1,889	103,260	98,026
Service charge income	4,500	318	220	5,038	5,155
Amortised government grants	1,135	-	-	1,135	1,016
Other grants	-	180	-	180	1,497
Turnover from social housing lettings	105,379	2,125	2,109	109,613	105,694
Management	26,422	373	118	26,913	22,833
Service charge costs	6,643	487	496	7,626	6,033
Routine maintenance	12,364	174	-	12,538	11,297
Planned maintenance	18,075	254	-	18,329	15,240
Major repairs expenditure	4,248	60	-	4,308	5,546
Bad debts	686	9	(33)	662	819
Depreciation of housing properties	11,807	170	276	12,253	13,738
Operating expenditure on social housing lettings	80,245	1,527	857	82,629	75,506
Operating surplus on social housing lettings	25,134	598	1,252	26,984	30,188
Void losses	(717)	(13)	(2)	(732)	(689)

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

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

4. Accommodation in management and development

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

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

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

5. Operating Surplus

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

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

6. Surplus on disposal of property, plant and equipment

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

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

7. Interest receivable and similar income

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

8. Interest and financing costs

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

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

9. Employees

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

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

GROUP AND COMPANY	2023 No.	2022 No.
Administration	212	202
Development	27	27
Housing, support and care	539	518
Average monthly headcount	778	747

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

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

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

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

	2023	2022
	No	No
£60,000 - £70,000	19	15
£70,001 - £80,000	6	4
£80,001 - £90,000	3	2
£90,001 - £ 100,000	7	4
£100,001 - £110,000	2	1
£110,001 - £120,000	2	1
£120,001 - £130,000	3	3
£130,001 - £140,000	1	1
£140,001 -£150,000	1	-
£150,001 - £160,000	1	1
£160,001 - £170,000	0	1
£180,001 - £190,000	1	-
£200,001 - £210,000	1	1
£240,001 - £250,000	1	1
£250,001 - £260,001	0	1
£260,001 - £270,000	1	-

10. Key management personnel

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

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

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

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

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 7 (2022: 7).

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

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

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

10. Key management personnel (continued)

Board members Attendance and Emoluments

Board members are paid as follows:

Committee

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

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

	Attendance		Remuneration	
	Board	Committee	2023 £'000	2022 £'000
Non-Executive Board Members				
Danielle Oum (Chair) to 26/10/2021	-	-	-	9
Gary Fulford (Chair ACBs, Member CCBs, Chair CC LLP)	6/6	ACBs 3/4 CCBs 5/5 CC LLP 3/4	-	-
Gregory Warner-Harris (CCB Chair) to 31/3/2023	6/6	CCBs 5/5	10.2	7.2
Paul O'Driscoll	5/6	DevCom 4/6	8.2	5
Elisabeth Downes (GRC Chair)	6/6	GRC 5/5	-	-
Daren Fradgley	5/6	CEC 4/4	8.2	5
Gary Moreton (Chair) from 22/7/2022	6/6	GRC 3/3	22.6	11
Akshay Parikh (DC Chair)	5/6	DevCom 5/6	9.2	7.2
Guy Weston (AAC Chair) from 01/11/2022	5/6	AAC 5/5 DevCom 4/6	9.6	6
Natalia Hill (CEC Chair)	6/6	CEC 4/4	9.2	7.2
Ian Shapiro	5/6	GRC 5/5	7.3	5
Total			84.5	62.6
Board Expenses			3.5	1
Committee Members Remuneration			37.4	45
Total			125.4	108.6

11. Taxation

Walsall Housing Group Ltd is registered as charitable with HMRC and as such benefits from charitable tax exemptions. All other active Group companies including whg Trading Company Ltd, whg Developments Ltd, whg Treasury PLC, Anthem Homes Ltd, Cricket Close LLP and The Woodlands Management Company (Harrowby) Ltd are liable to Corporation Tax.

Group	2023	2022
Current tax	£'000	£'000
UK corporation tax	-	-
Total current tax	0	0
Deferred tax		
-Origination and reversal of timing differences	(7)	24
Total deferred tax	(7)	24
Total tax on surplus on ordinary activities	(7)	24

	2023	2022
	£'000	£'000
Surplus on ordinary activities before tax	22,037	20,777
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2022: 19%)	4,187	3,948
-Exempt charitable activities	(4,187)	(3,948)
Current tax charge for the year		
Capital allowances in excess of depreciation	(7)	(6)
Adjustment to closing deferred tax rate	-	30
Deferred Tax	(7)	24

Company	2023	2022
Current tax	£'000	£'000
UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on surplus on ordinary activities	-	-

	2023	2022
	£'000	£'000
Surplus on ordinary activities before tax	21,787	21,093
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	4,140	4,008
Exempt charitable activities	(4,140)	(4,008)
Capital allowances in excess of depreciation	-	-
Adjustment to opening deferred tax rate	-	-
Current tax charge for the year	-	-

12. Intangible Fixed Assets

Group and Company	IT Software £'000	IT Software work in progress £'000	Total Intangible assets £'000
Cost			
At 1 April 2022	3,228	71	3,299
Additions	-	715	715
Projects completed	44	(44)	-
Disposals	(107)		(107)
At 31 March 2023	3,165	742	3,907
Amortisation			
At 1 April 2022	1,605	-	1,605
Charged in the year	462	-	462
Released on disposal	(95)	-	(95)
At 31 March 2023	1,972	-	1,972
Net book value			
At 31st March 2023	1,193	742	1,935
At 31st March 2022	1,623	71	1,694

Amortisation on these assets is apportioned by FTE across all expenditure elements within the Statement of Comprehensive Income.

13. Fixed Assets – housing properties

Fixed Assets – housing properties

Group	Social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
– housing properties	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	635,712	28,030	49,622	3,863	717,227
Additions	-	50,495	-	7,818	58,313
Component additions	6,883	8,518	-	-	15,401
Interest capitalised	-	783	-	142	925
Schemes completed	35,814	(35,814)	6,789	(6,789)	-
Property disposals	(2,334)	(924)	(1,152)	-	(4,410)
Costs written off	9	-	11	(1)	19
Component disposals	(874)	-	-	-	(874)
At 31 March 2023	675,210	51,088	55,270	5,033	786,601
Depreciation					
At 1 April 2022	133,792	-	763	-	134,555
Depreciation charged in year	11,826	-	276	-	12,102
Released on disposal – properties	(774)	-	(20)	-	(794)
Released on disposal – components	(874)	-	-	-	(874)
At 31 March 2023	143,970	-	1,019	-	144,989
Net book value					
At 31 March 2023	531,240	51,088	54,251	5,033	641,612
At 31 March 2022	501,920	28,030	48,859	3,863	582,672

Included in the depreciation charge for the year is £351k of accelerated depreciation on components disposed before the end of their useful economic lives (2022: £516k).

Company	Social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
– housing properties	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	655,541	28,529	49,622	3,863	737,555
Additions	-	51,414	-	7,818	59,232
Works to existing properties	6,883	8,518	-	-	15,401
Interest capitalised	-	783	-	142	925
Schemes completed	36,104	(36,104)	6,789	(6,789)	-
Property disposals	(2,334)	(924)	(1,152)	-	(4,410)
Costs written off	9	-	11	(1)	19
Component disposals	(874)	-	-	-	(874)
At 31 March 2023	695,329	52,216	55,270	5,033	807,848
Depreciation					
At 1 April 2022	135,838	-	763	-	136,601
Depreciation charged in year	11,977	-	276	-	12,253
Released on disposal – properties	(774)	-	-	-	(774)
Released on disposal – components	(874)	-	(20)	-	(894)
At 31 March 2023	146,167	-	1,019	-	147,186
Net book value					
At 31 March 2023	549,162	52,216	54,251	5,033	660,662
At 31 March 2022	519,703	28,529	48,859	3,863	600,954

Housing properties book value net of depreciation comprises

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Freehold land and buildings	581,063	528,674	600,113	546,956
Leasehold buildings	1,265	1,276	1,265	1,276
Shared Ownership	59,284	52,722	59,284	52,722
	641,612	582,672	660,662	600,954

13. Fixed Assets – housing properties (continued)**Expenditure on works to existing properties**

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Components capitalised	15,401	17,939	15,401	17,939
Amounts charged to Statement of Comprehensive Income	4,307	5,545	4,308	5,546
	19,708	23,484	19,709	23,485

Assets held in the Company include uplift in the net book value of assets transferred from its subsidiaries arising from the Group restructure in January 2009. This has been eliminated on consolidation.

Social housing assistance

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Total accumulated social housing grant received or receivable at 31 March:				
Recognised in the Statement of Comprehensive Income	(9,603)	(8,515)	(11,547)	(10,459)
Held as deferred income	100,813	92,061	100,813	92,061

Finance costs

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Aggregate amount of finance costs included in the cost of housing properties	7,256	6,300	7,256	6,322

14. Tangible Fixed Assets – Other

Group and Company	Offices	Furniture Fixtures and Fittings	Computers & Office Equipment	Computers & Office Equipment WIP	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	15,521	2,467	3,275	453	62	21,778
Additions	15	15	-	536	2,225	2,791
Projects completed	-	-	300	(300)	-	0
Disposals	(977)	(32)	(297)	-	(15)	(1,321)
At 31 March 2023	14,559	2,450	3,278	689	2,272	23,248
Depreciation						
At 1 April 2022	4,758	1,878	1,962	-	62	8,660
Charged in the year	329	190	374	-	16	909
Released on disposal	(977)	(20)	(224)	-	(15)	(1,236)
At 31 March 2023	4,110	2,048	2,112	-	63	8,333
Net book value						
At 31st March 2023	10,449	402	1,166	689	2,209	14,915
At 31 March 2022	10,763	589	1,313	453	-	13,118

In 2022/23 whg made a strategic decision to purchase its motor vehicle fleet of consisting 202 commercial vehicles, this fleet will be managed by whg going forward.

15. Investment properties

	Group and Company	
	2023	2022
Non social housing properties held for letting	£'000	£'000
At 1 April	10,740	9,695
Additions adjustment	(11)	-
Revaluation	326	1,045
At 31 March	11,055	10,740

The Company owns a portfolio of market rented properties. These properties are accounted for at fair value. The Company used Bridgehouse Professional Valuation Services who undertook a desktop review to establish the current fair value of the properties. The current worth was then adjusted for movements in the property market using the median property price trends for the Walsall area. The methodology produced an estimated valuation of £11m at March 2023 (2022: £10.7m). The movement in fair value £326k (2022: £1,045k) have been recognised in the Statement of Total Comprehensive Income.

16. HomeBuy loans receivable

	Group and Company	
	2023	2022
	£'000	£'000
At 1 April	137	137
At 31 March	137	137

17. Investments in subsidiaries

Name & type of entity	Company No	Place of Registration	31st March 2022	Additions	At 31st March 2023
whg Treasury Plc	9138070	England & Wales	50,000	-	50,000
whg Developments Ltd	7872595	England & Wales	1	-	1
whg Trading Ltd	5407219	England & Wales	1	-	1
Anthem Homes Ltd	10591652	England & Wales	50,000	-	50,000
Cricket Close LLP	OC417013	England & Wales	-	-	-
The Woodlands Management Company (Harrowby) Ltd	9721558	England & Wales	-	-	-
			100,002	-	100,002

a) During the year whg had the following intra-Group transactions and year end balances with whg Treasury PLC.**whg Treasury PLC to whg**

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Interest payable	Bond interest charge payable	10,201	10,212
Custodian fees	Custodian fees payable	11	13
Management services	Fixed fee	20	20
Gift aid	Not applicable	(20)	-
		10,212	10,245

There is a £268.7m long term intra-group creditor owed to whg Treasury PLC at the year end (2022: £269.1m).

b) During the year the Company had the following intra-Group transactions and year end balances with whg Developments Limited.**whg to whg Developments Ltd**

Intra-Group transactions	Allocation	2023 £'000	2022 £'000
Interest payable	Interest charge	23	24
Management services	Percentage of	192	109
		215	133

whg Developments Ltd to whg

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Recharge of cost of sales	Design & Build	19,575	11,053
Gift aid	Not applicable	(81)	(92)
		19,494	10,961

There is a £1.3m net intra-group creditor owed to whg Developments Ltd at the year end made up of £2m owed to whg Developments Ltd and £714k owed by whg Developments Limited. (2022: net debtor £606k). Included in the £714k debt owed by whg Developments Limited is a £500k loan made by Walsall Housing Group on 20 December 2012. Interest is charged at 4.5% (2022: 4.8%). Interest amounted to £23k for the year (2022: £24k).

17. Investments in subsidiaries (continued)

- c) During the year whg had the following intra-Group transactions and year end balances with whg Trading Company Limited:

whg to whg Trading Ltd

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Management services	Percentage of payroll costs	70	59

whg Trading Ltd to whg

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Gift aid	Not applicable	(242)	(213)

There is a £11k intra-group debtor owed by whg Trading Company Limited at the year end (2022: £9k).

- d) During the year the Company had the following intra-Group transactions and year end balances with Anthem Homes Limited.

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Interest payable	Interest charge payable	706	415
Management services	Percentage of payroll costs	46	51
		752	466

There is a £8.1m intra-group debtor owed by Anthem Homes Limited at the year end made up of £10.7m owed by Anthem Homes Limited to whg and £2.6m owed to Anthem Homes Limited by Cricket Close LLP (2022: net debtor £13m). The £10.7m debt owed by Anthem Homes Limited includes a loan made by Walsall Housing Group which was at LIBOR (0.2% for the year) plus 3% up to 31 January 2022 and thereafter at a 5% market rate. The £2.6m debtor includes a loan made to Cricket Close LLP at a 5% market rate.

- e) During the year the Company had the following intra-Group transactions and year end balances with The Woodlands Management Company (Harrowby) Limited.

whg to The Woodlands Management Company (Harrowby) Limited

Intra-Group transactions	Allocation basis	2023 £'000	2022 £'000
Management services	Percentage of payroll costs	6	6

There is a £nil intra-group debtor owed by The Woodlands Management Company (Harrowby) Limited at the year end (2022: £nil).

18. Properties held for sale

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Shared Ownership Properties				
Completed properties	1,219	845	1,219	845
Work in progress	4,938	4,104	3,148	2,367
	6,157	4,949	4,367	3,212
Properties developed for outright sale	-	598	-	598
Total	6,157	5,547	4,367	3,810

19. Debtors

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	5,203	5,213	5,203	5,213
Less: provision for bad and doubtful debts	(3,392)	(3,122)	(3,392)	(3,122)
	1,811	2,091	1,811	2,091
Deferred tax asset	117	124	-	-
Other debtors	592	670	572	633
Prepayments and accrued income	6,228	8,014	6,098	7,505
Amounts owed by Group undertakings	-	-	1,405	1,133
	8,748	10,899	9,886	11,362

20. Debtors due in more than one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due after one year				
Loan to Anthem Lovell LLP	7,298	12,298	-	-
Loan to Anthem Homes Limited	-	-	9,519	14,434
Loan to whg Developments Limited	-	-	500	500
	7,298	12,298	10,019	14,934

21. Creditors: amounts falling due within one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank loans (Note 24)	-	12,500	-	12,500
Trade creditors	10,516	6,431	7,864	5,899
Rent and service charges received in advance	3,509	3,275	3,501	3,275
Social housing grant received in advance	6,775	12,314	6,775	12,314
Other grants received in advance	3,827	4,830	3,827	4,830
Amounts owed to Group undertakings	-	-	7,877	5,165
Deferred grant income (Note 23)	1,179	1,097	1,179	1,097
Corporation Tax	-	-	-	-
Other taxation and social security	746	812	740	788
Unpaid contributions for retirement benefits	64	74	64	74
Other creditors	1,257	1,303	1,257	1,303
Accruals and deferred income	12,245	9,426	7,063	4,237
	40,118	52,062	40,147	51,482

22. Creditors: amounts falling due after more than one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred Grant (Note 23)	94,387	82,177	94,387	82,177
Debt (Note 24)	395,040	450,907	395,040	450,907
Loan Premium and Amortisation Costs	21,814	23,550	21,814	23,550
Recycled Capital Grant (Note 25)	815	3,863	815	3,863
Amounts owing to Group Undertakings	-	-	38	38
Sinking Funds	192	96	168	79
	512,248	560,593	512,262	560,614

23. Deferred grant income

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At 1 April 2022	83,274	69,961	83,274	69,961
Grant received in the year	13,832	17,767	13,832	17,767
Transfer to RCGF	(407)	(450)	(407)	(450)
Grants paid to partners	0	(1,291)	0	(1,291)
Grants recognised as income	12	(1,687)	12	(1,687)
Released to income in the year	(1,145)	(1,026)	(1,145)	(1,026)
At 31 March 2023	95,566	83,274	95,566	83,274
Amounts to be released within one year (Note 21)	1,179	1,097	1,179	1,097
Amounts to be released in more than one year (Note 22)	94,387	82,177	94,387	82,177
	95,566	83,274	95,566	83,274

Deferred Grant includes £393k (2022: £402k) relating to office buildings and £1.1m (2022: £936k) component accounting grant.

24. Debt analysis

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Due within one year				
Bank loans	-	12,500	-	12,500
Total loans within one year	-	12,500	-	12,500
Due after more than one year				
Bank loans	70,040	125,907	70,040	125,907
Bond	250,000	250,000	250,000	250,000
bLEND	75,000	75,000	75,000	75,000
Total loans due after one year	395,040	450,907	395,040	450,907
Total loans	395,040	463,407	395,040	463,407
Payable to external funders	395,040	463,407	131,525	199,469
Payable to Group undertakings	-	-	263,515	263,938
	395,040	463,407	395,040	463,407

Bank loans and derivatives

During the final quarter of the financial year ended 2023, the Group repaid £68.4m of its Bank loans. £12.5m was repaid on the due date of 27 March 2023 with the remainder £55.9m repayments being made on 28 February before they were contractually due. The breakage costs of £527k related to the early repayments of Bank loans are recognised in the Statement of Total Comprehensive Income as an exceptional cost.

Bond

The bond monies are lent from whg Treasury PLC on to the parent company Walsall Housing Group Limited under the same terms and so the bond in the company above is therefore owed to the

subsidiary, whg Treasury PLC.

The market value of the bond as at 31 March 2023 was £218m (2022: £306m).

Facilities and security

At 31 March 2023 the Group had £200m of agreed but undrawn borrowing facilities available in the form of revolving credit facilities.

The bank loans and the bond are secured by specific charges based on the net book value on the housing properties of the Group in favour of the lenders.

Terms of repayment, interest rates and issue costs

Bank loan repayments are via a mixture of instalments and one off bullet repayments. The current bond liability is payable in full in 2045.

The £70m of bank loans accrue interest at an average rate of approximately 5.5%. As above, the £250m bond has been issued at a coupon rate of 4.25%.

Gross issue costs for both the bank loans and the bond were £4.1m (2022: £3.0m) and were capitalised in the years in which they were incurred. Amortisation charged in the year was £532k (2022: £137k).

During the year the Group incurred £1.6m issue costs in respect of an extend and blend 40 year facility with Scottish Widows as well as two new five year revolving facilities totalling £200m with Lloyds and Santander.

bLEND plc

In October 2020, the Group secured £75m of new funding with an effective rate of 2.267% through the bLEND aggregator on a deferred drawdown arrangement. The price was based on a gilt of 0.787%, a spread of 1.48% and was subject to further annualised bLEND costs of 0.2%. The deal attracted a premium of £11.2m and when the funds were drawn in October 2021 the Group received net proceeds of £84m with the remaining amount held in the loan reserve fund for future interest payments. The upfront fees associated with this deal totalled £1m and these were capitalised in 2020. The market value of bLEND was £75m.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year or on demand	-	12,500	-	12,500
One year or more but less than two years	-	-	-	-
Two years or more but less than five years	-	75,867	-	75,867
Five years or more	395,040	375,040	395,040	375,040
	395,040	463,407	395,040	463,407

Interest rate profile

The Group's debt has a weighted average interest rate of 4.2% (2022: 4.69%) and the weighted average for which it is fixed is the lifetime of the loan.

25. Recycled Capital Grant Fund

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening Balance as at 1 April	3,863	124	3,863	124
Inputs to RCGF:				
Grant recycled from property disposals	428	472	428	472
Interest accrued	64	3	64	3
Transfers from other PRPs	-	3,264	-	3,264
Recycling of grant				
New Build	(3,540)	-	(3,540)	-
Closing Balance as at 31 March	815	3,863	815	3,863

Amounts due for repayment	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Within one year	-	45	-	45
After more than one year	815	3,818	815	3,818
At 31 March	815	3,863	0	3,863

26. Pension obligations

The Group operates two pension schemes; West Midlands Pension Fund and Social Housing Pension Scheme. Both schemes are funded through payments to trustee-administered funds, determined by periodic actuarial valuations. Both schemes provide defined benefits based on members' final salary at retirement, death or leaving service.

Pension Asset/ (Liability) Summary Note

	2023 £'000	2022 £'000
WMPF	68,396	17,462
SHPS	(270)	(185)
Total	68,126	17,277

West Midlands Pension Fund

The West Midlands Pension Fund (WMPF) is a multi-employer scheme with more than one participating employer and is administered under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2022.

The fair value of the scheme assets at that date was £257m.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme by effectively giving them the better of the benefits from the old and new schemes.

The results in this note include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively.

Key Results

The estimated position at 31 March 2023 shows an asset of £68.4 compared with a £17.4m last year. The key reason for this change is the significant change in the discount rate as shown below.

The employer's contributions to the WMPF by the Company and Group for the year ended 31 March 2023 were £1.4m (2022: £1.4m). whg received a rebate for the year of £2.1m due to an improved funding position which resulted in the actual rate being 8.2% for the year. The employer's contribution rate has been fixed as 20.4% of pensionable salaries until 31 March 2023 with a discount of 12.2%.

Early retirements over the year, have resulted in £nil past service cost in the year to 31 March 2023 (2022: £159k). There were £nil (2022: £nil) of other settlements, curtailments, discretionary practices, constructive obligations or other material events during the year.

Calculation Method

The figures at 31 March 2023 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 31 March 2022.

Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical

Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, the liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the

Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The estimated position at 31 March 2023 shows a deficit of £270k (2022: £185k)

The number of scheme members employed by the Group at 31 March 2023 was nil (2022: nil). The charge to the Group for the year was £63k. (2022: £66k).

The Group also contributes to defined contribution schemes, also with the Social Housing Pension Scheme operated by the Pensions Trust.

Calculation Method

The figures at 31 March 2023 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 30 September 2020.

Key Assumptions

The key financial assumptions have been based on market assumptions as at 31 March 2023 and have been derived in a consistent manner to last year. This has resulted in the following assumptions:

Principal actuarial assumptions Financial assumptions	Group and Company			
	WMPF		SHPS	
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	% per annum	% per annum	% per annum	% per annum
Discount rate	4.75	2.85	4.88	2.85
Future salary increase rate	3.95	3.00	3.74	3.19
Future pension increase rate (CPI)	2.95	3.00	2.74	3.00
Inflation assumption	2.95	3.00	3.20	3.50

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2023 are detailed below.

	WMPF		SHPS	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Retiring today:				
Males	20.3	21.1	21.0	21.1
Females	23.7	23.4	23.4	23.4
Retiring in 20 years:				
Males	21.7	22.5	22.2	22.5
Females	25.4	25.0	24.9	25.0

Amounts recognised in surplus or deficit

	Group and Company			
	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current service cost	6,877	6,992	-	-
Admin charges	-	-	2	2
Amounts charged to operating costs	6,877	6,992	2	2

Amounts recognised in the Statement of Total Comprehensive Income

	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Re measurements	55,963	31,578	(141)	89
Actuarial gain/(loss) in respect of pension	55,963	31,578	(141)	89

Amounts recognised in Statement of Financial Position

	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Present value of funded obligations	187,587	239,618	1,560	2,049
Fair value of plan assets	255,983	257,080	1,290	1,864
Net pension asset/(liability)	68,396	17,462	(270)	(185)

In recognising the asset consideration was given to the likelihood that a future economic benefit will flow to the entity from the asset. There is also a historical precedent as whg has benefitted from reduced annual pension contributions due to the asset position at the last revaluation.

Reconciliation of opening and closing balances of the present value of scheme liabilities

	Group and Company			
	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening scheme liabilities	239,618	247,008	2,049	2,179
Current service cost	6,877	6,833	2	2
Interest cost	6,872	5,217	58	45
Change in financial assumptions	(75,684)	(16,221)	(557)	(177)
Change in scheme experience	22,593	790	64	53
Change in demographic assumptions	(9,200)	(397)	(4)	(3)
Benefits paid	(4,753)	(4,905)	(52)	(50)
Past service costs including curtailments	0	159	-	-
Member Contributions	1,264	1,134	-	-
Closing scheme liabilities	187,587	239,618	1,560	2,049

Reconciliation of opening and closing balances of the fair value of plan assets

Group and Company

	Group and Company			
	WMPF		SHPS	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Opening fair value of plan assets	257,080	238,675	1,864	1,847
Interest income	7,293	4,984	53	39
Return on plan assets (excess of interest income)	(6,328)	15,750	(638)	(38)
Contributions by employer	1,427	1,442	63	66
Benefits paid	(4,753)	(4,905)	(52)	(50)
Administration expenses	-	-	-	-
Member contributions	1,264	1,134	-	-
Closing fair value of plan assets	255,983	257,080	1,290	1,864

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Sensitivity analysis

Sensitivity analysis	Change in assumptions	Impact £000	Change in liabilities
Discount Rate	Increase of 0.1% pa	3,465	Decrease by 2%
Rate of inflation	Increase of 0.1% pa	2,927	Increase by 2%
Rate of salary growth	Increase of 0.1% pa	584	Increase by 0%
Rate of Mortality	A 1 year increase in life expectancy	7,503	Increase by 4%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate. The average duration of the defined benefit obligation at the period ended 31 March 2023 is 20 years.

27. Provisions for liabilities and charges

Group and Company	Insurance claims £'000	Restructuring costs £'000	Leave pay £'000	Total £'000
At 1 April 2022	290	13	236	539
Additions	398	389	47	834
Utilised	(125)	(13)	-	(138)
Reversals	-	-	-	-
At 31 March 2023	563	389	283	1,235

Provision is made for insurance claims awaiting final settlement that fall within the self-funding element of the Group's insurance policies. The settlement can take up to two years.

The restructuring costs provision relates to costs agreed but not yet paid during the year.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which colleagues are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

28. Share Capital

Walsall Housing Group Limited is a company limited by guarantee. No shares have been issued.

29. Cash flow from operating activities

	2023 £'000	2022 £'000
Surplus for the year	22,037	20,777
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	13,011	14,546
Amortisation of intangible assets	462	471
Pension costs less contributions payable	5,452	5,386
Government grants amortised in the year	(1,133)	(2,713)
Adjustments for investing of financing activities:		
Movement in fair value of investment properties	(326)	(1,045)
Interest payable	20,287	20,142
Interest received	(3,608)	(386)
Operating cash flows before movements in working capital	56,182	57,178
Increase in properties held for sale	(610)	3,439
Carrying amount of tangible fixed asset disposals	3,616	2,292
Decrease/(increase) in trade and other debtors	1,674	(2,572)
Increase/(decrease) in trade and other creditors	4,208	608
Increase/(decrease) in provisions	696	(295)
Increase/(Decrease) in investments	0	2,191
Cash generated from operating activities	65,766	62,841

29A. Analysis of changes in net debt

	At 1 April 2022 £'000	Cash flows £'000	Other non-cash movement £'000	At 31 March 2023 £'000
Cash and cash equivalents	149,802	(94,424)	-	55,378
Investments	28,270	6,134	-	34,404
Bank loans due within one year	(12,500)	12,500	-	-
Bonds due greater than one year	(348,958)	-	621	(348,337)
Bank loans due greater than one year	(125,499)	55,867	1,116	(68,516)
Total	(308,885)	(19,923)	1,737	(327,071)

30. Capital Commitments

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Expenditure contracted for but not provided for	103,161	95,373	103,161	95,373
Expenditure authorised by the Board, but not contracted	42,987	16,341	42,987	16,341
	146,148	111,714	146,148	111,714

The above commitments will be financed as shown in the following table:

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loan financing	140,761	101,772	140,761	101,772
Affordable housing grant	3,245	6,678	3,245	6,678
Other government grant	2,142	3,264	2,142	3,264
	146,148	111,714	146,148	111,714

31. Contingent assets/liabilities

The Group and Company had no contingent assets at 31 March 2023 (2022: £nil).

The Group receives capital grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the Group is required to recycle this grant by crediting a Recycled Capital Grant Fund.

32. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, aerials, vehicles and office equipment.

	2023	2022
	£'000	£'000
Within one year	111	184
Between two and five years	83	455
Over five years	-	-
	194	639

33. Related parties

Walsall Housing Group Limited is the parent company of the Group. It is registered with Companies House, the Charity Commission and the RSH and is a company limited by guarantee. Its wholly owned subsidiaries and joint venture are set out below.

Wholly Owned Subsidiaries

- whg Treasury PLC is a non-charitable company registered with Companies House. Its principal activity is to act as an onward moneylender of bond monies to its immediate parent company Walsall

Housing Group Limited. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation.

- whg Developments Limited is a non-charitable company registered with Companies House whose principal activity is to provide a design and build service to Walsall Housing Group Limited. The Group owns the £1 share which was issued at par on incorporation.
- whg Trading Company Limited is a non-charitable company registered with Companies House whose principal activity is providing housing related project management and professional services. The company also receives feed in tariff from solar panels, renewable heat incentives, commission from our energy partner and overage on the sale of land. The Group owns the £1 share which was issued at par on incorporation. The voting rights of one vote per share are with the parent company. On 3 May 2019 whg Trading Company Limited became a designated member of Cricket Close LLP owning 1% of the shareholding in the LLP. On 7 July 2020 whg Trading Company Limited acquired The Woodlands Management Company (Harrowby) Limited.
- Anthem Homes Limited is a non-charitable company registered with Companies House. Its principal activity is to develop homes for outright sale. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation. Anthem Homes Limited has agreed a revolving loan facility secured by debenture with Anthem Lovell LLP which is limited to site specific Business Plans approved by Board. At present only one such facility has been agreed on the Lockside scheme which has an agreed interest rate of 5% on 30% of the drawn funds (effective annual rate of 1.875%). As at 31 March 2023 Anthem Lovell LLP has drawn down £7,298k of the facility (2021: £12,298k).
- Cricket Close LLP is a Limited Liability Partnership and a non-charitable company registered with Companies House. It is a subsidiary of Anthem Homes which owns 99% of the LLP with a £2 member interest and the remaining 1% is owned by whg Trading Limited.
- The Woodlands Management Company (Harrowby) Limited was acquired on 7 July 2020. The principle activity is residential property management. As part of that management service charges are collected from lessees to meet the cost managing and maintaining the property. The company is a wholly owned subsidiary of whg Trading Company Limited. The liability of whg trading Company Limited (being the only Member) is £1. The company is a Company Limited by Guarantee without share capital.

Joint Venture

- Anthem Lovell LLP is a Limited Liability Partnership and is a non-charitable company registered with Companies House (No. OC425694). Anthem Homes Limited is in partnership with Lovell Homes Limited each partner has a 50% share of the company. It was created on 18 January 2019 and the initial capital of £2.00 (two pounds) was contributed in cash by each Member in the sum of £1.00 (one pound) by way of its Capital Contribution and the LLP credited such amounts against the relevant Member's Capital Account. This is an associate company. It is accounted for by using the equity method of accounting. The Group's investment was £948k (£nil 2021/22) at the 31st March 2023. We recognise our share of the profit or loss through the Statement of Comprehensive Income. Walsall Housing Group Ltd has recognised £414k in 2022/23 (£nil 2021/22) in respect of its share of profit in relation to open market sales.

All entities are incorporated in England and Wales.

The intra-Group transactions which took place during the year between the parent undertaking and its subsidiaries are detailed within Note 17.

34. Financial assets and liabilities

The Board policy on financial instruments is explained in the Strategic Report, as are references to financial risks. The Group's principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

Categories of financial assets and financial liabilities

FINANCIAL ASSETS

Financial assets measured at amortised cost

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Net Rent Debtor	1,811	2,091	1,811	2,091
Other Debtors	592	670	572	633
Accrued Income	3,047	5,486	3,047	5,486
Amounts owing by Group undertakings	-	-	10,019	14,934
Cash and cash equivalents	55,377	149,802	55,383	147,976
Current Investments	34,404	28,270	34,404	28,270
Total Financial Assets	95,231	186,319	105,236	199,390

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Bank Loans and bond	416,854	486,957	416,854	486,957
Trade Creditors	10,516	6,431	7,864	5,899
Accruals	12,248	9,426	7,063	4,237
Amounts owing to Group undertakings	-	-	7,915	5,203
Other Creditors	1,257	1,303	1,257	1,303
Sinking Funds	192	96	168	79
Total	441,067	504,213	441,121	503,678

Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expiring between one and two years – revolving credit facility	-	30,000	-	30,000
Expiring in more than two years – revolving credit facility	200,000	31,633	200,000	31,633
	200,000	61,633	200,000	61,633

35. Reserves

The Group has taken part in the Midlands pilot of a Voluntary Right to Buy scheme. No properties were sold in the year to 31 March 2023 (2022: nil). The Group has created a designated reserve for the net proceeds plus discount reclaimed from Homes England less the amount of debt repaid. This designated reserve will be used to fund the one for one replacement of housing property.

	Group		Company	
	General Reserves £'000	Designated Reserves £'000	General Reserves £'000	Designated Reserves £'000
As at 31 March 2022	216,112	3,168	234,589	3,168
Total comprehensive income for the year	77,852		77,609	
Transfer to designated reserve	(113)	113	(113)	113
As at 31st March 2023	293,851	3,281	312,085	3,281

36. Exceptional Item

During November 2022, the Santander fixed rate loans were broken at a cost of £527k and converted to variable rate of SONIA plus margin. The principal was later repaid on completion of the new RCF of £150m on 28 February 2023. The breakage costs of £527k associated with this transaction has been reported separately in the Statement of Total Comprehensive Income.

WALSALL HOUSING GROUP LIMITED

England & Wales - Charity number 1108779

Accounts

Walsall Housing Group Limited
Financial Statements for the year ended 31 March 2022



Company Registration Number: 04015633
Registered Provider Number: L4389
Registered Charity Number: 1108779

Registered office:
100 Hatherton Street,
Walsall. WS1 1AB

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Board, Executive Directors and Advisors

Board

Appointed

Left

Danielle Oum (Chair) 26/10/2021

Gary Moreton (Chair) 22/07/2022

Gary Moreton (Interim Chair) 27/10/2021 21/07/2022

Gary Fulford

Gregory Warner-Harris

Paul O'Driscoll

Guy Weston (Date appointed as 27/10/2021

Interim Chair of the Audit and

Assurance Committee)

Daren Fradgley

Akshay Parikh

Elisabeth Downes

Ian Shapiro

Natalia Hill

Company Secretary

Karen Marshall 30/04/2021

Dawn Hendon 01/05/2021

Executive Directors

Gary Fulford

Group Chief Executive

Adam Wagner

Corporate Director of Finance – to 06/06/2021

Sangita Surridge

Corporate Director of Finance – from 07/06/2021

Karen Marshall

Corporate Director of Governance and Compliance—to 25/04/2021

Dawn Hendon

Corporate Director of Governance and Compliance—from 26/04/2021

Theresa Huburn

Corporate Director of People and Learning -to 10/07/22

Lisa Wallis

Corporate Director of People and Learning -from 11/07/22

Robert Gilham

Corporate Director of Business Strategy and Assets

Fay Shanahan

Corporate Director of Operations

Rebecca Bennett Casserly

Corporate Director of Development

Statutory Auditor

Beever and Struthers LLP

The Colmore Building

20 Colmore Circus Queensway

Birmingham B4 6AT

Internal Auditor

BDO LLP

Two Snowhill Queensway

Birmingham

B4 6GA

Principal Banker

Lloyds Bank plc

The Bridge

Walsall

WS1 1LU

Strategic Report

Principal Activities

The Group is a not-for-profit, social housing business whose principal activities include the development and management of affordable housing across the Midlands and investing in our local communities. Our services include shared ownership homes and the development of homes for outright sale. During 2021/22 we continued to expand outside of Walsall and whg owns and manages homes in 19 local authorities in the Midlands. The Group, as of 31 March 2022, owns and/or manages 21,832 social homes. The Company, its subsidiaries and joint ventures are shown in the diagram below for the year ended 31 March 2022. During the year, our Community Interest Company (Buy for Good) was dissolved by voluntary strike off.



Walsall Housing Group Limited: This is the registered provider of the Group that rents and maintains our homes. It also owns the newly developed homes for rent and shared ownership and borrows from banks to fund its development programme.

whg Treasury PLC: This company was set up to issue a public bond to raise funds for investment in our development programme.

whg Developments Limited: This company carries out design and build services for any land-led sites we deliver new homes on. This helps us to deliver efficiencies within our professional fees incurred for these sites and therefore contributes towards our ongoing value for money drive.

whg Trading Company Limited: This company holds all of our non-housing related commercial activity and generates profits to help subsidise our affordable homes new development programme.

Anthem Homes Limited: This company invests in joint ventures to build homes for outright sale. Profits generated from this activity are used to help subsidise our affordable homes new development programme.

Anthem Lovell LLP: This is one of our outright sales joint ventures which Anthem Homes owns a 50% investment in with Lovells owning the other 50%.

Cricket Close LLP: This is another partnership which Anthem Homes holds in conjunction with whg Trading. It owns land which may be developed on in the future.

The Woodlands Management (Harrowby) Company Limited: This company's principal activity is residential property management.

Our vision

‘Dedicated to the success of our people and places’

Our values



Accountable
Taking responsibility



Courageous
Trying new things



Trustworthy
Being honest in everything we do



One Team
Achieving great things by working together



Excellent
Striving to be the best

Our Corporate Plan (2020 to 2024) has five key aims:

- Aim 1 Deliver high quality homes and services for our customers**
Providing excellent services across our expanding geography, working with our customers, communities and stakeholders to sustain tenancies. We are an anchor organisation who invests in the provision of new affordable homes to help meet housing need.
- Aim 2 Be an exceptional place to work that attracts, develops and retains talent**
To ensure colleagues can truly shine and reach their full potential, we are committed to being a great employer that recognises the importance of a truly flexible and inclusive workplace and rewards excellence. All colleagues are given the opportunity to make a real difference and we encourage them to perform to the best of their ability. We recognise the need for excellent leaders across the organisation and will praise and celebrate great work whilst expecting every colleague to be accountable for their individual performance.
- Aim 3 Grow and extend our services, our reach and our range**
Being a community focussed organisation, we understand the needs and challenges that our customers and communities face. We will therefore continue to work with partners and stakeholders to ensure that these needs are met, whether this is through the provision of in-house services or through our strategic partners. We have ambitious plans for growth and central to this growth is a bold development and acquisition programme which will underline the regional nature of our business. We will continue to improve our environmental performance through appropriate use of modern methods of construction and the continued improvement of our existing homes.
- Aim 4 Promote health and prosperity where we can make a difference**
We want our customers to live healthy, prosperous lives but understand some may require additional support to achieve this. We do what we can, together with our partners, to find the right solution for each individual. This includes programmes geared towards promoting independence, improving health, building confidence, enhancing capability, reducing the digital divide and gaining the skills to secure employment.
- Aim 5 Deliver a strong business, fit for today and prepared for tomorrow**
We will develop a roadmap to take our activities to a carbon neutral footing. Recognising our ever more challenging operating environment, we will safeguard our income by focusing appropriate priority and resource on core services. This approach is supported by the careful financial management and good governance needed to fulfil our future aspirations. We are efficient, driving down costs and constantly seeking value for money. Building on our performance management culture, pursuing excellence and striving for continuous improvement will help achieve this.

We report on our strategic key performance indicators as part of our 'Value for Money' section embedded within our operating and financial review.

Operating and Financial Review

External environment challenges

Covid-19: This has been a challenging year as we have continued to deliver our services and new build programme throughout the second year of the pandemic Covid-19. Whilst we have experienced disruption to our key services, we have worked hard to continue service delivery with as little disruption to our customers as possible. Supply chain shortages, delays in terms of materials and labour and restrictions for part of the year on entering into people's homes to carry out work have made it difficult to deliver services at pre-pandemic levels. However, we have continued to evolve our methods of procurement and mobilising work to respond to these challenges as well as work with our customers to deliver work in their homes in a safe way.

The macro-economic climate: The impact of rising fuel prices and rising general inflation is being felt by both our business and our customers. In terms of our new development programme, land is in scarce supply and land and package deal prices are rising due to increased competition from other market players. We are mindful of the impact this is likely to have on our future cost base. We continue to operate within our Board approved financial golden rules to protect our social housing business from the adverse economic environment and continue to develop new homes and deliver services.

Health and Safety: We have a need to ensure our ongoing investment in existing homes is sufficient to meet good quality standards of safety for our customers. Legal requirements for fire safety and building safety are changing and this impacts how we prioritise our resources to ensure our homes comply with any new regulations.

Social Housing White Paper: The white paper sets out a range of compulsory changes to how registered providers must operate and an enhanced role for the Regulator. This paper formed the basis of the Social Housing Regulation bill which has already had its first reading in the House of Lords. The themes are around ensuring homes are safe and decent, effective resolution of complaints, empowering customers and expanding the supply of homes and home ownership. In addition, the Housing Ombudsman's new complaints handling code which came into effect on 1 April 2022 is aimed at providing a high quality complaint handling framework and greater consistency across landlords' complaints procedures. Our operational activities will therefore be under more scrutiny; the Regulator is currently working on new consumer standards that we will have to comply with and new tenant satisfaction measures that will allow our customers to hold us to account. All of these changes will impact how we deliver our services in the future and our cost base.

Climate Change: Housing accounts for one fifth of all greenhouse gas emissions in the UK, largely from oil and gas used for heating and hot water. As part of the government's Clean Growth Strategy, ministers set a target that all social homes must have an EPC-C rating by 2030 and reach net zero carbon status by 2050. This would not only provide lower fuel heating bills for customers but also contributes to global climate change ambitions. Given the volume, type, age and efficiency level of our homes, this challenge requires large scale investment in fabric first and retrofit programmes and therefore has a significant impact on our resources. We have continued to deliver our services and develop new homes.

Repairs Service

The responsive repairs service has experienced substantial impact from the pandemic, due to lockdowns, resource limitations, material supply disruption, increased demand and imposed operating restrictions within our homes where customers have had to self-isolate with little or no notice to re-appoint committed works. Recruitment has also been difficult of some key trades and the team initially lost 284 working days, equivalent to approximately 1,700 appointments. This service is still working hard to clear the backlog. We have created a dedicated repairs recovery team to tackle the backlog and we are pleased to report this service has almost reached pre-pandemic service levels, measures have

been put in place to address the remainder during the new financial year. Our new self service portal for booking repairs appointments went live in April 2022 and it is anticipated that this will improve customer experience for this service.

There was a gradual reduction in void properties during the year. Whilst there has been material shortages and 103 days lost to Covid-19 sickness absence, the service has continued throughout and void rent loss is ahead of target.

Our projects team who carry out compliance work such as Asbestos, Fire Safety and Water Hygiene works have continued to deliver throughout the year. Compliance surveys, assessments and resultant urgent remedial actions have continued in accordance with our statutory duty. The team has also supported Walsall NHS (Intermediate Care Services team) in fitting of key safes, grab rails and minor adaptations in support of their patient discharge support scheme. 89 referrals have been received, and within 48hrs of notification, these customers were able to return to their homes and free up crucial critical care beds.

Asset Management

During the year we have spent a total of £17.9m on capital works. This includes £10.6m on a number of replacement components to our homes to ensure not only do they comply with Decent Homes regulations (100% comply), but they continue to be good quality homes for our customers.

Description	No of Replacements
Kitchens	128
Bathrooms	105
Rewires	105
Central Heating	1,018
Call Off Heating	250
Fire Doors	704
Pitched Roofing	662
Windows	122

£3.2m has been spent on Eco Works which are aimed at improving the thermal efficiency of our homes and a further £4.1m on other capital works which include aids and adaptations for customers homes, 4 major block refurbishments and 3 major block electrical upgrades and refreshes.

We have also won the Energy Efficiency Award for Hamilton and Woodall Houses. We were awarded the 2022 Regional Landlord or Housing Association of the Year for our decarbonisation works on Hamilton House and Woodall House. We also received a Highly Commended for the 2022 Regional Large Scale Project of the Year also for Hamilton and Woodall Houses. In addition, we have secured funding of £994k in total from Walsall Council and other partners for services such as aids and adaptations and a retrofit decarbonisation project.

Housing Community Housing Model: One of our notable achievements during the financial year was the launch of our new Community Housing Officer model in September 2021. Our new team of Community Housing Officers (CHOs) are responsible for managing between 500 – 700 homes each. The model has a new strengths-based approach to housing management built within it which means working with our customers to find solutions that can be sustained. Our CHOs lead on resolving any issues that are raised by our customers, liaising with internal specialist teams as and when they need to. They also lead the development of new strategic relationships and create new links with community organisations, for the benefit of our customers. This model has been designed so that we can provide the same consistent, high quality housing management service regardless of where our customers live, directly supporting our Development Strategy.

Tenancy sustainment: We continue to work hard to sustain tenancies and prevent evictions, supporting the delivery of our Corporate Plan ambition not to evict anybody into homelessness. During the year, our Money Advice Team have helped 2,210 customers claim £5.7m in benefit entitlement. We were also awarded £300,000 from the Household Support Fund by Walsall Council to support vulnerable customers and sustain tenancies. We have used this money to support nearly 800 households including over 900 children and over 1,000 adults; the money has been spent on essential items such as fuel and food vouchers and basic household goods such as fridges, cookers, beds, bedding and warm clothes.



Income Collection: Against the backdrop of rising inflation and cost of living increases, our Income Collection Team have continued to work hard to ensure that our rental income is collected. This is a challenge as many of our customers are experiencing significant financial hardship, nevertheless our year-end rent arrears were 3.69%, against a target of 3.5%, which is excellent performance. We continue to innovate in this area and have introduced our 'Collection with Care' initiative where by if a household is identified with a significant complex need our collection process is tailored to their individual circumstances. In addition we have just launched a 'text to pay' service for customers, which has been very popular. In the first month this service was launched customers reduced their rent arrears by £75k.

Digital Strategy

We continue to drive forward our Digital Strategy, our most notable achievements this year being the use of Low Code (a software development approach that requires little to no coding) to build new customer applications in-house, dramatically improving the customer experience. In July 2021 we launched our new Choose and Move application, which is our online homes application that prospective customers use to identify and bid for homes that they are eligible for. We have also just launched our new customer portal which includes a self-service repairs functionality. For the first time customers can self-appoint their repairs which is a huge step forward in our digital offer for customers.

Investing in our communities

Supporting the delivery of our Corporate Plan Aim 4 'Promoting Health and Prosperity' where we can make a difference, we launched our new Health and Wellbeing Strategy, The H Factor, Health, Hope and Happiness 2021 – 2024. Health inequalities are particularly prevalent in Walsall where areas of post-industrial decline, and increasingly ethnically diverse populations combine to create significant issues of poverty, lack of opportunity and poor health. These issues are not uniformly distributed across the borough. We know that good health is the route to resilient and flourishing communities, yet for some of our customers and communities there are some significant challenges and barriers that often prevent them from attaining good health and wellbeing. This inequality has been exacerbated by the Coronavirus pandemic, where existing health inequalities have been compounded by the economic impacts of the national and local lockdowns.

As a registered social housing provider we have a proven track record of investing in communities and customers, helping to enable them to flourish and grow. Our H Factor Strategy continues this work and is an important contribution towards our ambition and commitment to be 'more than a landlord' and to make a real difference to our customers and the communities we serve.

However, we have also recognised that we cannot address engrained inequalities on our own. A key aim of our Strategy is working much more closely with partners to address the social determinants of health. We therefore invest time and resources within the health agenda, being a committed member of the Walsall Together Integrated Care Partnership and involved and supportive of the emerging regional Integrated Care System, representing housing and disadvantaged communities.

This work has already started to pay dividends; we now have two services that are funded by the NHS. One is our Kindness Champions Service, which is a service that works directly in our communities tackling loneliness and isolation; an issue that has been recognised as being exacerbated by the pandemic. We have also secured funding for a new 2-year Diabetes Health Champions Service that started in April 2022. This service is specifically designed to tackle health inequalities, particularly in relation to diabetes outcomes. Our partners have recognised the value of our work and how effective we are at reaching into communities that other partners struggle to engage. Our work helps us to create more sustainable communities, whilst also helping partners to achieve their objectives.

Our Social Prescribing Team have been externally evaluated and the results show that 90.8% of the 199 customers using the service reported a positive change in their wellbeing and the reported incidence of low levels of wellbeing went from 87% to 28% after our intervention. Whilst it was not one of the specific outcomes of the service, 22 customers progressed into employment, 36 received employment training and 28 attended accredited training courses. The service has been evaluated to have created a total direct social value of £340,490.

