



Financial statements 31 March 2024

Company Secretary

Mandy Arnold

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Registrations

Registered charity: 264133

Registered with the Regulator of Social Housing: H2452

Registered with the Fundraising Regulator

Company limited by guarantee registered in England
and Wales: 01057984

Auditor

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About Transform Housing & Support

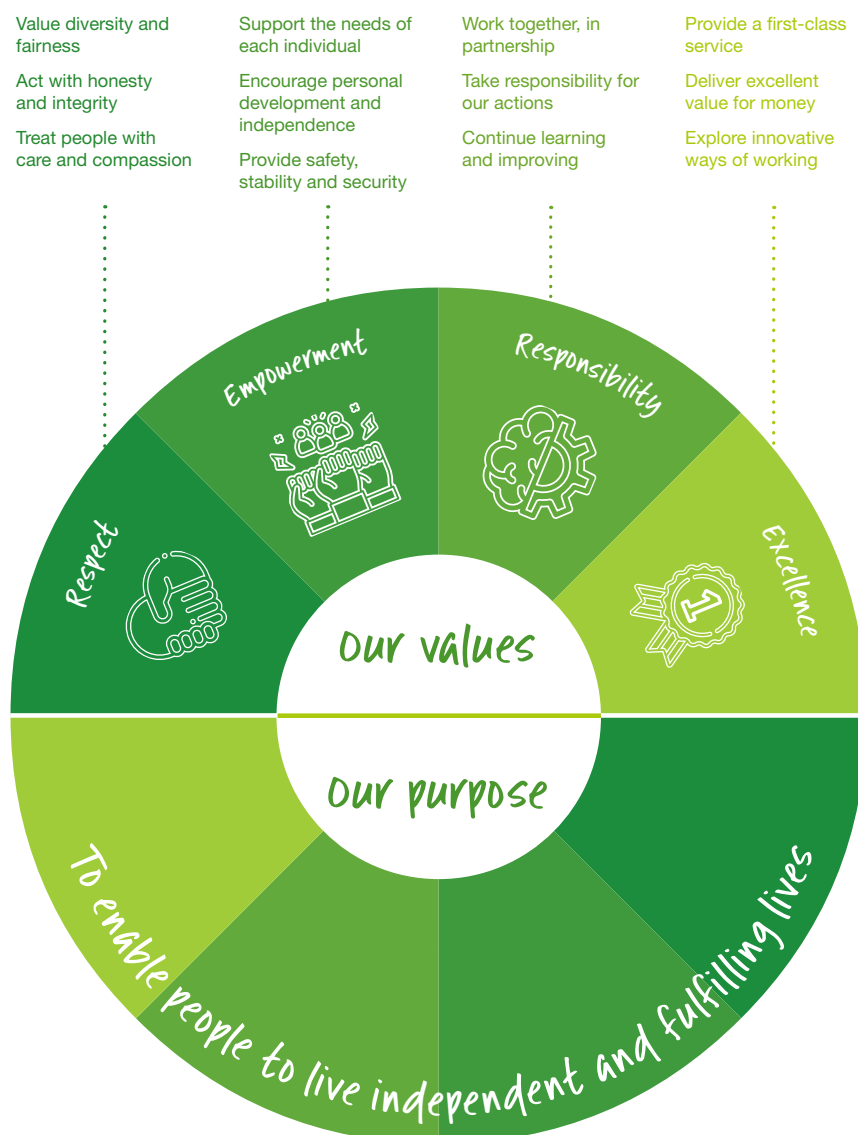
Our purpose

Transform is a registered housing association and charity, providing crucial support to nearly 2,000 people each year across Surrey, parts of south-west London, Berkshire and West Sussex. For more than 50 years, we have empowered over 30,000 clients to find homes and build more independent and fulfilling lives.

Clients often face homelessness, social exclusion and multiple health challenges. We offer a safe place to live, where people can gain stability, develop skills, and build confidence. Additionally, we provide housing-related support services to people living in their own homes to enable them to maintain their independence.

Our vision and values

At Transform, we are ambitious and committed to expanding our reach to support even more people in the future. Transform's services are more critical than ever as the cost-of-living crisis exacerbates challenges such as insecure housing, poverty, discrimination, stigma and inequality. Beyond providing homes, we strive to enable clients to lead happier and healthier lives. Transform's ultimate goal is to collaborate with partners to eradicate homelessness and offer essential support to those in need.