New Development

During the year and in light of the turbulent operating environment, we have updated our Development Strategy 2020-24, which has led us to re-shape elements of our programme. Despite the challenging environment, we have achieved 470 starts on site, 418 completions, 111 shared ownership sales and 4 open market sales. We have also reduced our standing stock of unsold homes from 46 to 13.

We are pleased to report that we are on site for our £32m Royal Hospital flagship scheme for 123 affordable rent, 31 shared ownership and 38 wellbeing homes.





We have also progressed our 252 home site at Lockside, which is being delivered as a joint venture by Anthem Lovell LLP. The marketing suite is now open to sell the 132 open market sale homes and pleasingly reservations are going very well.

We are also pleased to report that the contractors are on site at the first cluster of our former garage sites, this will provide an additional 20 homes across 7 sites, in and amongst existing homes we own in Walsall.

We have continued to develop our approach to modern methods of construction through research and development and how this can contribute towards our journey to net zero carbon.

Work has also been ongoing in consultation with our customers, colleagues, Committee members and Board for 'what place means to whg,' which will help us develop our approach and ambitions around becoming a leading place shaper across the West Midlands.

People and culture

Culture: During the year, we have developed our culture dashboard and further work is planned for an independent review of our culture and reporting. As the world of work has changed with more colleagues moving to an agile, hybrid working approach, it is of paramount importance to us that our culture evolves in a positive way during these global changes to working practices. Enhancing reporting and controls in this area has therefore been a focus to develop new ways to provide assurance in this area. Each of our culture indicators is monitored through a suite of performance measures which capture aspects of colleague engagement, attracting, recruiting and retaining talent, learning and development, human resources, leavers, union membership and ethnicity and gender representation. We also consider performance on customer experience indicators to be indicative of our culture, so these are also monitored on our culture dashboard, covering aspects of customer satisfaction and complaints. A selection of culture dashboard measures are included in our suite of strategic key performance indicators and value for money metrics presented later in this report.

Colleagues: whg has a strategic aim 'Be an exceptional place to work that attracts, develops and retains talent'. Our People Strategy presents a clear picture of how we will achieve this Corporate Plan aim, focusing on three key themes (attract, develop, retain) which support our colleagues to make a difference to our customers, the communities we serve and to their own career development. Our People Strategy is underpinned by our values and for each value we have a set of behaviours, which our colleagues are expected to display. We want the best people to work for us; people who are talented, committed and who share our vision, values and ambitions. It is also important to us that we have a diverse workforce, representative of the communities we serve. Through our recruitment campaigns and selection processes we are becoming more innovative, aiming to increase applicants and appointments from under-represented groups. whg's People Services and Employment and Training Teams work closely to develop programmes which support the recruitment of customers, where possible.

We have worked hard to develop a strong, positive culture and have excellent levels of colleague engagement. We listen to our colleagues and in 2020 we launched a new colleague consultation forum, the Colleague Voice. We offer competitive salaries, a range of benefits and a fantastic working

environment. Benefits include a defined benefit pension scheme, a health cash plan which includes access to a range of services including physiotherapy, counselling and cognitive behavioural therapy. All colleagues are also entitled to 27 days annual leave, time off for public duties, and other generous schemes that are in excess of statutory minimums. We promote the continued health, safety and wellbeing of all our colleagues through our 'Making a Difference to Health and Wellbeing' programme, which is aimed at raising the awareness of health of the body and mind, and ensure that a culture of health and safety is embedded across all areas of operation.

Equality, Diversity and Inclusion (EDI): It is important to us that we have a diverse workforce, representative of the communities we serve. We want all colleagues to have a positive experience of working at whg. Protected characteristics such as age, disability, race, gender, and sexual orientation should not be a barrier to accessing benefits, development and career progression opportunities. We are committed to EDI in the broadest terms: we do not believe it should be a tick box exercise. All colleagues are expected to act in accordance with our values, dedicated to doing the right thing and exercising good judgement. We encourage a culture where all can thrive, acknowledging that everyone is different; what matters to us is that everyone can come to work and feel comfortable to be themselves. We regularly monitor our performance in relation to EDI and have an Equality, Diversity and Inclusion action plan in place to improve performance in this area. See link for our latest Gender Pay Gap Report. <https://www.whg.uk.com/wp-content/uploads/2022/03/whg-Gender-Pay-Gap-Report-Apr-21.pdf>

Learning and Development: Our investment in learning and development is demonstrated through our commitment to have at least 25 trainees, apprentice and graduate posts each year. Apprenticeships are central to recruiting, developing and growing a talent pool within the organisation, and we provide high quality, learner focused training and qualifications with approved training providers. Annually, with support from the Learning and Development Team, senior leaders map the challenges ahead to ensure training and development interventions are aligned to business requirements. Training and development is tailored and targeted to roles or services as part of a blended learning offer integrating online learning. Individual development needs are identified in real time through performance check-ins and responded to as necessary. Colleagues' individual needs are met by attendance at external conferences, seminars or workshops to maintain service specific knowledge currency or through best practice network meetings. Health and Safety training is systematically planned and delivered to ensure whg meets regulatory and statutory requirements. Opportunities for work shadowing, secondments and access to the mentoring scheme encourage colleagues to take accountability for their own development to support their future aspirations. whg also manages and develops talent through various programmes, unique to whg such as Dare to Lead and the Mate to Manager programme.

The Learning and Development Team is actively engaged with whg's Business Change and Projects Teams to scope, design and deliver the learning necessary to underpin the successful implementation and embedding of project outcomes, be it new technology, customer focused campaigns or outcomes from service reviews. Professional qualifications are supported to develop colleagues' specialist and technical competence, as well as upskilling to support internal talent management for progression and succession planning. We maximise the use of the Apprenticeship Levy to facilitate professional development on the job.

Colleague relations: whg has a voluntary recognition agreement with three trade unions: GMB, Unison and Unite. It is committed to creating and maintaining positive colleague relations. Local trade union representatives meet regularly with senior leaders via a Joint Negotiating Committee and the Health and Safety Committee.

Value for Money Statement

The Regulator of Social Housing ('RSH') published the Value for Money (VFM) Standard and the VFM Code of Practice in 2018. Both of these specify what registered providers are required to report in their statutory financial statements to comply with the VFM Standard. The RSH use the VFM Standard to implement their co-regulatory approach and their statutory obligations in relation to economic and consumer matters. Our Board has the responsibility of ensuring that we meet the expectations set out in the VFM Standard.

This VFM statement is divided into the following sections, as set out in the VFM Standard, to articulate how we comply with the Standard:

Section 1	Strategic approach to VFM and how we achieve VFM in meeting our strategic objectives
Section 2	Benchmarking to compare how we perform with others
Section 3	Asset maximisation- making the most out of our asset base
Section 4	VFM gains achieved through consideration of alternative delivery structures

Section 1: Strategic approach to VFM

VFM Strategy

Underpinning the five key aims, our Board has set our VFM Strategy which identifies how we seek to deliver VFM for our customers and stakeholders in delivering each aim.

We have adopted the five Es as the guiding principles for our strategic approach to VFM, which are:

Guiding principles

	Economy	For us this means minimising our costs while continuing to deliver quality homes and services to our customers.
	Efficiency	We will seek to stretch our resources as far as possible without compromising quality.
	Effectiveness	We will use our resources to achieve our five strategic corporate plan aims and the VFM measures that are embedded within each aim.
	Equity	We will ensure we use our resources to reduce inequality in our communities.
	Ethics	We will use our resources with integrity, being open and accountable about our spending decisions.

The Board has set outcome-based VFM targets against each of the five aims of the Corporate Plan which include both strategic key performance indicators, and specific VFM metrics that capture and measure one or more of the five Es. Our annual budgets are aligned to deliver these targets. Each target, if achieved, delivers against one or more of the five guiding principles outlined above. Using the guiding principles, our approach to VFM can be summarised into one overarching target which is to:

'Work towards achieving upper quartile performance and upper quartile on social housing costs per home'.

Performance against the outcome-based targets is monitored internally on a quarterly basis and reported externally on an annual basis within this VFM statement. Performance information is also subject to scrutiny by internal audit on a cyclical basis and we are also supported by third party advisors to help us continually develop and refine our performance data. We compare to peers using the Regulator's Global Accounts for the financial VFM metrics and Housemark for service level peer analysis.

Creating value for money allows us to provide as many new homes as possible and sustain investment in our existing homes, backed by high quality services. Our approach to VFM is embedded throughout the business both at a strategic level and an operational level across all business streams and is an integral part of our culture with colleagues fully aware of the importance.

Our Board sets the strategic approach to VFM and oversees the delivery of it, led by a Board VFM Champion. Our Executive Team implements the VFM strategy and is supported by the Senior Leadership Team who instil the guiding principles in operational planning and service delivery at the level of individual business streams. Our customers play a key part in informing our VFM work through various channels. We have a Community Engagement and Inclusion Team who focus on involving customers and communities in helping us develop strategies, policies and plans and we have Customer Experience Specialists within our Business Change Team who help to link performance data to service redesign. The Customer Experience Committee oversees the outcomes of customer involvement in key areas of work, reporting this to the Board.

We strive to make the optimum use of our resources and assets and use the returns they generate to help us sustain investment in our existing homes and build new ones, as explained throughout this statement. We demonstrate our efficiency by generating a strong operating margin and we demonstrate our effectiveness by building many more new homes that people need and striving towards high levels of customer satisfaction with our services and neighbourhoods. We demonstrate our economy by tight budgetary control and controlled procurement activity; ensuring where possible, costs are in line or below our peers and driving down our outliers. These three VFM principles are measured through our performance against the value for money metrics set by the RSH and delivery against our own value for money targets.

Our optimal use of resources includes our approach to remuneration and employment costs. We regularly benchmark our salaries and strive to make them both competitive and in line with sector averages. This helps us to deliver good quality services for our customers.

Equity and Ethics principles underpin our approach to creating social value for our customers and communities. Aim 4 of our corporate plan includes some VFM targets specifically aimed at delivering outcomes for health and wellbeing, employment and training and supporting those in hardship. Equity and Ethics also underpins our approach to aim 2 in terms of how we attract and retain high quality people. We develop people policies and practices that deliver a culture where colleagues feel engaged, treated fairly and are committed to delivering whg's ambitions. As we develop our approach to sustainability in the future, both from a corporate perspective and from the point of view of our customers homes, we will seek to deliver ambitions that are not underpinned by financial outcomes but by ethical outcomes, such as working towards net zero carbon aims for our homes, reduction in energy costs for our customers and reducing our corporate carbon footprint to help towards global climate change prevention targets.

Transparency and accountability are important to us and we have appropriate performance monitoring and reporting systems in place which encompass all aspects of our VFM principles. Our social value ambitions are articulated throughout the relevant aims of the corporate plan. In addition, our strategic report includes information on ESG and Sustainability.

Summary of VFM outcomes against the five aims of the Corporate Plan

The following sections demonstrate how we have delivered VFM against our five strategic aims for the financial year ending 2021/22.

Aim 1: Deliver high quality homes and services for our customers

Of the 21,933 homes that whg owns and manages, over 99% are deemed as affordable which means our customer's rents are below the general rents charged by the private sector. The rent our customers pay for their homes also covers a wide range of additional services, creating additional value for our

customers. The table below indicates the level of investment whg makes in homes and services.

	2021/22 £000s Actual	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast
Customer rent and service charge received	103,181	109,678	118,730	125,196	130,485
Services provided for rent charge:					
Customer Services	(955)	(996)	(1,036)	(1,058)	(1,079)
Housing and Neighbourhood Services	(12,048)	(11,498)	(13,392)	(13,673)	(13,947)
Community Investment	(860)	(3,120)	(3,245)	(3,313)	(3,379)
Services (such as grounds maintenance and communal cleaning)	(5,353)	(5,546)	(5,768)	(5,889)	(6,007)
Repairs service	(12,107)	(28,465)	(28,763)	(29,134)	(30,174)
Investment in your homes (new kitchens, bathrooms etc)	(1,058)	(21,510)	(25,625)	(29,232)	(33,302)
Investment in new homes	(47,573)	(83,438)	(92,427)	(73,800)	(34,992)
Debt servicing costs	(20,142)	(20,670)	(19,947)	(19,340)	(20,175)
Back office	(20,159)	(19,043)	(19,805)	(20,221)	(20,625)
Sub total	(120,255)	(194,286)	(210,008)	(195,660)	(163,681)
Deficit which rent charge does not cover	(17,074)	(84,608)	(91,278)	(70,464)	(33,195)

As shown by the deficit above, it means that whg are providing homes and services which cost more to deliver than the rental income received from customers can cover. whg borrows the remaining funding required from banks and capital markets to pay for the remaining costs so that customers can continue benefitting from lower rent charges than the private sector.

The following table shows our performance on our Aim 1 VFM targets set by the Board.

	20/21 Actual	21/22 Actual	Target	Comments
 At least 90% of our customers will recommend us	84%	80%	90%	Whilst still a strong score, the percentage of customers who would recommend whg has dipped in 2021/22 compared to the previous year. This is linked to satisfaction with repairs as explained below.
Avoidable contact with customers will be less than 5% 	17.92%	16.65%	<5%	This performance has been influenced by some services not operating at pre-pandemic levels as they work towards recovery. Strategic change projects are underway and designed to reduce service failure. (Housing Customer First to re-map the customer journey; Project Magna to improve task management; and Mywhg online portal to book repairs.)

		20/21 Actual	21/22 Actual	Target	Comments
 We will achieve 70% first point of contact resolution		66%	64%	70% by 2024	We are implementing our Customer First project to map the customer journey. This project will empower the Customer Services Team to handle more customer enquiries in full, reducing the number of tasks forwarded to the Housing Team and improve customer experience, anticipated in 22/23.
 Provide a great, consistent housing and services offer	% of properties with a valid gas safety certificate	99.98%	99.96%	100%	Gas safety continues to be a key area of focus and whilst the percentage of homes with a valid gas safety certificate is at 99.96%, we can confirm that the remaining 0.04% of homes without a certificate are all fully compliant with the gas regulations in terms of actions being taken to gain access to the relevant properties. Likewise with electrical condition reports, we can confirm that the remaining 0.04% of homes without a report all comply in terms of legal processes being followed to gain access to the homes. In addition, the 0.72% of FRAs that were not completed by 31 March were subsequently completed. Detailed customer satisfaction data analysis shows expressions of dissatisfaction have increased in areas such as waiting times for repairs and appointments made and kept. This is an unavoidable result of the ongoing disruption caused by Covid-19 which has led to shortage of materials and an increase in trade operative sickness levels for periods of time. This has been mirrored across the sector with 1 in 5 Housing Associations (HAS) experiencing more than 10% decrease in satisfaction levels. We have utilised contractors to reduce waiting times and are trialling new approaches to deliver further improvements to our service.
	% of properties with an electrical condition report	99.99%	99.98%	100%	
	% of planned asbestos inspections carried out in communal areas	100%	100%	100%	
	% of planned water hygiene risk assessments completed	100%	100%	100%	
	% of communal areas with an FRA	99.7%	99.28%	100%	
	Customer satisfaction with repairs %	83%	78%	>84%	
	Repairs appointments made and kept %	91%	91%	98%	
	Average days to complete a repair	23	23	45	
	ASB satisfaction %	100%	100%	100%	
	Decent Homes Standard compliance	99.9%	100%	100%	We are pleased to report that on our Building and Safety

		20/21 Actual	21/22 Actual	Target	Comments
	% of customers satisfied with quality of home	84%	82%	>81%	metrics we have maintained 100% compliance.
	% of customers satisfied with rent as VFM	89%	84%	87%	All of our homes meet the Decent Homes Standard.

Aim 2: Be an exceptional place to work that attracts, develops and retains talent

Delivering this aim is business critical for whg to ensure we can continue to provide value adding services to our customers. Without the commitment and dedication of our people, our customer satisfaction levels and effectiveness of service delivery could not be maintained. Culture weaves through all we do and how we operate, and we can demonstrate a culture of inclusiveness, diversity and high levels of colleague engagement. We achieve this by investing in our people in a way which is economical in terms of cost (for example, colleague costs are in line with sector benchmarks) but also delivers on equity and ethics principles to be a fair employer.

We carry out regular benchmarking of salaries paid to our colleagues to ensure they are in line with the housing sector at a level which ensures whg can continue to secure the right quality people to deliver services to our customers.

The value for money measures for aim 2 are shown in the table below and are built around maintaining an engaged workforce that share the vision and values of whg and are also committed to delivering a safe working environment for both our customers and colleagues.

		20/21 Actual	21/22 Actual	Target	Comments
	At least 90% of our colleagues will recommend whg as a great place to work	92%	89%	90%	This is marginally off target. We listen to our colleagues through colleague check ins, our Colleague Voice consultation forum and colleague surveys. A culture review is being completed in 22/23 with a view to identifying further ways of improving colleague engagement.
Contracted hours lost due to sickness		4.4%	4.96%	<3.5%	We finished the year just 1.5% above target mainly due to a 1% increase in COVID-19 related short-term absences. Next year we expect to see performance improve and fall in line with our target.

	20/21 Actual	21/22 Actual	Target	Comments
 Annual colleague rolling turnover	10.2%	15.9%	<15%	The recruitment market has become very buoyant since 2021 which has contributed to colleague turnover; salaries for technical and professional roles became inflated making it attractive for people to move jobs. Turnover has started to reduce during 22/23 and will continue to be monitored throughout the year. Our salaries and rewards packages continue to be in line with sector median.
Number of colleague accidents and near misses 	42 accidents 144 near misses	48 accidents 128 near misses	0	Whilst strong mitigations and controls are in place, accidents do happen from time to time and we report regularly to the Board on these, demonstrating a culture of openness and transparency in relation to Health and Safety. Learning is taken from any incidents and risk assessments, policies and practices are updated with these learnings, leading to continuous strengthening of our approach.

Aim 3: Grow and expand our services, our reach and our range

This aim is to ensure we are able to provide value added services to as many people/families in need as possible. In delivering this aim, we invest significant amounts in our local areas. The more new homes we can build and communities we can serve, the greater efficiency we can achieve in terms of our running costs and we can be most effective in terms of our contribution to the national housing shortage.

The table below summarises the grant and sales income we generate and investments we make to increase the supply of new homes. We not only aim to provide affordable housing but we also seek to generate returns from market rent and market sales homes in order to reinvest these into the delivery of more affordable homes.

	2021/22 £000s Actual	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast
Income generated:					
Strategic partner Homes England grant secured	22,087	0	0	0	0
Other grant	1,020	880	1,122	1,020	612
Sales income generated for reinvestment	17,065	12,414	17,976	18,136	14,670
Open market sales through Joint Venture	0	478	0	1,954	0
Market rent surpluses	439	515	554	660	673
Sub total	40,610	14,287	19,652	21,770	15,955
Investments made:					
Developing new homes	(47,573)	(83,438)	(92,427)	(73,800)	(34,992)
Investment in Joint Ventures to deliver mixed tenure homes	(22)	(478)	0	0	0
Sub total	(47,595)	(83,916)	(92,427)	(73,800)	(34,992)
Income shortfall funded through loan drawdowns	(6,985)	(69,629)	(72,775)	(52,030)	(19,038)

The value for money measures for aim 3 are shown in the table below and demonstrate how we are committed to delivering new homes for our communities.

	20/21 Actual	21/22 Actual	Target	Comments
 Complete 500 new affordable homes every year	332	418 in year 750 since Apr '20	2,000 new homes over the period 2020 to 2024	We have delivered 750 homes since Apr' 2020 and forecast to reach our 2,000 homes target by 2024.
Homes started on site 	325	470 in year 795 since Apr '20	2,000 + by over the period 2020-2024	Starts on site are under target but we still expect to reach our 2,000 homes target by 2024. Any starts not made this year are intended to be made next year.
Shared ownership sales 	168	111	132	We have a strong track record in selling all of our shared ownership homes. We only have 9 homes unsold at the end of the financial year, all of which are expected to sell in the first quarter of 22/23, with 8 already being reserved.
Complete 50 outright sales per annum 	4	4	200 over the period 2020 to 2024	We have successfully worked with our JV partner to build outright sales homes. We have confirmed sites for 154 outright sales homes which are expected to be completed before Mar '24. We continue to seek opportunities to identify the remaining 46 target, 16 of which are owned and subject to planning at Cricket Close.

Aim 4: Promote health and prosperity where we can make a difference

This aim is all about helping our customers and communities prosper. We play an influential role in building healthier, more resilient and connected communities with a range of key partners, making a greater impact by working together. The areas we focus our resources on are those which help people increase their confidence, skills, health and wellbeing. The ways we achieve this are:

Education and Training: We have participated in the Government's Kickstart scheme which provides funding to employers to create jobs for 16 to 24 year olds on universal credit.

Health and Wellbeing: We contribute strategically and operationally to 'Walsall Together', specifically the resilient communities' priority, ensuring our service is aligned. In addition, we invest in 'social prescribing' to improve people's health and wellbeing.

Hardship support: We have received one off funding from local authorities and the NHS to help support vulnerable people with general living costs that are not able to buy basic necessities required for modern living.

The table below highlights our community investments made, subsidised through our rental income stream as well as external grants secured.

	2021/22 £000s Actual	2022/23 £000s Forecast	2023/24 £000s Forecast	2024/25 £000s Forecast	2025/26 £000s Forecast
External grant secured:					
Household Support Fund	300	-	-	-	-
BBO Clickstart	240	355	53	-	-
Health & Wellbeing	-	274	285	291	297
Kickstart	53	148	154	157	160
NHS Work for Health Programme	35	33	34	35	36
Leaving Care & Young Persons Temp Accommodation Scheme	145	168	175	178	182
Other	-	100	100	100	100
Sub total	773	1,078	801	761	775
Investments made:					
Apprentices, graduates, trainees	(694)	(888)	(924)	(943)	(962)
Digital inclusion	(277)	(442)	(774)	(790)	(806)
Employment and training	(259)	(259)	(269)	(275)	(281)
Health & Wellbeing	(895)	(1,256)	(1,306)	(1,333)	(1,360)
Hardship fund	(300)	(200)	-	-	-
Other	(230)	(75)	-	-	-
Sub total	(2,655)	(3,120)	(3,273)	(3,342)	(3,408)
Income shortfall funded through rental income stream	(1,882)	(2,042)	(2,472)	(2,580)	(2,634)

The value for money measures for aim 4 are shown in the table below and demonstrate that not only do we invest in our homes, we invest in supporting people's lives to help them grow their independence.

	20/21 Actual	21/22 Actual	Target	Comments
 Support 10,000 people into new opportunities	4,240	5,236	10,000 by Mar'24	We are well on target to achieve this success measure to support customers with increasing their confidence, skills, and health and wellbeing by moving them into new opportunities.

		20/21 Actual	21/22 Actual	Target	Comments
Generate social value equivalent to a third of our turnover		£38m	£46.8m	>£34.6m	Our investment in our communities generates a social return on investment. whg uses the Housing Association Charitable Trust ('HACT') Wellbeing Valuation Model to confirm the overall social value our work has generated to support our customers and communities.
Secure £5 million funding for community investments by 2024		£1.4m	£1.7m	£5m by 2024	We have a strong track record in securing grants for our community investment and we also use our rental income stream to invest in our initiatives. This was a 'stretch' target to drive our work strategically with partners.

Aim 5: Deliver a strong business, fit for today and prepared for tomorrow

We aim to remain financially strong and to keep us prepared for the future, we continuously monitor our operating environment to mitigate risks and be able to quickly respond to opportunities and challenges.

We continuously explore ways to drive down costs and achieve greater value for money, using stronger insight and data to guide investment decisions. In addition, we are investing significantly in information technology to enable us to have greater choices for digitalisation of services, automation and use of artificial intelligence. A significant proportion of these investments will enable streamlining and simplifying processes which enhances efficiency in terms of cost of delivering processes and therefore freeing up resources to invest more in front line services to customers.

We prioritise the delivery of effective, equal and ethical services to customers over the cost of service delivery therefore we recognise that when we compare our costs to other housing providers, we are not always the cheapest. We do however strive towards achieving the most economical cost of service delivery by monitoring our costs alongside other housing providers through benchmarking.

The table below shows our performance against our aim 5 VFM measures which are key for us maintaining our financial strength to enable continued investment in new homes and services.

		20/21 Actual	21/22 Actual	Target	Comments
 Our normal operating margin will exceed 30%		31.4%	31%	>30%	Our profitability provides good assurance that we can meet our financial obligations and that our financial health is strong compared with our peers. This enables us to service more debt, build more new homes and continue investing in our existing homes and communities.
Work towards achieving upper quartile performance for headline social housing cost per home		Upper quartile	Above median	Upper quartile by 2024	

	20/21 Actual	21/22 Actual	Target	Comments
 Current arrears	3.18%	3.69%	<3.5%	Rent arrears ended the year at 3.69%, just 0.14% above target. This is a reasonable performance given the circumstances but is an area for improvement going forward. We have worked hard to improve our processes and technology to create capacity for our colleagues so that they can support customers.
Void rent loss 	0.75%	0.66%	<0.65%	Void rent loss for the year is almost at target and we expect this performance to return to our long term target of 0.6%. All teams involved in the lettings process have worked hard to overcome the challenges due to Covid-19 to end the year on a positive result.
 Cashable VFM savings	£3.5m	£4.1m	£1.9m	Cashable VFM gains have exceeded target and plans are in place to deliver more gains next year.
Property turnover 	1,112	1,169	1,404	Property turnover in the year was only 1,169 and this was well ahead of target saving on void costs and demonstrating the positive impact of the support provided to our customers.

Section 2: Benchmarking to compare how we perform with others

In addition to our internally set VFM measures, we also engage in regular benchmarking activity to identify where we sit in relation to our peers at both a national level and more tailored, specific level. We use this information to continually inform our future budget setting and strategic planning as we continually strive to achieve upper quartile performance on both cost and performance measures when compared to other registered housing providers.

There are two main sources of benchmarking used. Housemark provides service level benchmarking and the Regulator of Social Housing's Global Accounts VFM metrics provide financial health measures.

Service Level Benchmarking

whg are members of Housemark and through this membership we are able to benchmark ourselves at

a service level against a number of other housing providers nationally, as well as smaller, more tailored peer groups. There are 82 housing providers in the national dataset and 19 providers in the tailored dataset which is based on the Midlands and North West organisations of between 10,000 to 30,000 homes. The Housemark dataset is based on 20/21 submissions.

The two VFM quadrants below plot whg's performance, the first being the bespoke group and the second chart being the national dataset.



Explanations:

The tables below summarise the performance measures used for each service line's position on the VFM quadrant. Each performance measure is RAG (Red, Amber, Green) to indicate lowest 25% of peer group, lowest 50% of peer group, and highest 50% of peer group respectively). Commentary on the tables of data is by exception, focusing on those areas which are performing below median within the peer group, i.e. amber or red.

1 Responsive repairs

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of responsive repairs	£330.49	£332.32	£325.71	£473.05	
Direct cost per property of responsive repairs	£255.75	£253.03	£239.58	£399.04	
Satisfaction with the overall repairs service	83.8%	84%	74%	89%	

whg's costs are low when compared to peers therefore demonstrates 'economy' is achieved. However in terms of customer satisfaction scores are lower than peers.

Actions implemented since 20/21 to improve customer satisfaction with the service: The introduction of a self-service portal to enable customers to report their repair and book their own appointment for servicing the repair on-line. This portal went live on 6th April '22 and it is aimed to improve communication around repairs appointments, reduce time spent by the customers having to contact whg to arrange the repair and enabling customers to pick the most convenient appointment time.

As a result of disruption caused by Covid-19, the responsive repairs service experienced a decrease in customer satisfaction levels due to long wait times, triggered by a reduced service level during statutory lockdown periods, and the disruption to the supply chain that has been experienced nationally. Now that we are back up and running a full service, with a task force dedicated to clear the remaining backlog of repairs, we have been able to commence a number of other process improvements. We are redesigning the process for collection satisfaction data in order to improve data quality, striving towards 'same day' satisfaction surveys to allow customers to feed back their views on a more timely basis.

We have also consulted with customers on the new repairs policy, the outcome of which has fed into redesign of the scheduling process for less urgent repairs. The aim of this is to shift our emphasis from target repair times to booking appointments that are mutually convenient for both our customers and our repairs operatives.

We continue to monitor satisfaction with our repairs service and the latest reported position as at March 22 was an improved position of 78%. It is anticipated that satisfaction levels will continue to increase after the above initiatives have had time to embed.

2 Voids and lettings

	18/19	19/20	20/21	Median (20/21)	RAG
Void rent loss	0.62%	0.59%	0.74%	1.21%	
Total cost per property of void works and lettings	£319.81	£307.52	£289.39	£199.86	
Direct cost per property of void works and lettings	£257.95	£237.63	£217.17	£205.20	

Actions implemented since 20/21 to improve void cost per property: An independent, in-depth review has been completed to identify whether there are opportunities for efficiency savings in this area. A significant efficiency gain has been identified in financial year 2022/23 of £750k by reducing the void repairs and projects teams and allocating this workforce to other areas of the repairs service where the higher volume requires a greater workforce. This has helped with the challenges associated with Covid-19 during 2020/21 and 2021/22 where responsive repairs experienced a spike in volume as a result of disruption caused by Covid-19.

3 Rent arrears and collection

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of rent arrears and collection	£120.45	£134.58	£140.92	£182.64	
Direct cost per property of rent arrears and collection	£73.06	£80.35	£84.73	£86.93	
Rent collected %	99.24%	98.84%	99.07%	100%	

The percentage of rent collected is below peers but needs to be viewed on conjunction with our average current arrears balance for contextual purposes. whg's homes are primarily based in areas where unemployment and deprivation are higher than the national average, leading to greater challenges around collecting rents. whg's arrears target is 3.5% and for many points within the financial year, whg is able to perform within target, although there are months where arrears are not within target. Arrears have not increased beyond 3.7% during the year.

4 Tenancy management

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of tenancy management	£106.04	£118.21	£111.12	£151.18	
Direct cost per property of tenancy management	£64.65	£66.16	£61.04	£77.57	
Satisfaction with the service provided	85.9%	85.9%	85.9%	85.9%	

5 Resident involvement

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of customer involvement	£51.64	£51.62	£53.54	£60.14	
Direct cost per property of customer involvement	£29.13	£27.86	£28.70	£19.95	
Satisfaction that views are taken into account	76.8%	76.8%	76.8%	71%	

Actions implemented since 20/21: Whilst direct costs are showing as more expensive than average, when viewed in conjunction with the satisfaction levels that customer views are taken into account, the investment in this area is yielding positive results. As the regulatory landscape is changing, with more emphasis on listening to customers, whg intends to continue investing in this area to ensure our customers' needs and wants are considered when shaping the future delivery of services. Key investments in this area include creation of additional resource within the Community Engagement and Inclusion Team, who actively engage customers through a variety of channels including quick surveys/poll, phone calls, texts messaging, use of digital and social media, face to face workshops and regular group meetings. In addition, we have created Customer Experience Specialists within our Insight and Performance team to identify further ways customers can influence services.

6 Customer services

	18/19	19/20	20/21	Median (19/20 data)	RAG
Total cost per property of housing management	£397.18	£432.91	£433.32	£571.15	
Direct cost per property of housing management	£239.59	£248.51	£247.94	£274.57	
Average second to answer inbound calls	314	419	277	75	

Actions implemented since 20/21: whg have made significant investments in customer services and housing management with a view to improving the customer experience:

- Launched our **new telephony** which included the call-back functionality, enabling customers to hold their place in the queue and we will call them back, meaning that they do not have to pay for a lengthy call or wait for a long time until they are able to speak to someone. This functionality has proved to be very popular with customers, particularly during busy times.
- Introduction of the **Community Housing Model**- this new model of operating in our communities provides more officers present in our neighbourhoods and communities to support customers, listen to their wants and needs and respond by channelling services where they are required. This new model has particularly helped those customers who would not ordinarily engage with us.
- Increase in **Neighbourhood Inspection Officers**- this increased resource also supports our neighbourhoods, enabling whg to identify areas that require investment to deliver safer, more pleasant environments for our customers.
- Introduction of a new '**choose and move**' app that has reduced the time taken for customers to apply for, process and secure a new home with us.
- Increase in **Customer Services Advisors** to help manage the call volume.
- A new **on-line portal** for reporting repairs and booking repairs appointments has been launched in quarter 1 of 22/23 which is intended to make the customer journey simpler, less time consuming and therefore more effective and convenient.

7 Neighbourhood management

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of ASB	£61.29	£66.49	£74.64	£67.98	
Direct cost per property of ASB	£38.94	£39.11	£43.72	£34.82	
Satisfaction with neighbourhoods as a place to live	82.1%	82.1%	82.1%	84.4%	

Actions implemented since 20/21: Whilst costs are higher than our peers in this area, whg intend to continue investing in neighbourhood management to ensure our customers feel safe. We have a significant proportion of high-rise flats within our homes portfolio which means anti-social behaviour can be a problem. We therefore have invested in CCTV and our Community Safety Team to mitigate this risk and make our blocks feel like safe places to live. We have continued to monitor customer satisfaction with how we deal with ASB cases and are proud to report that for 21/22, 100% of customers are either satisfied or very satisfied with how our Community Safety Team have handled customer cases reporting ASB. In addition, 100% of customers are either happy or very happy with the outcome of their cases.

8 Community investment

	18/19	19/20	20/21	Median (20/21)	RAG
Total cost per property of community investment	£88.44	£76.54	£72.47	£54.61	
Direct cost per property of community investment	£63.58	£45.71	£43.72	£34.82	
Residents undertaking training or education	1,271	1,274	1,567	34	

As shown by the figures above, whg is more expensive in this area however the performance demonstrates the relative costs. whg are supporting significantly more customers with training and education than all other housing providers. Out of the 82 housing providers in the national benchmark dataset, 67 provide training or education opportunities for customers and whg is the highest performer out of 67 organisations in terms of the number of customers being supported to undertake training or education according to the Housemark dataset.

Regulator of Social Housing Benchmarking – VFM metrics

We report and compare our performance against the VFM metrics using the latest Global Accounts 2020/21 published by the RSH. We have compared ourselves at a national level, against all other registered housing providers, as well as at a more tailored, bespoke level against other registered providers with 20,000 to 29,000 homes. The table below shows the nine metrics and how we have performed, our anticipated performance and how we compare to the benchmark group median. Our performance is RAG rated (red, amber, green) to indicate whether we perform worse than lowest 25% of the peer group (red), worse than lowest 50% (amber) or better than median (green).

Metric	Actual		Target		
	2020/21	2021/22	2022/23	2023/24	2024/25
Reinvestment	11.6%	10.3%	15.8%	15.7%	12.5%
Sector Median	5.8%	5.8%	5.8%	5.8%	5.8%
Peer Group Median (20k to 29.9k homes)	5.2%	5.2%	5.2%	5.2%	5.2%
Reinvestment % looks at the scale of investment in our existing and new homes as a percentage of their value. We are upper quartile for this metric due to our aim of developing 500 new homes each year and approach to maintaining the quality of our homes. The average for RP's of a comparable size to us is 5.2% making our comparative performance even stronger.					
New supply delivered (SH units)	1.6%	2.0%	2.7%	2.4%	2.3%
Sector Median	1.3%	1.3%	1.3%	1.3%	1.3%
Peer Group Median (20k to 29.9k homes)	1.3%	1.3%	1.3%	1.3%	1.3%
New supply social % expresses the number of new social homes delivered as a proportion of all homes owned. In 2021/22 our performance is in line with the best in sector (upper quartile). RP's of a comparable size delivered a lower return of 1.3% in the benchmark year.					
New supply delivered (NSH units)	0.00%	0.00%	0.03%	0.05%	0.00%
Sector Median	0.00%	0.00%	0.00%	0.00%	0.00%
Peer Group Median (20k to 29.9k homes)	0.08%	0.08%	0.08%	0.08%	0.08%
New supply non-social is 0% as expected. There were no plans to deliver either market rent or outright sale homes during the year although these are included in mixed development schemes in the future. RP's of similar size deliver 0.08% non-social properties in the benchmark year.					
Gearing (NBV of Housing Properties)	59.7%	57.9%	58.2%	60.6%	58.9%
Sector Median	43.9%	43.9%	43.9%	43.9%	43.9%
Peer Group Median (20k to 29.9k homes)	45.8%	45.8%	45.8%	45.8%	45.8%
Gearing % shows the proportion of net borrowing in relation to the value of the asset base and indicates the degree of dependence on debt finance. Gearing is above the sector median because our fixed asset values are below the sector average. It is also an indicator of how whg is sweating its asset base by borrowing more to build more new homes for our communities. As the Group builds more new homes over the forthcoming years, the gearing will reduce. A more relevant measure of gearing for the Group is the gearing covenant set by the funders for which we have sufficient headroom. Similar size RP's sit at an average gearing of 46%. Note the gearing definition is different to our Funders definition which shows a stronger position than the above.					

Metric	Actual		Target		
	2020/21	2021/22	2022/23	2023/24	2024/25
EBITDA MRI Interest Cover	160%	137%	120%	137%	143%
Sector Median	183%	183%	183%	183%	183%
Peer Group Median (20k to 29.9k homes)	149%	149%	149%	149%	149%
Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover % measures our level of cash surplus generated as a percentage of interest paid. It shows our headroom for meeting interest payments on existing debt. The interest cover percentage reflects a lower median comparison to the sector. This shows that whg is sweating its assets by servicing more debt to build more new homes. In addition, investment in existing homes also increases next year. Compared to the average for RP's of our size at 149%, this is still a relatively strong position. Note the definition is different to our Funders definition which shows much stronger performance than the above.					
Headline SH cost per unit	£3,327	£3,815	£3,933	£4,226	£4,357
Sector Median	£3,730	£3,846	£3,969	£4,096	£4,260
Peer Group Median (20k to 29.9k homes)	£3,540	£3,650	£3,767	£3,887	£4,043
Headline social housing cost per unit combines several cost elements to provide our overall social housing cost per unit. Our costs in 2021/22 reflect a better than sector median performance. We have adjusted the quartile benchmarks for inflation for the forecast years and as shown, we become more expensive than median from 22/23. This is as a result of investment in key strategic initiatives which are aimed at improving customer experiences such as digital transformation, customer engagement, community investment and decarbonisation works to our homes as we strive to ensure all of our homes reach EPC-C energy efficiency ratings by 2030.					
Operating Margin (SHL)	35.7%	28.7%	30.2%	30.4%	31.6%
Sector Median	26.3%	26.3%	26.3%	26.3%	26.3%
Peer Group Median (20k to 29.9k homes)	24.9%	24.9%	24.9%	24.9%	24.9%
Operating margin % shows the profitability of our assets and is an indicator of our operating efficiency. Our social housing operating margin reflects an upper quartile performance from our core activities when compared to the sector. RP's of a similar size to whg performed a little less well at 24.9%.					
Operating Margin (Overall)	27.4%	26.6%	26.8%	27.0%	28.0%
Sector Median	23.9%	23.9%	23.9%	23.9%	23.9%
Peer Group Median (20k to 29.9k homes)	22.0%	22.0%	22.0%	22.0%	22.0%
Our overall operating margin reflected an upper median performance to the sector. Compared to RP's of our size at 22.0%, our relative performance is stronger still.					
Return on capital employed (ROCE)	5.9%	5.1%	5.0%	5.7%	5.4%
Sector Median	3.3%	3.3%	3.3%	3.3%	3.3%
Peer Group Median (20k to 29.9k homes)	2.6%	2.6%	2.6%	2.6%	2.6%

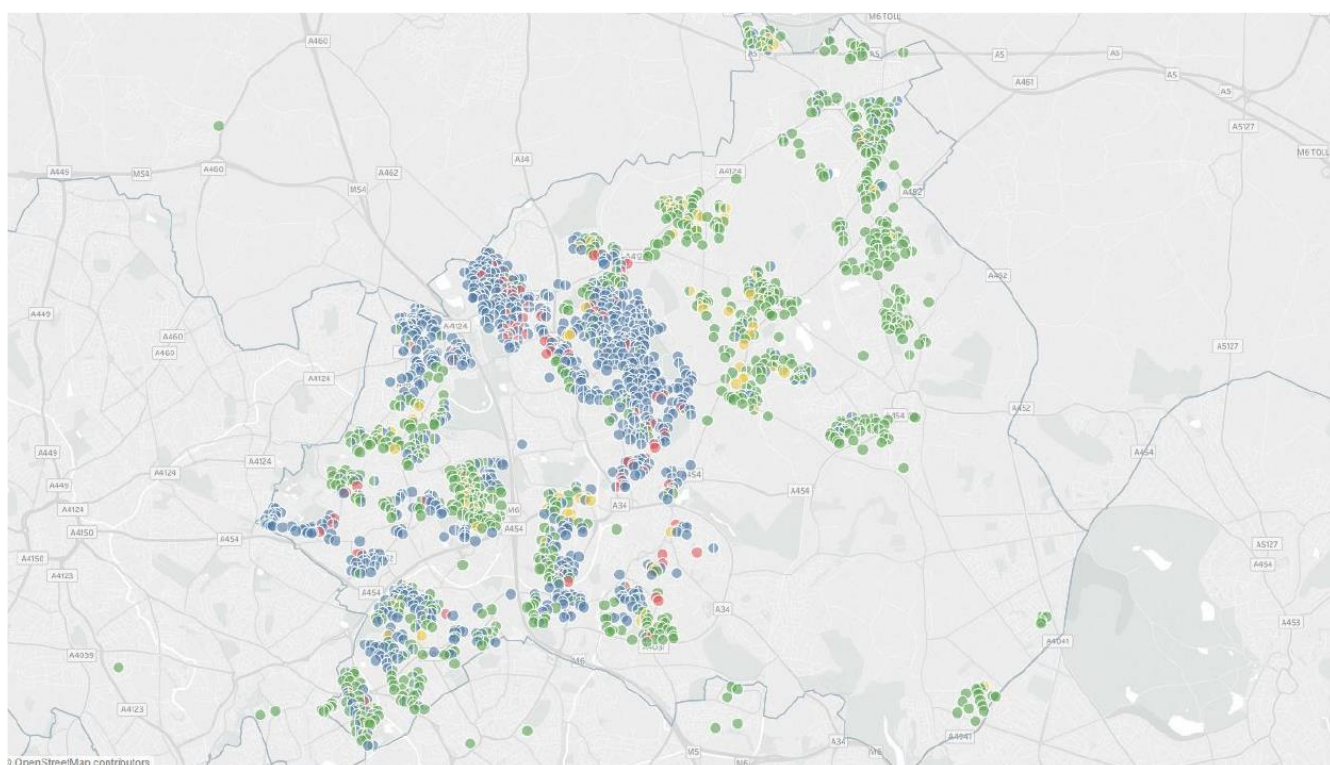
Section 3: Asset maximisation- making the most out of our cost base

Asset maximisation is central to our approach to delivering efficiency, i.e. making our asset resources stretch the furthest. Our corporate objectives go beyond the bricks and mortar of our homes. To guide our future investment decisions, we have analysed our homes portfolio with a view to prioritising where our investments should be using both financial analysis of performance (net present value analysis) and social performance analysis. Social performance analysis involves analysing various indices such as:

- Fuel poverty SAP ratings
- Fuel poverty – rent arrears
- Property Turnover
- Level of Anti-Social Behaviour
- Customer satisfaction with neighbourhoods
- Levels of customer contact
- Demand by waiting list area
- Welfare reform – impact analysis
- Index of multiple deprivation including data on employment, health, geographical barriers and how these indices interact with customer engagement with our wellbeing and health projects.

We aim to focus on those areas where the financial performance and/or social performance of our homes is below the acceptable range.

As an example of our social/financial performance analysis, the map below plots a concentration of our homes in Walsall. Areas covered by the map include (left to right) include Wilenhall, Darlaston, Bloxwich, Palrey and Pleck, Pheasey and Paddock, Aldridge South and Streetly, Pelsall and Brownhills.



The 'green' which is the majority of our homes indicates an appropriate level of financial and social performance given the areas in which we operate.

The 'blue' indicates an appropriate financial performance but lower social performance than we would like. As there is a large amount of blue on the map, this information drives our decision making around community investment activities as set out under corporate plan aim 4. We have a higher community investment spend when compared to peers as set out in the benchmarking section but as shown above

our communities need it. The blue areas also drive our investment decisions around regeneration as explained in the next section and can also contribute towards our higher social housing cost per home.

The 'yellow' areas on the map indicate those homes with a good social performance but are lower than we would like on the financial performance however we intend to continue investing in these homes to maintain compliance with regulations and customer satisfaction.

The 'red' areas indicate homes which have financial and social performance lower than we would like and these homes are being reviewed as part of a long term investment strategy to identify ways in which we can enhance their financial performance, for example by implementing carbon zero technology, and consider ways we can improve on social performance, for example by targeting future community investment and/or regeneration of 'place'.

Regeneration

The above analysis has helped to inform our regeneration plans to maximise financial and social returns of our homes and under-utilised land holdings and garage sites. This work is closely linked to our development strategy ambition to enhance 'place' by ***'becoming a leading place shaper, known for focus on safety, sustainability, innovation, mixed tenure and quality homes which provide improved health outcomes'***.

In depth work has been completed which has culminated successfully in the development of our Regeneration Strategy which is aimed at creating additional new homes for our customers. Our attention is focused on maximising our land holdings around our low-rise blocks with a view to providing additional homes and enhancing the look and feel of the place around them. In addition, we have recently commenced our first 'small sites' development for 20 homes which is cluster of land holdings across a range of our geographies to be delivered as one scheme to create additional new homes. We have 130 other 'small sites' being worked up for options.

Those which are not suitable for development will be considered for re-purposing such as community gardens, allotments, car parking or recreational use where we can also create biodiversity gains and contribute towards our communities in positive ways. We work closely with our Community Housing Officers to help prioritise which order we deliver these sites. We are also working on how we can improve some of our dis-used commercial units by transforming them into modern new homes with attractive space around them.

Borrowing power of our assets

We are careful to ensure we are continually able to maximise the borrowing power of our asset base. To achieve this, we ensure we maintain the quality of our homes to a standard that meets regulations and is satisfactory to our lenders. In addition, our Board has developed a new Security Strategy that is aimed at increasing the funding we can raise with banks and the capital markets to continue delivering new homes in our communities whilst at the same time, maintain strong financial health demonstrated through our financial metrics.

Section 4: VFM gains achieved through consideration of alternative delivery structures

There are a number of activities in place across the business to implement new ways of working through alternative commercial, organisational and delivery structures. A number of VFM gains have been made over the past two years and further gains are forecast for the next two years up to the end of our corporate plan.

The table below summarises the VFM gains. As shown, we have a successful track record in delivering cashable VFM gains. We have set up our Corporate Company Structure in such a way to maximise VAT benefits in relation to our key areas of spend. We continue to engage in procurement activity which seeks to reduce our costs while maintaining quality of service delivery. We obtain ad hoc grants for our

asset management work and we continually seek to refine our funding arrangements to ensure we pay the least amount of debt servicing costs that we can. All of these cashable savings are reinvested in our business so we can employ more resources directly to our frontline services or new development programme.

	2020/21 £000s		2021/22 £000s		2022/23 £000s	2023/24 £000s
	Target	Actual	Target	Actual	Target	Target
Cashable VFM gains						
VAT recovery (partial exemption)	50	41	50	39	75	75
VAT recovery (whg Developments)	35	58	61	63	68	68
Vat recovery (Components)	1,559	1,245	1,593	1,472	1509	1509
Procurement savings	100	643	100	309	100	100
Asset management savings	954	746	85	1,689	174	-
Advanced Methods of Construction (AMC)	180	180	-	-	-	-
Eco Funding	64	55	-	-	-	-
Insurance	-	280	-	460	-	-
Barclays Covid Relief Funding (Customer support funding)	-	100	-	-	-	-
Treasury: Interest margin savings	59	78	49	116	92	92
Treasury: Commitment fees	-	-	-	-	24	24
Treasury: Debt restructure	-	-	-	-	1,880	1,880
Total VFM gains	3,001	3,427	1,938	4,147	3,922	3,748

Corporate Company Structure Changes

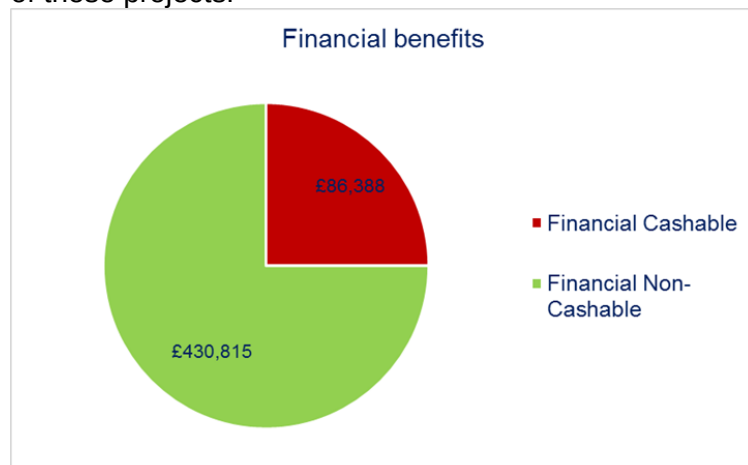
This is the first full year that we have benefitted from our corporate company structure review which resulted in the closure of two companies and transfer of operations to other companies within our Group. This has helped to streamline governance arrangements as well as reduce administration costs associated with these companies.