Transform people

The Board of Trustees

Ollie Smedley – Chair

(Ollie was Deputy Chair until he took over the Chair role in October 2023)

Former Chair, Mark Austen (retired September 2023)

Alec Sanderson – Deputy Chair and
Senior Independent Director (appointed, November 2023)

Julie Bradley

Sanjay Gulati

Natalia Kolotneva

Paul Rees

Michael Ryan

Katie Wadey

Patrons

Royal Patron

HRH The Duchess of Edinburgh GCVO DStJ CD

The Rt Hon Baroness Bottomley of Nettlestone PC DL

Michael More-Molyneux, HM Lord-Lieutenant of Surrey

Professor Patrick J Dowling CBE DL FREng FRS (Died April 2023)

Dame Penelope Keith DBE DL

David Hypher OBE DL BSc (Hons)

Elizabeth Kennedy FCIPD

Prof G. Q. Max Lu AO, DL, FREng, FAA, FTSE, FICChemE,
FRSC, FCAS, FNAI, President and Vice-Chancellor,
University of Surrey

Sir Richard Stilgoe OBE DL

Sally Varah MBE DL

The Rt Rev. Andrew Watson, Bishop of Guildford

Tim De Meyer, Chief Constable of Surrey Police
(From May 2024)

Ambassadors

Dame Elizabeth Anson DBE JP DL

His Hon Christopher Critchlow DL

Desmond McCann BA FCA

David McNulty PhD

Greg Melly

Lesley Myles MBE JP DL MA

Kim Rippet

The Hon Mrs Lavinia Sealy DL

Bernard Stevens FCA FCMA

Lady Elizabeth Toulson CBE DL

Paul Wates FRICS

Cllr Fiona White

Malcolm Young FRICS

Transform Executive Team



Chief Executive – Lawrence Santcross

As Chief Executive, Lawrence is responsible for leading the effective strategic and operational management of Transform.



Director of Asset Management & Capital Development – Kevin Stephens

Kevin joined in April 2023 as Director of Asset Management & Capital Development. Kevin is responsible for overseeing Transform's supported housing and general needs property portfolio.

(Former Director of Asset Management & Capital Development, Michael O'Brien, left May 2023)



Director of Client Services – Rebecca Pritchard

Rebecca (Bex) joined December 2023 as Director of Client Services. Bex is responsible for leading the delivery of all housing and support services to provide excellent outcomes for clients.

(Former Director of Client Services, Adele Duncan, left December 2023)



Director of Corporate Services – Simone Bartley

As Director of Corporate Services, Simone is responsible for the management of Transform's People Team and Digital & Information Services.

Director of Finance – Amanda Soobrayan

As Director of Finance, Amanda leads the Finance Team and is the organisation's accountable person for effective management of Transform's financial resources.



Head of External Affairs & Communications – Anita Gupta

As Head of External Affairs & Communications, Anita is responsible for delivering impactful communications that foster effective relationships with all Transform stakeholders.



Head of Governance & Assurance – Mandy Arnold

As Head of Governance & Assurance, Mandy fulfils the role of Company Secretary and provides leadership in all governance activities.



Executive Assistant – Caroline Felton

As Executive Assistant, Caroline supports the Chief Executive and Executive Team to deliver Transform's business objectives.



Transform's Chair reflects on 2023/24

For my first time as Transform's Chair, I am delighted to share our achievements during the past year. We have supported nearly 2,000 clients, helping them gain skills and experience to further their independence and achieve their aspirations.

Firstly, I would like to pay tribute to my predecessor, Mark Austen, who retired in September 2023 after six and a half exceptional years as Chair. Working in partnership with our Chief Executive, Lawrence Santcross, Mark led the organisation through a significant period of modernisation along with deftly navigating us through the turbulence of the pandemic. It was a pleasure to see this acknowledged by our Royal Patron, HRH The Duchess of Edinburgh when she met with Mark and me earlier this year.

I joined Transform as a Trustee in 2019 and during my time on the Board I have witnessed the profound impact Transform has on people's lives. I was truly honoured to be offered the role of Chair in October and I aim to build on Mark's legacy, helping to ensure the organisation is ready to serve the next generation of clients.

The people we support, and their needs, are at the absolute heart of everything we do. I am so proud that amidst challenging social and economic conditions, Transform offers services that clients have told us have quite literally saved their lives.

In recent times, social housing has been impacted by such incidents as the Grenfell Tower fire and the tragic death of two-year-old Awaab Ishak from a respiratory condition exacerbated by exposure to mould. The current backdrop we operate in also includes rising food and energy costs, environmental pollution, a lack of affordable accommodation for people of all ages plus insufficient support for individuals with mental health issues. These circumstances highlight the critical nature of the services provided by Transform, making them more vital now than ever before.

You can learn more in the following pages, but I would like to touch on a few 2023/24 highlights.

Client services

In 2023/24, we supported 1,920 clients, with over 75% moving on from our services in a planned way. Our client satisfaction survey, conducted by leading customer research organisation, The Leadership Factor Research, showed an 85.4% satisfaction rate, placing us in the top quartile of all housing associations.