Stock investment programme

We have also successfully completed implementation of a new 7-year framework for three main contracting partners to deliver our component replacement programme in three geographical areas. This consolidated contractor delivery mechanism will help us to drive down costs through volume purchasing and increased standardisation across our homes. Any savings identified over time can be reinvested in our net zero carbon works in the future.

Digital Strategy Investments

This year, we have invested £230k in digital projects to transform the way we provide services with the aim of improving the effectiveness of our services. The chart below highlights gains made as a result of these projects.



Non-cashable gains are costs which are avoided as a result of the projects being implemented such as increased IT spend, increased colleague posts etc. A number of additional benefits have also arisen such as increased IT agility, process improvement and increased customer/colleague experience, all of which lead to enhanced effectiveness of service delivery.

IT Strategy Investments

We are also investing £2.6m in 22/23 in our IT infrastructure. This investment is aimed directly at improving value for money for customers in terms of the effectiveness of our service delivery. By moving our business to cloud based technologies we will be able to reduce our infrastructure costs. We will also have more choice over which products we can use within our business to build on the simplification process, making it easier for our customers to engage with us and transact with us. Any efficiencies generated from increased automation will result in more resource invested into frontline services for our customers. The investment is also aimed at reducing our information security risk and ensuring that our systems continue to be robust.

Governance review

An independent Governance review has been completed during 2021/22 which considered areas such as robustness of process and governance effectiveness. One outcome of this review is a plan to streamline our governance structure which will enhance the delivery of value for money.

Investment in non-social housing activity

We invest in non-social housing activity with purpose, to reinvest surpluses in social housing homes and services. We invest in open market sales homes but limit the risk exposure to £20m, and our financial golden rule framework ensures that our business plans are not reliant on sales income to meet loan covenants, thereby protecting the social housing assets. In addition, we have separate companies set up to manage our non-social housing activity, which again offers more protection to the social housing business. We have Anthem Homes which delivers open market sales homes and whg Trading that delivers other trading income on a small scale.

Joint Ventures

We continue to deliver our first major Joint Venture that is intended to generate profits on homes for private sale that we can reinvest into our new development programme to deliver more affordable homes. We will also consider other Joint Venture opportunities but will only enter those that help us to deliver our development strategy.

Partnership arrangements

We work with several partners including Walsall Together and the NHS to help tackle health inequalities, focusing on early intervention and prevention. We also work with Walsall Council, the West Midlands Combined Authority and GreenSquare Accord to support homelessness where our customers can receive support which is flexible to their needs. We are also key players in the NHF and Placeshapers Board.

Geography

In order to ensure our cost base is as efficient as possible, and that the services we provide are as effective as possible for customers, we have ensured our new development strategy prioritises geographical areas beyond Walsall that do not compromise our abilities to serve our customers. Our primary areas of operation are the West Midlands and where opportunities arise beyond this boundary, the areas need to be easily accessible from one of our management hubs and should be of sufficient density for efficiency of service delivery. Anthem Homes which delivers our outright sales programme is not restricted to any geographical boundaries.

.....end of VFM Statement.....

Principal Risks and Uncertainties

The environment in which we operate produces inherent risks that we face in our everyday operations including economic challenges, government policy, technological and social change. The Board clearly sets out its appetite to risk, providing the setting for business operations. We are not averse to taking on measured risk to deliver our objectives, but when taking these decisions, the Board fully appraises the risk to understand the potential impact.

The Risk Management Framework approved by the Board sets out the arrangements for identifying and managing risk in accordance with the Board's risk appetite. The Group has adopted the three lines of defence risk management model, which is designed so that assurance is obtained through the strength and source of controls and the Group's reliance upon them. Regular reviews of risk and work set out in the Risk Management Framework are overseen by the Risk Panel, Executive Team and Audit and Assurance Committee which remain focused on mitigating risks at all levels in the business. This ensures effective controls are in place. This approach is central to putting us in a strong position to achieve our strategic aims and embrace opportunities as they may arise.

The Board, as part of its review of risk management, has identified its most significant Strategic Risks and uncertainties, together with the mitigating actions taken in order to ensure that the risks are appropriately monitored and controlled. These risks have been reviewed to assess the impact of COVID-19 and any additional controls or assurance required. A summary of our Corporate Risk Register is set out below.

Risk 1: Information security breach	
Cause: • Inappropriate access gained to personal and/or business sensitive data • Insufficient/out of date network security controls • Cyber security attack • Poor physical security arrangements, access to buildings and secure areas	• Colleague(s) exploit or misuse access to systems or data or use non secure software • Lack of procedure or knowledge of appropriate processes • Lack of diligence in implementing and maintaining controls of information processing activities • External partners who hold and/or process information on whg's behalf fail to implement appropriate controls over information/data
Consequences: Loss of tenant data, colleague data, restriction on where whg can trade (e.g. PCI DSS) impact on reputation of whg, RSH (Regulator of Social Housing) governance downgrade, fiscal impact (ransoms and fraud) and disruption of business operations.	
Controls	
1	Technical controls (cyber security and management of equipment/ infrastructure)
2	Restricted access to buildings and data centre
3	Policies and procedures in place
Conclusion	
The relevant risk appetite themes are IT security and resilience, Finance, Reputation, Managing change and innovation. The new IT Strategy has been approved (March 2022) with the Security and Stability (SaS) programme as a major delivery means. The SaS programme will implement and mature many of the controls to reduce this risk. We are working with our internal auditors for an advisory audit to ensure this is a robust and sound approach, this will provide additional third line assurance. This risk is 'Treated' as the controls in place or being implemented will bring the risk within appetite.	

Risk 2: Serious health, safety or environmental incident**Cause:**

- Lack of management controls and expertise
- Ineffective systems or processes
- Inaccurate safety assessments
- Lack of training and awareness
- Failure to adhere to safety advice or instructions
- Failure to provide PPE or other safety equipment

- Closed culture resulting in reluctance to report near misses
- Spread of infectious diseases, pandemic
- Issues with the supply chain – shortage of materials

Consequences:

Injury, spread of disease or fatality, damage to assets or other property, service or business interruption, reputational damage, legal action, financial penalty, imprisonment, regulatory downgrade.

Controls

1 Management Controls

2 Training and awareness

3 Robust safety advice

Conclusion

The relevant risk appetite themes are Health and safety, Reputation, People and Environment/zero carbon approach. The safety of our customers and colleagues is paramount. Actions to bring the score within appetite include raising customer awareness of H&S; White Paper Action Plan re; Building Safety, including the development of the customer engagement strategy; and H&S culture work. KRIs are H&S reportable incidents (colleagues) and the suite of customer safety KPIs. Near misses have increased but this is positive and doesn't impact the scores, as better reporting leads to increased learning. The customer safety KPIs are 100% statutorily compliant. This risk is 'Treated' as the controls in place or being implemented aim to bring the risk within appetite.

Risk 3: IT systems and data are unavailable**Cause:**

- Poor physical security arrangements, access to buildings and secure areas
- End of life IT server hardware

- Lack of documentation for architecture
- Lack of procedural and / or processes for management and recovery

Consequences:

Consequences could include the loss of access to customers, colleagues and business data. Significant disruption of business operations due to corporate applications and communication systems.

Controls

1 Technical controls (management and monitoring of equipment/ infrastructure)

2 Restricted access to buildings and data centre

3 Policies and procedures in place

Conclusion

The context for this risk is to address the present risk to the availability of IT services and organisational data; the primary cause of this risk is the age and reliability of the hardware within the data centres and our computing hardware. The relevant risk appetite themes are IT security and resilience, Finance, Reputation, Managing change and innovation. An advisory audit is pending with our internal auditors to review our strategic direction and the Stability and Security Programme. This will provide additional third line assurance. This risk is 'Treated' as the controls in place or being implemented will bring the risk within Target. Much of the delivery work for the Stability and Security Programme and the creation of an Information Security Framework internally should bring the scores within appetite. No KRIs have been identified.

Risk 4: Impact of climate change on delivery of strategic objectives and services.**Cause:**

- Adversely inclement weather (extreme heat/cold/flooding etc)
- Rising sea levels
- Availability of / increase in cost of resources and materials (including energy Availability of / price of food
- Violent conflict/civil unrest/land annexation to secure natural resources

Consequences:

Net zero carbon will require us to adapt existing stock, build new stock differently and change our energy profile, and we will need to respond to any changes in regulation/legislation. Flooding or high wind causing damage to homes or impacting ability to get to work (Trades colleagues) or access homes to deliver repairs or other services, extreme heat or cold impacting health of customers (requiring additional services) or colleagues. Structural damage to buildings and infrastructure (eg cracking). Disruption to supply chains impacting repairs and development. Failing contracts or increases in contract costs and insurance premiums. Restricted water supply and power outages. Customers less able to pay rent due to rising cost of utilities and food, resulting in additional support requirements/ enforcement action. Energy costs increasing impacts the business financially (re utilities, fuel for Trades vans).

Controls

1	Operational controls
2	Regeneration/development controls
3	Horizon scanning and forward planning

Conclusion

Climate change will exacerbate and become a multiplier for risks across the business. Climate change and extreme weather present material risks to operations and our homes. Our ability to mitigate will be important as will future scenario analysis to consider adaptation strategies. We will have opportunities to influence and challenge government, partners, suppliers, customers and developers to work with us to find solutions. The decisions we make will always have unintended consequences so ensuring appropriate governance is in place throughout the business for sustainability and carbon reduction will be essential going forward. The relevant risk appetite themes are Health and safety, Finance, Reputation, Legal and regulatory compliance, People, Customer service, Managing change and innovation, Growth – development, Asset management and regeneration and Environment/zero carbon approach. This new Strategic Risk is 'Treated', with controls/assurance being developed to increase controls and assurance.

Risk 5: Insufficient investment in assets to meet regulatory requirements/customer expectations**Cause:**

• Lack of skills and knowledge in the Asset Management and Development Team • Poor/weak asset management strategy • Unavailability of finance information • Poor decision making	• Fire safety issues – particularly in high rise blocks • Poor contractor performance • Adverse impact of BREXIT, COVID-19 or economic recession Adverse impact of BREXIT, COVID-19 or economic recession • Issues with the supply chain – shortage of materials • Structural failure

Consequences:

This could result in reduction of security (value of stock which can be levered), poor asset standards, reputational impact and injuries / loss of life, non-compliance with the Home Standard, disrepair claims (if there are many could result in RSH finding us in serious detriment) An adverse BREXIT or the current COVID-19 pandemic could impact the cost of labour, materials, accessibility of components and parts.

Controls

1	Asset Management Strategy / condition surveys
2	Project management approach
3	Dedicated team to maintain assets
4	Contract management

Conclusion

There is still a backlog of repairs due to Covid but this is being addressed. The Board approved Investment Plans include carbon neutral, Decent Homes 2 and building safety. Our stock condition data is intelligent and up to date. Issues around shortage of materials and increase in costs continue, especially special items/bespoke materials. Some shortage of labour for contracted services and recruitment of new trades colleagues or sickness cover but also an increase in demand, particularly for plumbing and carpentry jobs. There is a cost increase if works are delayed or repeatedly booked. Contracts are monitored by the Contract Review Team and the framework allows for alternate contractors to be selected if necessary. The relevant risk appetite themes are Legal and regulatory compliance, Finance, Reputation, People, Managing change and innovation, Asset management and regeneration and Environment/zero carbon approach. This risk is 'Treated' as the controls in place bring the risk within appetite – this includes the controls detailed on the operational risk registers which take all the lines of defence to substantial assurance.

Risk 6: Insufficient finance to deliver strategic objectives**Cause:**

- Government reduces rent settlement agreement
- Market conditions and insufficient demand for homes
- Failure of subsidiary or JV
- Delays in completion of development programme
- Economic downturn/recession
- Welfare reform or changes to customers' welfare benefits

- Ineffective arrears or voids management
- Inadequate insurance cover
- Poor relationship with third parties eg benefit providers/LAs with nomination agreements
- Inability to secure loans from third party financiers
- Reduction in V1 / and/or Moodys' rating
- Lack of security (financial) or debt finance is too expensive
- Capital market crash, revolving credit facilities withdrawn

Consequences:

Rising arrears, void rent loss or sales income loss, failure to meet Business Plan income targets, impact on cash flow, inability to service debt, inability to fund investment in new/existing homes or deliver other Corporate Plan objectives, increase in cost of borrowing, Financial Viability downgrade, downgrade of Moodys' credit rating, reputational impact, potential regulatory intervention.

Controls

1	Monitoring of income levels
2	Rent and service charge collection/maximisation controls
3	Shared Ownership and Outright Sales controls
4	Facilities in place to fund the business and cash flow monitoring
5	Business planning and stress testing

Conclusion

Although arrears may increase with a 'perfect storm' of issues for customers (fuel poverty, high rate of inflation, increases to benefits being significantly less than inflation, increase in NI contributions, pension triple lock reduction to double lock, April 2022 rent increase of 4.1%) there will not be a significant impact on the business, nor if sales reduce. The bigger financial risk is loss of funding but we are meeting all our covenants and performance is good against the Business Plan. KRIs relate to the operating margin target of 30% and the Golden Rules, performance against which is good. Other KRIs are arrears performance, void performance and sales income. All risk appetite themes are relevant to this risk which is 'Treated' with the controls bringing the scores within appetite.

Risk 7: Governance arrangements are inadequate to deliver strategic objectives or meet statutory/regulatory compliance**Cause:**

- Customer voice isn't heard
- Inaccurate reporting
- Lack of resources
- Poor leadership/management
- Submission deadlines not met
- Attempted or actual fraud
- Poor intelligence (data)

- Governance arrangements are inadequate
- Ineffective Boards/Committees
- Lack of clarity and understanding of regulatory/statutory requirements and charitable objectives
- Negligence
- Mechanisms not in place to meet regulatory/statutory requirements
- Lack of training for Boards/Committees/colleagues
- Relationship with JV partner changes or ends
- JV structure or arrangements do not meet Homes England requirements

Consequences:

Customer voice isn't considered in decision making, strategic objectives aren't achieved, statutory/regulatory non-compliance, financial loss/ penalties, fines, imprisonment, legal action, reputational damage, regulatory downgrade, loss of charitable status.

Controls

1	Board and Committee arrangements
2	Dedicated Governance and Compliance Teams
3	Assessment and monitoring of compliance with legislation and regulation

Conclusion

This risk includes governance arrangements in relation to subsidiary companies (financial risk relating to subsidiaries is covered in the Finance risk) and the management of potential fraud/bribery as well as Data Protection. There are no specific KRIs identified but incidents or issues reported externally to regulators would indicate an increase in risk scores and weaknesses in the Board/Committee structure could also impact the scores. The relevant risk appetite themes are Legal and regulatory compliance (including Data Protection), Reputation and People (recruitment, retention and development of colleagues). This risk is 'Treated' with the controls in place mitigating the risk and bringing it within appetite.

Risk 8: Development programme is delayed/targets are not achieved/quality is poor**Cause:**

- Inability to source development opportunities to deliver the Development Strategy outcomes
- Lack of available land
- Failure to monitor delivery of development programme
- Lack of expertise, experience and capacity within the Team to source and deliver development growth

- Failure in technical and legal due diligence
- Exposure to contractor / developer insolvency
- Lack of available funding to meet Development Strategy outcomes and resulting programme
- Impact of COVID-19
- Impact of BREXIT
- Economic recession
- Issues with the supply chain
- Mismatch between location/need
- Increased competition from for profit RPs
- Failure to secure full decant to enable regeneration

Consequences:

Corporate Plan, Development Strategy aims, Business Plan income targets not achieved. Increased costs due to delays, reputational damage, loss of stakeholder confidence. Non compliance audits limit future funding streams. COVID/BREXIT may result in higher borrowing costs, delays in completions/handovers due to shortages in components & labour, financial disputes with developers/contractors re cost increases (materials, components) or quality reduction. Delays to anticipated regeneration programme resulting in increased costs and claims.

Controls	
1	Experienced Development Team in place and technically transforming to meet Strategic Partnership (with Homes England (HE) plans and bring in sufficient new business opportunities
2	Robust technical, legal and contractor/development partner due diligence prior to approving development opportunities or land acquisitions
3	Funding availability for Development Strategy 2020-2024
4	Processes set and managed for delivery
5	Regeneration of identified end of life homes/estates beyond major refurbishment/reinvestment
Conclusion	
Successful reprofiling of the Wave 2 allocation from Homes England has taken place. Contractor and contract risks are managed within appetite, with insolvency/retention protection in place. Further risks in respect of attraction and retention of colleagues in development exist and a new recruitment approach will be implemented in April 2022. Our approach to monitoring on-site quality is paying dividends and customer satisfaction remains high. Regeneration will be treated as a development opportunity and be subject to similar controls and risk profile. The relevant risk appetite themes are Health and safety, Finance, Reputation, Legal and regulatory compliance, People, Customer service, Growth – development, and Environment/zero carbon approach. This Risk is 'Treated', with the controls and assurance bringing the risk within the Target score. KRIs are on site and starts performance but nothing currently indicates a change to the scores.	

Risk 9: Services to customers are inconsistent or ineffective	
Cause: - Insufficient resources (financial and colleague), recruitment, retention of skilled colleagues - Lack of training - Ineffective policies, procedures, processes - Requirement to be agile and operate virtually	- Failure to adapt to operating context and evolve to modern ways of working - Diverse customer voice is not heard and expectations are not met Lack of customer engagement - Digital solutions do not meet the requirements of the service - Contract failure (including insolvency) or contractors/suppliers are ineffective
Consequences: Performance indicators decline, satisfaction decreases, legal action, financial penalty, withholding of rent/service charge – financial impact, regulatory downgrade. Failure against the Corporate Plan and Strategies, core values aren't delivered. Our offer becomes unpopular, the brand and our reputation is damaged. Homes in less popular areas become difficult to let. Tenancy sustainability is reduced, customers' health and prosperity deteriorates or does not improve. Low colleague morale.	
Controls	
1	General and Specialist business controls
2	Housing services
3	Customer and digital services
4	Support services
Conclusion	
The new Community Housing model is being successfully embedded and support services continue to attract external funding, enabling additional support for customers and our communities. KRIs are the following: customers satisfied with their neighbourhood as a place to live; customers who would recommend whg; service level (inbound calls answered); and Employment and Training and Health and Wellbeing success measures from Aim 4 of the Corporate Plan. The relevant risk appetite themes are Reputation, Customer service and Managing change and innovation. This risk is 'Treated' as the mitigating controls brings the Net score well within appetite.	

Risk 10: Insufficient colleague resource (capacity and capability) to meet operational and strategic needs**Cause:**

- Ineffective workforce planning to meet future demand of business
- Inability to recruit caliber of candidates required
- Inability to retain right people with right skills

- Sickness absence including relating to COVID-19 - colleagues not able to work due to illness
- Learning and Development (L&D) provided does not support the achievement of business objectives

Consequences:

Vacancies un-filled or absence/leave overstressing existing colleagues, reduction in performance including lower colleague engagement, and increases in absence, turnover and morale. Covid – impact on absence rate, general health and wellbeing of colleagues (eg long Covid).

Controls

1	Annual budget setting process includes review of resources required to deliver priorities
2	Competitive pay and benefits, and robust recruitment process
3	Processes and training plans in place to ensure appropriate skills to deliver against business objectives
4	High levels of colleague engagement and satisfaction

The relevant risk appetite themes are Legal and regulatory compliance, Finance, Reputation and People. The People Dashboard monitors recruitment, retention absence and engagement on a quarterly basis and sets priorities for HR Business Partners. KRIs are the absence rate, colleague turnover and colleague engagement. This risk is 'Treated' as the mitigating controls ensure the scores are well within appetite.

Sustainability, Net Zero and ESG (Environment, Social and Governance)

whg has made a clear and visible commitment to embedding sustainability with the appointment of a Sustainability Lead during the year. The role is positioned at a strategic level within the Business Strategy & Assets Directorate. This role will support the business to develop its sustainability ambitions as it creates the appropriate narrative and alignment to the Corporate Plan. It will also lead the work to produce a decarbonisation roadmap.

The ambition to deliver net zero carbon by 2050 is not to be underestimated but the journey has already started and we have begun the process of producing a decarbonisation roadmap in line with this target. This will build on the work of the Energy & Programme Management team who have already undertaken extensive retrofit work across our asset portfolio. This fulfils our target across the housing stock as we work towards the 2024 target EPC D and 2030 target of EPC C for all our properties.

Corporate Social Responsibility and Sustainability are intrinsically linked and the pillars of any sustainability strategy are built on environment, social and economic foundations. As such, whg has now committed to an Environment, Social and Governance framework to provide annual reporting on risk and opportunities in these areas. This will provide long-term sustainability, drive economic vibrancy and provide us with long-term value via engagement with all our stakeholders for the business.

whg is committed to doing business in a responsible way and seeks “to do the right thing” for its people and the planet. While continuing to manage our environmental performance responsibly through our accredited ISO 14001 Environmental Management System we strive to achieve Net Zero by 2050 for our Scope 1 and 2 emissions, dramatically reduce our Scope 3 emissions and continue to improve the biodiversity of land that we own creating greener places and spaces. Our emissions scope baseline will be agreed later this year with the decarbonisation roadmap to follow.

Our commitment to an accredited and externally verified ESG framework will provide us with a measurement tool that can capture subjective and quantifiable data that will stand up to quality assurance and audit. This will allow us to benchmark effectively and provide consistent and verifiable data moving forward.

As well as capturing the already mature social value work undertaken within our community it will provide a platform to present our performance and progress in the areas of environment and governance.

Carbon Emissions Reporting

whg currently reports annually through the UK Governments Streamlined Energy and Carbon Reporting (SECR) policy. For the purpose of this report we have opted to use the Operational Control Boundary definition to define our carbon footprint. Included in this boundary are Scope 1 & 2 emissions, as well as Scope 3 emissions from gas, electricity, company fleet and grey fleet in the UK.

Within the 2021/22 financial year, whg completed:

- 1,474 Energy efficient measures of either thermal or heating improvements which included:
- 26 Loft insulations
- 1,217 Boiler or full heating replacements and controls
- 8 External Wall Insulation installs
- 4 Cavity Wall Insulation installs
- 123 Double glazed full window installations

From these energy efficiency improvement measures it is expected that a significant amount of energy will be saved over the next 5 years.

Emissions Calculations

The GHG Protocol Corporate Accounting & Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of the carbon emissions calculation. Below is the energy consumption and GHG emissions summary table for Market based* emissions (Figure 1) as well as a table outlining the year on year analysis (Figure 2).

Figure 1 Market Based Emissions

Type of Emissions	Activity	kWh	tCO2e	% of Total
Direct (Scope 1)	Natural Gas	2,958,351.0	44.8	7.3%
	Company Fleet	2,048,233.0	513.1	83.2%
	PV Generation	346,971.0	0.0	0.0%
	Subtotal	5,353,555.0	557.9	90.5%
Indirect (Scope 2)	Electricity	3,726,022.7	0.0	0.0%
	Subtotal	3,726,022.7	0.0	0.0%

Type of Emissions Activity	Activity	kWh	tCO2e	% of Total
Indirect Other (Scope 3)	Grey Fleet	251,515.4	58.7	9.5%
	Subtotal	251,515.4	58.7	9.5%
	Total Energy Use (kWh)			9,331,093
	Total (Market-based*) Gross Emissions (tCO2e)			617
	Full Time Employees (FTE)			691
	Tonnes of Gross CO2e per FTE			0.9

The results show that whg total energy use and total gross Greenhouse Gas (GHG) emissions amounted to 9,331,093 kWh and 1,907 tonnes of CO2e respectively in the 2021 financial year in the UK. whg have chosen an intensity metric of 'Tonnes of CO2e per Full Time Employee' (tCO2e /FTE) as this is an appropriate metric for the business. The intensity metric for the financial year 2021 was 2.8 tCO2e /FTE compared to 2.9 tCO2e /FTE in 2020.

Figure 2 – Year on Year analysis (2022 vs 2021)

Type of Emissions Activity	Units	2022	2021	YOY % Change
Direct (Scope 1)	(kwh)	5,353,555	5,523,119	-3.1%
	(tCO2e)	1,057	1,047	1.0%
Indirect (Scope 2)	(kwh)	3,726,023	3,743,439	-0.5%
	(tCO2e)	791	873	-9.4%
Indirect Other (Scope 3)	(kwh)	251,515	611,007	-58.8
	(tCO2e)	59	144	-59.1
	Total Energy Use (kWh)	9,331,093	9,643,847	-3.2%
	Total Gross Emissions (tCO2e)	1,907	2,063	-7.6%
	Renewable Electricity (tCO2e)	791.2	873	-9.4
	Total Net Emissions (tCO2e)	617	633	-2.6%
	Tonnes of Gross CO2e per FTE	2.8	2.9	- 5.8%

The year on year analysis outlines that there has been a reduction of 3.2% in total energy usage (kWh) as well as a 7.6% reduction in total Gross (Location Based) emissions between the 2020/21 and 2021/22 financial year. These savings are equivalent to 156 tCO2e. This is mainly attributed to a significant

reduction in Grey Fleet usage as well as Location based electricity emissions due to the higher percentage of renewables being used in the grid.

As part of the Decarbonisation Road Map work whg will be refining its carbon emissions scope and baseline and this will be reflected in next year's report.

**In SECR reporting there are two reporting approaches: 'location-based' and 'market-based'. Location based reporting is the mandatory method and uses grid average figures (a mix of renewable and non-renewable fuels). A market-based reporting approach can also be used when companies have entered into contractual agreements for renewable electricity (e.g. REGO's). Reporting on renewable energy and associated emissions is not a mandatory requirement under the SECR legislation but it is possible for organisations to use dual reporting if they wish to reflect their consumption of renewable energy.*

Financial Review

Statement of Comprehensive Income (SOI)

Turnover: £120.5m

Social housing lettings contributed £105.7m to Group turnover for the year. This includes the impact of annual rent increase and new homes developed during the year. A further £10.7m derived from Shared Ownership first tranche sales and £4.1m from other activities take the total turnover to £120.5m, in line with last year's £120.8m.

Operating surplus: £40.5m

Operating performance continues to be strong with an Operating Surplus of £40.5m. This surplus will support investment in new and existing homes. The social housing margin was 28.7% for the year and operating margin before disposals was 26.6%. These are both good results for the Group and demonstrate that the core financial performance is complemented by, but not dependent on, asset sales. The overall margin includes un-capitalised development costs of £1.1m and pension costs of £5.5m.

Other Costs include some significant additional pensions costs arising from the annual pensions' valuation for accounting purposes. These are not cash transactions and are matched with a movement in the pension provision.

Gain on disposals comprises 98 Right to Buy/Right to Acquire sales.

Surplus for the year after tax: £20.8m

The surplus for the year after tax includes net interest and financing costs of £20.1m (2020: £20.9m), a £1m increase in the fair value of our investment properties and a £1.5m surplus on disposal of property.

Total comprehensive income for the year: £52.4m

The net surplus for the year of £20.8m was significantly increased by a positive actuarial adjustment of £31.6m due to the year-end revaluation of pension assets and liabilities. The key changes are in the pensions financial assumptions with the discount rate increasing from 2.1% in 2020/21 to 2.85% in 2021/22; future salary increases increasing from 2.64% in 2020/21 to 3.0% in 2021/22; and reducing mortality rates. (Note 26 provides further details).

Statement of Financial Position

The Statement of Financial Position demonstrates the strength and capacity of the Group to continue to deliver our strategic objectives.

Fixed Assets: £608.4m

Capital expenditure is set out in Notes 12 to 14 to the Financial Statements. During the year we have invested a gross £47.5m in developing and acquiring new homes and have received approximately £23.1m from the Homes England Affordable Homes Programme towards the cost of our new build programme. We have also continued to invest in our existing housing stock in order to maintain homes above the Decent Homes Standard.

The capital cost of this investment during the year was approximately £17.9m. This combined investment can be seen in the movement in the net book value of housing assets to £582.7m from £538.9m in 2021. The year-end balance includes £32.1m relating to schemes that are already on site and will contribute to future completed home targets.

Net Current Assets: £154.7m

Current assets have increased by £72.5m. Significant movements include £87.6m increase in investments, cash and cash equivalents with debtors due after one year also increasing by £3.7m. There was a £3.4m reduction in properties held for sale. Short term creditors have increased by £15.3m reflecting repayment of £12.5m bank facilities in March 2023, a reduction in trade and other creditors including accruals of £0.2m and an increase of social housing and other grants received in advance of £3.0m.

Long Term Creditors: £560.6m

The net movement in long term creditors was an increase of £90.3m. The most significant element of this increase was the drawdown of new funding of £86.1m through the bLEND aggregator and a £12.5m reduction in debt with Lloyds Bank Plc. There was an increase of £13.2m in deferred grant income and a £3.7m increase in the recycled capital grant.

Pensions Asset: £17.3m

The pension provision has improved from a liability of £8.7m to an asset of £17.3m, This comprises of a £17.5m asset in WMPF and a £0.2m liability in SHPS. The gain in the current year is mainly due to changes in financial assumptions as discussed above. The pensions plan assets value has increased from £238.7m to £257m, a total increase of £17.3m during the year with a significant return on asset. The pension liabilities have decreased by £7.4m during the year from £247m to £239.6m, the overall liability being reduced by £25.9m due to changes in the demographic assumptions. (See Note 26 for more detail).

Reserves: £219.2m

Reserves have increased by £52.4m reflecting the net comprehensive income for the year. Movement in the reserves balances is further shown in the Statement of Changes in Reserves.

Statement of Cash Flows

This statement shows that the cash inflow generated from operating activities of £62.8m provided cash cover 3.1 times over the interest payable of £20.1m.

During the year we funded investment in new and existing housing assets of £58.9m and also received grant income of £22m.

Cashflow from financing activities includes cash interest paid in the year of £20.1m with the difference being a movement in recognised accrued interest. During the year there was a drawdown of bLEND finance of £84m, this in conjunction with the continued investment in our housing stock, interest this year, after cash generated from operating activities, there has been a net cash inflow of £70.3m.

5 year trend analysis of key financial ratios

	21/22	20/21	19/20	18/19	17/18
	£m	£m	£m	£m	£m
Statement of comprehensive income					
Turnover	120.5	120.8	112.2	108.6	105.6
Operating surplus	40.5	38.4	37.6	37.6	46.2
Operating margin	33.6%	31.8%	33.5%	34.6%	43.8%
Net margin	17.3%	22.6%	14.7%	17.3%	32.5%
EBITDA	46.5	46.1	41.0	43.1	47.8
EBITDA (MRI)	28.6	34.4	29.2	31.3	38.7
Statement of financial position					
Total net assets	763.1	646.5	618.5	578.2	554.95
Long Term Debt	474.5	401.1	402.5	396.1	396.5
Deferred Grant	82.2	69.0	61.3	51.1	49.0
Derivatives	0.0	0.0	9.6	8.3	8.2
Other LT Creditors	3.9	0.1	0.0	0.1	1.9
Pension Provision	(17.3)	8.7	14.2	13.8	23.9
Other Provisions	0.5	0.8	0.9	0.6	1.0
Income and expenditure reserve	219.2	166.8	129.7	108.1	74.8
Funding metrics					
Interest cover covenant	2.10	2.11	2.12	2.10	2.68
Weighted average cost of funds	4.69%	4.81%	4.84%	4.95%	5.06%
Gearing covenant (net debt per unit)	14.8	15.1	14.9	13.7	13.2

Operating surplus: operating surplus for 21/22 & 20/21 includes the reclassification of gain on disposal of fixed assets and movement in fair value of investment properties

EBITDA: Earnings before interest, tax, depreciation and amortisation

EBITDA (MRI): EBITDA with capitalised repairs spend deducted.

Total net assets: Fixed assets, plus current assets less creditors due within one year

Turnover has steadily increased over the past 5 years as a result of our new build programme, rents increasing in line with September CPI since 2020, our shared ownership sales programme and other grant income we have been able to secure for our community investment activities. Our **operating surpluses** and **operating margin** have been reducing over this time period as we have continued to invest in delivering services to a continually increasing supply of homes. However the surplus improved in 2021/22 due to underspend it budgets due to material and supply chain disruptions. Furthermore, from 2016 to 2020, rents were reduced by 1% per annum in line with government regulation which adversely impacted operating surpluses over that period. Our **net margin** has varied over the years, mainly due to changes in the actuarial valuation of our pension fund. The **EBITDA** (Earnings Before Interest, Tax, Depreciation and Amortisation) shows a consistently healthy position, allowing whg to continue investing in existing homes and new homes. The **EBITDA MRI** (EBITDA Major Repairs Included) shows the impact on the EBITDA with major repairs capital spend included, an indicator of earnings available to service debt used to build new homes. Performance on this indicator varies depending on the nature of investment works carried out to our homes and the scale of components replaced in any one year in order to maintain the quality of our homes.

Total net assets have increased over the past five years as the number of homes we own has increased, funded by an increase in **long term debt**. Our deferred grant account continues to increase each time new grant is received, made up primarily of Homes England funding for the new build programme although we also receive other grants to a lesser degree from local authorities and other government agencies. Our **pensions provision** has decreased over the years because the growth in pension assets is out-pacing the increase in pension liabilities. Despite decreasing operating margins,

we have continued to strengthen our **income and expenditure reserves** year on year, building financial strength and capacity to continue delivering services and growing our supply of affordable housing.

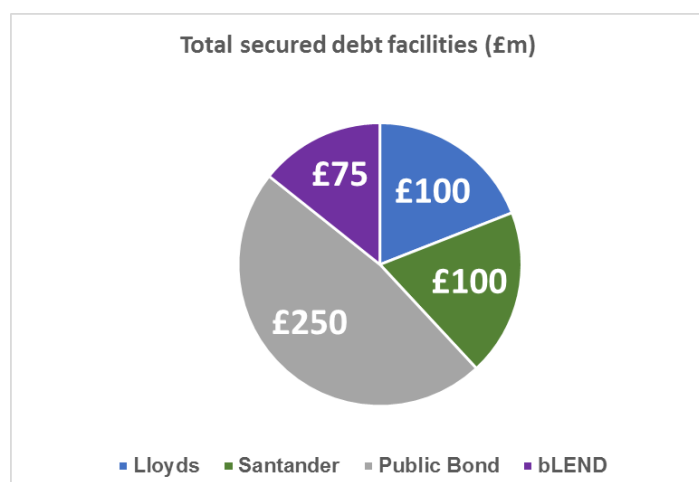
Our funders metrics also have a track record of strong performance over the past five years. Whilst our **interest cover** has reduced and our **gearing (net debt per unit)** has increased, that is indicative of how we are using our capacity to deliver more new homes for our communities. Our **weighted average cost of funds** has continued to decrease over the years as we achieved efficiency gains each time refinancing activities have been completed.

Treasury Management

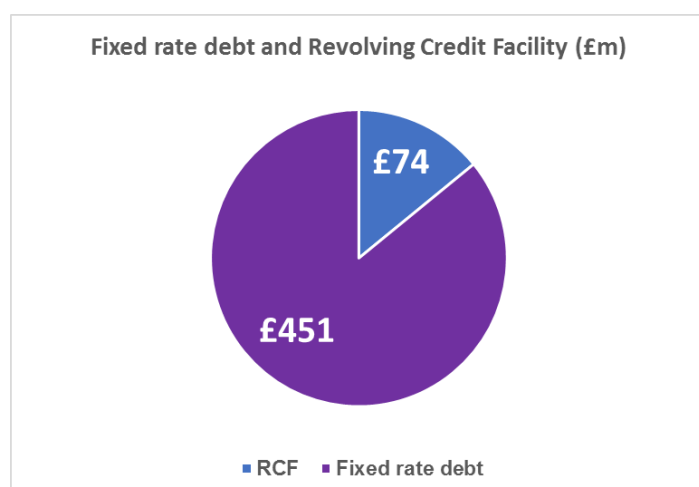
The Group has a formal Treasury Management Policy and Treasury Management Strategy which are reviewed annually by the Board. The Policy provides the framework within which the Group seeks to mitigate risk relating to the borrowings and cash holding it has at any one time. The Strategy aims to maximise capacity within the funding structure so that the Group can continue investing in new homes and existing homes. The Group has a cautious risk appetite in relation to its debt portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs. Treasury activities are also supported by independent professional advice from Savills Financial Consultants.

Liquidity and Capital Structure

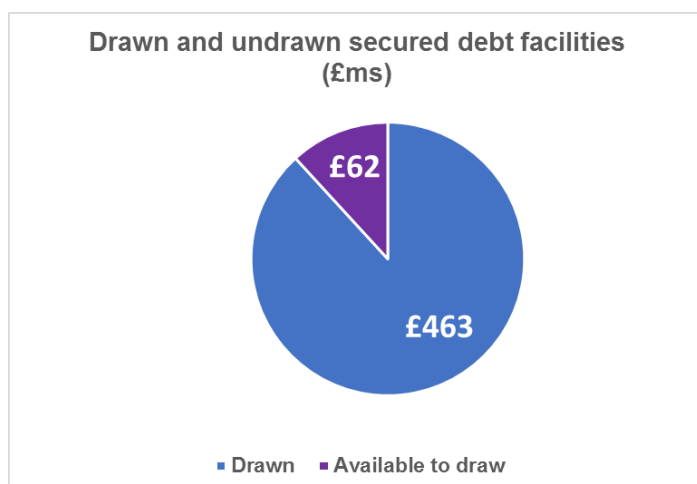
The Group finances its activities using facilities of £525m as shown in the charts below.



The bLEND funding was fully secured and drawn during the year with a premium of £11m.



Revolving credit facility represents 14% of total facilities.



Current, fully secured, undrawn facilities provide a high level of liquidity with £62m available to draw.

100% of drawn debt is fixed.

This is as well as £178m cash and investments.

Interest Rate Risk

The Group manages its interest rate risk through its Treasury Policy which requires at least 60% of drawn debt to be fixed. As at 31 March 2022, 100% of debt was fixed.

Investment Policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked to ensure investments are not at risk. Surplus cash is put in either fixed or floating deposit accounts. Fixed rates of interest attract rates of between 0.05% and 0.5% for investments of up to 125 days. Floating rates attract interest at rates that vary with bank rates. Cash is also invested in AAA rated money market funds.

Currency Risk

The Group borrows and invests cash in GBP sterling only and therefore does not have any currency risk.

Loan Covenants

There are two corporate based covenants, Net Interest Cover and a gearing covenant 'Net Debt per Unit'. In addition, a minimum asset cover is required on each individual facility. The Group ensures that it operates with a prudent level of headroom and monitors covenants on a monthly basis. This is reported to the Board on a quarterly basis. The Business Plan is very resilient to these covenants with a degree of headroom. As at 31 March 2022 and throughout the year, the Group met both its covenant targets for the financial year.

Credit Rating

Moody's carried out their annual credit rating review for the Group in December 21, and issued an A3 (Stable Outlook) rating and then later refined the grading in February 22 to A3 (Positive Outlook).

The credit strengths listed were:

- Sustained concentration on low-risk social housing lettings
- Solid operating performance and strong interest coverage ratios
- Strong financial management policies
- Supportive institutional framework

The Strategic Report of the Board was approved by the Board on 28 July 2022 and signed on its behalf by:

Gary Moreton, Chair of the Board
28 July 2022

Gary Fulford, Chief Executive
28 July 2022

The Report of the Board

The Board presents its report and audited Financial Statements for the year ended 31 March 2022.

The Group structure, registration status and principal activities are shown in the Strategic Report.

Board Statement of Public Benefit

The Group's aims and activities primarily benefit people in the following ways:

- Provision of housing at rents below market levels for those in housing need;
- Related home repair, improvement and tenancy management services;
- Support services that tackle social exclusion, money management and fuel poverty on the basis of identified needs;
- Community interest activity aimed at helping residents into work or training; promoting new enterprise and health and wellbeing in the communities we work in; and
- Environmental initiatives that reduce our impact on the areas we work in and increase fuel efficiency for our customers.

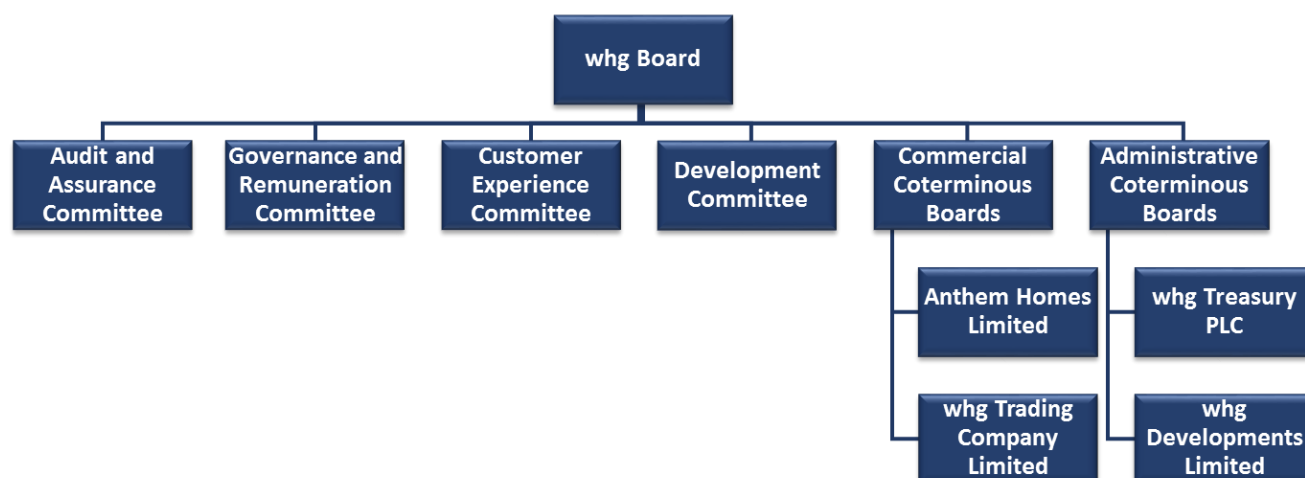
The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our area of operation and our published policies, designed to ensure fair access to our services for all those in housing or other need. The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing service and environmental improvements are shared by our residents.

As a registered charity, the Board Members of Walsall Housing Group Limited, who are considered Trustees under Charity Law are responsible for ensuring compliance with all relevant charity law. We provide annual returns to the Charity Commission and have arrangements in place to obtain Trustees' consent before disposing of assets. Any non-charitable activities are carried out in an appropriate subsidiary company.

Governance

The Non-Executive Board Members and the Executive Directors are listed in the front of these accounts.

The Board, made up of nine Non-Executive Board Members and one Executive Director, and is responsible for the Group's governance. The Board meets regularly, with additional development days, training and breakfast sessions. The Board works alongside the Executive Team which is responsible for the day to day management of the Group's activities. The Board complies with the National Housing Federation Code of Governance and can have a maximum of 12 Members. The Board and Committee structure are summarised below.



Committee Members are appointed by the Board and each Committee is chaired by a Board Member, providing accountability to the Board.

Complying with the National Housing Federation (NHF) Code of Governance

The Regulator of Social Housing (RSH) requires all Registered Providers (RPs) to adopt and comply with a recognised Code of Governance. The whg Board approved the adoption of the latest version of the National Housing Federation (NHF) Code of Governance 2020 from April 2021, as recommended by the Governance and Remuneration Committee.

An action plan was put in place in 2021 to ensure the requirements of the new Code would be met by March 2022. The Committee has been monitoring the action plan throughout the year and an independent review was also carried out on our self-assessment reporting concluding that it demonstrated good levels of compliance.

The Governance and Remuneration Committee recommended the self-assessment against the Code of Governance to the whg Board in May 2022 and the Board has approved it on the basis that it has strong assurance that whg and its subsidiaries where applicable, are fully compliant with the NHF Code of Governance.

The subsidiaries have also adopted the Code where it is relevant.

Board Statement on compliance with RSH's Governance and Financial Viability Standard

The Board has completed an annual assessment of our compliance with the RSH's Governance and Financial Viability Standard and is fully compliant in all material respects. This includes using all reasonable endeavours to ensure compliance with all relevant law. An assessment has been carried out across the business of how whg identifies and complies with relevant legislation and keeps abreast of any new areas requiring compliance.

Our procedures ensure that we comply with statutory guidance in areas such as health and safety, for example, legionella testing and gas safety. whg has effective and robust governance arrangements in place that enable us to successfully deliver our Corporate Plan and improve our services to customers. Tight procedures are in place to ensure that we remain viable and that our assets are not put at risk.

General Data Protection Regulation

whg respects an individual's right to data privacy and data protection in line with the General Data Protection Regulation (GDPR). We are pleased to report there have been no incidents reported to the ICO during the course of the year.

Board Statement on Modern Slavery

This statement is made under Section 54(1) of the Modern Slavery Act 2015. It constitutes whg's Anti-Slavery and Human Trafficking Statement for the financial year ending 31 March 2022. This statement is approved by the Board and applies to all organisations within the Group. It is reviewed and updated annually.

whg is committed to acting ethically and with integrity in all business relationships. We have taken steps to ensure that adequate processes and controls are in place to ensure slavery and human trafficking is not taking place anywhere in our supply chains. To read the full statement, visit: <https://www.whg.uk.com/modern-slavery-act/>

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Walsall Housing Group Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2022. In particular, by reference to the approval of our Corporate Plan launched in 2020. We work within a regulated sector and are proud to hold the highest level accreditation of G1/V1 for our Governance activity and our Financial viability.

Long term consequences of our decisions

Our plan was designed to have a long-term beneficial impact on the Company and to contribute to its success in delivering quality homes and services to our customers. We will continue to operate our business within tight budgetary controls and in line with our regulatory targets. Our plan was informed by engagement with customers, enabling us to gain an understanding of their views and priorities, communicating and listening. We have a strong commitment to quality.

Key decisions in the year to demonstrate that decision making has been supported by financial and non-financial information: The Board approved the annual Budget in March 2021. As part of this Budget approval, the Board assessed in depth financial information on all aspects of the business. In addition, the Board approved a long-term Business Plan and all economic assumptions made within it. The Board assessed the financial impact of numerous scenarios on the Business Plan via a comprehensive set of stress tests and mitigating actions to ensure ongoing financial viability should the economic environment worsen. In terms of non-financial information, the Board has assessed performance information on a regular basis throughout the year and used this to determine investment decisions for the long-term Business Plan. Key examples of this include investment in digitalisation, additional colleague posts to support delivery of the Corporate Plan and investment in community projects to deliver social returns.

Interests of our colleagues

Our colleagues are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our colleagues receive. The health, safety and wellbeing of our colleagues are primary considerations in the way we do business. We work to attract, develop and retain the best talent, equipped with the right skills for the future. Our people have a crucial role in delivering against our strategy and creating value.

Key decisions in the year that demonstrate protection of colleagues' interests: Colleagues were awarded salary uplifts in line with industry averages in recognition of the importance of paying people fairly for their services. To support this approach, regular salary benchmarking takes place to ensure colleagues' salaries are in line with industry norms. whg continues to invest in pension scheme arrangements, offering a choice of schemes allowing colleagues to select the most appropriate for their circumstances. There are various colleague groups in operation within the business ensuring that they have a voice and training on ethnicity, diversity and inclusion has also been provided to support the culture of treating people fairly. A robust policy framework is in place, including policies for code of conduct and health and safety, which protects colleagues. In addition, an annual engagement survey is carried out to monitor the ongoing wellbeing of teams across the business. The engagement scores are high, indicating that whg's approach to colleague management is in line with its ambition to be an employer of choice.

whg has a voluntary recognition agreement with three trade unions: GMB, Unison and Unite. It is committed to creating and maintaining positive colleague relations. Local trade union representatives meet regularly with senior leaders via a Joint Negotiating Committee and the Health and Safety Committee.

Business relationships with suppliers, customers and others

We also aim to act responsibly and fairly in how we engage with our suppliers. We depend on the capability and performance of our suppliers, contractors and other partners, such as small businesses to help deliver the products and services we need for our operations and our customers.

Key decisions in the year that demonstrate relationship management with stakeholders: whg actively engages with stakeholders during the year through various channels. In terms of suppliers, an effective procurement strategy is in place which enables opportunities for suppliers of all sizes to offer their services and ongoing contract management approaches ensure that suppliers receive the level of engagement expected from whg as determined by the contractual arrangements. In terms of customers, whg's Corporate Plan is heavily focused on delivering high quality services to customers and various activities take place during the year to engage with customers, seek feedback on our services and use customer survey data to inform future shaping of service delivery. There are various forums for customers to participate in decision making including customer representation at Board level.

Impact on the community and the environment

Our Corporate Plan considered the impact of the Group's operations on the community and environment and our wider societal responsibilities, and in particular how we impact the regions we serve throughout the Midlands.

Key decisions in the year to demonstrate our impact on the community and environment: the most significant decision made this year is to invest in improvement work to reduce the risk of fuel poverty for our customers whose homes are currently not a minimum EPC-C rating. The investment plan aims to make all homes a minimum of EPC-C by 2030. Alongside this decision, whg has also assessed the return on investment of all of its homes, considering financial returns and social returns and has used this data to work on a deep dive review of its poor performing homes with the aim of appraising various options to achieve the sustainability of these homes. whg has also commenced developing its ESG roadmap to articulate how current activities meet environmental and sustainability outcomes and develop new objectives to drive future investment decisions.

High standards of business conduct

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both the construction and delivery of our plan that reflects our responsible behaviour. whg is well run and has tight budgetary controls ensuring we

achieve our budgeted targets each year. This provides assurance to our bank lenders and to our investors in the debt capital markets.

Key decisions in the year: whg carries out an annual assessment of compliance against regulatory standard and continues to achieve a G1/V1 regulatory grading, evidencing high standards of business conduct. In addition, the assurance framework and three lines of defence model continues to drive a strong internal control environment. There are numerous policies in place for code of conduct, standing orders and financial regulations, fraud and whistle-blowing, all of which provide a clearly defined framework for business conduct.

Act fairly between members

As a Registered Provider of social housing, a charity and not for profit organisation the focus of our activities is to deliver housing and other support services to our customers. We are committed to act fairly and avoid conflicts of interest should they arise.

Key decisions in the year: Terms of reference are in place for each company and Board within the Group to ensure that the Board members adhere to acting in the best interests of each company. The adoption of the NHF Code of Governance 2020 supports the efficacy of the Board acting fairly and supporting the interests of customers and colleagues.

Statement of Compliance with the SORP

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the 2018 Update of the SORP for Registered Social Housing Providers.

Other Information

Where information is not shown within the Report of the Board it is instead included within the Strategic Report starting on page 6 under S414c (11) Companies Act 2006. This includes the Energy and Carbon report.

Qualifying Third Party Indemnity Provisions

The Directors have third party indemnity insurance through the Group.

Going Concern

The Group has long-term debt facilities in place which provide adequate resources to finance day to day operations, reinvestment in existing homes, together with meeting our targets for new development programmes. The Board approved business plan shows the Group has liquidity in place for at least the next 30 months before refinancing is required to replace expiring debt facilities.

The Group's forecast covenant performance shows compliance throughout the life of the business plan. This is after incorporating the costs of new building safety regulations, net zero carbon spend to 2030 and enhanced spend required as a result of expected changes to the Decent Homes Standard. The business plan is regularly tested against shocks and stresses that may negatively affect operating performance and a mitigation strategy exists to deal with such stresses should they materialise to ensure ongoing covenant compliance. The stress testing framework includes low level single variant tests, multi-variant tests and 'catastrophic' scenarios. The assumptions used to compile our business plan have been independently reviewed and benchmarked by a third party advisor and the Board concludes that the assumptions are appropriate and reasonable. A monthly business plan outturn is produced with updated income and expenditure profiles and any changes in assumptions such as inflation. Our Golden Rule Framework has embedded within in a process of early warning signs detected and sets out points at which the Board are notified of any change to covenant forecasts, i.e. those which reduce headroom on covenants to a pre-determined level that is still some way off an actual covenant breach, defined as a 'trigger point'. Should the monthly business plan outturn lead to

activation of trigger point, the Board would be notified so that potential corrective action can be implemented on a timely basis.

Although there is still a degree of uncertainty in the operating environment, the current forecasts and projections show that the Group remains financially viable. Should a situation arise that would require additional financing to be raised ahead of approved financial forecasts, the Group has sufficient unencumbered homes to raise such debt, made up of primarily our historic new build programme.

The Group has a very strong liquidity position with £178m cash holding at 31 March 2022 and with undrawn revolving facilities of £62m, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Board Statement on the Effectiveness of Internal Control

The Board holds responsibility for establishing and maintaining adequate and effective systems of internal control and for reviewing their effectiveness.

The systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within the day-to-day management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing. This is reflected in every report considered by each Board, as well as being the subject of regular review by the Audit and Assurance Committee.

The Board is of the opinion that internal control arrangements are effective.

The arrangements adopted by the Board in reviewing the effectiveness of the systems of internal control, together with some of the key elements of the control framework, include

Identifying and Evaluating Key Risks

The Audit and Assurance Committee oversees the Risk Management Framework and the work of internal and external auditors, supported by the Risk Panel, made up of members of the Senior Leadership Team. The Group's Risk Management Framework approved by the Board, sets out the Group's appetite for risk in the achievement of its objectives, and underpins risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks.

The Executive Team regularly considers reports on these risks and the Group Chief Executive is responsible for ensuring any significant change affecting key risks is reported to the Committee.

Control environment and internal controls

The processes to identify and manage the key risks to which the Group is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include risk assessment, strategic planning, performance monitoring, control over major

spend projects, the setting of standards and compliance with health and safety, data protection, fraud prevention and detection and environmental performance information and reporting systems.

Financial reporting procedures include setting detailed budgets for the year ahead and Business Plan forecasts for subsequent years. These are approved by the Board. Budgets are monitored throughout the year by the Board. In addition, regular reports cover performance in key areas such as rent collection, managing voids, major works and responsive repairs.

Monitoring arrangements to check the effectiveness of internal controls and regular reporting to management, Boards and Committees are part of the control environment.

This is complemented by regular reviews by a firm of internal auditors who provide independent assurance to the Board, via the Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Committee, for ensuring that corrective action is taken in relation to any significant control issues.

The Audit and Assurance Committee and Board receive an annual report on internal controls from the Group Chief Executive on behalf of the Executive Team. In addition to reports on specific areas covered by their audit plan, the internal auditors provide an annual report covering the Group as a whole, summing up findings and improvements emerging during the year and proposing future priorities. External auditors provide reports on management and control issues identified during the course of their work. These too are subject to scrutiny by the Audit and Assurance Committee on behalf of the Board.

Fraud Assurance

The work with our internal auditors ensures that controls are designed to reduce the risk of fraud and to respond to suspected instances of fraudulent activity. The policies on fraud prevention and whistle-blowing address any specific issues arising. These policies are reviewed regularly. We maintain a register of fraud risk and undertake anti-fraud training with colleagues.

Statement of Board Responsibilities

The Board is responsible for preparing the Report of the Board, the Strategic Report and the Financial Statements in accordance with applicable law and regulations.

The Companies Act 2006 and the Housing Act 1996 require the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under charity and company law and the Housing Act 1996, the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the income and expenditure of the Group and the Company for that period. In preparing those Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

The Board and the Executive Team are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing

2019. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Disclosure of Information to the Auditor

Each Member of the Board has taken all the steps required of them by the Board Members' duty to exercise due care, skill and diligence in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

This is the first year of Beever and Struthers LLP acting as our external auditors and are re-appointed for 2022/23.

This report was approved by the Board and authorised for issue on 28 July 2022 and signed on its behalf by:



Gary Moreton
Chair of the Board
28 July 2022

Independent auditor's report to the members of Walsall Housing Group Limited

Opinion

We have audited the financial statements of Walsall Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2022 which comprise the Consolidated and the Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated and Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's and Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's or the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Board Report and the Strategic Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Board Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Board Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 52, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Group and the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental

effect on its operations. Key laws and regulations that we identified included the Companies Act 2006, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group and the Association's activities and the regulated nature of the Group and the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias

Use of our report

This report is made solely to the Association's members, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Maria Hallows (Senior Statutory Auditor)



For and on behalf of Beever and Struthers

St George's House
215-219 Chester Road
Manchester
M15 4JE

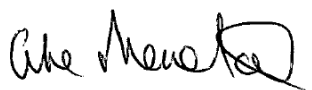
Date: 1 September 2022

Consolidated Statement of Total Comprehensive Income for the year ended 31 March 2022

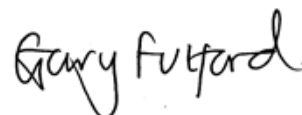
	Note	Group		Company	
		2022 £000	2021 £000	2022 £000	2021 £000
Turnover	3	120,560	120,808	120,424	121,862
Operating expenditure	3	(88,454)	(87,763)	(88,514)	(87,858)
Gain on disposal of property, plant and equipment	3,6	7,382	5,210	7,382	5,210
Movement in fair value of investment properties	3,15	1,045	145	1,045	145
Operating surplus	5	40,533	38,400	40,337	39,359
Interest receivable and other income	7	386	238	593	448
Interest and financing costs	8	(20,142)	(20,927)	(20,142)	(20,927)
Movement in fair value of financial instruments	34	-	452	-	452
Exceptional gain	36	-	9,166	-	9,166
Gift Aid		-		305	892
Surplus for the year before tax		20,777	27,329	21,093	29,390
Taxation	11	24	(6)	-	-
Surplus for the year after tax		20,801	27,323	21,093	29,390
Other comprehensive income / (expenditure):					
Remeasurements – Actuarial gain in respect of pension schemes	26	31,667	9,780	31,667	9,780
Total comprehensive income for the year		52,468	37,103	52,760	39,170

The consolidated Financial Statements on pages 58 to 105 were approved by the Board on 28 July 2022.

Gary Moreton
Chair



Gary Fulford
Group Chief Executive



The consolidated results relate wholly to continuing activities. The accompanying Notes form part of these Financial Statements.

Consolidated Statement of Changes in Reserves for the year ended 31 March 2022

	Income and expenditure reserve £000
Balance as at 1 April 2020	129,709
Surplus for the year	27,323
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	9,780
Balance at 31 March 2021	166,812
Surplus for the year	20,801
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	31,667
Balance at 31 March 2022	219,280

Company Statement of Changes in Reserves for the year ended 31 March 2022

	Income and expenditure reserve £000
Balance as at 1 April 2020	145,827
Surplus for the year	29,390
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	9,780
Balance at 31 March 2021	184,997
Surplus for the year	21,093
Other comprehensive income/(expenditure) for the year:	
Actuarial gain in respect of the pension scheme	31,667
Balance at 31 March 2022	237,757

Consolidated Statement of Financial Position

At 31 March 2022

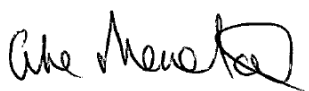
Company No. 4015633

		Group		Company	
	Note	2022 £000	2021 £000	2022 £000	2021 £000
Fixed Assets					
Intangible assets	12	1,694	2,056	1,694	2,056
Tangible fixed assets - Housing Properties	13	582,672	538,893	600,954	557,113
Tangible fixed assets - Other Fixed Assets	14	13,118	13,552	13,118	13,552
Investment properties	15	10,740	9,695	10,740	9,695
HomeBuy loans receivable	16	137	137	137	137
Investment in Subsidiaries	17	-	-	100	100
Other Investments		20	20	20	20
		608,381	564,353	626,763	582,673
Current Assets					
Properties held for sale	18	5,547	8,986	3,810	7,218
Trade and other debtors	19	10,899	10,956	11,362	11,211
Debtors due in more than one year	20	12,298	8,590	14,934	11,175
Investments	34	28,270	10,967	28,270	10,967
Cash and cash equivalents	34	149,802	79,518	147,976	78,390
		206,816	119,017	206,352	118,961
Creditors: Amounts falling due within one year	21	(52,062)	(36,769)	(51,482)	(36,859)
Net current assets		154,754	82,248	154,870	82,102
Pension Asset	26	17,462	-	17,462	-
Total assets less current liabilities		780,597	646,601	799,095	664,775
Creditors: Amounts falling due after more than one year	22	(560,593)	(470,290)	(560,614)	(470,279)
Provisions for liabilities					
Defined Benefit Pension provision	26	(185)	(8,665)	(185)	(8,665)
Other provision	27	(539)	(834)	(539)	(834)
Total net assets		219,280	166,812	237,757	184,997
Reserves					
Income and expenditure reserves		219,280	166,812	237,757	184,997
Total Reserves		219,280	166,812	237,757	184,997

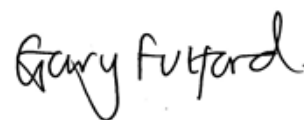
The accompanying Notes form part of these Financial Statements.

The Financial Statements on pages 58 to 105 were approved by the Board and authorised for issue on 28 July 2022 and are signed on its behalf by:

Gary Moreton
Chair



Gary Fulford
Group Chief Executive



Consolidated Statement of Cash Flows for the year end 31 March 2022

	Note	2022 £000	2021 £000
Net cash generated from operating activities	29	62,841	57,292
Cash flow from investing activities			
Purchase of tangible fixed assets - housing properties		(58,935)	(59,637)
Purchase of tangible fixed assets - other		(634)	(259)
Loan to non-group entity		(3,708)	(860)
Grants received		22,083	12,819
Interest received		511	437
		(40,683)	(47,500)
Cash flow from financing activities			
Interest paid		(20,820)	(21,703)
Repayment of a loan		-	(25,000)
bLEND drawdown		84,058	-
Withdrawal from deposits		(15,112)	(725)
		48,126	(47,428)
Net change in cash and cash equivalents		70,284	(37,636)
Cash and cash equivalents at beginning of the year		79,518	117,154
Cash and cash equivalents at end of the year		149,802	79,518

The accompanying Notes form part of these Financial Statements.
A reconciliation of net debt is shown in Note 29A.

Notes to the Financial Statements

1. Legal Status

Walsall Housing Group Limited is a company limited by guarantee, registered under the Companies Act 2006 and is an English registered charity and social housing provider. Walsall Housing Group is a public benefit entity. The Company's registered office address and principal place of business is: 100 Hatherton Street, Walsall, WS1 1AB.

Walsall Housing Group's principal activities and the nature of the Company's operations can be found in the Group profile on page 4. Walsall Housing Group (the Group) comprises the following entities:

Name	Incorporation	Registration
Walsall Housing Group Limited*	Limited by Guarantee	Reg. No. 04015633
	Registered Provider	Reg. No. L4389
	Registered Charity	Reg. No. 1108779
whg Treasury PLC	Limited by Shares	Reg. No. 09138070
whg Developments Limited	Limited by Shares	Reg. No. 07872595
whg Trading Company Limited	Limited by Shares	Reg. No. 05407219
Anthem Homes Limited	Limited by Shares	Reg. No. 10591652
Cricket Close LLP	Limited Liability Partnership	Reg. No. OC417013
The Woodlands Management Company (Harrowby) Limited	Limited by Guarantee	Reg No. 097211558

**Walsall Housing Group Limited also has 50% share (via the Anthem Homes subsidiary) in a joint venture Anthem Lovell LLP (Registration number OC425694). This is not a subsidiary of the Group.*

2. Accounting policies

Basis of Accounting

The consolidated Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): "Accounting by Registered Social Landlords" updated in 2018, and comply with the Accounting Direction for Private Registered providers of Social Housing 2022 (the Accounting Direction). They have been prepared under the historical cost convention, modified to include certain financial instruments and investment properties at fair value.

Monetary amounts in these Financial Statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The Board is satisfied that the current accounting policies are the most appropriate for the Group.

Basis of Consolidation

The consolidated Financial Statements incorporate those of the Company and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All Financial Statements are made up to 31 March 2022.

All intra-Group transactions and balances between Group companies are eliminated on consolidation. The wholly owned subsidiaries which are consolidated are listed at 1 above.

Joint Ventures

An entity is treated as a joint venture where a member of the Group holds an interest and shares control

under a contractual agreement with one or more parties external to the Group. In the Group accounts, joint ventures are accounted for using the equity method. Under this method, where the venturer itself is not a parent, the fair value model is adopted, and an equity investment is initially recognised at the transaction price (including transaction costs). Changes in fair value are recognised where it is practicable to do so. Where it is impracticable to measure fair value reliably or without undue cost or effort, the cost model will be used in accordance with the provisions of FRS102. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the jointly controlled entity arising before or after the date of acquisition.

Reduced Disclosures

The individual accounts of Walsall Housing Group Limited have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related Notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

Going Concern

The Group has long-term debt facilities in place which provide adequate resources to finance day to day operations, reinvestment in existing homes, together with meeting our targets for new development programmes. The Board approved business plan shows the Group has liquidity in place for at least the next 30 months before refinancing is required to replace expiring debt facilities.

The Group's forecast covenant performance shows compliance throughout the life of the business plan. This is after incorporating the costs of new building safety regulations, net zero carbon spend to 2030 and enhanced spend required as a result of expected changes to the Decent Homes Standard. The business plan is regularly tested against shocks and stresses that may negatively affect operating performance and a mitigation strategy exists to deal with such stresses should they materialise to ensure ongoing covenant compliance. The stress testing framework includes low level single variant tests, multi-variant tests and 'catastrophic' scenarios. The assumptions used to compile our business plan have been independently reviewed and benchmarked by a third party advisor and the Board concludes that the assumptions are appropriate and reasonable. A monthly business plan outturn is produced with updated income and expenditure profiles and any changes in assumptions such as inflation. Our Golden Rule Framework has embedded within it a process of early warning signs detection and sets out points at which the Board are notified of any change to covenant forecasts, i.e. those which reduce headroom on covenants to a pre-determined level that is still some way off an actual covenant breach, defined as a 'trigger point'. Should the monthly business plan outturn lead to activation of a trigger point, the Board would be notified so that potential corrective action can be implemented on a timely basis.

Although there is still a degree of uncertainty in the operating environment, the current forecasts and projections show that the Group remains financially viable. Should a situation arise that would require additional financing to be raised ahead of approved financial forecasts, the Group has sufficient unencumbered homes to raise such debt, made up of primarily our historic new build programme.

The Group has a very strong liquidity position with £149.8m cash holding at 31 March 2022 and with undrawn revolving facilities of £61.3m, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Turnover and Revenue Recognition

Turnover represents rental income receivable in the year, grant income, service charges, first tranche Shared Ownership sales and other goods and services supplied in the year (excluding VAT) and the amortisation of Deferred Capital Grant.

Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the legal completion of the sale.

Other Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment income is recognised on an accruals basis.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation.

Amortisation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal period used for intangible assets is seven years.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing and are principally properties available for rent and Shared Ownership.

Completed housing and Shared Ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Only the direct overhead costs including interest associated with new developments or improvements are capitalised.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the asset, are capitalised as improvements. Such enhancements can occur if improvements result in any of the following:

- an increase in rental income;
- a material reduction in future maintenance costs;
- a significant extension to the life of the property.

Shared Ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset, and related sales proceeds are included in turnover and related costs charged to operating costs. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Disposals of the second and subsequent tranches are treated as fixed asset disposals in the normal manner and the resultant surplus is shown within "surplus/ (deficit) on disposal of property, plant and equipment".

Under Shared Ownership arrangements, the Group disposes of a long lease of Shared Ownership housing units to persons who occupy them, at a premium of between 25% and 75% of value. The

occupier has the right to purchase further proportions at the current valuation up to 100%, except over 55's where you can only purchase up to 75%

Right to Buy and Right to Acquire Disposals

For homes sold through a Right to Buy or Right to Acquire, the disposal net proceeds are included in the surplus on disposal of housing properties in the Statement of Comprehensive Income and become part of the income and expenditure reserve and used towards investment in our core activities. The sales are included as part of our operating surplus.

Voluntary Right to Buy Disposals

For homes sold under the scheme the proceeds will be retained by whg to fund replacement homes. The discount received by the tenant will be claimed back by whg from Homes England. We will claim back any transaction cost i.e. legal costs and debt associated with the property, and the net cash amount will be held as a designated reserve within the Statement of Financial Position to fund replacement properties as disclosed in Note 35. When the capital expenditure is incurred on the replacement property, whg will capitalise the property and release the related property from reserves.

This policy was reviewed in 2019/20, following the clarification in the 2018 update to the 2014 Housing SORP about what should be included within operating surplus, and these sales are now included as part of our operating surplus.

Investment Properties

Investment properties consist of market rent housing properties. These properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in the Statement of Comprehensive Income.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board considers that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view. If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Government Grants

Government grants include grants receivable from the Homes England, local authorities and other Government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Government grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. Previously amortised Social Housing Grant on disposed of properties is credited to

the RCGF through a charge to the surplus on disposal.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income. Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

Other Grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Group separately identifies the major components of its housing properties and charges depreciation so as to write down the cost of each component to its estimated residual value, on a straight-line basis over its estimated useful economic life.

The Group depreciates the major components of its housing properties based on the following:

Building Components	Years
Structure	100 or 125
Windows and doors	27-30
Kitchen	18-20
Bathroom	27-30
Central Heating	27-30
Boilers	10-15
Wiring	22-25
External Wraps	35-40

Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other Tangible Fixed Assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Expenditure under £500 is not capitalised and is treated as revenue expenditure. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates

calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Other Assets	Years
Office buildings	50
IT	4-15
Furniture & office equipment	10
Motor vehicles	4
Office improvements	4-8

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

Bond discount costs are accrued on an amortised cost basis so as to build up the total discount payable in proportion to the outstanding capital over the life of the bond.

Loan and bond issue costs are deducted from the capital owed and amortised using the amortised cost basis so as to charge them to income in proportion to the outstanding capital.

Taxation

Walsall Housing Group Limited has charitable status and is registered with the Charity Commission and is therefore exempt from paying corporation tax on charitable activities.

whg Trading Company Limited, whg Developments Limited, whg Treasury PLC, Anthem Homes Limited and Cricket Close LLP are not registered as charities and therefore corporation tax would be provided on taxable surpluses should they arise.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been

recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- It is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in income and expenditure, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Value Added Tax (VAT)

The Company and the Group are included in a Group VAT registration, which covers Walsall Housing Group Limited and whg Trading Company Limited.

whg Developments Limited and Cricket Close LLP each have separate registrations. whg Treasury PLC, Anthem Homes Limited and The Woodlands Management Company (Harrowby) Limited are not registered for VAT.

The majority of the Group expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.

Although a large proportion of the Group's income is exempt from VAT, the Group charges VAT on some of its income and is able to recover VAT on directly attributable costs. The Company and the Group are able to recover VAT in full on major works expenditure covered by the VAT shelter (this scheme allows VAT to be recovered on extensive catch up repairs) and development expenditure carried out through whg Developments Limited. This expenditure is reported net of VAT.

The Group is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs (HMRC), which is shown in turnover.

The Financial Statements include VAT to the extent that it is suffered by the Group and not recoverable from HMRC. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

- interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- a fair amount of interest on borrowings of the Group as a whole after deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

Capitalised interest is amortised over the life of the underlying asset.

Other interest payable is charged to the Statement of Comprehensive Income in the year.

Leases

All leases are operating leases and the annual rentals are charged to income and expenditure on a straight-line basis over the lease term.

Colleague Benefits

The costs of short-term colleague benefits are recognised as a liability and an expense.

The holiday year for Walsall Housing Group runs from 1 January to 31 December. The cost of any unused entitlement at 31 March is recognised in the period in which the employees services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when whg is demonstrably committed to terminate the employment of the employee or to provide termination benefits.

Retirement Benefits

Defined benefit plans

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) which is administered independently by the Pensions Trust, and the West Midlands Metropolitan Authorities Pension Fund (WMMAPF), a multi-employer scheme with more than one participating employer and administered under the regulations governing the Local Government Pension Scheme (LGPS).

SHPS

For the SHPS, retirement benefits to colleagues of the Company are funded by contributions from all participating employers and employees in the Scheme. Payments are made to a fund operated by the Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Companies taken as a whole.

The assets and liabilities of whg's share of the pension are included on the Statement of Financial Position.

Actuarial assumptions are applied to determine each company's share of liabilities. The assumptions are updated at the year end, and the changes to the position go through the 'Other Comprehensive Income' statement, and not through the normal income and expenditure account, as there is not sufficient information to restate the comparative.

Calculations are carried out annually and independently of the pension triennial valuation.

The rate used to discount the benefit obligations to their present value is based on market yields for high

quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

LGPS

The scheme is administered by trustees and is independent of the Group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service. The cost of providing benefits is determined using the projected unit credit method.

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

Surpluses or deficits recognised in the Statement of Comprehensive Income:

- The change in the net defined benefit liability arising from colleague service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate to discount the benefit obligations.

Surpluses or deficits recognised in other comprehensive income:

- Actuarial surpluses and deficits.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

HomeBuy

The Group operates the HomeBuy scheme, lending a percentage of the cost to home purchasers, secured on the property. HomeBuy loans are treated within these Financial Statements as concessionary loans.

The loans are interest free and repayable only on the sale of the property. No HomeBuy grant has been received by the Company. On a sale, the fixed percentage of the proceeds is repaid. Therefore, no impairment exists at the reporting date.

Financial Instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique provided by the lenders with any gains or losses being reported in surplus or deficit.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

Financial Liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Investments policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked on a daily basis to ensure investments are not at risk.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges. Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks

and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in income or expenditure.

Provisions

The Group recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable, will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Due to the numbers of properties and the establishment of regular programmes of repair and maintenance, the Group does not make a provision for future works. Actual costs are charged to the Statement of Comprehensive Income.

Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined Benefit Obligation (DBO) – WMMAPF

whg's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 26).

Defined Benefit Obligation (DBO) – SHPS

whg's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases and the roll forward of actuarial information to 31 March 2021. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 26).

Fair value measurement

whg uses valuation techniques to determine the fair value of non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

Fair value measurements were applied to investment properties (Note 15).

Useful lives of depreciable assets

whg reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utilisation of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utilisation of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

Critical areas of judgement

Impairment

- On an annual basis we review for potential impairment. An impairment review was carried out which included the impact of the coronavirus pandemic.

As a result, we estimated the recoverable amount of its housing properties as follows:

- determined the level at which recoverable amount is to be assessed (i.e., the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme
- estimated the recoverable amount of the cash-generating unit
- calculated the carrying amount of the cash-generating unit and
- compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we have concluded that there continues to be no impairment of our social housing properties.

Capitalisation of property development costs

Distinguishing the point at which a project is more than likely not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation whg monitors the asset and considers whether changes indicate that impairment is required.

3a. Particulars of turnover, cost of sales, operating costs and operating surplus

GROUP – continuing activities	2022					
	Turnover	Cost of sales	Operating expenditure	Surplus on Disposal	Revaluation of Investment Property	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	105,694	-	(75,339)	-	-	30,355
Other social housing activities						
First tranche low cost home ownership sales	10,728	(8,781)	-	-	-	1,947
Gain on disposal of property, plant and equipment	-	-	-	7,382	-	7,382
Charges for support services	-	-	(443)	-	-	(443)
Development costs	409	-	(1,121)	-	-	(712)
Other social housing grants	288	-	(212)	-	-	76
VAT recoverable	39	-	-	-	-	39
Other social housing	610	-	(167)	-	-	443
	117,768	(8,781)	(77,282)	7,382	-	39,087
Activities other than Social Housing						
Non social housing lettings	973	-	(181)	-	-	792
Non social housing grants	545	-	(1,430)	-	-	(885)
Outright property sale	480	(566)	-	-	-	(86)
Other non social housing	794	-	(214)	-	-	580
Increase in valuation of Investment Properties	-	-	-	-	1,045	1,045
	120,560	(9,347)	(79,107)	7,382	1,045	40,533
	2021					
	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	101,294	-	(68,996)	-	-	32,298
Other social housing activities						
First tranche low cost home ownership sales	15,967	(14,152)	-	-	-	1,815
Gain on disposal of property, plant and equipment	-	-	-	5,210	-	5,210
Charges for support services	-	-	(669)	-	-	(669)
Development costs	-	-	(1,269)	-	-	(1,269)
Other social housing grants	216	-	(139)	-	-	77
VAT recoverable	35	-	-	-	-	35
Other social housing	851	-	(118)	-	-	733
	118,363	(14,152)	(71,191)	5,210	-	38,230
Activities other than Social Housing						
Non social housing lettings	992	-	(187)	-	-	805
Non social housing grants	469	-	(1,471)	-	-	(1,002)
Outright property sale	558	(576)	-	-	-	(18)
Other non social housing	426	-	(186)	-	-	240
Increase in valuation of Investment Properties	-	-	-	-	145	145
	120,808	(14,728)	(73,035)	5,210	145	38,400

3b. Particulars of turnover, cost of sales, operating costs and operating surplus

COMPANY – continuing activities	2022					
	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of investment Property	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	105,694	-	(75,506)	-	-	30,188
Other social housing activities						
First tranche low cost home ownership sales	10,728	(8,781)	-	-	-	1,947
Gain on disposal of property, plant and equipment	-	-	-	7,382	-	7,382
Charges for support services	-	-	(444)	-	-	(444)
Development costs	409	-	(1,121)	-	-	(712)
Other social housing grants	288	-	(212)	-	-	76
VAT recoverable	39	-	-	-	-	39
Other social housing	670	-	(167)	-	-	503
	117,828	(8,781)	(77,450)	7,382	-	38,979
Activities other than Social Housing						
Non social housing lettings	973	-	(181)	-	-	792
Non social housing grants	545	-	(1,431)	-	-	(886)
Outright property	480	(566)	-	-	-	(86)
Other non social housing	598	-	(105)	-	-	493
Increase in valuation of Investment Properties	-	-	-	-	1,045	1,045
	120,424	(9,347)	(79,167)	7,382	1,045	40,337
	2021					
	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Revaluation of Investment Property	Operating Surplus
	£000	£000	£000	£000	£000	£000
Social housing lettings	101,300	-	(69,144)	-	-	32,156
Other social housing activities						
First tranche low cost home ownership sales	15,967	(14,152)	-	-	-	1,815
Gain on disposal of property, plant and equipment	-	-	-	5,210	-	5,210
Charges for support services	-	-	(669)	-	-	(669)
Development costs	-	-	(1,265)	-	-	(1,265)
Other social housing grants	216	-	(139)	-	-	77
VAT recoverable	35	-	-	-	-	35
Other social housing	1,124	-	(118)	-	-	1,006
	118,642	(14,152)	(71,335)	5,210	-	38,365
Activities other than Social Housing						
Non social housing lettings	992	-	(187)	-	-	805
Non social housing grants	1,393	-	(1,471)	-	-	(78)
Outright property sale	558	(576)	-	-	-	(18)
Other non social housing	277	-	(137)	-	-	140
Increase in valuation of Investment Properties	-	-	-	-	145	145
	121,862	(14,728)	(73,130)	5,210	145	39,359

Included within social housing lettings operating expenditure are non-cash amounts that relate to FRS102 assumptions in respect of the pension funds for 'current service costs' and 'curtailments' of £5.486m (2021: £3.884m). This non-cash financial assumption derived by the scheme actuaries has been re-presented for the financial statements 2021/22 as this assumption has previously been reported separately under the heading of other social housing activities.

3c. Particulars of income and expenditure from social housing lettings

GROUP	General needs housing	Supported housing and housing for older people	Low cost home ownership	2022 Total	2021 Total
	£000	£000	£000	£000	£000
Rent receivable net of identifiable service charges	94,733	1,688	1,605	98,026	94,720
Service charge income	4,104	341	710	5,155	4,869
Amortised government grants	1,016	-	-	1,016	1,161
Other grants	1,497	-	-	1,497	544
Turnover from social housing lettings	101,350	2,029	2,315	105,694	101,294
Management	22,377	333	116	22,826	20,069
Service charge costs	5,520	120	392	6,032	5,544
Routine maintenance	11,129	165	-	11,294	10,259
Planned maintenance	15,013	222	-	15,235	15,127
Major repairs expenditure	5,464	81	-	5,545	4,565
Bad debts	884	12	(77)	819	983
Depreciation of housing properties	13,140	198	250	13,588	12,449
Operating expenditure on social housing lettings	73,527	1,131	681	75,339	68,996
Operating surplus on social housing lettings	27,823	898	1,634	30,355	32,298
Void losses	(674)	(13)	(2)	(689)	(740)

3d. Particulars of Income and Expenditure from Social Housing Lettings

COMPANY	General needs housing	Supported housing and housing for older people	Low cost home ownership	2022 Total	2021 Total
	£000	£000	£000	£000	£000
Rent receivable net of identifiable service charges	94,733	1,688	1,605	98,026	94,720
Service charge income	4,104	341	710	5,155	4,869
Amortised government grants	1,016	-	-	1,016	1,161
Non government grant	1,497	-	-	1,497	550
Turnover from social housing lettings	101,350	2,029	2,315	105,694	101,300
Management	22,384	333	116	22,833	20,069
Service charge costs	5,521	120	392	6,033	5,544
Routine maintenance	11,132	165	-	11,297	10,259
Planned maintenance	15,018	222	-	15,240	15,127
Major repairs expenditure	5,465	81	-	5,546	4,565
Bad debts	884	12	(77)	819	983
Depreciation of housing properties	13,288	200	250	13,738	12,597
Operating expenditure on social housing lettings	73,692	1,133	681	75,506	69,144
Operating surplus on social housing lettings	27,658	896	1,634	30,188	32,156
Void losses	(674)	(13)	(2)	(689)	(740)

3e. Particulars of turnover from non-social housing lettings

	Group and Company	
	2022 £000	2021 £000
Market rented housing properties	620	605
Garage rents	353	387
	<u>973</u>	<u>992</u>

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

GROUP AND COMPANY	2022 Number	2021 Number
Social housing		
General housing:		
- social rent	18,056	18,048
- affordable rent	2,209	1,945
Supported housing	300	342
Low cost home ownership	620	545
Total owned	21,185	20,880
Leasehold properties	647	638
Total managed	21,832	21,518
Non-social housing		
Market rented housing properties	101	101
Total owned and managed	101	101
Accommodation in development at the year end	731	679

The Group owns 30 commercial properties (2021:32).

5. Operating Surplus

The operating surplus is arrived at after charging/(crediting):

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Amortisation of deferred capital grant	(1,026)	(1,169)	(1,026)	(1,169)
Non government grant	(1,497)	(544)	(1,497)	(550)
Amortisation of intangible fixed assets	471	462	471	462
Depreciation of housing properties	13,588	12,449	13,738	12,597
Depreciation of other tangible fixed assets	959	1,031	959	1,031
Operating lease rentals:				
- land and buildings	78	78	78	78
- vehicles and equipment	26	322	26	322
Auditor's remuneration (including non recoverable VAT)				
- Fees payable to the Company's auditor for the audit of the Financial Statements	99	82	77	64
- Fees payable to the Company's auditor for other services:	-	13	-	13
Total audit services	99	95	77	77

6. Surplus on disposal of property, plant and equipment

Included in the Operating Surplus (Note 3)	Group and Company	
	2022 £000	2021 £000
Disposal proceeds	9,778	6,864
Carrying value of fixed assets	(2,292)	(1,595)
Other costs of sale	(104)	(59)
Surplus on disposal	7,382	5,210

	Group and Company					
	2022			2021		
	£000	£000	£000	£000	£000	£000
	Proceeds	Cost of Sale	Surplus	Proceeds	Cost of Sale	Surplus
AHO/LCHO Staircasing	820	(487)	333	364	(280)	84
RTB Sales	3,314	(764)	2,550	2,972	(530)	2,442
RTA Sales	4,403	(1,094)	3,309	2,800	(637)	2,163
Other Housing Property Sales	890	(51)	839	546	(36)	510
Sale of Other Assets	351	-	351	182	(171)	11
Total	9,778	(2,396)	7,382	6,864	(1,654)	5,210

7. Interest receivable and similar income

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Bank interest receivable	154	110	154	110
Interest receivable from subsidiaries and joint ventures	232	128	439	338
	386	238	593	448

8. Interest and financing costs

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Net interest payable to pension schemes	239	319	239	319
Bond and loan interest	20,705	21,186	20,705	21,186
Premium/discount amortised	(550)	(436)	(550)	(436)
Amortisation of issue costs and commitment fees	459	416	459	416
	20,853	21,485	20,853	21,485
Interest payable capitalised on housing properties under construction	(711)	(558)	(711)	(558)
	20,142	20,927	20,142	20,927

Capitalisation rate used to determine the finance costs capitalised during the period

4.69% 4.81% 4.69% 4.81%

Amounts included within the above that relate to the public bond are owed to whg Treasury Plc from the Company.

9. Employees

Average monthly number of employees expressed as full time equivalents (calculated based on a standard working week of 37 hours):

	2022	2021
GROUP AND COMPANY	No.	No.
Administration	192	182
Development	25	22
Housing, support and care	501	496
	<u>718</u>	<u>700</u>

Average monthly headcount

	2022	2021
GROUP AND COMPANY	No.	No.
Administration	202	192
Development	27	23
Housing, support and care	518	512
	<u>747</u>	<u>727</u>

Employee Costs:	2022	2021
	£000	£000
Wages and salaries*	26,304	25,167
Social security costs	2,651	2,557
Other pension costs	7,229	5,626
	<u>36,184</u>	<u>33,350</u>

*Includes redundancy costs of £465k (2021: £373k).

The Company's employees are members of the West Midlands Pension Fund (WMPF) or of the Social Housing Pension Scheme (SHPS). Further information on each scheme is given in Note 26.

The full time equivalent number of colleagues who received remuneration (which includes basic, pension contributions and benefits in kind expenditure and the note includes the Directors) in excess of £59,999:

	2022	2021
	No	No
£60,000 - £70,000	15	10
£70,001 - £80,000	4	6
£80,001 - £90,000	2	3
£90,001 - £ 100,000	4	2
£100,001 - £110,000	1	2
£110,001 - £120,000	1	-
£120,001 - £130,000	3	2
£130,001 - £140,000	1	1
£140,001 -£150,000	-	1
£150,001 - £160,000	1	1
£160,001 - £170,000	1	1
£180,001 - £190,000	-	-
£200,001 - £210,000	1	1
£250,001 - £260,000	1	1

10. Key management personnel

The Directors are defined for the purpose of this Note as the Members of the Board and Executive Directors of the Group, the latter having executive responsibility. This satisfies the definition included in the Accounting Direction for Private Registered providers of Social Housing 2022.

The aggregate remuneration for key management personnel charged in the year is:

	2022	2021
GROUP AND COMPANY	£000	£000
Basic salary	1,024	1,032
Benefits in kind	86	92
National Insurance	144	144
Pension contributions	82	89
	<u>1,336</u>	<u>1,357</u>

The Group Chief Executive is an ordinary member of the West Midlands Pension Scheme. No enhanced or special terms apply. The Group does not make any further contribution to an individual pension arrangement for the Group Chief Executive.

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 7 (2021: 7).

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2021: £nil).

The emoluments of the highest paid Director, the Group Chief Executive are shown below:

	2022	2021
Highest Paid Director	£000	£000
Remuneration	239	235
National Insurance	31	31
Pension Contribution	18	19
	<u>288</u>	<u>285</u>

10. Key management personnel (continued)

Board members Attendance and Emoluments

Board members are paid as follows:

	Attendance			Remuneration	
	Board	Committee		2022 £000	2021 £000
Non-Executive Board Members					
Danielle Oum (Chair) to 26/10/2021	7/7	GRC	4/5	9.0	15.6
Michael Hew (GRC Chair) to 23/09/2020	-	-	-	-	3.5
Ian Gardner (AAC Chair) to 31/07/2020	-	-	-	-	2.3
Noel Maxwell (CEC Chair) to 30/11/2020				-	4.7
Gregory Warner-Harris (CCB Chair)	7/7	CCB	4/4	7.2	7.1
Paul O'Driscoll	5/7	DC	7/7	5.0	5.0
Elisabeth Downes (GRC Chair)	7/7	GRC	5/5	-	-
Daren Fradgley	6/7	CEC	4/4	5.0	5.0
Gary Moreton (Interim Chair) from 27/10/2021 (Chair of AAC to 26/10/2021)	6/7	AAC	4/4	11.0	6.4
Akshay Parikh (DC Chair)	7/7	DC	7/7	7.2	7.1
Guy Weston (AAC Interim Chair) from 27/10/2021	6/7	DC	7/7	6.0	5.0
		AAC	1/1		-
Natalia Hill (CEC Chair)	7/7	CEC	4/4	7.2	4.4
Ian Shapiro	6/7	GRC	3/3	5.0	1.9
Total				62.6	68.0
Board Expenses				1.0	0.2
Committee Members Remuneration				45.0	32.2
Total				108.6	100.4
Executive Board Member					
Gary Fulford (CEO)	6/7			-	-
Committee					
Audit and Assurance		AAC			
Customer Experience		CEC			
Governance and Remuneration		GRC			
Development		DC			
Commercial Coterminous Board		CCB			

One member of the Board other than the Chief Executive participates in the Social Housing Pension Scheme or the Local Government Pension Scheme.

11. Taxation

Walsall Housing Group Limited is registered as charitable with HMRC and as such benefit from charitable tax exemptions. All other active Group companies including whg Trading Company Limited, whg Developments Limited, whg Treasury PLC, Anthem Homes Limited, Cricket Close LLP and The Woodlands Management Company (Harrowby) Limited liable to Corporation Tax.

Group	2022	2021
Current tax	£000	£000
UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
-Origination and reversal of timing differences	24	(6)
Total deferred tax	24	(6)
Total tax on surplus on ordinary activities	24	(6)

	2022	2021
	£000	£000
Surplus on ordinary activities before tax	20,777	27,329
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	3,948	5,193
-Exempt charitable activities	(3,948)	(5,193)
Current tax charge for the year		
Capital allowances in excess of depreciation	(6)	(6)
Adjustment to closing deferred tax rate	30	-
Deferred Tax	24	(6)

Company	2022	2021
Current tax	£000	£000
UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on surplus on ordinary activities	-	-

	2022	2021
	£000	£000
Surplus on ordinary activities before tax	21,093	29,390
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	4,008	5,584
Exempt charitable activities	(4,008)	(5,584)
Capital allowances in excess of depreciation	-	-
Adjustment to opening deferred tax rate	-	-
Current tax charge for the year	-	-

12. Intangible Fixed Assets

Group and Company	IT Software	IT Software work in progress	Total Intangible assets
	£000	£000	£000
Cost			
At 1 April 2021	3,417	183	3,600
Additions	-	109	109
Projects completed	221	(221)	-
Disposals	(410)	-	(410)
At 31 March 2022	3,228	71	3,299
Amortisation			
At 1 April 2021	1,544	-	1,544
Charged in the year	471	-	471
Released on disposal	(410)	-	(410)
At 31 March 2022	1,605	-	1,605
Net book value			
At 31 March 2022	1,623	71	1,694
At 31 March 2021	1,873	183	2,056

Amortisation on these assets is apportioned by FTE across all expenditure elements within the Statement of Comprehensive Income.

13. Fixed Assets – housing properties

Fixed Assets – housing properties

Group – housing properties	Social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
	£000	£000	£000	£000	£000
Cost					
At 1 April 2021	577,448	36,778	43,286	4,373	661,885
Additions	-	35,296	-	6,155	41,451
Component additions	13,887	4,052	-	-	17,939
Components completed	4,861	(4,861)	-	-	-
Interest capitalised	-	554	-	157	711
Schemes completed	43,347	(43,347)	6,822	(6,822)	-
Property disposals	(2,659)	-	(486)	-	(3,145)
Costs written off	-	(442)	-	-	(442)
Component disposals	(1,172)	-	-	-	(1,172)
At 31 March 2022	635,712	28,030	49,622	3,863	717,227
Depreciation					
At 1 April 2021	122,471	-	521	-	122,992
Depreciation charged in year	13,338	-	250	-	13,588
Released on disposal – properties	(845)	-	(8)	-	(853)
Released on disposal – components	(1,172)	-	-	-	(1,172)
At 31 March 2022	133,792	-	763	-	134,555
Net book value					
At 31 March 2022	501,920	28,030	48,859	3,863	582,672
At 31 March 2021	454,977	36,778	42,765	4,373	538,893

Included in the depreciation charge for the year is £516k of accelerated depreciation on components disposed before the end of their useful economic lives (2021: £209k).

13. Fixed Assets – housing properties (continued)

Company – housing properties	Social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
	£000	£000	£000	£000	£000
Cost					
At 1 April 2021	597,277	37,065	43,286	4,373	682,001
Additions	-	35,508	-	6,155	41,663
Works to existing properties	13,887	4,052	-	-	17,939
Components completed	4,861	(4,861)	-	-	-
Interest capitalised	-	554	-	157	711
Schemes completed	43,347	(43,347)	6,822	(6,822)	-
Property disposals	(2,659)	-	(486)	-	(3,145)
Costs written off	-	(442)	-	-	(442)
Component disposals	(1,172)	-	-	-	(1,172)
At 31 March 2022	655,541	28,529	49,622	3,863	737,555
Depreciation					
At 1 April 2021	124,367	-	521	-	124,888
Depreciation charged in year	13,488	-	250	-	13,738
Released on disposal – properties	(845)	-	(8)	-	(853)
Released on disposal – components	(1,172)	-	-	-	(1,172)
At 31 March 2022	135,838	-	763	-	136,601
Net book value					
At 31 March 2022	519,703	28,529	48,859	3,863	600,954
At 31 March 2021	472,910	37,065	42,765	4,373	557,113

Housing properties book value net of depreciation comprises

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Freehold land and buildings	528,674	490,466	546,956	508,686
Leasehold buildings	1,276	1,289	1,276	1,289
Shared Ownership	52,722	47,138	52,722	47,138
	582,672	538,893	600,954	557,113

13. Fixed Assets – housing properties (continued)**Expenditure on works to existing properties**

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Components capitalised	17,939	11,714	17,939	11,714
Amounts charged to Statement of Comprehensive Income	5,545	4,565	5,546	4,565
	23,484	16,279	23,485	16,279

Assets held in the Company include uplift in the net book value of assets transferred from its subsidiaries arising from the Group restructure in January 2009. This has been eliminated on consolidation.

Social housing assistance

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Total accumulated social housing grant received or receivable at 31 March:	100,576	83,786	102,520	83,786
Recognised in the Statement of Comprehensive Income	(8,515)	(7,600)	(10,459)	(7,600)
	92,061	76,186	92,061	76,186

Finance costs

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Aggregate amount of finance costs included in the cost of housing properties	6,322	5,621	6,322	5,621

14. Tangible Fixed Assets – Other

Group and Company	Offices	Furniture Fixtures and Fittings	Computers & Office Equipment	Computers & Office Equipment WIP	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2021	15,521	2,470	4,687	19	62	22,759
Additions	-	18	-	507	-	525
Projects completed	-	-	73	(73)	-	-
Disposals	-	(21)	(1,485)	-	-	(1,506)
At 31 March 2022	15,521	2,467	3,275	453	62	21,778
Depreciation						
At 1 April 2021	4,397	1,670	3,078	-	62	9,207
Charged in the year	361	229	369	-	-	959
Released on disposal	-	(21)	(1,485)	-	-	(1,506)
At 31 March 2022	4,758	1,878	1,962	-	62	8,660
Net book value						
At 31 March 2022	10,763	589	1,313	453	-	13,118
At 31 March 2021	11,124	800	1,609	19	-	13,552

15. Investment properties

	Group and Company	
Non social housing properties held for letting	2022	2021
	£000	£000
At 1 April	9,695	9,550
Revaluation	1,045	145
At 31 March	10,740	9,695

The Company owns a portfolio of market rented properties. These properties are accounted for at fair value. The Company used Bridgehouse Professional Valuation Services who undertook a desktop review to establish the current fair value of the properties. The current worth was then adjusted for movements in the property market using the median property price trends for the Walsall area. The methodology produced an estimated valuation of £9.7m at March 2021 and £10.7m at March 2022. The movement in fair value £1,045k (2021:£145k) have been recognised in the Statement of Total Comprehensive Income. The historic cost of the properties is £8m (2021: £8m).

16. HomeBuy loans receivable

	Group and Company	
	2022	2021
	£000	£000
At 1 April	137	137
At 31 March	137	137

17. Investments in subsidiaries

Name & type of entity	Company No	Place of Registration	At 31 March 2021 £	Additions	At 31 March 2022 £
whg Treasury Plc	09138070	England & Wales	50,000	-	50,000
whg Developments Ltd	07872595	England & Wales	1	-	1
whg Trading Ltd	05407219	England & Wales	1	-	1
Anthem Homes Ltd	10591652	England & Wales	50,000	-	50,000
Cricket Close LLP	OC417013	England & Wales	-	-	-
The Woodlands Managemer Company (Harrowby) Ltd	09721558	England & Wales	-	-	-
			100,002	-	100,002

a) During the year whg had the following intra-Group transactions and year end balances with whg Treasury PLC.**whg Treasury PLC to whg**

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Interest payable	Bond interest charge payable	10,212	10,224
Custodian fees	Custodian fees payable	13	10
		10,225	10,234

There is a £269.1m long term intra-group creditor owed to whg Treasury PLC at the year end (2021: £269.5m).

b) During the year the Company had the following intra-Group transactions and year end balances with whg Developments Limited.**whg to whg Developments Limited**

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Interest payable	Interest charge on loan	24	25
Management services	Percentage of development costs	109	118
		133	143

whg Developments Limited to whg

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Recharge of cost of sales	Design & Build	11,053	12,127
Gift aid	Not applicable	(92)	(27)
		10,961	12,100

There is a £606k net intra-group debtor owed by whg Developments Ltd at the year end made up of £27k owed to whg Developments Ltd and £632k owed by whg Developments Limited. (2021: net creditor £893k). Included in the £632k debt owed by whg Developments Limited is a £500k loan made by Walsall Housing Group on 20 December 2012. Interest is charged at 4.8% (2021: 5%). Interest amounted to £24k for the year (2021: £25k).

c) During the year whg had the following intra-Group transactions and year end balances with whg Trading Company Limited:

17. Investments in subsidiaries (continued)**whg to whg Trading Company Limited**

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Management services	Percentage of payroll costs	59	250

whg Trading Company Limited to whg

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Gift aid	Not applicable	(213)	(865)

There is a £9k intra-group debtor owed by whg Trading Company Limited at the year end (2021: £94k).

d) During the year the Company had the following intra-Group transactions and year end balances with Anthem Homes Limited.