We identified three areas for improvement: complaint handling, addressing anti-social behaviour and repair times. A customer care expert helped us revamp our complaints handling policy, with training provided for all colleagues. The new policy/procedures were launched on 1 April this year. We have also been making changes to our Anti-social behaviour policy and have launched a review of our repairs and maintenance service.

We secured and retained several contracts, including the Wokingham mental health support contract and funding from Guildford Borough Council for rough sleepers. We prepared for Ofsted registration for the young people services in Woking, secured a support contract in Elmbridge and a small service contract for Waverley Borough Council.

We also secured funding to support clients facing economic hardship during the cost-of-living crisis. Special thanks goes to Surrey County Council and other funders for their continued support.

CODHAL acquisition

In December, we acquired a small Dorking housing association adding nine units across three properties, previously owned by Churches of Dorking Housing Association Ltd (CODHAL). These units are providing accommodation for single homeless people with support needs.

Mitchell Place

Construction of our first modular building, Mitchell Place, was completed in March 2024. This almost Net Zero carbon development provides housing for eight single homeless parents and young people with support needs. It has the generous support of Surrey County Council, Reigate & Banstead Borough Council and Homes England, along with the Wolfson and Peter Harrison Foundations.

People

None of our achievements would have been possible without the hard work of Transform's brilliant colleagues. Their commitment to our purpose and their compassionate service to clients are the driving forces behind our success. We saw some leadership changes this year with the departure of Director of Client Services Adele Duncan and Director of Asset Management and Capital Development Michael O'Brien and the arrival of their successors Bex Pritchard and Kevin Stephens. I would like to thank Adele and Michael for their outstanding commitment to Transform's clients.

In November, our new colleague engagement survey, run by WeThrive, revealed a 79% engagement score surpassing the average colleague engagement score of 75% for organisations surveyed by WeThrive. We are dedicated to creating a workplace where every employee can flourish, and we will be actively addressing areas in need of improvement to ensure we meet this commitment.

Information management and technology

Our IT improvements include a refreshed digital strategy, better information security (Cyber Essentials Plus accreditation) and an upgraded website.

Sustainability

We are committed to practices that protect the environment and ensure the long-term viability of our housing solutions. Reaching the Government's Net Zero target forms a significant part of our strategy and in January, Transform became Carbon Neutral by investing in four verified international carbon offsetting projects managed by Carbon Neutral Britain. Going forward, our sustainability strategy will further reduce emissions by focusing on decarbonising homes, waste reduction, sustainable construction and green spaces.

Future plans

Looking ahead, we understand the urgent need to adapt to the ever-evolving regulatory environment and we are also dedicated to making significant strides towards achieving Carbon Net Zero for all our properties. Our commitment to working with our partners and clients to uphold excellence in service delivery is undiminished. Together, we will embrace innovative solutions, ensuring our services not only meet but exceed the challenges ahead.

Throughout the past year, I have been profoundly impressed by the unwavering commitment of all Transform colleagues. I would like to give my heartfelt thanks to each one of them for their continued delivery of outstanding accommodation and support to clients.



Ollie Smedley
Chair





Strategic report and Trustees' annual report

Key strategic achievements – 2023/24

Previous year's figures in brackets

Clients – our first and foremost priority

- Supported 1,920 clients (1,793) with 76.9% (89.6%) of those moving on from services doing so in a planned way.
- Achieved an average satisfaction score of 85.4% (83.7%) in our client satisfaction survey conducted by The Leadership Factor Research (TLF) putting us in the top quartile of all organisations rated by TLF as well as within the top quartile of housing associations for which the average satisfaction score was 69%.
- Acquired £46,000 in funding from Surrey County Council's Household Relief Fund to support clients experiencing severe economic hardship during the current cost-of-living-crisis.
- Secured our place on Surrey County Council's Supporting Living Framework – supporting the continued provision of services to some of Transform's most vulnerable clients.
- Applied for Ofsted registration (registration achieved in 2024/25) for our Pound House service in Woking.
- Retained our contract for the provision of services in Wokingham for people experiencing mental health issues.
- Secured support contracts with Elmbridge and Waverley Borough Councils.
- Secured funding from Guildford Borough Council to support up to five rough sleepers.



People – colleagues and Trustees

- Following Mark Austen's retirement (September 2023) we appointed Transform's then Deputy Chair Ollie Smedley to the Chair position (October 2023).
- Conducted a new colleague engagement survey run by WeThrive which produced an overall score of 79% across 16 aspects of engagement. This compares to an average engagement score of 75% for all organisations surveyed.
- Continued to carry out improvements to colleagues' pay and benefits including updating and enhancing our pension offer. We transferred existing workplace pension schemes to Royal London (April 2023) and implemented a salary exchange scheme providing lower charges, a range of funds and an annual profit share scheme.
- Continued to invest in colleagues' wellbeing and development including through a number of initiatives including the deployment of a new, enhanced training platform, iHASCO.
- Worked with **Henpicked*** to deliver menopause awareness sessions and committed to becoming a menopause friendly employer.
- Expanded recruitment activity including launching a new jobs and careers microsite linked to our main website.



*Henpicked are the leading UK experts offering menopause in the workplace support including training, education and accreditation as a menopause friendly employer.

Growth and development

- Expanded Transform's presence in the Dorking area by acquiring, through a transfer of undertakings, a small housing association called Churches of Dorking Housing Association Ltd (CODHAL). This provided an extra nine units across three properties. Through this acquisition, and in partnership with Riverside Housing Association, we are providing support services for homeless people.
- Completed our first modular scheme, named Mitchell Place after former Transform Chief Executive, Paul Mitchell. The eight almost Net Zero carbon one-bedroom flats provide accommodation and support for single parents and young homeless people.



Transform-wide – corporate achievements

- Updated and strengthened our complaints handling policy and procedures following feedback from clients and in line with the Housing Ombudsman's revised Complaints Handling Code. The new policy was launched on 1 April 2024.
- Achieved Carbon Neutral Certification by contributing to four UK and UN-verified international carbon offsetting projects managed by Carbon Neutral Britain.
- Further enhanced our information security and use of technology including: refreshing our website, achieving Cyber Essentials Plus accreditation and harnessing AI where appropriate, to continue to provide high-quality accommodation and support services.
- Developed an action plan and carried out work to ensure robust and consistent compliance with the new consumer regulatory standards across Transform.



Financial performance

(2022/23 figures in brackets)

Summary

Despite the challenging economic climate, Transform achieved strong financial results compared to last year. The financial year 2023/24 continued to present an uncertain operating environment due to high inflation, which only began to decrease towards the end of the financial year. These difficulties were exacerbated by the conflicts in Ukraine and Russia, leading to increased gas and electricity prices. The resulting rises in energy and transport costs caused food inflation to reach a record high, which contributed to the cost-of-living crisis that affected both clients and colleagues. To address these challenges, the Board of Trustees responded by capping increases in service charges payable by tenants and by establishing a Discretionary Hardship Fund to support clients struggling to make ends meet.

Income

We achieved a turnover of £12.7 million (£11.3 million) which represents a 12.9% increase on the previous year.

Operating costs

Our operating costs were £11.1 million (£10.3 million). There were increases across the board, especially in temporary staff and repair costs, but these were offset by deferral of part of the planned maintenance programme due to staff capacity issues.

Net income

We achieved an operating surplus of £2.6 million compared to a surplus of £1.1 million in 2022/23. This figure included an increase in rental income compared to the previous year, the surplus made on the sale of one property – £63,000 (£114,000) and the transfer of assets from CODHAL amounting to £963,000. The overall surplus was £2.1 million (£569,000). Although increased living costs continue to impact our financial performance, our business model remains robust and continues to generate sufficient surpluses to invest in our housing stock and support activities.

Investment in properties

During the year, Transform invested £1.9 million (£3.9 million) in existing and new homes in line with the organisation's strategic plans and continued its focus on developing more homes for clients. Of this £1.9 million, £371,000 was invested in existing properties and £1.5 million in new homes.

Statement of financial position and cash flow

Transform's financial position is strong with a high asset base and liquidity.

The statement of financial position shows fixed assets of £56.2 million (£55.6 million). We spent £1.9 million on our property assets. Mitchell Place was completed at the end of March 2024, (£610,000 this financial year and £1.3 million work in progress from last financial year) which added eight flats to our housing stock. We also added nine units of accommodation, valued at £620,000 (Existing use value (EUV)), through a transfer of engagement from CODHAL, acquired a new property for £307,000 and invested £371,000 (£401,000) in existing assets. The total number of units owned and managed by Transform increased from 941 to 957 during 2023/24. We also disposed of one property which had a cost of £345,000.

The cash balance stands at £1.9 million (£1.2 million) an increase due to the overall surplus we made and the proceeds from the CODHAL transfer. This enables us to manage short-term cash flow pressures. Net current assets stand at £643,000 (£278,000) which is an increase of £365,000 from last year.