Anthem Homes Limited to whg

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Interest payable	Interest charge payable	415	314
Management services	Percentage of payroll costs	51	-
		466	314

There is a £13m intra-group debtor owed by Anthem Homes Limited at the year end made up of £15.4m owed by Anthem Homes Limited to whg and £2.4m owed to Anthem Homes Limited by Cricket Close LLP (2021: net debtor £9m). The £15.4m debt owed by Anthem Homes Limited includes a loan made by Walsall Housing Group which was at at LIBOR (0.2% for the year) plus 3% up to 31 January 2022 and thereafter at a 5% market rate. The £2.4m debtor includes a loan made to Cricket Close LLP at a 5% market rate.

e) During the year the Company had the following intra-Group transactions and year end balances with The Woodlands Management Company (Harrowby) Limited.

whg to The Woodlands Management Company (Harrowby) Limited

Intra-Group transactions	Allocation basis	2022 £000	2021 £000
Management services	Percentage of payroll costs	6	6

There is a £nil intra-group debtor owed by The Woodlands Management Company (Harrowby) Limited at the year end (2021: £6k).

18. Properties held for sale

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Shared Ownership Properties				
Completed properties	845	2,427	845	2,427
Work in progress	4,104	4,455	2,367	2,687
	4,949	6,882	3,212	5,114
Properties developed for outright sale	598	2,104	598	2,104
	5,547	8,986	3,810	7,218

19. Debtors

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Due within one year				
Rent and service charges receivable	5,213	4,464	5,213	4,464
Less: provision for bad and doubtful debts	(3,122)	(2,838)	(3,122)	(2,838)
	2,091	1,626	2,091	1,626
Deferred tax asset	124	100	-	-
Other debtors	670	381	633	348
Prepayments and accrued income	8,014	8,849	7,505	8,469
Amounts owed by Group undertakings	-	-	1,133	768
	10,899	10,956	11,362	11,211

20. Debtors due in more than one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Due after one year				
Loan to Anthem Lovell LLP	12,298	8,590	-	-
Loan to Anthem Homes Limited	-	-	14,434	10,675
Loan to whg Developments Limited	-	-	500	500
	12,298	8,590	14,934	11,175

21. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank loans (Note 25)	12,500	-	12,500	-
Trade creditors	6,431	7,768	5,899	6,345
Rent and service charges received in advance	3,275	3,131	3,275	3,131
Social housing grant received in advance	12,314	7,310	12,314	7,310
Other grants received in advance	4,830	6,867	4,830	6,867
Amounts owed to Group undertakings	-	-	5,165	6,675
Deferred grant income (Note 23)	1,097	963	1,097	963
Corporation Tax	-	-	-	-
Other taxation and social security	812	778	788	772
Unpaid contributions for retirement benefits	74	222	74	222
Other creditors*	1,303	934	1,303	933
Accruals and deferred income	9,426	8,796	4,237	3,641
	52,062	36,769	51,482	36,859

* Other creditors include the Big Lottery funding for the Click Start Programme. A creditor of £nil is still outstanding at 31 March 2022 (2021: £nil). The total funding received for the year was £800k, with £571k being paid to our partners and whg recognising £229k through the Statement of Comprehensive Income.

22. Creditors: amounts falling due after more than one year

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Deferred Grant (Note 23)	82,177	68,998	82,177	68,998
Debt (Note 24)	474,457	401,099	474,457	401,099
Recycled Capital Grant (Note 25)	3,863	124	3,863	124
Amounts owing to Group Undertakings	-	-	38	-
Sinking Funds	96	69	79	58
	560,593	470,290	560,614	470,279

Sinking funds have been reported in the financial year 2021/22 as creditor amounts falling due after one year, previously they were creditor amounts falling due within one year.

23. Deferred grant income

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
At 1 April 2021	69,961	62,197	69,961	62,197
Grant received in the year	17,767	16,691	17,767	16,691
Transfer to RCGF	(450)	(69)	(450)	(69)
Grants paid to partners	(1,291)	(6,876)	(1,291)	(6,876)
Grants recognised as income	(1,687)	(813)	(1,687)	(813)
Released to income in the year	(1,026)	(1,169)	(1,026)	(1,169)
At 31 March 2022	83,274	69,961	83,274	69,961
Amounts to be released within one year (Note 21)	1,097	963	1,097	963
Amounts to be released in more than one year (Note 22)	82,177	68,998	82,177	68,998
	83,274	69,961	83,274	69,961

Deferred Grant includes £402k (2021: £412k) relating to office buildings and £936k (2021: £674k)

component accounting grant.

24. Debt analysis

Borrowings

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Due within one year				
Bank loans	12,500	-	12,500	-
		-		-
Due after more than one year				
Bank loans	125,907	138,407	125,907	138,407
Bond	250,000	250,000	250,000	250,000
bLEND	75,000	-	75,000	-
Premiums/Coupons	26,568	15,871	26,568	15,871
	477,475	404,278	477,475	404,278
Less: issue costs	(3,018)	(3,179)	(3,018)	(3,179)
	474,457	401,099	474,457	401,099
Total loans	486,957	401,099	486,957	401,099
Payable to external funders	486,957	401,099	223,019	136,747
Payable to Group undertakings	-	-	263,938	264,352
	486,957	401,099	486,957	401,099

Bank loans and derivatives

On 17 March 2021 the Group executed a deal to cancel the callable option on four fixed rate loans with a value of £20m and converted them to vanilla fixed rate loans to the date of maturity. This tranche of loans are now accounted for as basic financial instruments and the related mark to market liability of £9.2m was recognised in the Statement of Total Comprehensive Income in financial year ending 2021.

Bond

The bond monies are lent from whg Treasury PLC on to the parent company Walsall Housing Group Limited under the same terms and so the bond in the company above is therefore owed to the subsidiary, whg Treasury PLC.

The market value of the bond as at 31 March 2022 was £306.1m (2021: £332.13).

Facilities and security

At 31 March 2022 the Group had £61.6m of agreed but undrawn borrowing facilities available in the form of revolving credit facilities.

The bank loans and the bond are secured by specific charges based on the net book value on the housing properties of the Group in favour of the lenders.

Terms of repayment, interest rates and issue costs

Bank loan repayments are via a mixture of instalments and one off bullet repayments. The current bond liability is payable in full in 2045.

The £138m of bank loans accrue interest at an average rate of approximately 6.43%. As above, the £250m bond has been issued at a coupon rate of 4.25%.

Gross issue costs for both the bank loans and the bond were £3.0m (2021: £3.7m) and were capitalised in the years in which they were incurred. Amortisation charged in the year was { £151k } (2021: £137k).

24. Debt Analysis (continued)

bLEND plc

In October 2020, the Group secured £75m of new funding with an effective rate of 2.267% through the bLEND aggregator on a deferred drawdown arrangement. The price was based on a gilt of 0.787%, a spread of 1.48% and was subject to further annualised bLEND costs of 0.2%. The deal attracted a premium of £11.2m and when the funds were drawn in October 2021 the Group received net proceeds of £84m with the remaining amount held in the loan reserve fund for future interest payments. The upfront fees associated with this deal totalled £1m and these were capitalised in 2020. The market value of bLEND was £75m.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Within one year or on demand	12,500	-	12,500	-
One year or more but less than two years	-	25,000	-	25,000
Two years or more but less than five years	75,867	55,867	75,867	55,867
Five years or more	401,608	323,411	401,608	323,411
	489,975	404,278	489,975	404,278
Less: unamortised issue costs	(3,018)	(3,179)	(3,018)	(3,179)
	486,957	401,099	486,957	401,099

In 2021, £25m of loans were reported as payable in 1-2 years. This related to £12.5m for a Lloyds Tranche A facility and £12.5m for a Santander Tranche A facility. The latter was converted to a Tranche B facility as part of a re-stated facility agreement in February 2021 and the total Santander facility is not due for repayment till October 2024.

Interest rate profile

The Group's debt has a weighted average interest rate of 4.69% (2021: 4.81%) and the weighted average for which it is fixed is the lifetime of the loan.

25. Recycled Capital Grant Fund

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Opening Balance as at 1 April	124	45	124	45
Inputs to RCGF:				
Grant recycled from property disposals	472	79	472	79
Interest accrued	3	-	3	-
Transfers from other PRPs	3,264	-	3,264	-
Recycling of grant				
New Build	-	-	-	-
Closing Balance as at 31 March	3,863	124	3,863	124

	Group		Company	
	2022 £000	2021 £000	2022 £000	2021 £000
Amounts due for repayment				
Within one year	45	-	45	-
After more than one year	3,818	124	3,818	-
At 31 March	3,863	124	3,863	124

26. Pension obligations

The Group operates two pension schemes; West Midlands Pension Fund and Social Housing Pension Scheme. Both schemes are funded through payments to trustee-administered funds, determined by periodic actuarial valuations. Both schemes provide defined benefits based on members' final salary at retirement, death or leaving service.

Pension Asset/ (Liability) Summary Note

	2022 £000	2021 £000
WMPF	17,462	(8,333)
SHPS	(185)	(332)
Total	17,277	(8,665)

West Midlands Pension Fund

The West Midlands Pension Fund (WMPF) is a multi-employer scheme with more than one participating employer and is administered under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2019.

The fair value of the scheme assets at that date was £255.9m.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these

members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme by effectively giving them the better of the benefits from the old and new schemes.

The results in this note include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as at 31 March 2021. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 March 2022.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, the results do not include any further adjustment in light of the ongoing consultation.

Key Results

The estimated position at 31 March 2022 shows an asset of £17.4m compared with a £8.3m deficit last year. The key reasons for this change are:

- The discount rate has increased
- Pension increases.
- Salary increases
- Inflation increases

The employer's contributions to the WMPF by the Company and Group for the year ended 31 March 2022 were £1.3m (2021: £1.3m). whg received a rebate for the year of £1,939k due to an improved funding position which resulted in the actual rate being 8.2% for the year. The employer's contribution rate has been fixed as 20.4% of pensionable salaries until 31 March 2023 with a discount of 12.2%.

Early retirements over the year, have resulted in £159k past service cost in the year to 31 March 2022 (2021: £nil). There were £nil (2021: £nil) of other settlements, curtailments, discretionary practices, constructive obligations or other material events during the year.

Calculation Method

The figures at 31 March 2022 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 31 March 2019.

Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical

Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September

2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The estimated position at 31 March 2022 shows a deficit of £185k (2021: £332k)

The number of scheme members employed by the Group at 31 March 2022 was nil (2021: nil). The charge to the Group for the year was £66k. (2021: £65k).

The Group also contributes to defined contribution schemes, also with the Social Housing Pension Scheme operated by the Pensions Trust.

Calculation Method

The figures at 31 March 2022 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 30 September 2017

Key Assumptions

The key financial assumptions have been based on market assumptions as at 31 March 2022 and have been derived in a consistent manner to last year. This has resulted in the following assumptions:

Principal actuarial assumptions Financial assumptions	WMPF		Group and Company SHPS	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	% per annum	% per annum	% per annum	% per annum
Discount rate	2.85	2.10	2.85	2.10
Future salary increase rate	3.00	2.60	3.19	2.86
Future pension increase rate (CPI)	3.00	2.60	3.00	2.60
Inflation assumption	3.00	2.80	3.50	2.60

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2022 and March 2021 are based on the PA92 series. The assumed life expectations on retirement at age 65 are:

Group and Company

		WMPF		SHPS	
		2022	2021	2022	2021
		Years	Years	Years	Years
Retiring today:	Males	21.1	21.0	21.1	21.0
	Females	23.4	23.4	23.4	23.4
Retiring in 20 years:	Males	22.5	22.4	22.5	22.4
	Females	25.0	24.9	25.0	24.9

**Amounts recognised in surplus or deficit
Group and Company**

		WMPF		SHPS	
		2022	2021	2022	2021
		£000	£000	£000	£000
Current service cost		6,992	5,123	-	-
Admin charges		-	144	2	2
Amounts charged to operating costs		6,992	5,267	2	2
		2022	2021	2022	2021
		£000	£000	£000	£000
Net interest payable		233	317	6	2
Amounts within interest and financing costs		233	317	6	2

Amounts Recognised in the Statement of Total Comprehensive Income

		WMPF		SHPS	
		2022	2021	2022	2021
		£000	£000	£000	£000
Re measurements		31,578	10,081	89	(301)
Actuarial gain/(loss) in respect of pension scheme		31,578	10,081	89	(301)

Amounts recognised in Statement of Financial Position

		WMPF		SHPS	
		2022	2021	2022	2021
		£000	£000	£000	£000
Present value of funded obligations		239,618	247,008	2,049	2,179
Fair value of plan assets		257,080	238,675	1,864	1,847
Net pension asset/(liability)		17,462	(8,333)	(185)	(332)

In recognising the asset consideration was given to the likelihood that a future economic benefit will flow to the entity from the asset. There is also a historical precedent as whg has benefitted from reduced annual pension contributions due to the asset position at the last revaluation.

Reconciliation of opening and closing balances of the present value of scheme liabilities**Group and Company**

	WMPF		SHPS	
	2022	2021	2022	2021
	£000	£000	£000	£000
Opening scheme liabilities	247,008	216,551	2,179	1,736
Current service cost	6,833	5,089	2	2
Interest cost	5,217	5,046	45	41
Change in financial assumptions	(16,221)	35,125	(177)	388
Change in scheme experience	790	(2,327)	53	67
Change in demographic assumptions	(397)	(8,814)	(3)	(6)
Benefits paid	(4,905)	(4,760)	(50)	(49)
Past service costs including curtailments	159	34	-	-
Member Contributions	1,134	1,064	-	-
Closing scheme liabilities	239,618	247,008	2,049	2,179

Reconciliation of opening and closing balances of the fair value of plan assets**Group and Company**

	WMPF		SHPS	
	2022	2021	2022	2021
	£000	£000	£000	£000
Opening fair value of plan assets	238,675	202,401	1,847	1,644
Interest income	4,984	4,729	39	39
Return on plan assets (excess of interest income)	15,750	34,065	(38)	148
Contributions by employer	1,442	1,320	66	65
Benefits paid	(4,905)	(4,760)	(50)	(49)
Administration expenses	-	(144)	-	-
Member contributions	1,134	1,064	-	-
Closing fair value of plan assets	257,080	238,675	1,864	1,847

	WMPF		SHPS	
	2022	2021	2022	2021
	£000	£000	£000	£000
Actual return on scheme assets	19,550	38,794	1	187

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Sensitivity analysis

	Change in assumptions	Impact £000	Change in liabilities
Discount Rate	Increase of 0.1% pa	5,067	Decrease by 2%
Rate of inflation	Increase of 0.1% pa	4,200	Increase by 2%
Rate of salary growth	Increase of 0.1% pa	833	Increase by 0%
Rate of Mortality	A 1 year increase in life expectancy		Increase by 4%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate. The average duration of the defined benefit obligation at the period

26. Pension obligations (continued)

ended 31 March 2022 is 20 years. The following assumptions have been made, a reduction in the discount rate of 0.15% having an impact of £7.6m, a reduction in CPI of 0.2% having an impact of £8.4m, a reduction in salary increases of 1.2% having an impact of £10m and the combined effect of mortality assumptions being a total of £5.7m.

27. Provisions for liabilities and charges

Group and Company	Insurance claims £000	Restructuring costs £000	Leave pay £000	Total £000
At 1 April 2021	547	-	287	834
Additions	115	13	-	128
Utilised	(372)	-	(51)	(423)
Reversals	-	-	-	-
At 31 March 2022	290	13	236	539

Provision is made for insurance claims awaiting final settlement that fall within the self-funding element of the Group's insurance policies. The settlement can take up to two years.

The restructuring costs provision relates to costs agreed but not yet paid during the year.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which colleagues are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

28. Share Capital

Walsall Housing Group Limited is a company limited by guarantee. No shares have been issued.

29. Cash flow from operating activities

	2022 £000	2021 £000
Surplus for the year	20,777	27,329
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	14,546	13,480
Amortisation of intangible assets	471	462
Pension costs less contributions payable	5,386	3,859
Government grants amortised in the year	(2,713)	(1,969)
Movement in fair value of financial instruments	0	(9,618)
Adjustments for investing of financing activities:		
Movement in fair value of investment properties	(1,045)	(145)
Interest payable	20,142	20,927
Interest received	(386)	(238)
Operating cash flows before movements in working capital	57,178	54,087
Decrease in properties held for sale	3,439	4,819
Carrying amount of tangible fixed asset disposals	2,292	1,595
(Increase)/Decrease in trade and other debtors	(2,572)	494
Increase/(decrease) in trade and other creditors	608	(3,679)
Decrease in provisions	(295)	(24)
Increase/(Decrease) in investments	2,191	-
Cash generated from operating activities	62,841	57,292

29A. Analysis of changes in net debt

	At 1 April 2021	Cash flows	Other non-cash movement	At 31 March 2022
	£000	£000	£000	£000
Cash and cash equivalents	79,518	70,284	-	149,802
Investments	10,967	15,112	2,191	28,270
Bank loans due within one year	-	-	(12,500)	(12,500)
Bonds due greater than one year	(262,692)	(84,058)	(2,208)	(348,958)
Bank loans due greater than one year	(138,407)	-	12,908	(125,499)
Total	(310,614)	1,338	391	(308,885)

30. Capital Commitments

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Expenditure contracted for but not provided for	95,373	74,598	95,373	74,598
Expenditure authorised by the Board, but not contracted	16,341	47,474	16,341	47,474
	111,714	122,072	111,714	122,072

The above commitments will be financed as shown in the following table:

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Loan financing	101,772	97,875	101,772	97,875
Affordable housing grant	6,678	19,913	6,678	19,913
Other government grant	3,264	4,284	3,264	4,284
	111,714	122,072	111,714	122,072

31. Contingent assets/liabilities

The Group and Company had no contingent assets at 31 March 2022 (2021: £nil).

The Group receives capital grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the Group is required to recycle this grant by crediting a Recycled Capital Grant Fund.

At 31 March 2022, the Group has disposed of components, which had received £nil (2021: £2k) of grant funding. Although the disposal of these components has not given rise to a relevant event for the purposes of recycling grant (as the Group retains the property asset) it does have a future obligation to recycle this grant once the property is disposed of.

As the timing of any future disposal is uncertain, no provision has been recognised in these Financial Statements.

The Company is party to a Group VAT registration. At the year end, the other parties' VAT liability was £23.6k (2021: VAT asset £3.5k).

32. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, aerials, vehicles and office equipment.

	2022	2021
	£000	£000
Within one year	184	78
Between two and five years	455	157
Over five years	-	88
	639	323

33. Related parties

Walsall Housing Group Limited is the parent company of the Group. It is registered with Companies House, the Charity Commission and the RSH and is a company limited by guarantee. Its wholly owned

subsidiaries are set out below.

- whg Treasury PLC is a non-charitable company registered with Companies House. Its principal activity is to act as an onward moneylender of bond monies to its immediate parent company Walsall Housing Group Limited. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation.
- whg Developments Limited is a non-charitable company registered with Companies House whose principal activity is to provide a design and build service to Walsall Housing Group Limited. The Group owns the £1 share which was issued at par on incorporation.
- whg Trading Company Limited is a non-charitable company registered with Companies House whose principal activity is providing housing related project management and professional services. The company also receives feed in tariff from solar panels, renewable heat incentives and commission from our energy partner. The Group owns the £1 share which was issued at par on incorporation. The voting rights of one vote per share are with the parent company. On 3 May 2019 whg Trading Company Limited became a designated member of Cricket Close LLP owning 1% of the shareholding in the LLP. On 7 July 2020 whg Trading Company Limited acquired The Woodlands Management Company (Harrowby) Limited.
- Anthem Homes Limited is a non-charitable company registered with Companies House. Its principal activity is to develop homes for outright sale. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation. Anthem Homes Limited has agreed a revolving loan facility secured by debenture with Anthem Lovell LLP which is limited to site specific Business Plans approved by Board. At present only one such facility has been agreed on the Lockside scheme which has an agreed interest rate of 5% on 30% of the drawn funds (effective annual rate of 1.875%). As at 31 March 2022 Anthem Lovell LLP had drawn down £12,298k of the facility (2021: £8,590k).
- Cricket Close LLP is a Limited Liability Partnership and a non-charitable company registered with Companies House. It is a subsidiary of Anthem Homes which owns 99% of the LLP with a £2 member interest and the remaining 1% is owned by whg Trading Limited.
- The Woodlands Management Company (Harrowby) Limited was acquired on 7 July 2020. The principle activity is residential property management. As part of that management service charges are collected from lessees to meet the cost managing and maintaining the property. The company is a wholly owned subsidiary of whg Trading Company Limited. The liability of whg trading Company Limited (being the only Member) is £1. The company is a Company Limited by Guarantee without share capital.
- Anthem Lovell LLP is a Limited Liability Partnership and is a non charitable company registered with Companies House (No. OC425694). Anthem Homes Limited is in partnership with Lovell Homes Limited each partner has a 50% share of the company. It was created on 18 January 201 and the initial capital of £2.00 (two pounds) was contributed in cash by each Member in the sum of £1.00 (one pound) by way of its Capital Contribution and the LLP credited such amounts against the relevant Member's Capital Account. This is an associate company. It is accounted for by using the equity method of accounting. We recognise our share of the profit or loss through the Statement of Comprehensive Income. There is no profit to be recognised in this year's financial statements since all the profit in the LLP as at 31 March 2022 relates to sales to Walsall Housing Group Ltd.

All entities are incorporated in England and Wales.

The intra-Group transactions which took place during the year between the parent undertaking and its subsidiaries are detailed within Note 17.

During the year there was a tenant Natalia Hill, who is a member of the Board of whg and Chair of the Customer Experience Committee. The tenancy was on normal commercial terms and ended on 27 February 2022. The Board member was not able to use the position to her advantage. The rent charged

in 2022 was £4.4k (2021: £4.8k). Total arrears were nil (2021: £nil). Disclosures in relation to key management personnel are included in Note 10.

34. Financial assets and liabilities

The Board policy on financial instruments is explained in the Strategic Report, as are references to financial risks. The Group's principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

Categories of financial assets and financial liabilities

FINANCIAL ASSETS

Financial assets measured at amortised cost

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Net Rent Debtor	2,091	1,626	2,091	1,626
Other Debtors	670	381	633	348
Accrued Income	5,486	6,235	5,486	3,589
Amounts owing by Group undertakings	-	-	14,934	11,944
Cash and cash equivalents	149,802	79,518	147,976	78,390
Current Investments	28,270	10,967	28,270	10,967
Total Financial Assets	186,319	98,727	199,390	106,864

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Bank Loans and bond	486,957	401,099	486,957	401,099
Trade Creditors	6,431	7,768	5,899	6,345
Accruals	9,426	8,799	4,237	3,642
Amounts owing to Group undertakings	-	-	5,203	6,675
Other Creditors	1,303	934	1,303	933
Sinking Funds	96	69	79	58
Total	504,213	418,669	503,678	418,752

Financial liabilities measured at Fair Value through the Statement of Comprehensive income

	Group		Company	
	2022	2021	2022	2021
	£000	£000	£000	£000
Opening Derivatives balance	-	9,618	-	9,618
Fair value movement	-	(452)	-	(452)
Cancellation of callable option	-	(9,166)	-	(9,166)
Closing Derivatives (Note 24) balance	-	-	-	-
Total Financial Liabilities	504,213	418,669	503,678	418,752

Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2022	2021
	£000	£000
Expiring between one and two years – revolving credit facility	30,000	-
Expiring in more than two years – revolving credit facility	<u>31,633</u>	<u>61,633</u>
	<u>61,633</u>	<u>61,633</u>

35. Reserves

The Group has taken part in the Midlands pilot of a Voluntary Right to Buy scheme. No properties were sold in the year to 31 March 2022 (2021: nil). The Group has created a designated reserve for the net proceeds plus discount reclaimed from Homes England less the amount of debt repaid. This designated reserve will be used to fund the one for one replacement of housing property.

	Group		Company	
	General Reserves	Designated Reserves	General Reserves	Designated Reserves
	£000	£000	£000	£000
As at 31 March 2021	163,652	3,160	181,837	3,160
Total comprehensive income for the year	52,468	-	52,760	-
Transfer to designated reserve	(8)	8	(8)	8
	<u>216,112</u>	<u>3,168</u>	<u>234,589</u>	<u>3,168</u>

36. Exceptional gain

On 17 March 2021 the Group executed a deal to cancel the callable option on £20m of funding with Lloyds Bank Plc. As the callable option had been deemed a non-basic financial instrument in the accounts this tranche of funding had been valued at fair value. At the date of cancellation of the options the fair value of the loan included a mark to market of £9.2m which was released to the income statement as an exceptional gain.

WALSALL HOUSING GROUP LIMITED

England & Wales - Charity number 1108779

Accounts

Walsall Housing Group Limited
Financial Statements

For the year ended 31 March 2021

Company Registration Number: 04015633

Registered Provider Number: L4389

Registered Charity Number: 1108779

Registered office: 100 Hatherton Street
Walsall
WS1 1AB

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Board, Executive Directors and Advisors

Board	Appointed	Left

Danielle Oum (Chair)		
Michael Hew		23/09/2020
(Deputy Chair)		
Gary Moreton		
(Deputy Chair)		
Gary Fulford		
Colin Ian Gardner		31/07/2020
Noel Maxwell		30/11/2020
Gregory Warner-Harris		
Paul O'Driscoll		
Guy Weston		
Daren Fradgley		
Akshay Parikh		
Elisabeth Downes		
Ian Shapiro	01/11/2020	
Natalia Hill	01/11/2020	

Company Secretary

Karen Marshall		30/04/2021
Dawn Hendon	01/05/2021	

Executive Directors

Gary Fulford	Group Chief Executive
Adam Wagner	Corporate Director of Finance – to 06/06/2021
Sangita Surridge	Corporate Director of Finance – from 07/06/2021
Karen Marshall	Corporate Director of Governance and Compliance–to 25/04/2020
Dawn Hendon	Corporate Director of Governance and Compliance–from 26/04/2021
Theresa Huburn	Corporate Director of People and Learning
Robert Gilham	Corporate Director of Business Strategy and Assets
Fay Shanahan	Corporate Director of Operations
Rebecca Bennett	Corporate Director of Development
Casserly	

Statutory Auditor

RSM UK Audit LLP
St Phillips Point
Temple Row
Birmingham
B2 5AF

Internal Auditor

BDO LLP
Two Snowhill Queensway
Birmingham
B4 6GA

Principal Banker

Lloyds Bank plc
The Bridge
Walsall
WS1 1LU

Chair's Review

I am delighted to share Walsall Housing Group Limited (whg) 2020/21 financial statements with stakeholders.

We are pleased to report another strong year of financial performance, as we saw our turnover increase to £120.8m, while we made £3.5m in value for money efficiencies, compared to our target of £3.0m.

We are also proud to have retained the highest rating for the assessment of our governance and financial viability from the Regulator of Social Housing. Our rating of G1/V1 affirms our position as a well-run and well-governed organisation, with strong foundations that will enable us to develop, improve and grow. Our strong operating performance is reflected in our credit rating of A3 with a stable outlook by Moody's.

As part of our commitment to helping to tackle the housing crisis, we aim to build more than 500 new and affordable homes each year. Despite the challenges posed by the pandemic, this ambitious development programme has continued apace and we are currently working on 15 sites, with 679 homes under construction.

The last year has been a year of innovation as the pandemic encouraged us to accelerate our Digital First programme and introduce new technologies to ensure business continuity.

The investment we had already made into technology paid off the day lockdown was announced. Over 350 office-based colleagues were working from home, on whg devices, within 48 hours of lockdown, while our new Unified Comms technology ensured we were able to develop a home working solution for our Customer Service team, who were still available to take calls from customers.

This momentous shift in the way we work has been a huge success, with 84% of colleagues saying whg was a very good or excellent place to work during the pandemic. Moving forwards, we aim to capitalise on the benefits that have been derived from being able to work in a more flexible and fluid way and will deploy new technology to allow even more colleagues to work from any location.

The challenges of the last year have emphasised how important it is for housing and health to work together to support the most vulnerable in society. Over the last 12 months, whg has joined forces with health partners on a number of initiatives to ensure the borough's response to the pandemic has had maximum impact. I am delighted at how this hugely successful partnership continues to develop and as we look to the future, we have begun supporting Walsall Healthcare NHS Trust with recruitment of our customers into a number of support and healthcare roles.

The services we offer beyond those of a landlord are vital as we look at ways we can best support our customers as they recover from the effects of the pandemic. Through our Social Prescribing team, which was formed just over a year ago, we are working with customers on the H Factor (Health, Hope and Happiness) programme. The programme provides a "more than medicine" approach to health and wellbeing by offering a safety net of social support that can help people to feel happier, more confident and less isolated. I am absolutely delighted that more than 100 customers have already benefitted from the approach.

Looking ahead to the future we will continue to work closely with our customers and we will play a key role in supporting communities as they overcome the impact of COVID-19.

A handwritten signature in black ink, appearing to read 'Danielle', with a long, sweeping horizontal stroke extending to the right.

Danielle Oum
Chair

Group Chief Executive's Review

I am delighted to introduce whg's financial statements for 2020/21.

The last year has been overshadowed by COVID-19. During these challenging times we have prioritised the health and wellbeing of both our customers and our colleagues, while continuing to keep our essential services running and supporting the most vulnerable in our communities.

We are hugely proud of the work we have done with our partners since the pandemic started to respond to the needs of the community. This includes making more than 8,000 calls to check on customers' welfare, delivering more than 7,000 food parcels, gifting 300 electronic devices to our most vulnerable customers to help them keep in touch with loved ones and access services online, and distributing 489 fuel vouchers to assist with energy costs.

We have also helped an unprecedented number of our customers experiencing severe financial hardship as a result of the pandemic. In the last 12 months our Money Advice Team has offered financial support to more than 1,300 households and achieved a total debt reduction of over £128k. We have also introduced a new automated service to identify those at risk of arrears. This has enabled us to support those under severe financial pressure and we have worked with them to ensure they are able to pay their rent.

During the year we have continued our Digital First journey and accelerated our adoption of new technologies to ensure business continuity while working remotely. We automated a wide range of manual processes which has changed the way we interact with our customers; thereby improving service levels and empowering customers by offering them self-service capabilities. This has been invaluable during COVID-19 and has enabled our customers to better manage their tenancies during lockdown. This shift has taken us from 26% of transactions completed online in 2019/20 to 45% of transactions completed online in 2020/21.

Despite the difficult operating environment, we have worked hard to keep our key services running and thanks to all colleagues pulling together, we have been able to maintain full compliance with our gas and electrical checks – achieving some of our best gas safety performance in recent years. In 2022 we will be moving from a ten to five year electrical inspection model, designed to provide further safety assurance to our customers.

Our ambitious development programme has also continued. In the last year, we completed 332 new homes across the Midlands, including properties in Walsall, the Black Country, Telford and Wrekin, Shropshire, Staffordshire, Worcestershire and Warwickshire. We had hoped to complete more homes but COVID-19 means that some completions have been delayed into the new financial year.

Housebuilding has now commenced at Lockside, on the former Caparo Engineering works in Walsall. The scheme, the first development for joint venture developer Anthem Lovell LLP will transform the land into a new 252-home community, with the first homes predicted to be ready in October 2021.

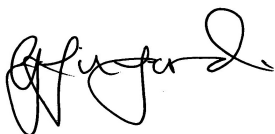
Work is also ongoing at Goscote Lane Corridor, the largest building scheme of its kind in

Walsall, which is delivering more than 800 new, energy-efficient homes.

We are currently creating a carbon zero roadmap that will include the use of new technologies and an educational programme for our customers who can then support our task of achieving carbon neutrality. A lot of work has already been done to reduce carbon emissions. As we look to the future, we aim to be at the forefront in the adoption of green building technologies.

The impacts of the pandemic will be felt for a long time, but we face into this scenario from a position of considerable strength. Our risk management arrangements were recently assessed as “very good” by consultants Hargreaves, providing third line assurance that the arrangements we have in place for risk management are fit for purpose and help underpin our delivery of a strong business fit for today and prepared for tomorrow.

We are immensely proud of everything we have achieved in the last year and look forward to continuing our work to build safe and prosperous communities.

A handwritten signature in black ink, appearing to read 'Gary Fulford', with a stylized flourish at the end.

Gary Fulford
Group Chief Executive

The Group Board presents its report and the audited Financial Statements of Walsall Housing Group Limited (“the Company”) and its subsidiary undertakings, together forming the Walsall Housing Group (“the Group”, “whg”), for the year ended 31 March 2021.

Strategic Report

Group Profile

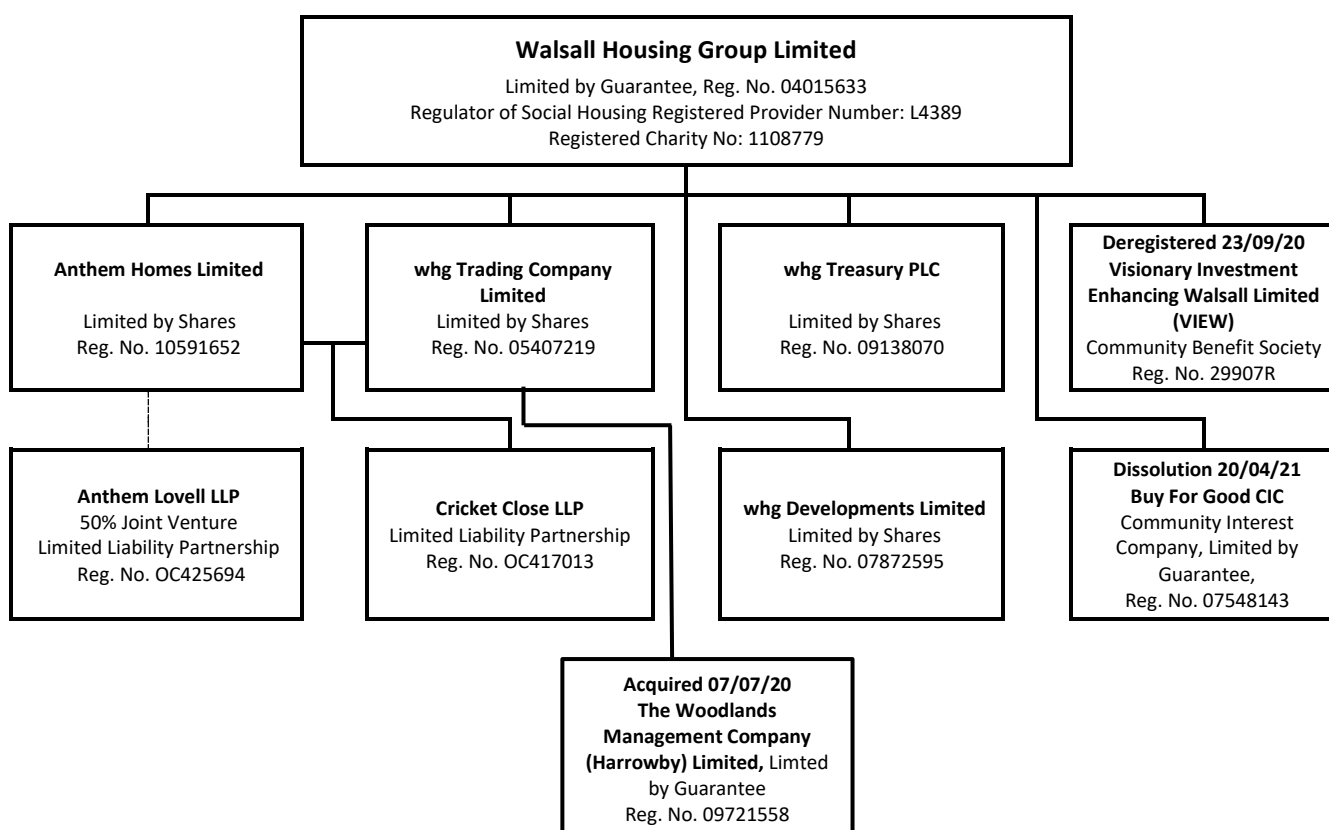
Principal Activities

The Group is a not-for-profit organisation whose principal activities include the development and management of affordable housing across the Midlands. During 2020/21 we continued to expand outside of Walsall and whg owns and manages homes in 19 local authorities in the Midlands. The Group, as of 31 March 2021, owns and/or manages 21,518 homes.

Walsall Housing Group Limited is a company limited by guarantee and a registered charity. Its core business activity is providing affordable and good quality homes to our customers. We are also a social business investing in people and communities. Our services include Shared Ownership homes and the development of homes for outright sale.

The Company, its subsidiaries and joint ventures are shown in the diagram below for the year ended 31 March 2021. This includes three changes of note:

- the addition of The Woodlands Management Company (Harrowby) Limited. whg acquired the company on 07/07/2020;
- on 23/09/2020 Visionary Investment Enhancing Walsall Limited (VIEW) was deregistered via a Company Act 2006 s126 order; and
- subsequent to year end on 20/04/2021 Buy for Good CIC was dissolved by voluntary strike off.



Objectives and Strategies

Our Corporate Plan was launched in April 2014 and was refreshed in April 2020 with new success measures that we use to evaluate our achievements.

Our mission is "Dedicated to the success of our people and places".

The achievement of this mission is underpinned by five strategic aims:

- ***Deliver high quality homes and services for our customers***
Providing excellent services across our expanding geography, working with our customers, communities and stakeholders to sustain tenancies. We are an anchor organisation who invests in the provision of new affordable homes to help meet housing need.
- ***Be an exceptional place to work that attracts, develops and retains talent***
To ensure colleagues can truly shine and reach their full potential, we are committed to being a great employer that recognises the importance of a truly flexible and inclusive workplace and rewards excellence. All colleagues are given the opportunity to make a real difference and we encourage them to perform to the best of their ability. We recognise the need for excellent leaders across the organisation and will praise and celebrate great work whilst expecting every colleague to be accountable for their individual performance.
- ***Grow and extend our services, our reach and our range***
Being a community focussed organisation we understand the needs and challenges that our customers and communities face. We will therefore continue to work with partners and stakeholders to ensure that these needs are met, whether this is through the provision of in-house services or through our strategic partners. We have ambitious plans for growth and central to this growth is a bold development and acquisition programme which will underline the regional nature of our business. We will continue to improve our environmental performance through appropriate use of modern methods of construction and the continued improvement of our existing homes. In support of delivery of the above we adopted a new development strategy in Autumn 2020.
- ***Promote health and prosperity where we can make a difference***
We want our customers to live healthy, prosperous lives but understand some may require additional support to achieve this. We do what we can, together with our partners, to find the right solution for each individual. This includes programmes geared towards promoting independence, improving health, building confidence, enhancing capability, reducing the digital divide and gaining the skills to secure employment.
- ***Deliver a strong business, fit for today and prepared for tomorrow***
We will develop a roadmap to take our activities to a carbon neutral footing. Recognising our ever more challenging operating environment, we will safeguard our income by focusing appropriate priority and resource on core services. This approach is supported by the careful financial management and good governance needed to fulfil our future aspirations. We are efficient, driving down costs and constantly seeking value for money. Building on our performance management culture, pursuing excellence and striving for continuous

improvement will help achieve this.

Our Corporate Plan is underpinned by a range of success measures to ensure that we meet our strategic aims. These are then cascaded into Operational Plans delivered across the business. We have eight strategic performance indicators and performance to March 2021 is set out below. The strategic performance indicators are supported by 33 whg bespoke metrics, developed in support of success measures which are derived from the five strategic aims of the Corporate Plan. Progress is managed operationally, overseen by our Group Executive Team and reported to Board via a dashboard on a biannual basis. Progress against success measures is also included in the Group Chief Executive's monthly report and the performance dashboard is reviewed by the Executive Team.

As we progress our Corporate Plan the success achieved to date provides a strong platform to build from. We are particularly pleased to note the start of the Lockside development project which will deliver 252 homes through the Anthem Lovell LLP joint venture.

Strategic Performance Indicators

Performance management is a routine part of operational and strategic discussions and is supported by a range of business insight reports. Through our governance model we have also ensured that business performance forms an integral part of our decision-making process.

Indicator	2018/19	2019/20	2020/21	Trend	Target
Current Arrears %	2.16	2.84	3.18	Declined	<5.0
Void Rent Loss %	0.60	0.60	0.75	Declined	<2.0
Customer Satisfaction with Repairs %	83.0	84.0	83.0	Declined	>84
Customers Recommending whg %	83.2	82.0	84.0	Improved	≥82
Compliance with Gas Regulations %	100	100	100	Same	100
New Homes Started	592	677	325	Declined	299
New Homes Completed	551	446	332	Declined	500
Customers with Improved Employment Prospects	1,271	1,274	1,589	Improved	1,500

This has been an exceptionally challenging, ever changing and in many ways unique year with all areas of the business and our customers being impacted by COVID-19. A number of performance areas were directly hit, income collection and repairs primarily, but given the challenges faced, we are nevertheless pleased with the performance achieved. We are particularly pleased to report that despite COVID restrictions we maintained 100% gas safety compliance, customers recommending whg increased to 84% and we exceeded our target support for customers' employment prospects. Performance is summarised below:

- Rent arrears ended the year at 3.18%. We finished the year just 0.34% above

the 2.84% achieved in 2020. This is a reasonable performance given the circumstances but is an area for improvement going forward. We have worked hard to improve our processes and technology to create capacity for our colleagues so that they can support customers adversely affected by the pandemic.

- Void rent loss for the year is 0.75%, which is 1.25% better than target. As we move out of pandemic restrictions, we expect this performance to return to our long term target of 0.6%.
- 83% of our customers are satisfied with the repairs carried out on their homes, which is a little below target. During the first lockdown we stopped all but emergency repairs, which created a backlog of repairs that needed to be completed once the repairs service was able to re-open. This backlog, plus our normal repairs service, have been completed in a COVID secure way, but our normal response times were adversely impacted. We communicated frequently with customers to help manage expectations and we are pleased to see only a slight drop in our overall satisfaction results. We anticipate this will improve over the coming 12 months.
- 84% of our customers would recommend whg, which is ahead of target. This reflects our focus throughout the pandemic to support vulnerable customers. We immediately launched our Stay In Stay Safe project during the first lockdown. This saw us telephone over 8,000 customers, who then received the appropriate support they needed, whether from us or one of our strategic partners.
- Gas safety continues to be a key area of focus with the percentage of homes compliant with the gas regulations remaining at 100%.
- 325 new homes were started during the year which is a little above the target 299.
- 332 homes were completed in the year, comprising 231 homes for affordable/social rent and 101 for Shared Ownership sale. This was below the target of 500 and though disappointing it was the impact of the pandemic rather than other factors that caused the rescheduling.
- The Group has helped 1,589 customers to improve their employment prospects in various sectors including warehousing, care, construction and retail. This is above target and particularly pleasing in the current economic environment.

Customer Voice Strategy

In 2019 we launched our Customer Voice Strategy, setting out our commitment to putting customers at the heart of what we do.

We want to give our customers a strong voice that informs our governance arrangements, influences our decisions and impacts on the way we deliver our services. To ensure we hear feedback from a diverse range of customers we offer a range of ways to get involved.

Our menu of engagement includes being able to directly contribute to strategic discussions and decision making through becoming a member of our board, customer experience committee or customer scrutiny panel. Customers can also get involved more informally: around 3,000 customers take part in our surveys each year, while others join a focus group or our Spotlight Review Group.

During the pandemic we quickly adjusted the channels of communication moving from face to face to online and digital forms of engagement. We received over 6,000 responses to surveys covering areas such as customer satisfaction, repairs, completed major works, money advice service, new sales satisfaction and grounds maintenance. As we emerged from the pandemic, our customers worked with us to shape the way we rolled out switching our repairs service back on.

We have recognised we need to do more to engage as many customers, across a diverse range of demographics and locations, as possible. We have made significant progress this year in recruiting a new cohort of customers to get involved in a varied range of activities. We have also introduced a Customer Experience Manager, who is exploring how we can best work with our customers to shape our services, a new Customer Voice Co-ordinator and a Community Engagement and Inclusion Manager.

We continue to make progress in giving customers new and different ways to get involved ensuring customer voice is representative of the customers and communities we support. This includes engaging with more customers through digital channels and using technology to allow customers to get involved remotely.

Future Prospects

whg is a well governed and financially viable organisation rated G1 and V1 by the RSH. Our Business Plan demonstrates strong financial performance in the years to come. Homes England has selected whg as a strategic partner under the Wave 2 funding programme. Total grant funding of £38.7m will help support the development of 1,000 new homes

Looking forward whg aims to develop 550 homes per year, 50 of which will be for Outright Sale. In 2021/22, £73.9m is planned to be invested into new homes and land. We also plan to invest a further £53.3m on routine, major and planned repairs on our existing homes. This investment represents our continued desire to ensure that all of our homes are great places to live in.

Following a year when business continuity reflected a very high priority, we aim to make 2021/22 a year of significant progress against many of the 43 Corporate Plan success measures which directly support the five Strategic Aims.

We have already responded to the forthcoming changes in Fire Safety and Building Safety regulations by allocating funding within the Business Plan to meet expected standards. However, there is a strong focus on environmental sustainability coming through government consultations and proposals such as the Social Housing White Paper, Energy White Paper and Future Homes Standard. Banks and capital market investors are also now requiring Environmental, Social and Governance (ESG) metrics for funding. Whilst whg has commenced its Energy and Carbon Reporting, there is further work to do to establish a roadmap for how we intend to prioritise assets for investment, fund the additional costs associated with future changes in regulation and maximise grant funding available. whg continues to have financial strength and flexibility within its Business Plan to address these priorities whilst balancing the need to contribute towards the national housing shortage. whg will continue to embrace new technologies as they emerge to help with this agenda and consider innovative ways of working with others to deliver new priorities.

Financial Review

Statement of Comprehensive Income (SOCI)

Turnover: £120.8m

Social housing lettings contributed £101.3m to Group turnover for the year. This includes the impact of annual rent increase and new homes developed during the year. A further £16.0m derived from Shared Ownership first tranche sales and £3.5m from other activities take the total turnover to £120.8m, an increase of 7.7%.

Operating surplus: £37.7m

Operating performance continues to be strong with an Operating Surplus of £37.7m. This surplus will support investment in new and existing homes.

	2021	2020	2021	2020	2021
	Turnover (£m)		Surplus (£m)		Margin
Social Housing	101.3	96.3	36.2	31.3	35.7%
Shared Ownership Sales	16.0	11.9	1.8	2.4	11.3%
Other Activities & Costs	3.5	4.0	(4.9)	(5.1)	
Total	120.8	112.2	33.1	28.6	27.4%
Gain on disposals			4.6	9.0	
Total	120.8	112.2	37.7	37.6	31.2%

The social housing margin was 35.7% for the year and operating margin before disposals was 27.4%. These are both good results for the Group and demonstrate that the core financial performance is complemented by, but not dependent on, asset sales. Further analysis of social housing operating costs is shown in the Notes to the accounts. The social housing operating margin of 35.7% is above the peer average of (similar sized RPs) 24.6%. An operating margin before gains on disposal of 27.4% is also above the peer average of 20.6%. The overall margin reflects the costs disclosed in Note 3, most significantly uncapitalised development costs of £1.3m and pension costs of £3.9m.

Other Costs include some significant additional pensions costs arising from the annual pensions' valuation for accounting purposes. These are not cash transactions and are matched with a movement in the pension provision.

Gain on disposals comprises 83 Right to Buy/Right to Acquire sales.

Surplus for the year after tax: £27.3m

The surplus for the year after tax includes net interest and financing costs of £20.7m (2020: £19.9m) and a £9.2m exceptional gain (see next page and Note 37 for details).

Total comprehensive income for the year: £37.1m

The net surplus for the year of £27.3m was significantly increased by a positive actuarial adjustment of £9.8m due to the year-end revaluation of pension assets and liabilities. The key changes are in the pensions financial assumptions with the discount rate reducing from 2.35% in 2019/20 to 2% in 2020/21; future salary increases reducing from 3.4% in 2019/20 to 2.6% in 2020/21; interest rates increasing from 0.8% in 2019/20 to 2.8% in 2020/21 and reducing mortality rates. (Note 27 provides further details).

Statement of Financial Position

The Statement of Financial Position demonstrates the strength and capacity of the Group to continue to deliver our strategic objectives.

Fixed Assets: £564.4m

Capital expenditure is set out in Notes 12 to 14 to the Financial Statements. During the year we have invested a gross £50.0m in developing and acquiring new homes and have received approximately £9.7m from the Homes England Affordable Homes Programme towards the cost of our new build programme. We have also continued to invest in our existing housing stock in order to maintain homes above the Decent Homes Standard.

The capital cost of this investment during the year was approximately £11.7m. This combined investment can be seen in the movement in the net book value of housing assets to £538.9m from £490.6m in 2020. The year end balance includes £50m relating to schemes that are already on site and will contribute to future completed home targets.