Capital structure and treasury

As at March 2024, Transform had secured loans of £12.0 million. Transform uses loans primarily to support development and acquisition activity. We repaid a loan of £1.0 million and will refinance £6.5 million of loans in 2025. Due to the uncertain economic environment, we plan to seek opportunities to secure loans on fixed rates which will provide greater financial certainty. Currently, 80% of our existing loans are secured on a fixed-rate basis; the weighted average cost of capital is 3.8% (3.9%). We regularly review cash flow risks as part of our risk management procedures.

Accounting policies

These financial statements have been prepared in accordance with all applicable law and United Kingdom Accounting Standards, including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Reserve policy

The Board reviews our reserves policy periodically. Total reserves at year end were £29.9 million (£27.8 million). We hold the following reserves:

- Restricted reserves of £459,000 (£409,000).
- Designated reserves of £250,000 (£250,000) set aside to meet Energy Performance Certificate targets for 2030.
- Investment in housing properties of £29 million (£27 million).
- Unrestricted reserves of £339,000 (£119,000) generated from normal operations.
- Transfers between funds primarily represent funds designated by the Board for specific purposes.

Going concern

The Board's assessment of going concern includes a consideration of the macro environment and its impact on the organisation i.e. the increased cost-of-living crisis, rising interest rates and inflation. Other factors such as increased rent arrears, void increases, forecast cash outflows from costs associated with achieving energy efficient homes and Net Zero targets were also assessed.

Transform has long-term debt facilities which provide adequate resources to fund its development activity, alongside income generated from day-to-day operations.

We have a 30-year finance plan which evidences that we can service our debts while continuing to comply with lenders' covenants. This plan was reviewed and approved by the Finance & Audit Committee and the Board. We run various stress tests on the plan against key strategic risks, including multivariant scenarios*. These scenarios include the impact of sensitivities on Transform's cash flow requirements and its covenant compliance. Mitigating actions have been identified for all scenarios to manage potential impacts on cash flows and liquidity. This stress testing has evidenced that the finance plan is robust, and that Transform is able to meet its obligations.

The Board, after reviewing budgets for 2024/25 and the medium to long-term financial position as set out in the 30-year Finance Plan is confident that Transform is well-placed to effectively manage associated risks. On this basis, the Board has a reasonable expectation that Transform 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. On this basis, the Board continues to adopt the going concern basis in the financial statements.

Fundraising

Through fundraising we aim to provide additional services to support clients to positively change their lives. This year, we generated £84,000 in revenue and £100,000 in capital donations (£335,000) from a range of trusts and foundations, corporates, community organisations and individuals.

* Multivariant scenarios consider how multiple variables interact with each other, in this case when conducting stress tests to assess risk.

Health and safety

Summary

At Transform, the health and safety of clients, colleagues and everyone involved with the organisation is a top priority. We ensure strong health and safety leadership from the Board of Trustees, Directors and the Senior Leadership Team, and this commitment is shared throughout Transform.

In 2023/24, we focused on reducing risks through firm protocols and fostering a safety-first culture. By providing appropriate training and staying responsive to changing needs, we have maintained safe facilities and operations. We have updated our **Health and safety policy and statement of intent** this year and we have reviewed the related management plans that support this policy.

Our approach follows the Health & Safety Executive's guidelines in **Managing for Health & Safety**. We regularly monitor and report Transform's health and safety performance to the Board, focusing on key performance indicators (KPIs). Our KPIs track performance and compliance in areas such as gas, electrical, lift and fire safety; asbestos and Legionella handling; health and safety training; and accidents/incidents reporting. We monitor these areas through 27 specific targets. Throughout the 2023/24 year, we consistently reported excellent health and safety performance and compliance ratings to the Board.

We have also fully met all the new Tenant Satisfaction Measures (TSMs) – including the building safety management indicators – and these have been published for the first time on Transform's website. In addition, we have completed all critical fire safety works and the additional health and safety requirements for three buildings over 11 metres in height.

During the financial year 2023/24, we have had no breaches of statutory obligations and no major fire incidents. Additionally, no enforcement notices or actions have been issued to Transform by the Health and Safety Executive, Fire Authority, Health Department, or Environmental Agency.

Key actions and achievements during 2023/24

- Achieved all the objectives set within our 2023/24 Health and Safety Action Plan for this year, delivering strong results against our KPIs.
- Developed and implemented a new 'lone working' monitoring and reactive response system (Peoplesafe).
- Conducted a thorough review of activity-based risk assessments.
- Implemented refreshed accidents and incidents reporting arrangements.
- Reviewed and expanded our health and safety management plans.

Training

This year, we provided refreshed health and safety training on: working at heights; dis-repair; IOSH (Managing safely in social housing); first aid; and general health and safety awareness.

We have also invested in a new, enhanced, online training platform called iHasco to deliver induction and refresher training.

Looking ahead to 2024/25

We plan to implement additional KPIs to support the delivery of continually improving health and safety practices and to measure our performance against other similar sized housing providers.

Equality, diversity and inclusion

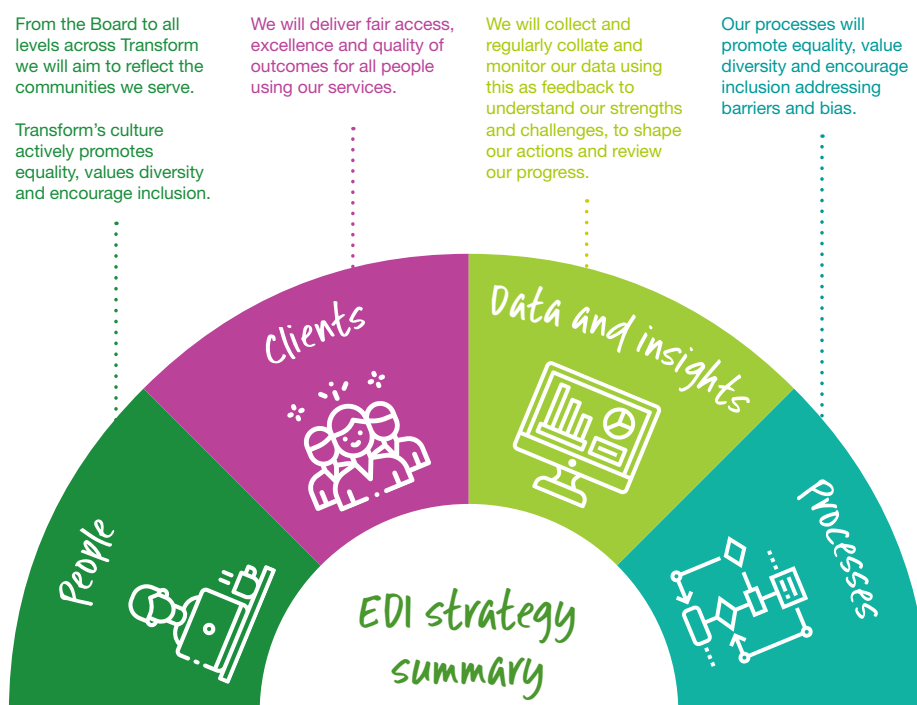
As a supported housing provider dedicated to empowering clients to live independently, equality, diversity and inclusion (EDI) are fundamental to Transform's core values. We understand that genuine inclusion comes from appreciating the diversity of every individual. Our commitment is centred on understanding and meeting the unique needs of everyone we serve, especially clients and colleagues (see a summary of our EDI strategy below). By cultivating a diverse and inclusive environment, we harness the power of EDI to drive meaningful change and positively impact lives.

Key actions and achievements during 2023/24

- Developed and rolled out a new EDI policy.
- Used our data insights to:
 - share our diversity data with the National Housing Federation to help build the most accurate picture of diversity in social housing in 2023 and to appraise how we compare with the sector
 - assess and take actions to improve representation and inclusion.
- Reviewed the Board succession plan targeting under-represented groups during recruitment activity.
- Reflected EDI in the refreshed digital strategy with digital inclusion being a key pillar of the strategy.
- Improved the accessibility of our publications, for example through using AI for language translations.
- Ensured that the upgraded Complaints Handling Policy and associated procedures were clear and more readily accessible for all Transform audiences alongside tailoring our approach to complaints handling based on the needs and requirements of clients and other potential complainants.

Looking ahead to 2024/25

- We will be establishing an EDI Steering Group to drive and monitor progress on EDI within Transform.
- We are committed to using data and insights to continuously improve our EDI-related activity.



Asset management, maintenance and repairs

Key actions and achievements during 2023/24

Planned and cyclical maintenance: In our ongoing commitment to maintaining and improving our housing stock, we have utilised the Community Housing and Investment Consortium (CHIC) procurement framework to secure contracts for several key maintenance projects. These contracts cover the replacement of kitchens, bathrooms, external doors and windows. Additionally, they include cyclical decorations for communal areas, ensuring these spaces are both welcoming and well-maintained, inside and out.

Tenant Satisfaction Measures: We place a high value on the satisfaction of clients. This year, we have rigorously reported on client satisfaction concerning our efforts to keep properties in good repair, maintain building safety, and conduct all necessary safety checks. These measures are crucial in ensuring our residents feel secure in their homes.

Development highlights: This year marked the completion of Mitchell Place in Redhill, Surrey, a pioneering development consisting of eight self-contained flats specifically designed for homeless single parents and young people with support needs. Notably, this was our first project utilising modular construction, which not only expedited the building process but also achieved an impressive energy performance rating of EPC A. The all-electric flats are equipped with special solar panels, further underlining our commitment to sustainable living.