Net Current Assets: £82.2m

Current assets have decreased by £39.7m. Significant movements include £4.8m reduction in properties held for sale and cash on hand reduced by £37.6m, which was mainly due to a £25m repayment of debt. Trade and other debtors increased by £1.1m with debtors due after one year and investments also increasing. Short term creditors have reduced by £20.7m reflecting repayment of £25m bank facilities in March 2021, a reduction in trade and other creditors of £1.9m and an increase of social housing grant received in advance of £7.1m.

Long Term Creditors: £470.2m

The net movement in long term creditors was a reduction of £3.4m. There was an increase of £7.7m in deferred grant income and a decrease in longer term debt of £11.2m. The most significant element of the reduction in debt was a deal to cancel the callable options on £20m of interest rate swaps with Lloyds Bank Plc. At the date of cancellation of the options, the fair value of £9.2m was released to the income statement as an exceptional gain.

Pensions Provision: £8.7m

The pension provision has reduced from £14.2m to £8.7m, with an actuarial gain of £9.8m. The gain in the current year is mainly due to changes in financial assumptions as discussed above. The pensions plan assets value has increased from £202.4m to

£238.7m, a total increase of £36.3m during the year with a significant return on asset. The pension liabilities have increased by £30.5m during the year from £216.6m to £247m, the overall liability being reduced by £8.7m due to changes in the demographic assumptions. (See Note 27 for more detail).

Reserves: £166.8m

Reserves have increased by £37.1m reflecting the net comprehensive income for the year. Movement in the reserves balances is further shown in the Statement of Changes in Reserves on page 53.

Statement of Cash Flows

This statement shows that the cash inflow generated from operating activities of £50.4m provided cash cover 2.4 times over the interest payable of £20.9m.

During the year we funded investment in new and existing housing assets of £59.7m and also received grant income of £12.8m.

Cashflow from financing activities includes cash interest paid in the year of £21.7m with the difference being a movement in recognised accrued interest. There was a debt repayment of £25m made during the year. Overall, with the continued investment in our housing stock and repayment of debt and interest this year, after cash generated from operating activities, there has been a net cash out flow of £37.6m.

The impact of critical accounting estimates and areas of judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out in the accounting policies. The material movements and impact of the estimates and assumptions are detailed in the financial review section.

Business Health: Trend analysis, Ratio Analysis

The Group's results over the last five years are as follows:

	2020/21	2019/20	2018/19	2017/18	2016/17
	£m	£m	£m	£m	£m
Turnover	120.8	112.2	108.6	105.6	99.1
Operating Surplus**	33.1	28.6	31.6	37.4	34.2
Operating Surplus*	37.7	37.6	37.6	46.2	40.0
Net Surplus	27.3	17.5	18.8	34.4	22.0
* Including gains on disposal					
EBITDA**	46.1	41.0	43.1	47.8	44.4
EBITDA (MRI)**	34.4	29.2	31.3	38.7	36.7
**Excluding gains on disposal					
Total net assets	646.5	618.5	578.2	554.95	458.8
LT Debt	401.1	402.5	396.1	396.5	335.8
Deferred Grant	69.0	61.3	51.1	49.0	45.0
Derivatives	0.0	9.6	8.3	8.2	14.7
Other LT Creditors	0.1	0.0	0.1	1.9	2.4
Pension Provision	8.7	14.2	13.8	23.9	20.9
Other Provisions	0.8	0.9	0.6	1.0	0.7
Income & Expenditure Reserve	166.8	129.7	108.1	74.8	39.3
Key Financial and Business Ratios:					
Operating Margin Social	35.7%	32.5%	35.7%	40.5%	37.3%
Operating Margin (RSH)	27.4%	25.5%	29.1%	35.4%	34.5%
Operating Margin	31.2%	33.5%	34.6%	43.8%	40.4%
Net margin	22.6%	14.7%	17.3%	32.5%	22.2%
ROCE	5.9%	6.1%	6.7%	8.1%	8.4%
EBITDA Interest Cover	2.14	1.94	2.07	2.39	2.26
EBITDA (MRI) Interest Cover	1.60	1.39	1.51	1.94	1.87
Covenant Interest Cover	2.11	2.12	2.10	2.68	2.40
Cost of funds	4.81%	4.84%	4.95%	5.06%	5.34%
Gearing Ratio	59.7%	63.3%	65.1%	67.4%	70.2%
DPU £000	15.1	14.9	13.7	13.2	13.1
Net Debt / Turnover	2.57	2.77	2.61	2.44	2.55
Void Rent Loss	0.75%	0.59%	0.61%	0.68%	0.61%
Current Arrears	3.18%	2.84%	2.16%	1.95%	1.95%

Business Health: Ratio Analysis

The Group's operating margins are slightly higher than the benchmark median as shown in the VFM metrics on page 20.

Core operating margin on social housing activities remains strong at 35.7%, but Shared Ownership first tranche sales only generate a margin of 11.3%. As the proportion of Shared Ownership sales increases there will be a positive impact on operating surplus and cash flow, but the net operating margin could reduce due to the contribution of the lower relative margin.

The surplus after other activities and costs, which produce a net deficit due to non-capital development costs and pension adjustments is further reduced to 27.4%. However, the total operating margin including the surplus made on the sale of housing fixed assets is 31.2%, a small reduction on the prior year. Producing margins at these levels is a good outcome, particularly when considering the impact of increased costs and the pressure on income during the year due to COVID-19.

The Group repaid £25m of drawn debt during the year but increased undrawn Revolving Credit Facilities by £12.5m, partly reducing the interest cost going forwards. The Group has also taken advantage of the current low interest rate environment to secure £75m new funding from bLEND, deferred until October 2021. This has increased capitalised finance costs during the year and means that interest costs will increase in 2021/22. As a result of this activity interest cover ratios have improved from the prior year, and cost of funds, which is calculated on drawn funds, has also improved to 4.81%. The Group still has undrawn variable rate facilities and the cost of funds will further improve as these are drawn.

The cash holding of the Group has decreased this year as a result of investment activity and the maturity of loans. The Group still holds a significant cash balance, and coupled with the undrawn revolving credit facilities, offers a significant liquidity position. This can be seen as a useful buffer against any potential shocks to the operating environment, with both the implications of Brexit and the ongoing pandemic yet to be fully realised.

The Group has invested in the development of new social housing in the year, completing 332 new properties for rent and sale. This has resulted in an increase in asset values and a small reduction in gearing in the year. Whilst gearing appears high it is driven by the low asset values as a continuing effect of stock transfer. An alternative gearing measure more relevant to whg's funding agreements is the Net Debt per unit, which is £15.1k against a covenant of £25k.

Accounting standards allow accounting policy choices with respect to asset values in statutory accounts. The Group's assets are valued at historic cost and have not been revalued, which can make asset values appear lower than benchmarked organisations.

Return on capital employed (ROCE) of 5.9% has reduced against the prior year figure of 6.1%. ROCE is calculated as operating surplus divided by net assets. As seen in the analysis above, surplus is higher than the prior year, and the asset base has increased with the addition of newly developed units, but not at the same rate.

There were 103 homes void at the end of the financial year, 20 of which were in the lettings process and 83 awaiting maintenance.

The percentage of current tenants' rent arrears has increased slightly in the year from 2.84% to 3.18%. Arrears are being proactively managed including support for the Group's tenants with managing the challenge of Universal Credit.

Treasury Management

The Group has a formal Treasury Management Policy and Strategy which are reviewed annually by the Board. The Policy provides the framework within which the Group seeks to mitigate risk relating to the borrowings and cash holding it has at any one time. The Group maintains a risk-aware approach to its debt portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs. Treasury activities are also supported by independent professional advice from Link Treasury Advisors.

Liquidity and Capital Structure

The Group finances its activities using facilities of £450m, comprised of £200m loan facilities with Lloyds Banking Group and Santander, and the bond issue of £250m.

Current cash and facilities provide a high level of liquidity with £61.6m of available revolving credit facilities and £90.5m of cash and cash equivalents, including investments held as cash. In addition, the Group has an agreement to drawdown £75m of funding from bLEND in October 2021 (see below). The Group has a policy to maintain a minimum liquidity balance that covers 18 months of committed cash flows.

Loan Facilities	Facility £m	Drawn £m	Available £m	Fixed £m	Variable £m
Bond Finance	250.0	250.0	-	250.0	-
Bank Finance	200.0	138.4	61.6	138.4	61.6
Total Facilities	450.0	388.4	61.6	388.4	61.6
Funding mix				86%	14%

Interest Rate Management

The Group manages its interest rates through 86% of fixed rate funding and 14% of variable rate revolving credit facilities which are undrawn as at 31 March 2021. The fixed rate funding is comprised of the bond and drawn fixed rate loans from banks. In March 2021 the Group cancelled callable options on £20m of interest rate swaps at a cost of £104k, meaning that all debt is now basic financial instruments. This has allowed the Group to protect itself against the risks associated with future rises in interest rates and fair value accounting.

Investment Policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked to ensure investments are not at risk. Surplus cash is put in either fixed or floating deposit accounts. Fixed rates of interest attract rates of between 0.05% and 0.5% for investments of up to 125 days. Floating rates attract interest at

rates that vary with bank rates.

Currency Risk

The Group borrows and invests cash in GBP sterling only and therefore does not have any currency risk.

Loan Covenants

There are two corporate based covenants, Net Interest Cover and Net Debt per Unit. In addition, a minimum asset cover is required on each individual facility. The Group ensures that it operates with a prudent level of headroom and monitors covenants on a monthly basis. This is reported to the Board on a quarterly basis. The Business Plan is very resilient to these covenants with a degree of headroom. As at 31 March 2021 and throughout the year, the Group met both its covenant targets for the financial year.

Year-end corporate covenant performance	Covenant	Actual	Met
1. Net Interest Cover:	1.1	2.11	Yes
The ratio of Adjusted Operating Surplus to Net Interest Payable is greater than 1.1:1.0 for the financial year			
2. Net Debt per Unit:	£25k	£15.1k	Yes
The Net Debt per Unit must not exceed £25k throughout the duration of the facilities			

Capacity

The maximum amount of debt that the Group can borrow is limited by the covenants shown above, but there is still a great deal of headroom available in both covenants for the foreseeable future.

The other limiting factor on future borrowing is how much spare capacity the Group has to provide security against future borrowing. The Group's assets are subject to regular revaluations to determine the portfolio value for the purpose of securing existing and new debt. Current valuations are estimated to be £811m against an asset cover requirement on existing facilities of circa £485m, leaving a healthy amount of headroom.

The Business Plan models the utilisation of this uncharged asset base going forwards, as more units are charged to raise debt in support of further development and this new development adds to the asset base. The plan shows that the Group maintains sufficient uncharged assets to support its strategic development objectives, but also to provide further security to existing borrowing should there be any unforeseen deterioration in the asset values.

Bond

whg Treasury PLC is a subsidiary of Walsall Housing Group Limited. It is used as the vehicle to act as an onward lender of bond monies to its immediate parent company, Walsall Housing Group Limited.

bLEND Funding

On 13 October 2020 bLEND Funding plc tapped its benchmark 2054 bond for £75m on behalf of the Group, with drawdown deferred for a year. This funding had a price of 2.267% with a spread of 148bps over gilts. Given that the coupon rate for the bond was 2.922% the issue attracted significant levels of issue premium, meaning that when the funds are drawn down in October 2021 the Group will receive £84m. This provides certainty for the Group's liquidity position over the next 12 months, and the funds will be used to fund the ongoing development programme.

Credit Rating

Moody's carried out their annual credit rating review for the Group in December 2020. The Group's rating is A3 with a stable outlook. The following assessment was provided: 'The credit profile of Walsall Housing Group Limited (A3 stable) reflects:

- its low-risk business model and strong operating performance;
- its high level of indebtedness; and
- a moderate development ambition"

Value for Money

STRATEGIC APPROACH

The overall approach to value for money has been developed from the Corporate Plan and is based on what is required to deliver our mission. Our Value for Money Strategy 2019 - 2024 sets out the detail of our strategic approach to achieving value for money, which is to ensure our money is spent well and we optimise the use of our resources. The Strategy sets out our two main strategic aims, which are:

- to deliver value for customers; and
- to deliver value for money to stakeholders.

We have adopted the five E's as the guiding principles for our strategic approach, which are:

- **economy** – for us this means spending less and/or minimising our costs while continuing to deliver quality homes and services to our customers;
- **efficiency** – we will seek to do more for less thereby getting more from our resources;
- **effectiveness** - we will spend wisely and use our resources to achieve our Corporate Plan aims and social purpose;
- **equity** – we will ensure we use our resources to reduce inequality in our communities;
- **ethics** – we will use our resources with integrity, being open and accountable about our spending decisions.

Our strategic approach is underpinned by careful financial management and good governance. It builds on a strong culture of performance management and continuous improvement. It is supported by creative thinking that promotes innovation, including investment in technology that adds value and improves the customer experience. We are committed to delivering efficiencies and making sure we get the most out of our resources. We will be assisted by customers looking after their homes and adhering to their responsibilities.

Creating value for money allows us to provide as many new homes as possible and sustain investment in our existing homes, backed by high quality services.

Effective governance

Our strategic approach to delivering value for money is embedded throughout our governance structures across the Group and key business strategies. Our Board sets the strategic approach to value for money and checks it is being delivered. It is a skills-based Board with Members with a range of experience and knowledge who ensure our growth and non-housing commercial activity is well managed. We have a Board Champion to drive value for money.

Our Board looks to achieve value for money wherever possible and all Board reports include a value for money section to inform decision making. Each significant investment decision requires a robust business case that considers value for money as part of a detailed cost benefit analysis of alternative commercial, organisational and delivery structures and a rigorous appraisal of options for improving performance.

The Board keeps our governance structure under review to ensure that it remains fit for purpose and meets the requirements of the Standard. In 2020, following extensive consultation and negotiation with Walsall Council, we removed Visionary Investment Enhancing Walsall Limited (VIEW) from our Group structure after completion of the dissolution process and transfer of engagements to Walsall Housing Group Limited. Further review of our structure resulted in the dissolution of Buy For Good completed on 20 April 2021. We are currently working through actions to streamline our governance arrangements for development, which includes the Boards of Anthem Homes Limited, whg Developments Limited and the Development Committee (a Committee of the whg Board).

Our customers are encouraged to provide feedback and work with us to continually improve our services. This ensures we are providing value for money for the rent and charges that customers pay. Our customers are also involved in the procurement of major contracts that directly impact the service they receive.

Building and acquiring more homes

We are continuing with our Corporate Plan to achieve growth by development, our Development Strategy being refreshed in Autumn 2020. We are now starting to form geographical clusters across the West Midlands in support of operational efficiency while bringing in more rental and sales income. In 2020/21 we completed 332 new homes. These new homes offer a mixture of rent and Shared Ownership opportunities to cater for the diverse housing needs of our customers.

Achieving an optimal benefit

We make the optimum use of our resources and assets and use the returns they generate to help us sustain investment in our existing homes and build new ones – ensuring we provide high quality homes for our customers.

We demonstrate our efficiency by generating a strong operating margin and having a keen appetite to invest in growing and extending our services, our reach and our range.

We deliver significant social value to the communities we operate within. We demonstrate our effectiveness by building many more new homes that people need. We demonstrate our economy by tight budgetary control; ensuring costs are in line or below our peers and driving down our outliers. These are measured through our performance against the value for money metrics set by the RSH and delivery against our own value for money targets.

VALUE FOR MONEY PERFORMANCE

Value for money metrics

We report and compare our performance against the value for money metrics using the latest Global Accounts published by the RSH, which has reported sector performance outturns for 2019/20. This is a comprehensive data set for comparison purposes, and we have compared ourselves against other RPs using lower, median and higher quartiles. The table below shows our performance and our quartile position in relation to the median results of a benchmark peer group comprising all RPs. We also indicate the average performance for RPs operating between 20,000 and 29,999 homes. In reviewing our comparative performance, we need to consider the different operating environment created by the pandemic in 2020/21 that is not reflected in the 2019/20 global accounts. We have used the term 'Upper' to describe positive performance.

Value for money metrics	whg 2018/19	whg 2019/20	whg 2020/21	Average of RP's 20,000 -29,999 homes	Sector Median 2019/20	whg Quartile Position
Reinvestment	11.4%	13.8%	11.6%	5.9%	7.2%	Upper
New supply social	2.7%	2.1%	1.6%	1.4%	1.5%	Median
New supply non-social	0.0%	0.0%	0.0%	0.3%	0.0%	Median
Gearing	65.1%	63.3%	59.7%	45.0%	44.0%	Lower
EBITDA MRI interest cover	151%	138.6%	159.9%	138.0%	170.0%	Lower Median
Headline Social Housing CPU	£3,340	£3,473	£3,327	£3,540	£3,830	Upper
Operating margin – social	35.7%	32.5%	35.7%	24.6%	25.7%	Upper
Operating margin – overall	29.1%	25.5%	27.4%	20.6%	23.1%	Upper Median
Return on capital employed	6.7%	6.1%	5.9%	3.1%	3.4%	Upper

'Reinvestment %' looks at the scale of investment in our existing and new homes as a percentage of their value. We are upper quartile for this metric due to our approach to maintaining the quality of our homes, supported by the low historic asset values of our stock. The average for RPs of a comparable size to us is 5.9% making our comparative performance even stronger.

'New supply social %' expresses the number of new social homes delivered in 2020/21 as a proportion of all homes owned at 31 March 2021. In 2020/21 our performance is in line with the median industry performance. RPs of a comparable size delivered a slightly lower return of 1.4% in the benchmark year.

New supply non-social is 0% as expected. There were no plans to deliver either Market Rent or Outright Sale homes during the year although these are included in mixed development schemes in the future. RPs of our size delivered 0.3% non social

properties in the benchmark year.

The 'Gearing %' shows the proportion of net borrowing in relation to the value of the asset base and indicates the degree of dependence on debt finance. Our lower quartile performance reflects our low asset values due to our stock transfer origin and valuation method. Similar size RPs sit at an average gearing of 45%. Our net debt per unit is only £15.1k and is a better measure of the proportion of debt to underlying asset value.

'Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %' measures our level of cash surplus generated as a percentage of interest paid. It shows our headroom for meeting interest payments on existing debt. The interest cover percentage reflects a lower median comparison to the sector. This is partly explained by the carrying cost of the bond. Compared to the average for RPs of our size at 138%, this is still a relatively strong position. Liquidity has to be constantly managed in the short, medium and long term.

'Headline social housing cost per unit' combines several cost elements to provide our overall social housing cost per unit. Our costs in 2020/21 reflect an upper quartile performance however, our expenditure for 2020/21 reflects a more significant COVID impact than the comparator for 2019/20. RPs of our size are closer to us at £3,540 per home.

'Operating Margin %' shows the profitability of our assets and is an indicator of our operating efficiency. Our social housing operating margin reflects an upper quartile performance from our core activities when compared to the sector. Again this comparator is significantly impacted by COVID operations. RPs of a similar size to whg performed a little less well than the sector median at 24.6%.

Our overall operating margin reflected an upper median performance to the sector. Compared to RPs of our size at 20.6%, our relative performance is stronger still.

'Return on Capital Employed' shows how well we are using our capital and debt to generate a financial return. This indicator remains upper quartile. With low historic asset values, any increase in asset value due to development at current cost, has a proportionately bigger impact on this ratio. RPs of our size averaged 3.1% return in 2019/20.

Strategic Performance Indicators are included in the Strategic Report on page 8.

Bespoke whg VFM metrics

The table below shows performance against our bespoke VFM metrics. Broadly performance has been good across almost all of our indicators. This is particularly against the challenging operational context of the pandemic with government restrictions to be followed as part of service delivery, for example on repairs. Our approach to target setting during the year has been different to previous years, reflecting the changing situation we found ourselves in.

Aim	Performance Indicators	VFM theme	Target 2020/21	Actual 2020/21
Deliver high quality homes and services for our customers	Customers who would recommend whg	Effectiveness	82%	84%
	Customer contact that is avoidable	Efficiency	<5%	3.9%
	First Point of Contact Resolution	Efficiency	70% by 2024	66%
	Properties with a valid gas safety certificate	Effectiveness	100%	99.98%
	Properties with an electrical condition report	Effectiveness	100%	99.99%
	Customer satisfaction with repairs	Effectiveness	>84%	83%
	Repairs appointments made and kept	Economy	>98%	90.71%
	ASB satisfaction with case handling	Effectiveness	100%	100%
	Planned asbestos inspections carried out in communal areas	Effectiveness	100%	100%.
	Planned water hygiene risk assessments completed	Effectiveness	100%	100%.
	Communal areas with a Fire Risk Assessments	Effectiveness	100%	99.74%
	Decent Homes Standard compliance	Effectiveness	100%	99.9%
	Customers satisfied with quality of home	Effectiveness	>81%	84%
	% of customers satisfied with rent as VFM	Effectiveness	87%	89%
Be an exceptional place to work that attracts, develops and retains talent	Colleagues who would recommend whg as a great place to work	Ethics	90%	92%
	Contracted hours lost due to sickness (short and long-term)	Efficiency	<3.5%	4.37%
	Annual Rolling Colleague Turnover	Effectiveness	<15%	10.21%
	Number of colleague accidents and near misses	Economy	Do not set a target.	41 accidents

Aim	Performance Indicators	VFM theme	Target 2020/21	Actual 2020/21
Grow and extend our services, our reach and our range	Homes completed	Effectiveness	500	332
	Homes started on site	Effectiveness	299	325
	Shared Ownership Home Sales	Effectiveness	140	168
	Secure at least £5m of external funding by 2024	Ethics	£1.25m	£1.38m
Promote health and prosperity where we can make a difference	Number of customers supported to increase their confidence, skills, health and wellbeing by moving them into new opportunities	Equity	>2500 10,000 by 2024	4,240
	Generate social value each year equivalent to a third of our annual turnover	Equity	>£34.6m	£38m
Deliver a strong business, fit for today and prepared for tomorrow	Our operating margin will exceed 30%	Equity	>30%	31.4%
	Work towards achieving upper quartile performance for headline social housing cost per home	Economy	By 2024	Upper quartile
	Current Arrears	Economy	<5%	3.18%
	Void Rent Loss	Economy	<2%	0.75%
	VFM Gains	Economy	£3m	£3.5m
	Property Turnover	Effectiveness	<1,440	1,112
	Customers signed up to Clickstart	Equity	No Target	492
	Stakeholders rating on whg using strong social purpose to have a social impact	Equity	9 out of 10	8.4
	Stakeholders rating on making smart choices on using its assets to create more capacity and achieve VFM	Equity	9 out of 10	8.3

Our VFM Strategy outlines our aims to deliver value for customers and stakeholders. Performance on our customer safety measures, such as percentage of homes with a valid gas safety certification has been positive. Our customer satisfaction measures, such as a one percent increase in customers who would recommend our services, reflect the continued work to shape our services with our customers; delivering value for money. Ensuring we are delivering VFM services means we can use our income on a range of services, for example the strong work done during the pandemic to support customers into employment. Equally we continued our track record in building new homes supporting the increase of affordable housing supply which benefits customer and stakeholders such as Local Authorities and Homes England.

Value for money progress 2020/21

We set ambitious targets for value for money gains. Progress is reported to the Executive Team in monthly management accounts and to the Board on a quarterly basis.

In 2020/21 we achieved £3.5m of value for money savings and other savings, working with partners and efficiencies, with the bulk of this reinvested in to works to improve homes and neighbourhoods. Summary of savings:

Area	Actual March 2021 £000's	Annual target £000's
Lever in ECO funding to support our programme of energy efficiency improvements to our homes.	55	64
Recover VAT through our development and maintenance programmes.	1,344	1,644
Secure procurement savings	643	100
Asset Management savings relate to corporate social responsibility rebate, segregation savings on wastage, LEP and aids & adaptations funding and SMS Frameworks.	746	954
Securing Innovate UK grant funding for Advanced Method of Construction works	180	180
Margin interest uplift with less interest paid over to the bank.	78	59
Through effective negotiations we have secured savings on insurance claims.	280	0
Energy Redress Scheme (Fuel vouchers for customers)	50	0
Levered in funding from Barclays Bank Plc to gift 300 electronic devices to our most vulnerable customers.	100	0
whg secured Warm Homes funding providing a 50% contribution to replacement heating system installations for four properties.	9	0
Total	3,485	3,001

PROGRESS AGAINST VALUE FOR MONEY PROJECTS

Aim 1 – Delivering Value for Customers

Delivered:	Principles:
Over 8,000 customers now registered on My whg portal and using the service to review their rent statements, make payments and report a repair.	Efficiency/Effectiveness
The Customer Services Team has been fully operational throughout the pandemic from home.	Efficiency/Equity/Ethics Effectiveness
Predictive arrears functionality has now gone live.	Economy/Efficiency

Delivered:	Principles:
Use of technology: • Voicescape contacted large numbers of customers generating payments of £128k with a further customer promise of £419k. • 150 tablets delivered to digitally excluded customers • Progressing the digitalisation of processes. • Mobilised welcome visits and virtual document signing.	Economy/Efficiency/Equity
We constantly strive to drive value through our procurement activity.	Economy
whg secured Warm Homes funding providing a 50% contribution to replacement heating system installations. Four properties will qualify providing a saving of over £9k.	Economy/Equity/Effectiveness
whg has led on the strategic Walsall Fuel Poverty Steering Group. The group has a broad membership of key partners and focuses on reducing the impact of Fuel Poverty.	Economy/Equity/Effectiveness
Project Uplift providing flexible part time employment for single parents with children in school.	Equity/Ethics
BIM/ Digital Twin modelling of our high-rise blocks to provide building information in one place. Can also be used by Fire Services in the event of any incident.	Equity/Ethics/Effectiveness Efficiency
whg avoided consultancy cost of £149k by using in house resource to develop Choose and Move software.	Equity/Efficiency/ Efficiency
£100k donation from Barclays COVID Grant Scheme secured and used to support the whg Christmas Kindness Campaign. Providing gifts, food hampers, energy saving vouchers and digital tablets to customers in hardship.	Equity/Ethics
Development: • New scripting process in preparing KPI reports for defects allowing focus on value engineering. • Repurposing of the small sites portfolio to focus on regeneration.	Efficiency/Effectiveness/ Economy/Ethics
The Health and Wellbeing Team, a part of the Social Prescribing team enhanced training to enable colleagues to work more effectively and efficiently with customers.	Equity/Ethics
whg has become the representative of housing on the Walsall Together Board.	Equity/Ethics
The fly tipping process has been streamlined.	Ethics/Economy/ Effectiveness
Implementation of Home Match CRM, linked with Sequel, creating better reports and improving the customer experience	Economy/Effectiveness
Introduction of lone working devices to all relevant colleagues	Ethics

Aim 2 – Delivering Value to Stakeholders

Delivered:	Principles:
COVID-19; whg Stay in Stay Well project, used resources from across the business to phone vulnerable customers and ensure they were properly supported. We made approximately 8,000 of these calls. The calls are a Safe and Well check and focus on reducing our customers' feelings of loneliness and isolation.	Equity/Ethics/Effectiveness
As part of our ongoing Kindness Counts project, we identified customers who are impacted by Food Poverty. 600 customers were identified for a three-day meal pack over the Christmas period and we began a Clever Conversation with relevant customers to signpost them to longer term support.	Ethics/Effectiveness
COVID-19; Repair's operatives helped support food distribution and deliver approximately 6,000 food parcels to vulnerable families. We also helped to refurbish a local hospital.	Equity/Ethics/Effectiveness
Phase 1 of the restructure/reorganisation of the Planning and Admin function within Homes Maintenance Service is complete. With further scoping taking the end to end repairs project into account in early 2022/23.	Economy
Development: • Electronic inspection tools supporting Quality managers to be more efficient. • Standard house types rolled out. • We are using a gateway process to capture best value from dispose/retain decisions.	Efficiency/Effectiveness/ Economy/Ethics
Our customer satisfaction measure has been at 86% for two years now. We have seen a 3% increase in the percentage of customers who would recommend our services to 85%.	Equity/Ethics
The colleague voice was launched enabling our people to be involved, listened to and invited to contribute their experiences, expertise and ideas.	Ethics/Efficiency
We had positive results in relation to our engagement survey in October 2020, with 92% of our colleagues saying they would recommend whg as a place to work and 93% saying they would recommend our services.	Ethics/Efficiency/ Effectiveness

Building more homes

In 2020/21 we invested a gross £38.6m in developing and acquiring 332 new homes.

Our Development Strategy 2020-24 sets out plans to build or acquire 2,200 new homes across the West Midlands region, with an expected gross cost of over £380m (excluding Outright Sale homes) which is aligned to, and funded by, our Business Plan. This includes 1,000 grant funded homes through our Strategic Partnership with Homes England under the Wave 2 programme. The programme balances investment in areas

where rental or sales yields are high, generating additional income to support our social purpose, and is further supported by the reinvestment of proceeds from the disposal of poorly performing assets.

These new homes are being delivered by securing land and tendering the construction, land and building packages with developers, and s106 agreements. A detailed and comprehensive assessment of each scheme is undertaken to ensure it is viable and all associated risks can be mitigated. All schemes are expected to achieve a benchmark return on assets and strategic procurement and value engineering is used to achieve competitive build costs. The comprehensive records of new homes then become a part of our asset register and future debt security pool.

Maintaining and improving existing homes

Our Corporate Plan makes a firm commitment to deliver 'high quality homes and services to our customers'.

Our Asset Management Strategy directs how we actively improve the value from our assets by:

- maintaining our existing homes through responsive, preventative and planned maintenance;
- improving homes with low thermal ratings through a retrofit programme;
- improving neighbourhoods with an implementation of priority projects identified with customers; and
- increasing the numbers of homes in ownership through a new build programme and acquisition.

Each year we carry out a revaluation for internal purposes on a proportion of our homes at 'existing use value' to ensure we have sufficient value for security against loans. Increased property values each year reflect the significant investment we have made in our homes and rising markets.

We aim to survey 20% of our stock each year (in 2020/21 we achieved a 15% survey due to COVID restrictions) to ensure we know our investment requirements and these feed into our Business Plan capital investment plans. We will be investing over £1.2bn in repairing, maintaining and improving our homes over the next 30 years. We invest in our existing housing stock in order to maintain homes to our 'Great Homes and Neighbourhoods Standard' and all of our properties meet the Government's Decent Homes Standard.

Our five-year investment plan represents a total investment of over £185m in maintaining our homes. This prioritises work to properties with the greatest maintenance needs. The Business Plan includes elemental replacements, health and safety works, neighbourhood improvements and energy efficiency works so all of our properties will have an energy rating of C or above by 2030. The legislation in respect of a minimum energy efficiency standard came into effect from April 2020. Properties will be required to be at a minimum Decent Home Standard energy rating of E or above.

We spent a combined total of £41.7m on our existing homes in 2020/21 on component replacements, routine repairs, major repairs and planned repairs.

Our future aim is to achieve at least median performance on maintenance and major works costs per unit. We will achieve this by securing further efficiencies in the way we manage and deliver our maintenance programmes, retendering contracts and by using value engineering to reduce costs and waste – although not at the expense of safety or quality.

In order to continue to deliver high quality homes for our customers we actively appraise the performance of our homes, not just those that become empty or difficult to let. We have assessed all our homes' return on assets using a number of financial and social indicators of performance. For example, financial indicators have included a consideration of the rental income stream, stock condition costs, management costs, maintenance costs, void rent loss, tenancy turnover, market values and economic assumptions that can affect future forecast costs. Social indicators of performance have helped us to assess fuel poverty, level of anti-social behaviour on estates, waiting list demand by local area, employment, health and geographical barriers, all of which help us understand our customers and their wellbeing. This financial and social data has been combined to help inform future investment decisions and neighbourhood planning and will link into whg's ESG roadmap.

Social impact

We are proud of the positive impact we make through our investment in improving the health and prosperity of our customers and regenerating the neighbourhoods in which they live. This includes the substantial social impact we make through our homes and services, the amount of social value we generate and the public money we save on an annual basis as described in our Social Impact Report. During 2020/21 we generated social value of £38.0m based on the HACT Wellbeing Valuation Model.

Our social impact includes helping local residents to access employment, tackling poor health, and providing independence for customers who struggle with their mobility, delivering services to improve the wellbeing of our customers, improving our neighbourhoods, installing measures to reduce fuel poverty and improve the energy efficiency of our homes and helping to sustain tenancies through money advice. We use the HACT Wellbeing Valuation Model as the principal methodology for measuring social value - it is a large bank of methodologically consistent and robust social values that provide a basic assessment of social impact, provide evidence of value for money, and allow us to compare the impact of different community investment programmes.

VALUE FOR MONEY PLANS FOR 2021/22

We plan to make further value for money gains and have a minimum target of £1.9m for 2021/22.

Value for money targets	Target 2021/22 £000's
Recover VAT through our development and maintenance programme.	1,703.8
Secure procurement savings	100.0
Asset Management savings	85.1
Margin interest uplift with less interest paid over to the bank	48.7

	Total	1,937.6

Value for money projects

We will deliver the following initiatives and projects to secure additional value for money in 2021/22:

- Collect and review evidence of value for money progress, gains, and social value achievements through our 'virtual evidence pack', progress report and Social Impact Report to tell the wider story of the broader positive value and impact on customers from the homes and services provided by whg;
- Work towards reducing cost per unit outliers;
- Continue to challenge ourselves to identify digital solutions to business operations: through our digital action plan which supports the organisation's digital ambitions;
- Deliver a wide range of strategic change projects that will ensure we work as effectively as possible across the business.
- Re-procure contracts to generate Value for Money and efficiency savings and ensure customers are safe and well served in their homes;
- Deliver our Commercial Strategy and generate 'profit for purpose'.

Below is a list of projects in progress that will be completed in 2021/22.

Aim 1 – Delivering Value for Customers

In Progress:	Principles
A Home Maintenance Services (HMS) review resulting in: • Project Magna, improving the first point of contact and delivering a 69% reduction in overdue tasks. • Asset review project to modernise remote working systems. • Redesign of out of hours operating model	Efficiency/Effectiveness/Economy
New Health and Wellbeing Strategy delivered to customers from April 2021.	Equity/Ethics
We are setting up the HomeTrack intelligence database to provide sales reports to New Business and support a new sales website.	Economy/Efficiency
We are automating and enhancing our repairs service.	Effectiveness/Efficiency
The relaunch of our learning through complaints approach will improve knowledge sharing through the Mates to Managers training programme.	Efficiency/Effectiveness/Economy
Polaris project forecasts savings on the replacement of Meraki £25.5k; Egress £22.5k; RSA solution £13k; and £20k cost avoidance through reducing the number of RSA tokens.	Efficiency/Effectiveness/Economy

Aim 2 – Delivering Value to Stakeholders

In Progress:	Principles
The Customer First project is underway to streamline processes, increase the quality of response, and the first point of contact resolution of more complex Housing enquiries. Customer and colleague satisfaction indicators will measure success.	Ethics/Equity/Efficiency
We are launching our new Community Housing Model, the whg approach to managing our homes and communities supporting and safeguarding our community ethos.	Economy
The People Strategy was launched in April 2021	Ethics/Efficiency/Effectiveness
DB Capture implemented in January 2021, enabling supplier invoices to be scanned automatically into Open Accounts. Improving productivity.	Efficiency/Effectiveness
Digital delivery of customer facing platforms is continuing at pace with the acquisition of Mendix Low Code platform and the recruitment of an in-house development team. The first deliverables being Choose and Move software to simplify customer application process, followed by end to end online repairs.	Ethics/Efficiency/Effectiveness

Principal Risks and Uncertainties

The housing sector is currently facing a changing landscape with legislative and regulatory reform coming through the Social Housing White Paper, Building Safety Bill and Fire Safety Act and large scale investment will be required to meet the carbon zero/neutral agenda. Therefore the environment in which we operate produces inherent risks that we face in our everyday operations including economic challenges, government policy and social change. The Board clearly sets out its appetite to risk, providing the setting for business operations. We are not averse to taking on measured risk to deliver our objectives, but when taking these decisions, the Board fully appraises the risk to understand the potential impact.

The Risk Management Framework approved by the Board sets out the arrangements for identifying and managing risk in accordance with the Board's risk appetite.

The Group has adopted the three lines of defence risk management model, which is designed so that assurance is obtained through the strength and source of controls and the Group's reliance upon them.

Regular reviews of risk and work set out in the Risk Management Framework are overseen by the Risk Panel, Executive Team and Audit and Assurance Committee which remain focused on mitigating risks at all levels in the business. This ensures effective controls are in place. This approach is central to putting us in a strong position to achieve our strategic aims and embrace opportunities as they may arise.

The Board, as part of its review of risk management, has identified its most significant Corporate Risks and uncertainties, together with the mitigating actions taken in order to

ensure that the risks are appropriately monitored and controlled. These risks have been reviewed to assess the impact of COVID-19 and any additional controls or assurance required.

A summary of our Corporate Risk Register is set out below.

Risk	Steps taken to manage or mitigate
Information security breach.	We have a resilient security network and strong technical controls and arrangements to ensure that data is held securely. User access to systems is controlled and monitored using system access requests. Our IT estate is protected by firewalls and other systems security measures, which are subject to third party penetration testing. Cyber security is a constant threat and we are continually looking at ways to improve which is why we have our own in-house Cyber Security specialist, as well as retaining specialist third party support for cyber security. We are working towards Cyber Essentials Plus accreditation.
Customers do not / are not able to pay their rent.	Arrangements are in place to identify and support customers affected by welfare reforms and financial exclusion. Income collection is maximised through rigorous escalation procedures to prevent arrears increasing. COVID-19 impacted on customers' ability to pay rent so we provided more colleague resource to support customers, for example to agree deferred payment plans and target money advice. We have stress tested the projected arrears increase against the Business Plan and arrears and rent collected are included in the suite of Key Performance Indicators (KPIs) reported to Board.
Business Plan income targets are not achieved.	Income from all streams is monitored and the Business Plan stress tested against a range of scenarios, including increased voids, under-performance of the development programme and conversion of new homes intended for sale to rental homes and potential Brexit or COVID-19 related issues. Potential mitigations have been identified in the Budget that, if required, could generate operating surplus savings and improve cash/liquidity. The KPIs reported to the Board include forecast surplus and cash position.
Exposing customers to health or safety risks.	COVID-19 increased the health and safety risks to customers as it was more difficult to carry out appointments to do essential safety work. Colleagues entering customers' homes also carried the risk that they might be spreading the virus. However strong performance was maintained and the Group has a robust Quality Assurance process in place with appropriate testing and inspection. All gas servicing is completed in-house with a programme to ensure gas servicing visits are planned appropriately. The KPIs reported to the Board include customer safety measures.

Risk	Steps taken to manage or mitigate
Failure to maintain assets in line with regulatory standards and customer expectations.	The Group has a dedicated team to maintain assets in line with the Asset Management Strategy which is underpinned with asset condition surveys. The Asset Management Strategy is a critical business tool used to align our property assets with business need; directly linked to the Corporate Plan and supported by the 30-year Business Plan. We have a recovery plan for addressing the backlog from COVID-19 and we have developed resilience plans for further restrictions.
Appropriate levels of funding are not available.	We have an effective Treasury Management Strategy in place that sets out a funding plan that meets the requirements of the annual Business Plan. In addition, the Board has set a liquidity Golden Rule that requires the business to have facilities in place to meet the next 18 months' development spend and debt repayments. Therefore the strategy must remain flexible and centred on the value for money principle. For example, in 2020/21 the Group took advantage of the low interest rates and secured £75m new long term funding with a drawdown deferred for a year. The Board reviews the Group's funding position and forecast on a quarterly basis.
Failure to meet regulatory/ and statutory requirements.	The Group has resources in place to identify requirements, assess compliance and progress any actions. Scrutiny arrangements and reviews of policies and procedures ensure any new requirements are complied with. We are closely monitoring compliance during the COVID-19 pandemic.
Failure to meet deadlines and successfully deliver the development/ build programme.	Performance targets are monitored, and robust scheme assessments and contractor due diligence is carried out. COVID-19 had a temporary impact on our completions and pipeline and our ability to let properties. The financial impact from the updated stress testing is that projected rental income from new build homes will reduce but there is no threat to covenant compliance or liquidity as a result of these re-forecasts. The Business Plan is supported by a robust golden rule framework that can withstand a multitude of stressors.
Failure to achieve desired Outright Sale/Shared Ownership sales goals	Joint venture arrangements with developers reduce exposure to any market downturn relating to Outright Sale homes. Potential schemes are robustly assessed to meet financial criteria and quality standards. Shared Ownership homes are marketed, and sales proactively managed, by an experienced team to start to secure sales ahead of completion. COVID-19 was a positive impact in terms of 168 Shared Ownership and four Outright Sale homes sold, with £16.5m receipts, £3.2m ahead of target. Part of our mitigation strategy is to convert unsold homes to rental tenures, if necessary. We are currently experiencing high demand for Shared Ownership and the challenge is to develop homes quickly enough to meet demand. Unsold homes are included in the new suite of KPIs reported to Board.

Risk	Steps taken to manage or mitigate
Insufficient skilled colleague resource to meet operational and strategic needs.	The Group invests in training and developing colleagues and the annual budgeting process includes a review of the resources needed. It has processes in place to identify ongoing needs at team and individual level. The Group also places a strong focus on colleague engagement. Services have continued to be provided despite COVID-19 and all roles that could be performed remotely from home were enabled through the use of technology, with front line services being delivered digitally or scaled back to protect colleagues and customers.
Failure to deliver against whg's health and prosperity targets.	whg supports customers into employment or training, by offering health and wellbeing initiatives and money advice. Performance targets are set and monitored and work with delivery partners is managed through Service Level Agreements. Services are being delivered remotely where possible in response to COVID-19 and we continue to work in partnership with other agencies.
Failure of strategic change projects.	There is a robust project management process in place with governance oversight of strategic projects. Resource planning and impact assessments are included as key features of the process. The project portfolio has been reprioritised due to COVID-19.

Energy and Carbon Reporting

The UK government's Streamlined Energy and Carbon Reporting (SECR) policy was implemented on 1 April 2019, when the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. Walsall Housing Group Limited (whg) meets SECR qualification criteria in the UK.

whg has opted to use the Operational Control boundary definition to define its carbon footprint boundary. The reporting period for the compliance is 1 April 2020 to 31 March 2021. Included within that boundary are Scope 1 and 2 emissions, as well as Scope 3 emissions from gas, electricity, company fleet and grey fleet in the UK. The Green House Gas (GHG) Protocol Corporate Accounting & Reporting Standard and UK Government's GHG Conversion Factors for Company Reporting have been used as part of our carbon emissions calculation.

The results show that whg's total energy use and total gross GHG emissions amounted to 9,643,847 kWh and 2,063 tonnes of CO₂e respectively in the 2020/21 financial year in the UK. Within the financial year, whg purchased 100% green electricity and gas backed by Renewable Energy Guarantees of Origin (REGOs) and Renewable Gas Guarantees of Origin (RGGOs) respectively. whg's transition to green gas in all communal heating means that we moved around 693 homes to a carbon neutral heating system. Furthermore, whg generated 467,436 kWh of electricity through solar panels at 123 sites and 50% of the generated amount exported to the grid.

whg have chosen 'Tonnes of CO2e per full time employee (FTE)' as an intensity metric as this is an appropriate metric for the business. The intensity metric for the financial year 2020/21 was 2.93 compared to 3.30 in 2019/20.

The results are presented in the following tables:

Table 1 emissions

Type of emissions	Activity	kWh	tCO2e	% of Total
Direct (Scope 1)	Natural Gas	2,984,853	549	27%
	Company Fleet	2,070,830	498	24%
	PV Generation	467,436	-	-
	Subtotal	5,523,119	1,047	51%
Indirect (Scope 2)	Electricity	3,743,439	873	42%
	Subtotal	3,743,439	873	42%
Indirect (Scope 3)	Grey Fleet	611,007	143	7%
	Subtotal	611,007	143	7%
	Total	9,877,565	2,063	100%
	PV Exported energy to the grid	233,718	(54)	-
	Total energy usage kWh	9,643,847	2,009	-

Table 2 Intensity Metric

Measure	Output 2020/21	Output 2019/20	Annual Change
Total Energy Use (kWh)	9,643,847	10,193,619	(5.4%)
Total Gross Emissions (tCO2e)	2,063	2,321	(11.1%)
Renewable Electricity (tCO2e)	(873)	(1,005)	(13.1%)
Electricity Exported to Grid (tCO2e)	(54)	(52)	(5.4%)
Total net emissions	1,136	1,264	(10.2%)
Number of Full Time Employees (FTE)	704	704	0.00%
Tonnes of gross CO2e per FTE	2.93	3.30	(11.1%)

Energy Efficiency

The aim by 2024 is to have no property less than a D rating, and by 2030 no less than a C rating. whg is currently in the process of preparing its road map to decarbonisation ready for the next Corporate Plan. The roadmap will include the proposed investment approach which is likely to require funding from existing and new debt facilities as well as external grant funding from government sources.

Within the 2020/21 financial year, whg completed:

- 1,423 energy efficient measures of either thermal or heating improvements.
- 1,227 boiler or full heating replacements to new energy efficient central heating systems.
- 67 external wall insulation which included new roofs and windows on our properties.
- 128 window installations.

It is anticipated that 7,105,000 kWh energy is going to be saved across the five years to 2026 through these energy efficiency measures, which could lead to a potential saving of a further 1,600 tonnes of CO₂e.

Statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of Directors of Walsall Housing Group Limited consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 March 2021. In particular, by reference to the approval of our 10-year Corporate Business Plan launched in 2014. We work within a regulated sector and are proud to hold the highest level accreditation of G1/V1 for our Governance activity and our Financial viability.

Long term consequences of our decisions

Our plan was designed to have a long-term beneficial impact on the Company and to contribute to its success in delivering quality homes and service to our customers. We will continue to operate our business within tight budgetary controls and in line with our regulatory targets. Our plan was informed by engagement with customers, enabling us to gain an understanding of their views and priorities, communicating and listening. We have a strong commitment to quality.

Key decisions in the year to demonstrate that decision making has been supported by financial and non-financial information: The Board approved the annual Budget in March 2020 and then again a revised Budget part way through the year to accommodate the potential financial impacts of COVID-19. As part of this Budget approval, the Board assessed in depth financial information on all aspects of the business. In addition, the Board approved a long term Business Plan and all economic assumptions made within it. The Board assessed the financial impact of numerous scenarios on the Business Plan via a comprehensive set of stress tests and mitigating actions to ensure ongoing financial viability should the economic environment worsen. In terms of non-financial information, the Board has assessed performance information on a regular basis throughout the year and used this to determine investment decisions for the long term Business Plan. Key examples of this include investment in digitalisation, additional colleague posts to support delivery of the Corporate Plan and investment in community projects to deliver social returns.

Interests of our employees

Our colleagues are fundamental to the delivery of our plan. We aim to be a responsible employer in our approach to the pay and benefits our colleagues receive. The health,

safety and wellbeing of our colleagues are primary considerations in the way we do business. We work to attract, develop and retain the best talent, equipped with the right skills for the future. Our people have a crucial role in delivering against our strategy and creating value.

Key decisions in the year that demonstrate protection of employees'

interests: Colleagues were awarded salary uplifts in line with industry averages in recognition of the importance of paying people fairly for their services. To support this approach, regular salary benchmarking takes place to ensure colleagues' salaries are in line with industry norms. whg continues to invest in pension scheme arrangements to support its employees, offering a choice of schemes allowing colleagues to select the most appropriate for their circumstances. There are various employee groups in operation within the business ensuring that employees have a voice and training on ethnicity, diversity and inclusion has also been provided to support the culture of treating people fairly. A robust policy framework is in place, including policies for code of conduct and health and safety, which protects employees. In addition, an annual colleague engagement survey is carried out to monitor the ongoing wellbeing of teams across the business. The engagement scores are high, indicating that whg's approach to colleague management is in line with its ambition to be an employer of choice.

Business relationships with suppliers, customers and others

We also aim to act responsibly and fairly in how we engage with our suppliers. We depend on the capability and performance of our suppliers, contractors and other partners, such as small businesses to help deliver the products and services we need for our operations and our customers.

Key decisions in the year that demonstrate relationship management with

stakeholders: whg actively engages with stakeholders during the year through various channels. In terms of suppliers, an effective procurement strategy is in place which enables opportunities for suppliers of all sizes to offer their services and ongoing contract management approaches ensure that suppliers receive the level of engagement expected from whg as determined by the contractual arrangements. In terms of customers, whg's Corporate Plan is heavily focused on delivering high quality services to customers and various activities take place during the year to engage with customers, seek feedback on our services and use customer survey data to inform future shaping of service delivery. There are various forums for customers to participate in decision making including customer representation at Board level.

Impact on the community and the environment

Our plan considered the impact of the Company's operations on the community and environment and our wider societal responsibilities, and in particular how we impact the regions we serve throughout the Midlands. See pages 33-34 for more detail on the work whg does to improve the impact its activities have on the environment.