In addition to this, we purchased a one-bedroom house in Dorking, Surrey, also rated EPC A, enhancing our portfolio of energy-efficient properties.

Financial expenditure: Our financial investments this year have been significant, reflecting our commitment to improving the quality of the accommodation we provide. We have spent £371,000 on enhancing existing properties, ensuring they meet high standards of comfort and efficiency. The total construction cost for Mitchell Place was £1.9 million, representing a major investment in providing high-quality, meticulously designed, sustainable housing solutions for those in need.

Decent Homes Standard: Of our total 927 homes, 16 did not meet the Decent Homes Standard this year. These properties were, however, unoccupied and located in two buildings that were sold post year-end. We are committed to ensuring all our homes meet the required standards as part of our ongoing improvement programme.

Looking ahead to 2024/25

Energy Performance Certificate and Net Zero

Initiatives: We are working towards achieving an Energy Performance Certificate (EPC) rating of at least C for all our properties by 2030 in line with the Government's Net Zero carbon emissions by 2050.

In support of this goal, we plan to submit an application for the **Social Housing Decarbonisation Fund (SHDF) Wave 3** once the application window is open towards the latter end of 2024'. This funding, part of a Government initiative, aims to enhance the energy efficiency of social housing, thereby reducing carbon emissions and energy bills for clients through comprehensive upgrades to our properties.

Review repairs service: We have begun a review of our repairs and maintenance service to ensure its cost-effectiveness and will develop a plan to address identified areas for improvement.

Strategic asset management and planned

investments: As part of our asset management strategy, we are assessing the performance of all Transform assets to ensure they are viable and meet contemporary standards.

We will develop an investment programme which is aligned with our aim of providing high-quality housing for all clients.

Sustainability

Key actions and achievements during 2023/24

- Committed to calculating and reducing our environmental impact and to be Net Zero by 2050, in line with Government targets. We appointed a Sustainability Advisor during the year to help navigate Transform's sustainability journey and support work to reduce emissions in offices and clients' homes.
- Appointed an Asset Manager (Planned Investment) who is leading on our investment programme to ensure properties reach the minimum energy efficiency standard of EPC C by 2030.
- Worked with the University of Surrey to verify our carbon footprint for scopes 1 and 2 and offset these through Carbon Neutral Britain to become a carbon neutral organisation (2024).
- Reduced our emissions by 6.5% to 1124.7 tCO₂e by acquiring more efficient vehicles, and implementing changes to achieve EPC C ratings.
- Gathered data to understand our baseline position against the Sustainability Reporting Standard for social housing which we aim to adopt during 2024/25 and report on in 2025.
- Carried out a recycling audit for all our offices with a view to improving arrangements. New recycling contracts are now in place to ensure that as much waste as possible is recycled. This was achieved with an annual cost saving of around £3,000.

Looking ahead to 2024/25

- We intend to develop Transform's **Sustainability strategy** and action plan.
- We will review the outcome of the assessment of our property portfolio to inform the investment programme for energy efficiency improvements during this period.
- We will adopt the **Sustainability Reporting Standards for Housing** and report against these in 2025.
- We will commence a programme of water audits and develop a water management strategy.
- We will continue to provide sustainability awareness and training for all colleagues, Trustees and clients.





Value for money

Value for money approach

This report outlines how we achieved the Value for Money (VFM) outcomes required by the Regulator of Social Housing's (RSH) Value for Money Standard during the past financial year.

We aim to ensure that our resources are deployed efficiently and effectively in providing quality homes and delivering excellent support services to clients living in Surrey and surrounding areas. Our resources are aligned to achieve our strategic objectives. This contributes to Transform's purpose to enable clients to lead independent and fulfilling lives.

The most significant matters we faced this year included: inflationary pressures; the cost-of-living crisis; recruitment and retention challenges; increased expenditure required to meet building and fire safety regulations and 2030 EPC C rating requirements. The Board approves the business plan, 30-year finance plan and budget on an annual basis, which sets the framework for the organisation's operations. Our strategic objective is to deliver homes that meet a range of needs and to enable people to live independent and more fulfilling lives. At the end of the financial year, we held 957 units used for temporary accommodation; supported; and general needs housing.

Our VFM strategy is underpinned by the strategic objectives that the Executive set out in the business plan each year.