Key decisions in year to demonstrate our impact on the community and

environment: the most significant decision made this year is to invest in improvement work to reduce the risk of fuel poverty for our customers whose homes are currently not a minimum EPC-C rating. The investment plan aims to make all homes a minimum of EPC-C by 2030. Alongside this decision, whg has also assessed the return on investment of all of its homes, considering financial returns and social returns and has used this data to work on a deep dive review of its poor performing homes with the aim of appraising various options to achieve the sustainability of these homes. whg has also

commenced developing its ESG roadmap to articulate how current activities meet environmental and sustainability outcomes and develop new objectives to drive future investment decisions.

High standards of business conduct

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our plan. The intention is to nurture our reputation, through both the construction and delivery of our plan that reflects our responsible behaviour. whg is well run and has tight budgetary controls ensuring we achieve our budgeted targets each year. This provides assurance to our bank lenders and to our investors in the debt capital markets.

Key decisions in the year: whg carries out an annual assessment of compliance against regulatory standard and continues to achieve a G1/V1 regulatory grading, evidencing high standards of business conduct. In addition, the assurance framework and three lines of defence model continues to drive a strong internal control environment. There are numerous policies in place for code of conduct, standing orders and financial regulations, fraud and whistle-blowing, all of which provide a clearly defined framework for business conduct.

Act fairly between members

As a Registered Provider of social housing, a charity and not for profit organisation the focus of our activities is only to deliver housing and other support services to our customers.

Key decisions in the year: Terms of reference are in place for each company and Board within the Group to ensure that the Board members adhere to acting in the best interests of each company. The adoption of the NHF Code of Governance 2015 and work ongoing to adopt the new Code of Governance 2020 support the efficacy of the Board acting fairly and supporting the interests of customers and employees.

Statement of Compliance with the SORP

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the 2018 Update of the SORP for Registered Social Housing Providers.

The Strategic Report of the Board was approved by the Board on 29 July 2021 and signed on its behalf by:



Danielle Oum, Chair of the Board
29 July 2021

The Report of the Board

The Board presents its report and audited Financial Statements for the year ended 31 March 2021.

The Group

The Group is a not-for-profit organisation with properties throughout the Midlands. The Group as of 31 March 2021 owns and manages 21,619 homes.

Principal Activities

The Group's principal activities are the development and management of social housing.

Board Statement of Public Benefit

The Group's aims and activities primarily benefit people in the following ways:

- Provision of housing at rents below market levels for those in housing need;
- Related home repair, improvement and tenancy management services;
- Support services that tackle social exclusion, money management and fuel poverty on the basis of identified needs;
- Community interest activity aimed at helping residents into work or training; promoting new enterprise and health and wellbeing in the communities we work in; and
- Environmental initiatives that reduce our impact on the areas we work in and increase fuel efficiency for our customers.

The Board has concluded that our activities are in the public interest as defined in the Charity Commission's guidance. Our activities are restricted only in terms of our area of operation and our published policies, designed to ensure fair access to our services for all those in housing or other need. The Board is not aware of any private benefits and has robust policies in place to prevent unintended benefits to related parties. The incidental benefits of a well-run housing service and environmental improvements are shared by our residents.

As a registered charity, the Board Members of Walsall Housing Group Limited, who are considered Trustees under Charity Law are responsible for ensuring compliance with all relevant charity law. We provide annual returns to the Charity Commission and have arrangements in place to obtain Trustees' consent before disposing of assets. Any non-charitable activities are carried out in an appropriate subsidiary company.

Governance

The Non-Executive Board Members and the Executive Directors are listed on page 1.

Walsall Housing Group Limited is registered with the RSH as a registered provider of Social Housing, as a company limited by guarantee at Companies House and as a registered charity. whg is the legal parent of the Group and owns and manages the

properties. It has six subsidiaries, none of which are registered providers.

The Board, made up of ten Non-Executive Board Members and one Executive Director, is responsible for the Group's governance. The Board meets regularly, with additional development days, training and breakfast sessions. The Board works alongside the Executive Team which is responsible for the day to day management of the Group's activities. The Board complies with the National Housing Federation Code of Governance and can have a maximum of 12 Members.

The Board is supported by Committees which are responsible for Audit and Assurance, Governance and Remuneration, Development, and Customer Experience. Committee Members are appointed by the Board and each Committee is chaired by a Board Member, providing accountability to the Board.

Complying with the National Housing Federation (NHF) Code of Governance 2015

The Board has chosen to adopt the NHF Code of Governance 2015. The Board is working toward compliance with the NHF Code of Governance 2020, which will be in place for the 2022 report. This Code is designed to ensure that housing providers such as whg maintain the highest possible standards of corporate governance. The principle underpinning the Code is that organisations should either confirm that they comply with all the requirements or explain any areas of non-compliance.

The subsidiaries have also adopted the Code where it is relevant.

Following thorough scrutiny of our compliance with the Code by the Governance and Remuneration Committee, the Board has concluded that whg is compliant with the Code in all areas.

Board Statement on compliance with RSH's Governance and Financial Viability Standard

The Board has completed an annual assessment of our compliance with the RSH's Governance and Financial Viability Standard and is fully compliant in all material respects. This includes using all reasonable endeavours to ensure compliance with all relevant law. An assessment has been carried out across the business of how whg identifies and complies with relevant legislation and keeps abreast of any new areas requiring compliance.

Our procedures ensure that we comply with statutory guidance in areas such as health and safety, for example, legionella testing and gas safety. whg has effective and robust governance arrangements in place that enable us to successfully deliver our Corporate Plan and improve our services to customers. Tight procedures are in place to ensure that we remain viable and that our assets are not put at risk.

General Data Protection Regulation

whg respects an individual's right to data privacy and data protection in line with the General Data Protection Regulation (GDPR).

Board Statement on Modern Slavery

This statement is made under Section 54(1) of the Modern Slavery Act 2015. It constitutes whg's Anti-Slavery and Human Trafficking Statement for the financial year ending 31 March 2021.

This statement is approved by the Board and applies to all organisations within the Group. It is reviewed and updated annually.

whg is committed to acting ethically and with integrity in all business relationships. We have taken steps to ensure that adequate processes and controls are in place to ensure slavery and human trafficking is not taking place anywhere in our supply chains. To read the full statement, visit: <https://www.whg.uk.com/modern-slavery-act/>

Colleagues

whg has a strategic aim 'Be an exceptional place to work that attracts, develops and retains talent'. Our People Strategy presents a clear picture of how we will achieve this Corporate Plan aim, focusing on three key themes (attract, develop, retain) that support our colleagues to make a difference to our customers, the communities we serve and to themselves.

We want the best people to work for us, people who are talented, committed and who share our vision, values and ambitions. It is also important to us that we have a diverse workforce, representative of the communities we serve.

Through our recruitment campaigns and selection processes we are becoming more innovative, aiming to increase applicants and appointments from underrepresented groups. whg's People Services and Employment and Training Teams work closely to develop programmes which support the recruitment of customers, where possible

Our People Strategy is underpinned by our values and for each value we have a set of behaviours that we expect all colleagues to display.

We have worked hard to develop a strong, positive culture and have good levels of colleague engagement. We listen to our colleagues and in 2020 we launched a new colleague consultation forum, the Colleague Voice.

We offer competitive salaries, a range of benefits and a fantastic working environment. Benefits include a choice of pension schemes one of which is a defined benefit scheme, a health cash plan which includes access to a range of services including physiotherapy, counselling and cognitive behavioural therapy. All colleagues are also entitled to 27 days annual leave, time off for public duties, and other generous schemes that are in excess of statutory minimums.

We promote the continued health, safety and wellbeing of all our colleagues through our 'Making a Difference to Health and Wellbeing' programme, which is aimed at raising the awareness of health of the body and mind, and ensure that a culture of health and safety is embedded across all areas of operation.

Equality, Diversity and Inclusion (EDI)

It is important to us that we have a diverse workforce, representative of the communities we serve. All colleagues should have a positive experience of working at whg. Protected characteristics such as age, disability, race, gender, and sexual orientation should not be a barrier to accessing benefits, development and career progression opportunities.

We believe in EDI in the broadest terms, we do not believe it should be a tick box exercise: all colleagues are expected to act in accordance with our values, dedicated to doing the right thing and exercising good judgement. This will encourage a culture where all can thrive, acknowledging that everyone is different; what matters to us is that everyone can come to work and feel comfortable to be themselves.

Equality, diversity and inclusion (EDI) to us means colleagues living our values, dedicated to doing the right thing and exercising good judgement.

We regularly monitor our performance in relation to EDI and have an Equality, Diversity and Inclusion action plan in place to improve performance in this area.

Learning and Development

Our investment in learning and development is demonstrated through our commitment to have at least 25 trainees, apprentice and graduate posts each year. Apprenticeships are central to recruiting, developing and growing a talent pool within the organisation, and we provide high quality, learner focused training and qualifications with approved training providers.

Annually, with support from the Learning and Development Team, senior leaders map the challenges ahead to ensure training and development interventions are aligned to business requirements. Training and development is tailored and targeted to roles or services as part of a blended learning offer integrating online learning.

Training is systematically planned and delivered to ensure whg meets regulatory and statutory requirements and to ensure that both our colleagues and customers are not exposed to any risks.

Individual development needs are identified in real time through performance check-ins and responded to as necessary. Colleagues' individual needs are met by attendance at external conferences, seminars or workshops to maintain service specific knowledge currency or through best practice network meetings.

Opportunities for work shadowing, secondments and access to the mentoring scheme encourage colleagues to take accountability for their own development to support their future aspirations. whg also manages and develops talent through various programmes, unique to whg such as Dare to Lead and the Mate to Manager programme.

The Learning and Development Team works in partnership with leaders to design and deliver service specific workshops and team development events, tailored to support service improvements and embed our values.

The Learning and Development Team is actively engaged with whg's Business Change and Projects Teams to scope, design and deliver the learning necessary to underpin the successful implementation and embedding of project outcomes, be it new technology, customer focused campaigns or outcomes from service reviews.

Professional qualifications are supported to support colleagues' specialist and technical competence, as well as upskilling to support internal talent management for progression and succession planning. We maximise the use of the Apprenticeship Levy to facilitate professional development on the job.

Employee Relations

whg has a voluntary recognition agreement with three trade unions: GMB, Unison and Unite. It is committed to creating and maintaining positive employee relations and works closely with the trade unions to achieve this.

Local trade union representatives meet regularly with senior leaders via a Joint Negotiating Committee and the Health and Safety Committee.

Other Information

Where information is not shown within the Report of the Board it is instead included within the Strategic Report starting on page 6 under S414c (11) Companies Act 2006.

Qualifying Third Party Indemnity Provisions

The Directors have third party indemnity insurance through the Company.

Energy and Carbon Report

See page 33 for whg Energy and Carbon Report.

Future Prospects

See page 9 of the Strategic Report for a review of whg future developments.

Going Concern

The Group's business activities, together with the factors that are likely to affect its future position, performance and development, are set out within the Strategic Report. The Group has long-term debt facilities in place which provide adequate resources to finance day to day operations, reinvestment in existing homes, together with meeting our targets for new development programmes.

The Group also has a long-term Business Plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. The Business Plan is regularly tested against shocks and stresses that may negatively affect operating performance and a mitigation strategy exists to deal with such stresses should they materialise.

The 2021/22 Budget was approved by the Board on 25 March 2021. The Budget has been based on a year of consolidation with a catch-up exercise on asset management

maintenance and repair works due to the backlog COVID-19 has created. This Budget, together with assumptions on the impact on subsequent years, was included in the update of the Business Plan, which was approved by the Board in June 2021.

The impact of COVID-19 has been assessed and we have performed stress tests on the approved Business Plan. The scenario assumed that the effect of the pandemic not only grew substantially but was world-wide and highly punitive for the Group, aiming to cause the business to break its covenants and long-term financial viability. At the same time the modelling applied various mitigation actions to help the forecast recover, and ensure the business was still a going concern. This was reviewed by the Board. Although there is still a degree of uncertainty in the operating environment, the current forecasts and projections show that the Group remains financially viable against this stress test. The stress scenario assumed:

- home sales will not happen as planned;
- new homes from development will not handover as planned;
- customers will struggle to pay rent;
- properties will remain void for longer due to greater turnover and the inability to complete repairs;
- increased costs to aid recovery may be experienced;
- there may be increased operational inefficiencies within whg;
- Development and Asset Management activity will change; and
- A credit crunch will make raising new finance harder to achieve.

The result was an unmitigated Business Plan where peak debt grew to £1.8bn in Year 40 (and kept climbing), and where the funding covenants were breached by Year 7. We had an array of mitigating actions to employ to address this stressed plan, including stopping all planned but uncommitted development activity, selling some stock, reducing some discretionary asset management spend and reducing plans to increase debt. This resulted in a mitigated Business Plan where peak debt remained at £413m (Year 1) and the business was compliant with its funders covenants.

The approved Budget for 2021/22 has a total surplus £18.86m and a capital Budget of £62.6m. The revised Budget projects that the Group will continue to report a healthy surplus, safeguarding the future viability of the organisation and meeting the expectations of our customers, investors and the RSH.

The budgeted financial position will show total assets less current liabilities of £786m including cash and investments of £137.9m. Our net asset position is anticipated to be £166.5m.

The Budget anticipates exceeding our interest cover covenant with significant headroom of £11.8m. Likewise, the proposed budget net debt per unit at £15.2k is substantially less than the banks' limit of £25k. The budgeted operating margin remains above 30.0% meeting our Corporate Plan aim.

The Group has a very strong liquidity position with £90.5m cash holding at 31 March 2021 and with undrawn revolving facilities of £61.6m, and surety over the deferred drawdown of £84m expected in October 2021, so the Board is of the opinion that the Group has more than sufficient resources to meet its liabilities as they fall due.

The 2021 Business Plan has been prepared using the assumptions and forecasts within the Budget and includes higher asset management costs as a result of the safety standards and environmental work. The Plan, which was approved by the Board in June 2021, showed that forecast performance remained strong and that all covenants continue to be comfortably met.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Board Statement on the Effectiveness of Internal Control

The Board holds responsibility for establishing and maintaining adequate and effective systems of internal control and for reviewing their effectiveness.

The systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable and not absolute assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within the day-to-day management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing. This is reflected in every report considered by each Board, as well as being the subject of regular review by the Audit and Assurance Committee.

The Board is of the opinion that internal control arrangements are effective.

The arrangements adopted by the Board in reviewing the effectiveness of the systems of internal control, together with some of the key elements of the control framework, include:

Identifying and Evaluating Key Risks

The Audit and Assurance Committee oversees the Risk Management Framework and the work of internal and external auditors. The Group's Risk Management Framework approved by the Board, sets out the Group's attitude to risk in the achievement of its objectives, and underpins risk management, business planning and control arrangements. These arrangements clearly define management responsibility for the identification, evaluation and control of significant risks.

The Executive Team regularly considers reports on these risks and the Group Chief Executive is responsible for reporting any significant change affecting key risks to the Committee.

Control environment and internal controls

The processes to identify and manage the key risks to which the Group is exposed are an integral part of the internal control environment. Such processes, which are reviewed annually and revised where necessary, include risk assessment, strategic planning, performance monitoring, control over major spend projects, the setting of standards and compliance with health and safety, data protection, fraud prevention and detection and environmental performance information and reporting systems.

Financial reporting procedures include setting detailed budgets for the year ahead and Business Plan forecasts for subsequent years. These are approved by the Board. Budgets are monitored throughout the year by the Board. In addition, regular reports cover performance in key areas such as rent collection, managing voids, major works and responsive repairs.

Monitoring arrangements to check the effectiveness of internal controls

Regular reporting to management, Boards and Committees is part of the control environment.

This is complemented by regular reviews by a firm of internal auditors who provide independent assurance to the Board, via the Audit and Assurance Committee. The arrangements include a rigorous procedure, monitored by the Committee, for ensuring that corrective action is taken in relation to any significant control issues.

The Audit and Assurance Committee and Board receive an annual report on internal controls from the Group Chief Executive on behalf of the Executive Team as a body. In addition to reports on specific areas covered by their audit plan, the internal auditors provide an annual report covering the Group as a whole, summing up findings and improvements emerging during the year and proposing future priorities. External auditors provide reports on management and control issues identified during the course of their work. These too are subject to scrutiny by the Audit and Assurance Committee on behalf of the Board.

Fraud Assurance

The work with our internal auditors ensures that controls are designed to reduce the risk of fraud and to respond to suspected instances of fraudulent activity. The policies on fraud prevention and whistle-blowing address any specific issues arising. These policies are reviewed regularly.

Statement of Board Responsibilities

The Board is responsible for preparing the Report of the Board, the Strategic Report and the Financial Statements in accordance with applicable law and regulations.

The Companies Act 2006 and the Housing Act 1996 require the directors to prepare Financial Statements for each financial year. Under that law the directors have elected to prepare the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under charity and company law and the Housing Act 1996, the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the income and expenditure of the Group and the Company for that period. In preparing those Financial Statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements; and
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the company will continue in business.

The Board and the Executive Team are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Disclosure of Information to the Auditor

Each Member of the Board has taken all the steps required of them by the Board Members' duty to exercise due care, skill and diligence in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

This is the final year of RSM UK Audit LLP's audit services contract. whg has retendered the external audit services contract and at the forthcoming annual general meeting Beever and Struthers LLP will be proposed to act as auditor for the 2021/22 financial year.

This report was approved by the Board and authorised for issue on 29 July 2021 and signed on its behalf by:



Danielle Oum
Chair of the Board
29 July 2021

Independent auditor's report to the members of Walsall Housing Group Limited

Opinion

We have audited the financial statements of Walsall Housing Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated and Company Statements of Total Comprehensive Income, Consolidated and Company Statements of Changes in Reserves, Consolidated and Company Statements of Financial Position, Consolidated 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2021 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 Trustees' 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 group's or the parent company'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 Trustees with respect to going

concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Board has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Report of the Board.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Respective responsibilities of the Trustees

As explained more fully in the Trustee Responsibilities Statement set out on page 45, the Trustees (who are also the directors of the company for the purposes of company law) are 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 Trustees determine is necessary to enable the preparation of financial statements that are free

from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group's and parent company'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 Trustees either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts.

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent company operates in and how the group and parent company are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;

- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006, Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal/external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Health and Safety at Work Act 1974, Regulator of Social Housing Regulatory Standards (both Economic and Consumer standards) and the General Data Protection Act as set in the Data Protection Act 2018. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

KEITH WARD (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

St Philips Point

Temple Row

Birmingham

B2 5AF

Date 2.8.21

Consolidated Statement of Total Comprehensive Income for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Turnover	3	120,808	112,183
Operating expenditure	3	(87,763)	(83,592)
Surplus on disposal of housing property	3	<u>4,605</u>	<u>8,993</u>
Operating surplus	5	37,650	37,584
Movement in fair value of investment properties	15	145	969
Surplus on disposal of property, plant and equipment	6	605	107
Interest receivable and other income	7	238	867
Interest and financing costs	8	(20,927)	(20,784)
Movement in fair value of financial instruments	35	452	(1,293)
Exceptional gain	37	9,166	-
Surplus for the year before tax		<u>27,329</u>	<u>17,450</u>
Taxation	11	(6)	16
Surplus for the year after tax		<u>27,323</u>	<u>17,466</u>
Other comprehensive income / (expenditure):			
Remeasurements – Actuarial gain in respect of pension schemes	27	9,780	4,176
Total comprehensive income for the year		<u><u>37,103</u></u>	<u><u>21,642</u></u>

The consolidated Financial Statements on pages 51 to 102 were approved by the Board on 29 July 2021.



Danielle Oum
Chair



Gary Fulford
Group Chief Executive

The consolidated results relate wholly to continuing activities.

The accompanying Notes form part of these Financial Statements.

Company Statement of Total Comprehensive Income for the year ended 31 March 2021

	Note	2021 £000	2020 £000
Turnover	3	121,862	112,017
Operating expenditure	3	(87,858)	(83,470)
Surplus on disposal of housing property	3	<u>4,605</u>	<u>8,993</u>
Operating surplus	5	38,609	37,540
Movement in fair value of investment properties	15	145	969
Surplus on disposal of property, plant and equipment	6	605	107
Interest receivable and other income	7	448	1,024
Interest and financing costs	8	(20,927)	(20,784)
Movement in fair value of financial instruments	35	452	(1,293)
Exceptional gain	37	9,166	-
Gift Aid		892	257
Surplus for the year before tax		<u>29,390</u>	<u>17,820</u>
Taxation	11	-	-
Surplus for the year after tax		<u>29,390</u>	<u>17,820</u>
Other comprehensive income/(expenditure):			
Remeasurements – Actuarial gain in respect of pension schemes	27	9,780	4,176
Total comprehensive income for the year		<u>39,170</u>	<u>21,996</u>

The Financial Statements on pages 51 to 102 were approved by the Board on 29 July 2021.



Danielle Oum
Chair



Gary Fulford
Group Chief Executive

The Company's results relate wholly to continuing activities.

The accompanying Notes form part of these Financial Statements.

Consolidated Statement of Changes in Reserves for the year ended 31 March 2021

	Income and expenditure reserve £000
Balance as at 1 April 2019	108,067
Surplus for the year	17,466
Other comprehensive expenditure for the year	-
Actuarial gain in respect of the pension scheme	4,176
Balance at 31 March 2020	129,709
Surplus for the year	27,323
Other comprehensive expenditure for the year	-
Actuarial gain in respect of the pension scheme	9,780
Balance at 31 March 2021	166,812

Company Statement of Changes in Reserves for the year ended 31 March 2021

	Income and expenditure reserve £000
Balance as at 1 April 2019	123,831
Surplus for the year	17,820
Other comprehensive expenditure for the year	-
Actuarial gain in respect of the pension scheme	4,176
Balance at 31 March 2020	145,827
Surplus for the year	29,390
Other comprehensive expenditure for the year	-
Actuarial gain in respect of the pension scheme	9,780
Balance at 31 March 2021	184,997

Consolidated Statement of Financial Position

At 31 March 2021

Company No. 4015633

	Note	2021 £000	2020 £000
Fixed Assets			
Intangible assets	12	2,056	2,430
Tangible fixed assets - Housing Properties	13	538,893	490,644
Tangible fixed assets - Other Fixed Assets	14	13,552	14,476
Investment properties	15	9,695	9,550
Other Investments		20	20
HomeBuy loans receivable	16	137	137
		<u>564,353</u>	<u>517,257</u>
Current Assets			
Properties held for sale	18	8,986	13,805
Trade and other debtors	19	10,956	9,823
Debtors due in more than one year	20	8,590	7,730
Investments	35	10,967	10,242
Cash and cash equivalents	35	79,518	117,154
		<u>119,017</u>	<u>158,754</u>
Creditors: Amounts falling due within one year	21	<u>(36,838)</u>	<u>(57,549)</u>
Net current assets		82,179	101,205
Total assets less current liabilities		<u>646,532</u>	<u>618,462</u>
Creditors: Amounts falling due after more than one year	22	(470,221)	(473,653)
Provisions for liabilities			
Defined Benefit Pension provision	27	(8,665)	(14,242)
Other provision	28	(834)	(858)
Total net assets		<u>166,812</u>	<u>129,709</u>
Reserves			
Income and expenditure reserves		166,812	129,709
Total Reserves		<u>166,812</u>	<u>129,709</u>

The accompanying Notes form part of these Financial Statements.

The Financial Statements on pages 51 to 102 were approved by the Board and authorised for issue on 29 July 2021 and are signed on its behalf by:



Danielle Oum
Chair



Gary Fulford
Group Chief Executive

Company Statement of Financial Position

At 31 March 2021
04015633

Company No.

	Note	2021 £000	2020 £000
Fixed Assets			
Intangible assets	12	2,056	2,430
Tangible fixed assets – Housing properties	13	557,113	508,774
Tangible fixed assets – other fixed assets	14	13,552	14,476
Investment properties	15	9,695	9,550
HomeBuy loans receivable	16	137	137
Investment in subsidiaries	17	100	100
Other Investments		20	20
		<u>582,673</u>	<u>535,487</u>
Current Assets			
Properties for sale	18	7,218	12,137
Trade and other debtors	19	11,211	10,119
Debtors due in more than one year	20	11,175	10,211
Investments	35	10,967	10,242
Cash and cash equivalents	35	78,390	113,900
		<u>118,961</u>	<u>156,609</u>
Creditors: Amounts falling due within one year	21	<u>(36,917)</u>	<u>(57,516)</u>
Net current assets		82,044	99,093
Total assets less current liabilities		<u>664,717</u>	<u>634,580</u>
Creditors: Amounts falling due after more than one year	22	(470,221)	(473,653)
Provisions for liabilities			
Defined benefit Pension provision	27	(8,665)	(14,242)
Other provision	28	(834)	(858)
Total net assets		<u>184,997</u>	<u>145,827</u>
Reserves			
Income and expenditure reserves		<u>184,997</u>	<u>145,827</u>
Total Reserves		<u>184,997</u>	<u>145,827</u>

The accompanying Notes form part of these Financial Statements.

The Financial Statements on pages 51 to 102 were approved by the Board and authorised for issue on 29 July 2021 and are signed on its behalf by:



Danielle Oum
Chair



Gary Fulford
Group Chief Executive

Consolidated Statement of Cash Flows for the year end 31 March 2021

	Note	2021 £000	2020 £000
Net cash generated from operating activities	30	50,428	44,710
Cash flow from investing activities			
Purchase of tangible fixed assets - housing properties		(59,637)	(68,587)
Purchase of tangible fixed assets - other		(259)	(845)
Loan to non-group entity		(860)	(7,730)
Proceeds from sale of tangible assets		6,864	10,784
Grants received		12,819	9,601
Interest received		437	630
		(40,636)	(56,147)
Cash flow from financing activities			
Interest paid		(21,703)	(16,008)
Repayment of a loan		(25,000)	-
Retained bond issue		-	32,184
Withdrawal from deposits		(725)	(87)
		(47,428)	16,089
Net change in cash and cash equivalents		(37,636)	4,652
Cash and cash equivalents at beginning of the year		117,154	112,502
Cash and cash equivalents at end of the year		79,518	117,154

The accompanying Notes form part of these Financial Statements.
A reconciliation of net debt is shown in Note 30A.

Notes to the Financial Statements

1. Legal Status

Walsall Housing Group Limited is a company limited by guarantee, registered under the Companies Act 2006 and is an English registered charity and social housing provider. Walsall Housing Group is a public benefit entity. The Company's registered office address and principal place of business is: 100 Hatherton Street, Walsall, WS1 1AB.

Walsall Housing Group's Limited principal activities and the nature of the Company's operations can be found in the Group profile on page 6. Walsall Housing Group (the Group) comprises the following entities:

Name	Incorporation	Registration
Walsall Housing Group Limited*	Limited by Guarantee Registered Provider Registered Charity	Reg. No. 04015633 Reg. No. L4389 Reg. No. 1108779
whg Treasury PLC	Limited by Shares	Reg. No. 09138070
whg Developments Limited	Limited by Shares	Reg. No. 07872595
whg Trading Company Limited	Limited by Shares	Reg. No. 05407219
Anthem Homes Limited	Limited by Shares	Reg. No. 10591652
Cricket Close LLP	Limited Liability Partnership	Reg. No. OC417013
Buy For Good CIC **	Limited by Guarantee Community Interest Company	Reg. No. 07548143
The Woodlands Management Company (Harrowby) Limited	Limited by Guarantee	Reg No. 097211558

*Walsall Housing Group Limited also has 50% share (via the Anthem Homes subsidiary) in a joint venture Anthem Lovell LLP (Registration number OC425694). This is not a subsidiary of the Group.

** Buy For Good was dissolved on 20 April 2021 and is no longer part of the Group

2. Accounting policies

Basis of Accounting

The consolidated Financial Statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice (SORP): "Accounting by Registered Social Landlords" updated in 2018, and comply with the Accounting Direction for Private Registered providers of Social Housing 2019 (the Accounting Direction). They have been prepared under the historical cost convention, modified to include certain financial instruments and investment properties at fair value.

Monetary amounts in these Financial Statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The Board is satisfied that the current accounting policies are the most appropriate for the Group.

Basis of Consolidation

The consolidated Financial Statements incorporate those of the Company and all of its subsidiaries (i.e. entities that the Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). All Financial Statements are made up to 31 March 2021.

All intra-Group transactions and balances between Group companies are eliminated on consolidation. The wholly owned subsidiaries which are consolidated are listed at 1 above with the exception of Buy For

Good which as noted above has been dissolved.

Joint Ventures

An entity is treated as a joint venture where a member of the Group holds an interest and shares control under a contractual agreement with one or more parties external to the Group. In the Group accounts, joint ventures are accounted for using the equity method. Under this method, where the venturer itself is not a parent, the fair value model is adopted, and an equity investment is initially recognised at the transaction price (including transaction costs). Changes in fair value are recognised where it is practicable to do so. Where it is impracticable to measure fair value reliably or without undue cost or effort, the cost model will be used in accordance with the provisions of FRS102. Dividends and other distributions received from the investment are recognised as income without regard to whether the distributions are from accumulated profits of the jointly controlled entity arising before or after the date of acquisition.

Reduced Disclosures

The individual accounts of Walsall Housing Group Limited have adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related Notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

Going Concern

The Group's business activities, together with the factors that are likely to affect its future position, performance and development, are set out within the Strategic Report. The Group has long-term debt facilities in place which provide adequate resources to finance day to day operations, reinvestment in existing homes, together with meeting our targets for new development programmes.

The Group also has a long-term Business Plan which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. The Business Plan is regularly tested against shocks and stresses that may negatively affect operating performance and a mitigation strategy exists to deal with such stresses should they materialise.

The 2021/22 Budget was approved by the Board on 25 March 2021. The Budget has been based on a year of consolidation with a catch-up exercise on asset management maintenance and repair works due to the backlog COVID-19 has created. This Budget, together with assumptions on the impact on subsequent years, was included in the update of the Business Plan, which was approved by the Board in June 2021.

The impact of COVID-19 has been assessed and we have performed stress tests on the approved 2020 Business Plan. The scenario assumed that the effect of the pandemic not only grew substantially but was world-wide and highly punitive for the Group, aiming to cause the business to break its covenants and long-term financial viability. At the same time the modelling applied various mitigation actions to help the forecast recover, and ensure the business was still a going concern. This was reviewed by the Board on 14 August 2020.

The 2021 Business Plan has been prepared using the assumptions and forecasts within the Budget and includes higher asset management costs as a result of the safety standards and environmental work. The Plan, which was approved by the Board in June 2021, showed that forecasted performance remained strong and that all covenants continue to be comfortably met.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and Financial Statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements and expects to remain a going concern.

Turnover and Revenue Recognition

Turnover represents rental income receivable in the year, grant income, service charges, first tranche Shared Ownership sales and other goods and services supplied in the year (excluding VAT) and the amortisation of Deferred Capital Grant.

Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the legal completion of the sale.

Other Income

Interest income is accrued on a time-apportioned basis, by reference to the principal outstanding at the effective interest rate.

Investment income is recognised on an accruals basis.

Intangible Fixed Assets

Intangible fixed assets are stated at cost less accumulated amortisation.

Amortisation is provided evenly on the cost of intangible fixed assets to write them down to their estimated residual values over their expected useful lives. The principal period used for intangible assets is seven years.

Tangible Fixed Assets – Housing Properties

Housing properties are properties for the provision of social housing and are principally properties available for rent and Shared Ownership.

Completed housing and Shared Ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period. Only the direct overhead costs including interest associated with new developments or improvements are capitalised.

Housing properties are transferred at cost to completed properties when they are ready for letting.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the asset, are capitalised as improvements. Such enhancements can occur if improvements result in any of the following:

- an increase in rental income;
- a material reduction in future maintenance costs;
- a significant extension to the life of the property.

Shared Ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset, and related sales proceeds are included in turnover and related costs charged to operating costs. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Disposals of the second and subsequent tranches are treated as fixed asset disposals in the normal manner and the resultant surplus is shown within "surplus/ (deficit) on disposal of property, plant and equipment".

Under Shared Ownership arrangements, the Group disposes of a long lease of Shared Ownership housing units to persons who occupy them, at a premium of between 25% and 75% of value. The occupier has the right to purchase further proportions at the current valuation up to 100%, except over 55's where you can only purchase up to 75%

Right to Buy and Right to Acquire Disposals

For homes sold through a Right to Buy or Right to Acquire, the disposal net proceeds are included in the surplus on disposal of housing properties in the Statement of Comprehensive Income and become part of the income and expenditure reserve and used towards investment in our core activities. The sales are included as part of our operating surplus.

Voluntary Right to Buy Disposals

For homes sold under the scheme the proceeds will be retained by whg to fund replacement homes. The discount received by the tenant will be claimed back by whg from Homes England. We will claim back any transaction cost i.e. legal costs and debt associated with the property, and the net cash amount will be held as a designated reserve within the Statement of Financial Position to fund replacement properties as disclosed in Note 36. When the capital expenditure is incurred on the replacement property, whg will capitalise the property and release the related property from reserves.

This policy was reviewed in 2019/20, following the clarification in the 2018 update to the 2014 Housing SORP about what should be included within operating surplus, and these sales are now included as part of our operating surplus.

Investment Properties

Investment properties consist of market rent housing properties. These properties are initially measured at cost and subsequently measured at fair value. Changes in fair value are recognised in the Statement of Comprehensive Income.

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The Board considers that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view. If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the surplus for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

Government Grants

Government grants include grants receivable from the Homes England, local authorities and other Government bodies.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met, and the grants will be received.

Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Government grants relating to revenue are recognised in income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors. Previously amortised Social Housing Grant on disposed of properties is credited to the RCGF through a charge to the surplus on disposal.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income. Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

Other Grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Company is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of Housing Properties

Freehold land or assets under construction are not depreciated.

The Group separately identifies the major components of its housing properties and charges depreciation so as to write down the cost of each component to its estimated residual value, on a straight-line basis over its estimated useful economic life.

The Group depreciates the major components of its housing properties based on the following:

Building Components	Years
Structure	100 or 125
Windows and doors	27-30
Kitchen	18-20
Bathroom	27-30
Central Heating	27-30
Boilers	10-15
Wiring	22-25
External Wraps	35-40

Impairments of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in Statement of Comprehensive Income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in the Statement of Comprehensive Income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Other Tangible Fixed Assets

Tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Expenditure under £500 is not capitalised and is treated as revenue expenditure. Depreciation is provided on all tangible fixed assets, other than freehold land and investment properties, at rates calculated to write off the cost or valuation of each asset to its estimated residual value on a straight-line basis over its expected useful life, as follows:

Other Assets	Years
Office buildings	50
IT	4-15
Furniture & office equipment	10
Motor vehicles	4
Office improvements	4-8

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal,

for the asset as if it were at the age and in the condition expected at the end of its useful life.

Properties in the course of construction are carried at cost, less any identified impairment loss. Cost includes professional fees and other directly attributable costs that are necessary to bring the property to its operating condition. Depreciation commences when the properties are ready for their intended use.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition and construction of qualifying properties are added to the cost of those properties until such a time as the properties are ready for their intended use or sale.

Bond discount costs are accrued on an amortised cost basis so as to build up the total discount payable in proportion to the outstanding capital over the life of the bond.

Loan and bond issue costs are deducted from the capital owed and amortised using the amortised cost basis so as to charge them to income in proportion to the outstanding capital.

Taxation

Walsall Housing Group Limited has charitable status and is registered with the Charity Commission and is therefore exempt from paying corporation tax on charitable activities.

whg Trading Company Limited, whg Developments Limited, whg Treasury PLC, Anthem Homes Limited, Buy For Good CIC and Cricket Close LLP are not registered as charities and therefore corporation tax would be provided on taxable surpluses should they arise. Buy For Good CIC was dissolved on 20 April 2021.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- It is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in income and expenditure, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are offset only if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Value Added Tax (VAT)

The Company and the Group are included in a Group VAT registration, which covers Walsall Housing Group Limited and whg Trading Company Limited. VIEW was deregistered on 23 September 2020 and is no longer part of the VAT group.

whg Developments Limited, Cricket Close LLP and Buy For Good CIC each have separate registrations. whg Treasury PLC, Anthem Homes Limited and The Woodlands Management Company (Harrowby) Limited are not registered for VAT. Buy For Good CIC was dissolved on 20 April 2021.

The majority of the Group expenditure is subject to VAT which cannot be reclaimed. Expenditure is therefore shown inclusive of VAT.

Although a large proportion of the Group's income is exempt from VAT, the Group charges VAT on some of its income and is able to recover VAT on directly attributable costs. The Company and the Group are able to recover VAT in full on major works expenditure covered by the VAT shelter and development expenditure carried out through whg Developments Limited. This expenditure is reported net of VAT.

The Group is also able to recover part of the VAT it incurs on overhead expenditure in line with a partial exemption method agreed with HM Revenue and Customs (HMRC), which is shown in turnover.

The Financial Statements include VAT to the extent that it is suffered by the Group and not recoverable from HMRC. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

- interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
- a fair amount of interest on borrowings of the Group as a whole after deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

Capitalised interest is amortised over the life of the underlying asset.

Other interest payable is charged to the Statement of Comprehensive Income in the year.

Leases

All leases are operating leases and the annual rentals are charged to income and expenditure on a straight-line basis over the lease term.

Colleague Benefits

The costs of short-term colleague benefits are recognised as a liability and an expense.

The holiday year for Walsall Housing Group runs from 1 January – 31 December. The cost of any unused entitlement at 31 March is recognised in the period in which the employees services are received.

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised

immediately as an expense when whg is demonstrably committed to terminate the employment of the employee or to provide termination benefits.

Retirement Benefits

Defined benefit plans

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) which is administered independently by the Pensions Trust, and the West Midlands Metropolitan Authorities Pension Fund (WMMAPF), a multi-employer scheme with more than one participating employer and administered under the regulations governing the Local Government Pension Scheme (LGPS).

SHPS

For the SHPS, retirement benefits to colleagues of the Company are funded by contributions from all participating employers and employees in the Scheme. Payments are made to a fund operated by the Pensions Trust, an independent trust providing superannuation benefits for employees of voluntary organisations. These payments are made in accordance with periodic calculations by consulting actuaries and are based on pension costs applicable across the various participating Companies taken as a whole.

The assets and liabilities of whg's share of the pension are included on the Statement of Financial Position.

Actuarial assumptions are applied to determine each company's share of liabilities. The assumptions are updated at the year end, and the changes to the position go through the 'Other Comprehensive Income' statement, and not through the normal income and expenditure account, as there is not sufficient information to restate the comparative.

Calculations are carried out annually and independently of the pension triennial valuation.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

LGPS

The scheme is administered by trustees and is independent of the Group finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service. The cost of providing benefits is determined using the projected unit credit method.

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

Surpluses or deficits recognised in the Statement of Comprehensive Income:

- The change in the net defined benefit liability arising from colleague service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate to discount the benefit obligations.

Surpluses or deficits recognised in other comprehensive income:

- Actuarial surpluses and deficits.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

HomeBuy

The Group operates the HomeBuy scheme, lending a percentage of the cost to home purchasers, secured on the property. HomeBuy loans are treated within these Financial Statements as concessionary loans.

The loans are interest free and repayable only on the sale of the property. No HomeBuy grant has been received by the Company. On a sale, the fixed percentage of the proceeds is repaid. Therefore, no impairment exists at the reporting date.

Financial Instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique provided by the lenders with any gains or losses being reported in surplus or deficit.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial Assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income or expenditure.

Financial Liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Investments policy

Cash balances are invested on competitive term rates until required. In accordance with the Treasury Management Policy, the Group maintains a list of investment limits for approved organisations with which it will deposit funds. The ratings of the approved organisations are checked on a daily basis to ensure investments are not at risk.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges. Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks

and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to fair value, at each reporting date. Fair value gains and losses are recognised in income or expenditure.

Provisions

The Group recognises provisions where it has an obligation at the reporting date as a result of a past event, which it is probable, will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Due to the numbers of properties and the establishment of regular programmes of repair and maintenance, the Group does not make a provision for future works. Actual costs are charged to the Statement of Comprehensive Income.

Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined Benefit Obligation (DBO) – WMMAPF

whg's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 27). The liability at 31 March 2021 was £8.3m.

Defined Benefit Obligation (DBO) – SHPS

whg's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate anticipation of future salary increases and the roll forward of actuarial information to 31 March 2021. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 27). The liability at 31 March 2021 was £332k.

Fair value measurement

whg uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

Fair value measurements were applied to investment properties. The total value of these investments was £9.7m at 31 March 2021 (Note 15).

Useful lives of depreciable assets

whg reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utilisation of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utilisation of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation and amortisation at 31 March 2021 was £133.7m.

Critical areas of judgement

Impairment

- On an annual basis we review for potential impairment. An impairment review was carried out which included the impact of the coronavirus pandemic.

As a result, we estimated the recoverable amount of its housing properties as follows:

- determined the level at which recoverable amount is to be assessed (i.e., the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme
- estimated the recoverable amount of the cash-generating unit
- calculated the carrying amount of the cash-generating unit and
- compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we have concluded that there continues to be no impairment of our social housing properties.

Capitalisation of property development costs

Distinguishing the point at which a project is more than likely not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation whg monitors the asset and considers whether changes indicate that impairment is required.

Leases

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Group as lessee, or the lessee, where the Group is a lessor.

3a. Particulars of turnover, cost of sales, operating costs and operating surplus

GROUP – continuing activities	Turnover	Cost of sales	2021		
			Operating expenditure	Disposal of housing properties	Operating Surplus
	£000	£000	£000	£000	£000
Social housing lettings	101,294	-	(65,112)	-	36,182
Other social housing activities					
First tranche low cost home ownership sales	15,967	(14,152)	-	-	1,815
Disposal of properties RTB/RTA	-	-	-	4,605	4,605
Charges for support services	-	-	(669)	-	(669)
Development costs	-	-	(1,269)	-	(1,269)
Other social housing grants	216	-	(139)	-	77
VAT recoverable	35	-	-	-	35
Other social housing	851	-	(118)	-	733
Defined benefit pension costs			(3,884)	-	(3,884)
	118,363	(14,152)	(71,191)	4,605	37,625
Activities other than Social Housing					
Non social housing lettings	992	-	(187)	-	805
Non social housing grants	469	-	(1,471)	-	(1,002)
Outright property sale	558	(576)	-	-	(18)
Other non social housing	426	-	(186)	-	240
	120,808	(14,728)	(73,035)	4,605	37,650
2020					
	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Operating Surplus
	£000	£000	£000	£000	£000
Social housing lettings	96,267	-	(64,941)	-	31,326
Other social housing activities					
First tranche low cost home ownership sales	11,860	(9,454)	-	-	2,406
Disposal of properties RTB/RTA	-	-	-	8,993	8,993
Charges for support services	-	-	(681)	-	(681)
Development costs	-	-	(2,045)	-	(2,045)
Other social housing grants	306	-	(189)	-	117
VAT recoverable	66	-	-	-	66
Other social housing	966	-	(235)	-	731
Defined benefit pension costs	-	-	(4,261)	-	(4,261)
	109,465	(9,454)	(72,352)	8,993	36,652
Activities other than Social Housing					
Non social housing lettings	1,010	-	(200)	-	810
Non social housing grants	222	-	(1,052)	-	(830)
Other non social housing	1,486	-	(534)	-	952
	112,183	(9,454)	(74,138)	8,993	37,584

3b. Particulars of turnover, cost of sales, operating costs and operating surplus

COMPANY – continuing activities	2021				
	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Operating Surplus
	£000	£000	£000	£000	£000
Social housing lettings	101,300	-	(65,260)		36,040
Other social housing activities					
First tranche low cost home ownership sales	15,967	(14,152)	-	-	1,815
Disposal of properties RTB/RTA	-	-	-	4,605	4,605
Charges for support services	-	-	(669)	-	(669)
Development costs	-	-	(1,265)	-	(1,265)
Other social housing grants	216	-	(139)	-	77
VAT recoverable	35	-	-	-	35
Other social housing	1,124	-	(118)	-	1,006
Defined benefit pension costs	-	-	(3,884)	-	(3,884)
	118,642	(14,152)	(71,335)	4,605	37,760
Activities other than Social Housing					
Non social housing lettings	992	-	(187)	-	805
Non social housing grants	1,393	-	(1,471)	-	(78)
Outright property	558	(576)	-	-	(18)
Other non social housing	277	-	(137)	-	140
	121,862	(14,728)	(73,130)	4,605	38,609
2020					
	Turnover	Cost of sales	Operating expenditure	Disposal of housing properties	Operating Surplus
	£000	£000	£000	£000	£000
Social housing lettings	96,519	-	(65,090)	-	31,429
Other social housing activities					
First tranche low cost home ownership sales	11,860	(9,454)	-	-	2,406
Disposal of properties RTB/RTA	-	-	-	8,993	8,993
Charges for support services	-	-	(681)	-	(681)
Development costs	-	-	(2,042)	-	(2,042)
Other social housing grants	616	-	(189)	-	427
VAT recoverable	66	-	-	-	66
Other social housing	789	-	(235)	-	554
Defined benefit pension costs	-	-	(4,261)	-	(4,261)
	109,850	(9,454)	(72,498)	8,993	36,891
Activities other than Social Housing					
Non social housing lettings	1,010	-	(200)	-	810
Non social housing grants	786	-	(1,052)	-	(266)
Other non social housing	371	-	(266)	-	105
	112,017	(9,454)	(74,016)	8,993	37,540

3c. Particulars of income and expenditure from social housing lettings

GROUP	General needs housing £000	Supported housing and housing for older people £000	Low cost home ownership £000	2021 Total £000	2020 Total £000
Rent receivable net of identifiable service charges	92,094	1,526	1,100	94,720	90,635
Service charge income	4,060	342	467	4,869	4,516
Amortised government grants	1,161	-	-	1,161	1,116
Other grants	544	-	-	544	-
Turnover from social housing lettings	97,859	1,868	1,567	101,294	96,267
Management	15,783	272	130	16,185	15,710
Service charge costs	5,069	115	360	5,544	5,219
Routine maintenance	10,086	173	-	10,259	10,910
Planned maintenance	14,873	254	-	15,127	15,653
Major repairs expenditure	4,488	77	-	4,565	4,991
Bad debts	999	17	(33)	983	1,215
Depreciation of housing properties	12,053	209	187	12,449	11,243
Operating expenditure on social housing lettings	63,351	1,117	644	65,112	64,941
Operating surplus on social housing lettings	34,508	751	923	36,182	31,326
Void losses	(697)	(39)	(4)	(740)	(562)

3d. Particulars of Income and Expenditure from Social Housing Lettings

COMPANY	General needs housing	Supported housing and housing for older people	Low cost home ownership	2021 Total	2020 Total
	£000	£000	£000	£000	£000
Rent receivable net of identifiable service charges	92,094	1,526	1,100	94,720	90,635
Service charge income	4,060	342	467	4,869	4,516
Amortised government grants	1,161	-	-	1,161	1,116
Non government grant	550	-	-	550	252
Turnover from social housing lettings	97,865	1,868	1,567	101,300	96,519
Management	15,783	272	130	16,185	15,710
Service charge costs	5,069	115	360	5,544	5,219
Routine maintenance	10,086	173	-	10,259	10,910
Planned maintenance	14,873	254	-	15,127	15,653
Major repairs expenditure	4,488	77	-	4,565	4,991
Bad debts	999	17	(33)	983	1,215
Depreciation of housing properties	12,198	212	187	12,597	11,392
Operating expenditure on social housing lettings	63,496	1,120	644	65,260	65,090
Operating surplus on social housing lettings	34,369	748	923	36,040	31,429
Void losses	(697)	(39)	(4)	(740)	(562)

3e. Particulars of turnover from non-social housing lettings

	Group and Company	
	2021	2020
	£000	£000
Market rented housing properties	605	592
Garage rents	387	418
	<u>992</u>	<u>1,010</u>

4. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

GROUP AND COMPANY	2021 Number	2020 Number
Social housing		
General housing:		
- social rent	18,048	18,077
- affordable rent	1,945	1,788
Supported housing	342	327
Low cost home ownership	545	447
Total owned	20,880	20,639
Leasehold properties	638	624
Total managed	21,518	21,263
 Non-social housing		
Market rented housing properties	101	101
Total owned and managed	101	101
 Accommodation in development at the year end	679	818

The Group owns 32 commercial properties (2020:32) that are managed on its behalf, under management agreements, by Walsall Council.

5. Operating Surplus

The operating surplus is arrived at after charging/(crediting):

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Amortisation of deferred capital grant	(1,169)	(1,126)	(1,169)	(1,126)
Non government grant	(544)	-	(550)	(252)
Amortisation of intangible fixed assets	462	435	462	435
Depreciation of housing properties	12,449	11,243	12,597	11,392
Depreciation of other tangible fixed assets	1,031	1,006	1,031	1,066
Operating lease rentals:				
- land and buildings	78	69	78	69
- vehicles and equipment	322	1,515	322	1,515
 Auditor's remuneration (including VAT)				
- Fees payable to the Company's auditor for the audit of the Financial Statements	82	72	64	54
- Fees payable to the Company's auditor for other services:	13	27	13	27
Total audit services	95	99	77	81

6. Surplus on disposal of property, plant and equipment

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Disposal proceeds	6,864	10,755	6,864	10,755
Carrying value of fixed assets	(1,595)	(1,586)	(1,595)	(1,586)
Other costs of sale	(59)	(69)	(59)	(69)
Surplus on disposal	5,210	9,100	5,210	9,100

The first table below shows the amounts included in the Operating Surplus in Note 3, and the second table shows the asset disposals not included.

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Surplus on disposal of housing properties included in Operating Surplus (Note 3) Right To Buy & Voluntary Right To Buy Sales				
Disposal proceeds	5,772	10,266	5,772	10,266
Carrying value of fixed assets	(1,132)	(1,221)	(1,132)	(1,221)
Other costs of sale	(35)	(52)	(35)	(52)
	4,605	8,993	4,605	8,993

This table includes one off disposals of five void properties and five staircasing sales.

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Surplus on disposal of other property, plant and equipment				
Disposal proceeds	1,093	488	1,093	488
Carrying value of fixed assets	(463)	(363)	(463)	(363)
Other costs of sale	(25)	(18)	(25)	(18)
	605	107	605	107

7. Interest receivable and similar income

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Interest receivable and similar income	238	867	448	1,024

8. Interest and financing costs

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Net interest payable West Midlands Pension Fund	317	295	317	295
Net interest payable SHPS	2	15	2	15
Bank interest	10,837	10,753	10,837	10,753
Bond Interest and finance costs	10,189	9,906	-	-
Interest payable to the Group	-	-	10,329	10,036
Amortisation of issue costs	105	97	-	-
Bond coupon discount	35	33	-	-
	21,485	21,099	21,485	21,099
Interest payable capitalised on housing properties under construction	(558)	(315)	(558)	(315)
	20,927	20,784	20,927	20,784
Capitalisation rate used to determine the finance costs capitalised during the period	4.81%	4.84%	4.81%	4.84%

The Company bond interest and finance costs and amortisation of issue costs relate to amounts owing to whg Treasury PLC.

9. Employees

Average monthly number of employees expressed as full time equivalents (calculated based on a standard working week of 37 hours):

	2021 No.	2020 No.
GROUP AND COMPANY		
Administration	182	172
Development	22	22
Housing, support and care	496	510
	700	704

Average monthly headcount

	2021 No.	2020 No.
GROUP AND COMPANY		
Administration	192	183
Development	23	22
Housing, support and care	512	531
	727	736

Employee Costs:	2021 £000	2020 £000
Wages and salaries*	25,167	24,282
Social security costs	2,557	2,419
Other pension costs	5,626	6,482
	33,350	33,183

*Includes redundancy costs of £373k (2020: £465k).

The Company's employees are members of the West Midlands Pension Fund (WMPF) or of the Social Housing Pension Scheme (SHPS). Further information on each scheme is given in Note 27.

9. Employees (continued)

The full time equivalent number of colleagues who received remuneration (which includes basic, pension contributions and benefits in kind expenditure and the note includes the Directors) in excess of £59,999:

	2021 No	2020 No
£60,000 - £70,000	10	9
£70,001 - £80,000	6	3
£80,001 - £90,000	3	6
£90,001 - £100,000	2	2
£100,001 - £110,000	2	1
£110,001 - £120,000	-	2
£120,001 - £130,000	2	1
£130,001 - £140,000	1	1
£140,001 - £150,000	1	-
£150,001 - £160,000	1	1
£160,001 - £170,000	1	1
£180,001 - £190,000	-	1
£200,001 - £210,000	1	1
£250,001 - £260,000	1	-

10. Key management personnel

The Directors are defined for the purpose of this Note as the Members of the Board and Executive Directors of the Group, the latter having executive responsibility. This satisfies the definition included in the Accounting Direction for Private Registered providers of Social Housing 2019.

The aggregate remuneration for key management personnel charged in the year is:

	2021 £000	2020 £000
GROUP AND COMPANY		
Basic salary	1,032	889
Benefits in kind	92	109
National Insurance	144	126
Pension contributions	89	104
	<u>1,357</u>	<u>1,228</u>

The Group Chief Executive is an ordinary member of the West Midlands Pension Scheme. No enhanced or special terms apply. The Group does not make any further contribution to an individual pension arrangement for the Group Chief Executive.

The number of Directors to whom retirement benefits are accruing under defined benefit schemes was 7 (2020: 6).

During the year, the aggregate compensation for loss of office of key management personnel was £nil (2020: £nil).

The emoluments of the highest paid Director, the Group Chief Executive are shown below:

	2021 £000	2020 £000
Highest Paid Director		
Remuneration	235	206
National Insurance	31	27
Pension Contribution	19	22
	<u>285</u>	<u>255</u>

10. Key management personnel (continued)

Board members Attendance and Emoluments

Board members are paid as follows:

	Attendance			Remuneration	
	Board	Committee		2021	2020
Non-Executive Board Members				£000	£000
Danielle Oum (Chair)	11/11	GRC	7/7	15.6	15.4
Michael Hew (GRC Chair) to 23/09/2020	7/7	GRC	3/3	3.5	7.0
		AAC	3/3	-	-
Ian Gardner (AAC Chair) to 31/07/2020	5/5	AAC	2/2	2.3	7.0
Noel Maxwell (CEC Chair) to 30/11/2020	9/9	CEC	3/3	4.7	6.0
Gregory Warner-Harris (CCB Chair)	11/11	CCB	4/4	7.1	7.0
Paul O'Driscoll	9/11	DC	7/7	5.0	4.9
Elisabeth Downes (GRC Chair)	9/11	GRC	7/7	-	2.1
Daren Fradgley	8/11	CEC	3/4	5.0	2.1
Gary Moreton (AAC Chair)	11/11	AAC	6/6	6.4	3.3
Akshay Parikh (DC Chair)	11/11	DC	7/7	7.1	2.9
Guy Weston	11/11	DC	7/7	5.0	2.1
		GRC	4/4	-	3.5
Natalia Hill (CEC Chair) from 1/11/2020	3/3	CEC	4/4	4.4	1.9
Ian Shapiro from 1/11/2020	3/3			1.9	-
Total				68.0	65.2
Board Expenses				0.2	3.4
Committee Members Remuneration				32.2	14.3
Total				100.4	82.9
Executive Board Member					
Gary Fulford (CEO)	11/11			-	-
Committee					
Audit and Assurance		AAC			
Customer Experience		CEC			
Governance and Remuneration		GRC			
Development		DC			
Commercial Coterminous Board		CCB			

No members of the Board other than the Chief Executive participate in the Social Housing Pension Scheme or the Local Government Pension Scheme.

11. Taxation

Walsall Housing Group Limited is registered as charitable with HMRC and as such benefit from charitable tax exemptions. All other active Group companies including whg Trading Company Limited, whg Developments Limited, whg Treasury PLC, Anthem Homes Limited, Cricket Close LLP, The Woodlands Management Company (Harrowby) Limited and Buy for Good CIC are liable to Corporation Tax.

Group	2021	2020
Current tax	£000	£000
UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
-Origination and reversal of timing differences	6	(16)
Total deferred tax	6	(16)
Total tax on surplus on ordinary activities	6	(16)

	2021	2020
	£000	£000
Surplus on ordinary activities before tax	27,329	17,450
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	5,193	3,316
-Exempt charitable activities	(5,193)	(3,316)
Current tax charge for the year		
Capital allowances in excess of depreciation	6	7
Adjustment to opening deferred tax rate	-	(23)
Deferred Tax	6	(16)

Company	2021	2020
Current tax	£000	£000
UK corporation tax	-	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Total tax on surplus on ordinary activities	-	-

	2021	2020
	£000	£000
Surplus on ordinary activities before tax	29,390	17,820
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom of 19% (2020: 19%)	5,584	3,386
Exempt charitable activities	(5,584)	(3,386)
Capital allowances in excess of depreciation	-	-
Adjustment to opening deferred tax rate	-	-
Current tax charge for the year	-	-

12. Intangible Fixed Assets**Group and Company**

	IT Software	IT Software work in progress	Total Intangible assets
	£000	£000	£000
Cost			
At 1 April 2020	3,333	583	3,916
Additions	38	112	150
Projects completed	512	(512)	-
Disposals	(466)	-	(466)
At 31 March 2021	3,417	183	3,600
Amortisation			
At 1 April 2020	1,486	-	1,486
Charged in the year	462	-	462
Released on disposal	(404)	-	(404)
At 31 March 2021	1,544	-	1,544
Net book value			
At 31 March 2021	1,873	183	2,056
At 31 March 2020	1,847	583	2,430

Amortisation on these assets is apportioned by FTE across all expenditure elements within the Statement of Comprehensive Income.

13. Fixed Assets – housing properties**Fixed Assets – housing properties**

Group – housing properties	Social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under construction	Total housing properties
	£000	£000	£000	£000	£000
Cost					
At 1 April 2020	541,563	24,147	33,798	2,892	602,400
Additions	-	38,893	-	11,151	50,044
Component additions	6,809	4,905	-	-	11,714
Components completed	2,705	(2,705)	-	-	-
Interest capitalised	-	454	-	104	558
Schemes completed	28,830	(28,830)	9,774	(9,774)	-
Property disposals	(1,828)	-	(286)	-	(2,114)
Costs written off	-	(86)	-	-	(86)
Component disposals	(631)	-	-	-	(631)
At 31 March 2021	577,448	36,778	43,286	4,373	661,885
Depreciation					
At 1 April 2020	111,413	-	343	-	111,756
Depreciation charged in year	12,262	-	187	-	12,449
Released on disposal – properties	(573)	-	(9)	-	(582)
Released on disposal – components	(631)	-	-	-	(631)
At 31 March 2021	122,471	-	521	-	122,992
Net book value					
At 31 March 2021	454,977	36,778	42,765	4,373	538,893
At 31 March 2020	430,150	24,147	33,455	2,892	490,644

Included in the depreciation charge for the year is £209k of accelerated depreciation on components disposed before the end of their useful economic lives (2020: £397k).

13. Fixed Assets – housing properties (continued)

Company – housing properties	Social housing properties held for letting	Housing properties for letting under construction	Completed Shared Ownership housing properties	Shared Ownership housing properties under constructio n	Total housing properties
	£000	£000	£000	£000	£000
Cost					
At 1 April 2020	561,379	24,209	33,798	2,892	622,278
Additions	-	39,131	-	11,151	50,282
Works to existing properties	6,809	4,905	-	-	11,714
Components completed	2,705	(2,705)	-	-	-
Interest capitalised	-	454	-	104	558
Schemes completed	28,843	(28,843)	9,774	(9,774)	-
Property disposals	(1,828)	-	(286)	-	(2,114)
Costs written off	-	(86)	-	-	(86)
Component disposals	(631)	-	-	-	(631)
At 31 March 2021	597,277	37,065	43,286	4,373	682,001
Depreciation					
At 1 April 2020	113,161	-	343	-	113,504
Depreciation charged in year	12,410	-	187	-	12,597
Released on disposal – properties	(573)	-	(9)	-	(582)
Released on disposal – components	(631)	-	-	-	(631)
At 31 March 2021	124,367	-	521	-	124,888
Net book value					
At 31 March 2021	472,910	37,065	42,765	4,373	557,113
At 31 March 2020	448,218	24,209	33,455	2,892	508,774

Housing properties book value net of depreciation comprises

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Freehold land and buildings	490,466	452,995	508,686	471,125
Leasehold buildings	1,289	1,302	1,289	1,302
Shared Ownership	47,138	36,347	47,138	36,347
	538,893	490,644	557,113	508,774

13. Fixed Assets – housing properties (continued)**Expenditure on works to existing properties**

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Components capitalised	11,714	11,782	11,714	11,782
Amounts charged to Statement of Comprehensive Income	4,565	4,991	4,565	4,991
	16,279	16,773	16,279	16,773

Assets held in the Company include uplift in the net book value of assets transferred from its subsidiaries arising from the Group restructure in January 2009. This has been eliminated on consolidation.

Social housing assistance

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Total accumulated social housing grant received or receivable at 31 March:	83,786	67,838	83,786	69,783
Recognised in the Statement of Comprehensive Income	(7,600)	(6,486)	(7,600)	(8,431)
	76,186	61,352	76,186	61,352

Finance costs

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Aggregate amount of finance costs included in the cost of housing properties	5,621	5,062	5,621	5,062

14. Tangible Fixed Assets – Other

Group and Company	Offices	Furniture Fixtures and Fittings	Computers & Office Equipment	Computers & Office Equipment WIP	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2020	15,521	2,452	5,712	49	62	23,796
Additions	-	26	77	6	-	109
Projects completed	-	-	36	(36)	-	-
Disposals	-	(8)	(1,138)	-	-	(1,146)
At 31 March 2021	15,521	2,470	4,687	19	62	22,759
Depreciation						
At 1 April 2020	4,028	1,443	3,787	-	62	9,320
Charged in the year	369	232	430	-	-	1,031
Released on disposal	-	(5)	(1,139)	-	-	(1,144)
At 31 March 2021	4,397	1,670	3,078	-	62	9,207
Net book value						
At 31 March 2021	11,124	800	1,609	19	-	13,552
At 31 March 2020	11,493	1,009	1,925	49	-	14,476

15. Investment properties

	Group and Company	
Non social housing properties held for letting	2021	2020
	£000	£000
At 1 April	9,550	8,581
Revaluation	145	969
At 31 March	9,695	9,550

The Company owns a portfolio of market rented properties. These properties are accounted for at fair value. The Company used Bridgehouse Professional Valuation Services who undertook a desktop review to establish the current fair value of the properties. The current worth was then adjusted for movements in the property market using the median property price trends for the Walsall area. The methodology produced an estimated valuation of £9.6m at March 2020 and £9.7m at March 2021. The movements in fair value £145k (2020:£969k) have been recognised in the Statement of Total Comprehensive Income. The historic cost of the properties is £8m (2020: £8m).

16. HomeBuy loans receivable

	Group and Company	
	2021	2020
	£000	£000
At 1 April	137	137
At 31 March	137	137

17. Investments in subsidiaries

	2021 £000	2020 £000
At the 1 April	100	100
Additions	-	-
At 31 March	100	100

As required by statute, the Financial Statements consolidate the results of whg Treasury PLC, whg Developments Limited, whg Trading Company Limited, Anthem Homes Limited, Cricket Close LLP, Buy For Good CIC and The Woodlands Management Company (Harrowby) Limited. None of the subsidiaries are registered providers.

Walsall Housing Group Limited (whg) is the immediate and ultimate parent undertaking of all the subsidiaries, which were 100% subsidiaries throughout the year with the exception of The Woodlands Management Company (Harrowby) Limited. This was acquired on the 7 July 2020. whg has the right to appoint members to the Boards of the subsidiaries and thereby exercises control over them. All subsidiaries' registered addresses are the same as whg registered address disclosed on the front cover.

whg Treasury PLC's (No.09138070) principal activity is to act as a group funding vehicle and an onward lender of bond monies to its immediate parent company, Walsall Housing Group Limited. whg owns all the 50,000 £1 shares, which were issued at par on incorporation.

whg Developments Limited is a private company registered in England and Wales under the Companies Act 2006 (No.07872595) and limited by shares. The principal activities of the Company comprise the provision of a design and build service to Walsall Housing Group Limited. The company has one £1 ordinary share in issue.

whg Trading Company Limited is a private company registered under the Companies Act 2006 (No.05407219) and limited by shares. The principal activities of the company are providing housing related project management and professional services. The company also receives feed in tariff from solar panels, commission from our energy partner, government grants for research and innovation and overage on the sale of land. The company has one £1 ordinary share in issue. The voting rights of one vote per share are with the parent company. On 3 May 2019 whg Trading Company Limited became a designated member of Cricket Close LLP owning 1% of the shareholding in the LLP. On 7 July 2020 whg Trading Company Limited acquired The Woodlands Management Company (Harrowby) Limited.

Anthem Homes Limited is a private company registered in England and Wales under the Companies Act 2006 (No.10591652) and limited by shares. The principal activities of the Company are to build and sell homes outright to the open market, and to enter into joint ventures and partnerships with developers for that purpose. The parent company Walsall Housing Group Limited owns all of the 50,000 £1 shares, which were issued at par on incorporation.

Cricket Close is a Limited Liability Partnership and was previously a wholly owned subsidiary of Anthem Homes. (No. OC417013). The principal activity of the LLP is the development of homes for sale. On 3 May 2019 whg Trading Limited obtained a 1% shareholding in Cricket Close LLP, meaning that the LLP is no longer a fully owned subsidiary of Anthem Homes Limited, which now has a 99% shareholding in the LLP. Anthem Homes Limited continues to supply 100% of the LLP's funding at an interest rate of 5%.

Visionary Investment Enhancing Walsall Limited (VIEW) is an entity registered under the Co-operative and Community Benefit Societies Act 2014, registered under the Companies Act 2006 in England. (No. 29907R). It is a Society limited by shares and is regulated by the Financial Services Authority. All intercompany balances recognised through the normal course of business are settled in cash and attract no interest. VIEW resolved to transfer its assets and liabilities to whg by Special resolutions approved by the VIEW Members on the 22 June and 16 July 2020. The entity is no longer a going concern and has been dissolved. No material adjustments arose as a result of ceasing to apply the going concern basis. A transfer of engagement has been completed and the assets were transferred to Walsall Housing Group Limited on 18 August 2020. VIEW was deregistered on 23 September 2020.

Buy For Good CIC is a private company limited by guarantee, incorporated in England and Wales and registered under the Companies Act 2006 (No.07548143). The company was set up to deliver social value

17. Investments in subsidiaries (continued)

through innovative and collaborate procurement initiatives. It is a Community Interest Company. The company was dissolved on 20 April 2021.

The Woodlands Management Company (Harrowby) Limited is a private company registered in England and Wales under the Companies Act 2006 (No.09721558) and was acquired on 7 July 2020. The company is a wholly owned subsidiary of whg Trading Company Limited. The liability of whg trading Company Limited (being the only Member) is £1. The company is a Company Limited by Guarantee without share capital.

Anthem Lovell LLP is a Limited Liability Partnership and non charitable company registered with Companies House (No. OC425694). It was created on 18 January 2019. Anthem Homes is in partnership with Lovell Homes and each partner has a 50% share of the company. The initial capital of the LLP is £2.00 (two pounds) which was contributed in cash to the LLP by each Member in the sum of £1.00 (one pound) by way of its Capital Contribution and the LLP credited such amounts against the relevant Member's Capital Account. This is an associate company. It is accounted for by using the equity method of accounting. We recognise our share of the profit or loss through the Statement of Comprehensive Income. The company only commenced construction in the last quarter of the year, so no profit or loss has been incurred and there is no impact on this year's financial statements. Anthem Homes Limited has agreed a revolving loan facility secured by debenture with Anthem Lovell LLP which is limited to site specific Business Plans approved by Board. At present only one such facility has been agreed on the Caparo scheme which has an agreed interest rate of 5% on 30% of the drawn funds (effective annual rate of 1.875%). As at 31 March 2021 Anthem Lovell LLP had drawn down £8,590k of the facility (2020: £7,730k).

Investments

a) During the year whg had the following intra-Group transactions and year end balances with whg Treasury PLC.

whg Treasury PLC to whg

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Interest payable	Bond interest charge payable	10,224	9,906
Custodian fees	Custodian fees payable	10	24
		<u>10,234</u>	<u>9,930</u>

There is a £269.5m long term intra-group creditor owed to whg Treasury PLC at the year end (2020: £269.9m).

b) During the year the Company had the following intra-Group transactions and year end balances with whg Developments Limited.

whg to whg Developments Limited

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Interest payable	Interest charge on loan	25	25
Management services	Percentage of development costs	118	50
		<u>143</u>	<u>75</u>

whg Developments Limited to whg

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Recharge of cost of sales	Design & Build	12,127	5,102
Gift aid	Not applicable	(27)	(87)
		<u>12,100</u>	<u>5,015</u>

17. Investments in subsidiaries (continued)

There is a £893k net intra-group creditor owed to whg Developments Ltd at the year end made up of £1,536k owed to whg Developments Ltd and £643k owed by whg Developments Limited. (2020: net creditor £278k). Included in the £643k debt owed by whg Developments Limited is a £500k loan made by Walsall Housing Group on 20 December 2012. Interest is charged at 5% (2020: 5%). Interest amounted to £25k for the year (2020: £25k).

c) During the year whg had the following intra-Group transactions and year end balances with whg Trading Company Limited:

whg to whg Trading Company Limited

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Management services	Percentage of payroll costs	250	203

whg Trading Company Limited to whg

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Gift aid	Not applicable	(865)	(136)

There is a £94k intra-group debtor owed by whg Trading Company Limited at the year end (2020: £21k).

d) During the year the Company had the following intra-Group transactions and year end balances with Anthem Homes Limited.

There is a £9m intra-group debtor owed by Anthem Homes Limited at the year end made up of £11.2m owed by Anthem Homes Limited to whg and £2.2m owed to Anthem Homes Limited by Cricket Close LLP (2020: net debtor £7.9m). The £11.2m debt owed by Anthem Homes Limited includes a loan made by Walsall Housing Group at LIBOR (0.7% for the year) plus 3% interest. The £2.2m debtor includes a loan made to Cricket Close LLP at a 5% market rate.

Anthem Homes Limited to whg

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Interest payable	Interest charge payable	314	212

e) During the year the whg had the following intra-Group transactions and year end balances with VIEW.

whg to VIEW

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Contribution in respect of VAT recovered under the parent VAT shelter scheme	25% of VAT recovered on whg partnering works	-	(332)
Management services	Percentage of payroll costs	-	108
		-	(224)

VIEW to whg

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Regeneration grants	Grant funding project expenditure	(1,181)	(1,009)

VIEW has been deregistered. A transfer of engagement has been completed and the assets were transferred to Walsall Housing Group Limited on 18 August 2020. There is a nil intra-group balance at the year end (2020: debtor £412k).

17. Investments in subsidiaries (continued)

- f) During the year the Company had the following intra-Group transactions and year end balances with Buy for Good CIC.

Buy for Good CIC to whg

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Gift aid	Not applicable	(24)	(34)

Buy for Good CIC was dissolved on 20 April 2021. There is a nil intra-group balance at the year end (2020: £nil).

- g) During the year the Company had the following intra-Group transactions and year end balances with The Woodlands Management Company (Harrowby) Limited.

whg to The Woodlands Management Company (Harrowby) Limited

Intra-Group transactions	Allocation basis	2021 £000	2020 £000
Management services	Percentage of payroll costs	6	-

There is a £6k intra-group debtor owed by The Woodlands Management Company (Harrowby) Limited at the year end (2020: £nil).

18. Properties held for sale

	Group Company			
	2021 £000	2020 £000	2021 £000	2020 £000
Shared Ownership Properties				
Completed properties	2,427	7,892	2,427	7,892
Work in progress	4,455	3,350	2,687	1,683
	6,882	11,242	5,114	9,575
Properties developed for outright sale	2,104	2,563	2,104	2,563
	8,986	13,805	7,218	12,137

19. Debtors

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Due within one year				
Rent and service charges receivable	4,464	4,262	4,464	4,262
Less: provision for bad and doubtful debts	(2,838)	(2,168)	(2,838)	(2,168)
	1,626	2,094	1,626	2,094
Deferred tax asset	100	107	-	-
Other debtors	381	408	348	387
Prepayments and accrued income	8,849	7,214	8,469	6,910
Amounts owed by Group undertakings	-	-	768	728
	10,956	9,823	11,211	10,119

20. Debtors due in more than one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Due after one year				
Loan to Anthem Lovell LLP	8,590	7,730	-	-
Loan to Anthem Homes Limited	-	-	10,675	9,711
Loan to whg Developments Limited	-	-	500	500
	8,590	7,730	11,175	10,211

21. Creditors: amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank loans (Note 25)	-	25,000	-	25,000
Trade creditors	7,768	8,282	6,345	7,468
Rent and service charges received in advance	3,131	3,709	3,131	3,709
Social housing grant received in advance	7,310	165	7,310	165
Other grants received in advance	6,867	7,658	6,867	7,658
Amounts owed to Group undertakings	-	-	6,675	5,992
Deferred grant income (Note 23)	963	880	963	880
Corporation Tax	-	-	-	-
Other taxation and social security	778	676	772	675
Unpaid contributions for retirement benefits	222	309	222	309
Other creditors*	1,003	2,362	991	2,323
Accruals and deferred income	8,796	8,508	3,641	3,337
	36,838	57,549	36,917	57,516

* Other creditors include the Big Lottery funding for the Click Start Programme. A creditor of £nil is still - outstanding at 31 March 2021 (2020: £nil). The total funding received for the year was £990k, with £708k being paid to our partners and whg recognising £282k through the Statement of Comprehensive Income.

22. Creditors: amounts falling due after more than one year

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Recycled Capital Grant Fund (Note 26)	124	45	124	45
Debt (Note 25)	401,099	412,290	401,099	412,290
Deferred grant income (Note 23)	68,998	61,318	68,998	61,318
	470,221	473,653	470,221	473,653

23. Deferred grant income

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
At 1 April 2020	62,197	51,953	62,197	51,953
Grant received in the year	16,691	11,453	16,691	11,453
Transfer to RCGF	(69)	(39)	(69)	(39)
Grants paid to partners	(6,876)	-	(6,876)	-
Grants recognised as income	(813)	(43)	(813)	(43)
Released to income in the year	<u>(1,169)</u>	<u>(1,126)</u>	<u>(1,169)</u>	<u>(1,126)</u>
At 31 March 2021	69,961	62,198	69,961	62,198
Amounts to be released within one year (Note 21)	963	880	963	880
Amounts to be released in more than one year (Note 22)	<u>68,998</u>	<u>61,318</u>	<u>68,998</u>	<u>61,318</u>
	69,961	62,198	69,961	62,198

Deferred Grant includes £412k (2020: £422k) relating to office buildings and £674k (2020: £584k) component accounting grant.

24. Disposal proceeds fund

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
At 1 April 2020	-	1,995	-	1,995
Net sale proceeds recycled	-	-	-	-
Interest accrued	-	12	-	12
Withdrawals	<u>-</u>	<u>(2,007)</u>	<u>-</u>	<u>(2,007)</u>
At 31 March 2021	0	0	0	0

As at 31 March 2021, there are no amounts due for repayment.

25. Debt analysis**Borrowings**

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Due within one year				
Bank loans	-	25,000	-	25,000
	-	25,000	-	25,000
Due after more than one year				
Bank loans	138,407	148,025	138,407	148,025
Bond	265,871	266,307	265,871	266,307
	404,278	414,332	404,278	414,332
Less: issue costs	<u>(3,179)</u>	<u>(2,042)</u>	<u>(3,179)</u>	<u>(2,042)</u>
	401,099	412,290	401,099	412,290
Total loans	401,099	437,290	401,099	437,290
Payable to external funders	401,099	437,290	136,747	172,538
Payable to Group undertakings	<u>-</u>	<u>-</u>	<u>264,352</u>	<u>264,752</u>
	401,099	437,290	401,099	437,290

25. Debt Analysis (continued)

Bank loans and derivatives

On 17 March 2021 the Group executed a deal to cancel the callable option on four fixed rate loans with a value of £20m and convert them to vanilla fixed rate loans to the date of maturity (25 March 2033). This tranche of loans will now be accounted for as a basic financial instrument and the related mark to market liability of £9.2m has been recognised in the Statement of Total Comprehensive Income. The fair value movement on the mark to market value in the year was £0.4m

Bond

The bond monies are lent from whg Treasury PLC on to the parent company Walsall Housing Group Limited under the same terms and so the bond in the company above is therefore owed to the subsidiary, whg Treasury PLC.

The market value of the bond as at 31 March 2021 was £332.13m (2020: £320.7m).

Facilities and security

At 31 March 2021 the Group had £61.6m of agreed but undrawn borrowing facilities available in the form of revolving credit facilities.

The bank loans and the bond are secured by specific charges based on the net book value on the housing properties of the Group in favour of the lenders.

Terms of repayment, interest rates and issue costs

Bank loan repayments are via a mixture of instalments and one off bullet repayments. The current bond liability is payable in full in 2045.

The £138m of bank loans accrue interest at an average rate of approximately 6.43%. As above, the £250m bond has been issued at a coupon rate of 4.25%.

Gross issue costs for both the bank loans and the bond were £3.7m (2020: £2.6m) and were capitalised in the years in which they were incurred. Amortisation charged in the year was £137k (2020: £130k).

bLEND plc

In October 2020 the Group secured £75m of new funding with an effective rate of 2.267% through the bLEND aggregator with a draw down date of October 2021. The price was based on a gilt of 0.787%, a spread of 1.48% and will also be subject to further annualised bLEND costs of 0.2% The deal will attract a premium of £11.2m when the funds are drawn with the Group due to receive net proceeds of £84m. The upfront fees associated with this deal totalled £1m and these have been capitalised.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Within one year or on demand	-	25,000	-	25,000
One year or more but less than two years	25,000	-	25,000	-
Two years or more but less than five years	55,867	80,867	55,867	80,867
Five years or more	323,411	333,465	323,411	333,465
	404,278	439,332	404,278	439,332
Less: unamortised issue costs	(3,179)	(2,042)	(3,179)	(2,042)
	401,099	437,290	401,099	437,290

25. Debt analysis (continued)

Interest rate profile

The Group's debt has a weighted average interest rate of 4.81% (2020: 4.85%) and the weighted average for which it is fixed is the lifetime of the loan.

26. Recycled Capital Grant Fund

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Opening Balance as at 1 April	45	43	45	43
Inputs to RCGF:				
Grant recycled from property disposals	79	45	79	2
Interest accrued	-	-	-	-
Transfers from other PRP's	-	-	-	-
Recycling of grant				
New Build	-	(43)	-	-
Closing Balance as at 31 March	124	45	124	45

27. Pension obligations

The Group operates two pension schemes; West Midlands Pension Fund and Social Housing Pension Scheme. Both schemes are funded through payments to trustee-administered funds, determined by periodic actuarial valuations. Both schemes provide defined benefits based on members' final salary at retirement, death or leaving service.

Pension Liability Summary Note

	2021 £000	2020 £000
WMPF	8,333	14,150
SHPS	332	92
Total Liabilities	8,665	14,242

West Midlands Pension Fund

The West Midlands Pension Fund (WMPF) is a multi-employer scheme with more than one participating employer and is administered under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2019.

The fair value of the scheme assets at that date was £208.7m.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme by effectively giving them the better of the benefits from the old and new schemes.

The results in this note include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargeant cases which relate to age discrimination within the Judicial and Fire Pension

27. Pension obligations (continued)

schemes, respectively. This allowance was described in the previous accounting report and incorporated into the accounting results as at 31 March 2020. These results, including the allowance, have been rolled forward and remeasured to obtain the accounting results as at 31 March 2021.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, the results do not include any further adjustment in light of the ongoing consultation.

Key Results

The estimated position at 31 March 2021 shows a deficit of £8.3m compared with a £14.2m deficit last year. The key reasons for this change are:

- The discount rate has decreased
- Pension increases.
- Salary increases
- Inflation increases

The employer's contributions to the WMPF by the Company and Group for the year ended 31 March 2021 were £1.3m (2020: £1.8m). whg received a rebate for the year of £1,823k due to an improved funding position which resulted in the actual rate being 8.2% for the year. The employer's contribution rate has been fixed as 20.4% of pensionable salaries until 31 March 2023 with a discount of 12.2%.

Early retirements over the year, have resulted in nil past service cost in the year to 31 March 2021 (2020: £0.7m). There were £nil (2020: £nil) of other settlements, curtailments, discretionary practices, constructive obligations or other material events during the year.

Calculation Method

The figures at 31 March 2021 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 31 March 2020.

Key Assumptions

The key financial assumptions have been based on market assumptions as at 31 March 2021 and have been derived in a consistent manner to last year. This has resulted in the following assumptions:

	Group and Company	
	31 March 2021 % per annum	31 March 2020 % per annum
Principal actuarial assumptions		
Financial assumptions		
Discount rate	2.10	2.35
Future salary increases	2.60	3.40
Future pension increases	2.60	1.90
Inflation assumption	2.80	0.80

27. Pension obligations (continued)**Mortality assumptions**

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2021 and March 2020 are based on the PA92 series. The assumed life expectations on retirement at age 65 are:

		Group and Company	
		2021	2020
		Years	Years
Retiring today:	Males	21.0	21.9
	Females	23.4	24.1
Retiring in 20 years:	Males	22.4	23.8
	Females	24.9	26.0

Amounts recognised in surplus or deficit

		Group and Company	
		2021	2020
		£000	£000
Current service cost		5,123	5,287
Admin charges		144	133
Amounts charged to operating costs		5,267	5,420
		2021	2020
		£000	£000
Net interest payable		317	295
Amounts within interest and financing costs		317	295

Amounts Recognised in the Statement of Total Comprehensive Income

	2021	2020
	£000	£000
Re measurements	10,081	3,664
Actuarial gain in respect of pension scheme	10,081	3,664

Amounts recognised in Statement of Financial Position

		Group and Company		
		2021	2020	2019
		£000	£000	£000
Present value of funded obligations		247,008	216,551	221,909
Fair value of plan assets		238,675	202,401	208,717
Net pension liability		(8,333)	(14,150)	(13,192)

27. Pension obligations (continued)**Reconciliation of opening and closing balances of the present value of scheme liabilities**

	Group and Company	
	2021	2020
	£000	£000
Opening scheme liabilities	216,551	221,909
Current service cost	5,089	5,287
Interest cost	5,046	5,305
Change in financial assumptions	35,125	(22,330)
Experience (loss) / gain on defined benefit obligation	(2,327)	2,590
Change in demographic assumptions	(8,814)	4,855
Benefits paid	(4,760)	(2,862)
Past service costs including curtailments	34	707
Member Contributions	1,064	1,090
Closing scheme liabilities	247,008	216,551

Reconciliation of opening and closing balances of the fair value of plan assets

	Group and Company	
	2021	2020
	£000	£000
Opening fair value of plan assets	202,401	208,717
Interest income	4,729	5,010
Return on plan assets (in excess of interest income)	34,065	(13,610)
Other actuarial gains/(losses)	-	2,389
Contributions by employer	1,320	1,800
Benefits paid	(4,760)	(2,862)
Administration expenses	(144)	(133)
Member contributions	1,064	1,090
Closing fair value of plan assets	238,675	202,401

	2021	2020
	£000	£000
Actual return on scheme assets	38,794	8,600

Major categories of plan assets as a percentage of total plan assets:

	2021	2020
	%	%
Equities	59.0	57.0
Government Bonds	10.0	12.0
Other Bonds	4.0	4.0
Properties	7.0	9.0
Cash	6.0	4.0
Other	14.0	15.0

Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical

27. Pension obligations (continued)

Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

The Scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

The estimated position at 31 March 2021 shows a deficit of £332k (2020: £92k)

The number of scheme members employed by the Group at 31 March 2021 was nil (2020: nil). The charge to the Group for the year was £65k. (2020: £64k).

The Group also contributes to defined contribution schemes, also with the Social Housing Pension Scheme operated by the Pensions Trust.

Calculation Method

The figures at 31 March 2021 are based on projecting forward the results of the last formal actuarial valuation of the Fund as at 30 September 2017.

Key Assumptions

The key financial assumptions have been based on market assumptions as at 31 March 2021 and have been derived in a consistent manner to last year. This has resulted in the following assumptions:

	Group and Company	
	31 March 2021 % per annum	31 March 2020 % per annum
Financial assumptions		
Discount rate	2.10	2.38
Future salary increases	3.86	2.62
Inflation assumption (RPI)	3.10	2.62
Inflation assumption (CPI)	2.60	1.62

Mortality assumptions

The post-retirement mortality assumptions adopted to value the benefit obligation at March 2021 imply the assumed life expectations on retirement at age 65 are:

27. Pension obligations (continued)

		Group and Company	
		2021	2020
		Years	Years
Retiring today:	Males	21.0	21.5
	Females	23.4	23.3
Retiring in 20 years:	Males	22.4	22.9
	Females	24.9	24.5

Amounts recognised in surplus or deficit

		Group and Company	
		2021	2020
		£000	£000
Admin charges		2	2
Amounts charged to operating costs		2	2
		2021	2020
		£000	£000
Net interest payable		2	15
Amounts within interest and financing costs		2	15

Amounts Recognised in the Statement of Total Comprehensive Income

		Group and Company	
		2021	2020
		£000	£000
Re measurements		(301)	512
Actuarial (loss)/gain in respect of pension scheme		(301)	512

Amounts recognised in Statement of Financial Position

		Group and Company	
		2021	2020
		£000	£000
Present value of funded obligations		2,179	1,736
Fair value of plan assets		1,847	1,644
Net pension liability		(332)	(92)

27. Pension obligations (continued)**Reconciliation of opening and closing balances of the present value of scheme liabilities**

	Group and Company	
	2021	2020
	£000	£000
Opening scheme liabilities	1,736	2,752
Current service cost	2	2
Interest cost	41	57
Change in scheme experience	67	(209)
Change in financial assumptions	388	(243)
Change in demographic assumptions	(6)	(18)
Benefits paid	(49)	(605)
Closing scheme liabilities	2,179	1,736

Reconciliation of opening and closing balances of the fair value of plan assets

	Group and Company	
	2021	2020
	£000	£000
Opening fair value of plan assets	1,644	2,097
Interest income	39	42
Return on plan assets (in excess of interest income)	148	42
Contributions by employer	65	68
Benefits paid	(49)	(605)
Closing fair value of plan assets	1,847	1,644
Actual return on scheme assets	187	84

Categories of plan assets:

	2021	2020
	£000	£000
Absolute Return	102	115
Alternative Risk Premia	70	86
Corporate Bond Fund	109	94
Credit Relative Value	58	45
Distressed Opportunities	53	32
Emerging Markets Debt	75	50
Fund of Hedge Funds	-	1
Global Equity	295	240
Infrastructure	123	122
Opportunistic Illiquid Credit	47	40
High yield	55	-
Opportunistic Credit	51	-
Insurance-Linked Securities	44	50
Liquid Credit	22	1
Liability Driven Investment	470	546
Long Lease Property	36	28
Net Current Assets	11	7
Private Debt	44	33
Property	38	36
Risk Sharing	67	56
Secured Income	77	62
Total Assets	1,847	1,644

27. Pension obligations (continued)

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Sensitivity analysis

	Change in assumptions	Change in liabilities
Discount Rate	Increase of 0.1% pa	Decrease by 2.0%
Rate of inflation	Increase of 0.1% pa	Increase by 1.9%
Rate of salary growth	Increase of 0.1% pa	Increase by 0%
Rate of Mortality	Probability of surviving each year increased by 10%	Increase by 3.0%

The sensitivities shown above are approximate. Each sensitivity considers one change in isolation. The inflation sensitivity includes the impact of changes to the assumptions for revaluation, pension increases and salary growth where appropriate. The average duration of the defined benefit obligation at the period ended 31 March 2021 is 20 years.

28. Provisions for liabilities and charges

Group and Company	Insurance claims £000	Restructuring costs £000	Leave pay £000	Total £000
At 1 April 2020	466	163	229	858
Additions	281	-	58	339
Utilised	(200)	(163)	-	(363)
Reversals	-	-	-	-
At 31 March 2021	547	-	287	834

Provision is made for insurance claims awaiting final settlement that fall within the self-funding element of the Group's insurance policies. The settlement can take up to two years.

The restructuring costs provision relates to costs agreed but not yet paid during the year.

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which colleagues are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

29. Share Capital

Walsall Housing Group Limited is a company limited by guarantee. No shares have been issued.

30. Cash flow from operating activities

	2021 £000	2020 £000
Surplus for the year	27,329	17,450
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	13,480	12,249
Amortisation of intangible assets	462	435
Pension costs less contributions payable	3,859	3,620
Government grants amortised in the year	(1,969)	(1,170)
Movement in fair value of financial instruments	(9,618)	1,293
Adjustments for investing of financing activities:		
Surplus on disposal of property, plant & equipment	(5,210)	(9,100)
Movement in fair value of investment properties	(145)	(969)
Interest payable	20,927	20,784
Interest received	(238)	(867)
Operating cash flows before movements in working capital	48,877	43,725
(Increase)/decrease in stock	-	-
(Increase)in properties held for sale	4,819	(2,822)
Decrease/(Increase) in trade and other debtors	494	249
Increase/(decrease) in trade and other creditors	(3,738)	3,346
Increase/(Decrease) in provisions	(24)	212
Cash generated from operating activities	50,428	44,710

30A. Analysis of changes in net debt

	At 1 April 2020	Cash flows	Fair-Value movement	Other non-cash movement	At 31 March 2021
	£000	£000	£000	£000	£000
Cash	117,154	(37,636)	-	-	79,518
Investments	10,242	725	-	-	10,967
Bank loans due within one year	(25,000)	25,000	-	-	-
Bonds due greater than one year	(264,265)	-	-	1,573	(262,692)
Bank loans due greater than one year	(148,025)	-	-	9,166	(138,859)
Total	(309,894)	(11,911)	-	10,739	(311,066)

The bank cash flow represents the repayment of two loan tranches to Lloyds & Santander.

30A. Analysis of changes in net debt (continued)

The most significant non-cash movement is the release of the MtM liability following the cancellation of the callable options on £20m of funding with Lloyds (see Note 37 Exceptional Item).

31. Capital Commitments

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Expenditure contracted for but not provided for	74,598	92,120	74,598	92,120
Expenditure authorised by the Board, but not contracted	47,474	1,426	47,474	1,426
	122,072	93,546	122,072	93,546

The above commitments will be financed as shown in the following table:

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Loan financing	97,875	82,964	97,875	82,964
Affordable housing grant	19,913	6,298	19,913	6,298
Other government grant	4,284	4,284	4,284	4,284
	122,072	93,546	122,072	93,546

During the year Visionary Investment Enhancing Walsall Limited (VIEW) deregistered. There are no commitments in respect of grant payables to external agencies. (2020: £255k).

32. Contingent assets/liabilities

The Group and Company had no contingent assets at 31 March 2021 (2020: £nil).

The Group receives capital grant from Homes England, which is used to fund the acquisition and development of housing properties and their components. In certain circumstances upon disposal of grant funded properties, the Group is required to recycle this grant by crediting a Recycled Capital Grant Fund.

At 31 March 2021, the Group has disposed of components, which had received £2k (2020: £20k) of grant funding. Although the disposal of these components has not given rise to a relevant event for the purposes of recycling grant (as the Group retains the property asset) it does have a future obligation to recycle this grant once the property is disposed of.

As the timing of any future disposal is uncertain, no provision has been recognised in these Financial Statements.

The Company is party to a Group VAT registration. At the year end, the other parties' VAT asset was £3.5k (2020: VAT asset £33.7k).

33. Leasing commitments

The total future minimum lease payments under non-cancellable operating leases are as set out below. Leases relate to land and buildings, aerals, vehicles and office equipment.

	2021	2020
	£000	£000
Within one year	78	429
Between two and five years	157	292
Over five years	88	-
	323	721

34. Related parties

Walsall Housing Group Limited is the parent company of the Group. It is registered with Companies House, the Charity Commission and the RSH and is a company limited by guarantee. Its wholly owned subsidiaries are set out below. Buy For Good has been dissolved and VIEW deregistered during the year as detailed below.

- whg Treasury PLC is a non-charitable company registered with Companies House. Its principal activity is to act as an onward moneylender of bond monies to its immediate parent company Walsall Housing Group Limited. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation.
- whg Developments Limited is a non-charitable company registered with Companies House whose principal activity is to provide a design and build service to Walsall Housing Group Limited. The Group owns the £1 share which was issued at par on incorporation.
- whg Trading Company Limited is a non-charitable company registered with Companies House whose principal activity is providing housing related project management and professional services. The Company also receives feed in tariff from solar panels. The Group owns the £1 share which was issued at par on incorporation.
- Anthem Homes Limited is a non-charitable company registered with Companies House. Its principal activity is to develop homes for outright sale. The Group owns all of the Company's 50,000 £1 shares which were issued at par on incorporation. Anthem Homes Limited has agreed a revolving loan facility secured by debenture with Anthem Lovell LLP which is limited to site specific Business Plans approved by Board. At present only one such facility has been agreed on the Caparo scheme which has an agreed interest rate of 5% on 30% of the drawn funds (effective annual rate of 1.875%). As at 31 March 2021 Anthem Lovell LLP had drawn down £8,590k of the facility (2020: £7,730k).
- Cricket Close LLP is a Limited Liability Partnership and a non-charitable company registered with Companies House. It is a subsidiary of Anthem Homes which owns 99% of the LLP with a £2 member interest and the remaining 1% is owned by whg Trading Limited.
- Visionary Investment Enhancing Walsall Limited (VIEW) was deregistered on 23 September 2020 during the financial year. It was an entity registered under the Co-operative and Community Benefit Societies Act 2014, which had charitable tax status. A Transfer of Engagements from VIEW to the parent company was registered with the Financial Conduct Authority on 18th August 2020. It has met its objectives which were to benefit the community by:
 - Improving the health and wellbeing of poor people of aged, disabled (whether physically or mentally) or chronically sick people through the provision and management of facilities and services.
 - Assisting in the relief of unemployment for the benefit of the public in such ways as may be thought fit, including assistance to find employment; and
 - Any other charitable objective carried out from time to time by a registered charity.
- Buy For Good CIC is a Community Interest Company registered with Companies House whose principal activity is to deliver social value through innovative and collaborate procurement initiatives. The company was dissolved on 20 April 2021.
- The Woodlands Management Company (Harrowby) Limited was acquired on 7 July 2020. The principle activity is residential property management. As part of that management service charges are collected from lessees to meet the cost managing and maintaining the property.

Anthem Lovell LLP is a Limited Liability Partnership and non charitable company registered with Companies House. Anthem Homes Limited is in partnership with Lovell Homes Limited each partner has a 50% share of the company.

All entities are incorporated in England and Wales.

34. Related parties (continued)

The intra-Group transactions which took place during the year between the parent undertaking and its subsidiaries are detailed within Note 17.

During the year there was a tenant, Noel Maxwell, who was a member of the Board of whg, and a tenant, Natalia Hill, who was a member of the Board of whg and Chair of the Customer Experience Committee. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage. The rent charged in 2021 was £9.5k (2020: £9k). Total arrears were nil (2020: £nil). Disclosures in relation to key management personnel are included in Note 10.

35. Financial assets and liabilities

The Board policy on financial instruments is explained in the Strategic Report, as are references to financial risks. The Group's principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

Categories of financial assets and financial liabilities

FINANCIAL ASSETS

Financial assets measured at amortised cost

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Net Rent Debtor	1,626	2,094	1,626	2,094
Other Debtors	381	408	348	387
Accrued Income	6,235	4,507	3,589	4,507
Amounts owing by Group undertakings	-	-	11,944	10,931
Cash and cash equivalents	79,518	117,154	78,390	113,900
Current Investments	10,967	10,242	10,967	10,242
Total Financial Assets	98,727	134,405	106,864	142,061

FINANCIAL LIABILITIES

Financial liabilities measured at amortised cost

	Group		Company	
	2021	2020	2021	2020
	£000	£000	£000	£000
Bank Loans and bond	401,099	427,671	401,099	427,671
Trade Creditors	7,768	8,282	6,345	7,468
Accruals	8,799	8,508	3,642	3,337
Amounts owing to Group undertakings	-	-	6,675	5,992
Other Creditors	1,003	2,362	991	2,323
Total	418,669	446,823	418,752	446,791

35. Financial assets and liabilities (continued)

Financial liabilities measured at Fair Value through the Statement of Comprehensive income

	Group		Company	
	2021 £000	2020 £000	2021 £000	2020 £000
Opening Derivatives balance	9,618	8,325	9,618	8,325
Fair value movement	(452)	1,293	(452)	1,293
Cancellation of callable option	(9,166)	-	(9,166)	-
Closing Derivatives (Note 25) balance	-	9,618	-	9,618
Total Financial Liabilities	418,669	456,441	418,752	456,409

Borrowing facilities

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2021 £000	2020 £000
Expiring between one and two years – revolving credit facility	-	-
Expiring in more than two years – revolving credit facility	61,633	49,133
	61,633	49,133

36. Reserves

The Group has taken part in the Midlands pilot of a Voluntary Right to Buy scheme. No properties were sold in the year to 31 March 2021 (2019: 34). The Group has created a designated reserve for the net proceeds plus discount reclaimed from Homes England less the amount of debt repaid. This designated reserve will be used to fund the one for one replacement of housing property.

	Group		Company	
	General Reserves £000	Designated Reserves £000	General Reserves £000	Designated Reserves £000
As at 31 March 2020	126,553	3,156	142,671	3,156
Total comprehensive income for the year	37,103	-	39,170	-
Transfer to designated reserve	(4)	4	(4)	4
	163,652	3,160	181,837	3,160

37. Exceptional gain

On 17 March 2021 the Group executed a deal to cancel the callable option on £20m of interest rate swaps with Lloyds Bank Plc. As the callable option had been deemed a non-basic financial instrument in the accounts this tranche of funding had been valued at fair value. At the date of cancellation of the options the fair value of the loan included a mark to market of £9.2m which was released to the income statement as an exceptional gain.