Key value for money actions and achievements during 2023/24

- **Operating a financially viable and sustainable organisation:** we increased our financial stability by increasing our net assets by 7.6%, strengthening our liquidity position by increasing our cash reserves by 52% and paying off one loan. We reviewed service charge and rental income models, undertook a review of our overhead recovery model and reviewed our costing and pricing model whilst strengthening financial monitoring and reporting practices to ensure the effective management of the organisation.
- **Supporting clients by providing an excellent service:** our aim is to be a top performing landlord and support provider.
 - During this year, we carried out activity across Transform to ensure we fully met the new Tenant Satisfaction Measures (TSMs) by 1 April 2024. You can see how we are complying with the TSMs on our website.
 - In 2022, we collaborated with a leading organisation in customer experience and research – The Leadership Factor Research (TLF) – to co-ordinate a new, more comprehensive, client satisfaction survey. In 2023, TLF repeated the survey for the second year and it identified an 85.4% average overall satisfaction score compared to 83.7% in 2022. This equates to 307 out of 360 respondents stating they were fairly or very satisfied. This not only puts Transform in the top quartile of the overall table of all organisations rated by TLF, but it also puts us in the top quartile when benchmarked against the 54 other housing associations surveyed by TLF.
 - We also carried out a comprehensive review and revamp of our complaints policy and procedures in line with feedback in the client satisfaction survey and the Housing Ombudsman's updated Complaint Handling Code.
- **Ensuring that all existing assets are fit for purpose, financially viable and relevant:** we completed stock condition surveys on all our properties and developed a new viability assessment model to help determine future investment requirements. Additional resources were brought in to support EPC C and longer-term Net Zero investment decisions.
- **Investing in colleagues to deliver our strategic objectives:** we invested almost £100,000 in training to ensure that colleagues were best equipped to meet the needs of clients.

Monitoring VFM

At Transform, we are committed to continuous improvement, aiming to provide the best value whilst enhancing the quality of the homes and support services we provide. VFM is a key consideration in our annual budgeting and long-term financial planning.

We report on our financial performance – including VFM metrics – at Finance & Audit Committee (FAC) and Board meetings. The Board closely monitors our performance against budget and conducts quarterly reviews of our financial and VFM metrics.

We benchmark our VFM performance both internally and externally:

- **Internally:** by comparing current performance against our targets and last year's performance.
- **Externally:** by comparing our performance with other similar-sized housing providers using the Acuity Benchmarking club.

The main comparators for our benchmarking are:

- **SPBM Smaller Providers Benchmarking:** a national group of 150 housing associations with up to 1,000 homes.
- **SPBM Supported Housing:** a group of 24 supported housing providers that compile comparative data and meet quarterly for discussions.

This benchmarking activity enables us to monitor our performance, compare it with other similar organisations and seek opportunities to improve the quality and cost effectiveness of our services.

How we performed and areas for improvement

Our VFM performance is measured against economy, efficiency and effectiveness targets.

Economy: 'doing things at the right cost' and minimising the costs of activity.

- We developed a service charge model in 2023/24 to highlight, and take advantage of, cost savings and promote transparency.
- We reviewed our overhead allocation methodology to ensure greater clarity on the costs of differing activities. We will continue to identify areas of cost reduction and improvement over the next year.

Efficiency: delivering the same level of service for less expense, time or effort i.e. 'doing things the right way.'

- Data-led decision making – we have developed an asset viability appraisal model which provides us with up-to-date performance information which is used to inform future investment decisions.

Indicator	2024/25 Target	2023/24 Target	Peer group 2023/24	2023/24	2022/23
% of repair completion time	97.5%	97.0%	88.0%	95.0%	96.0%
Voids %	6.0%	6.0%	5.5%	7.4%	7.0%
Arrears % net of housing benefit	2.5%	3.0%	1.7%	5.3%	6.0%

Effectiveness: measuring the extent to which intended outcomes are achieved.

- During the 2023/24 financial year, we worked with 1,920 clients, 120 more people than we supported the previous year. 76.9% of clients moved on in a planned way (89.6% last year). There has been an increase in the complexity of clients’ support needs and their ability to manage their finances.
- Client satisfaction rates – in response to client feedback, we have focused efforts on improving the way complaints are handled; we have refreshed the complaints handling policy in accordance with the Housing Ombudsman’s latest Complaint Handling code, while improving the quality of service provision.

Internal KPIs			
Indicator	2023/24	2023/24 target	2022/23
Number of clients we worked with	1,920	1,800	1,793
Number of positive move-ons %	76.9%	80%	89.6%
Number of clients who moved to independent accommodation	411	450	438

Areas for improvement for 2024/25 include:

Voids

Reducing voids remains a key priority for Transform and over the coming year we will be implementing improvements in our lettings and voids management processes to minimise the number of vacancies we hold.

Arrears

We are also strongly committed to improving our income collection rates and we will be concentrating on improving processes and being more data-driven in our approach.



VFM metrics

VFM metrics		Performance 2023/24	Supported housing Acuity benchmarking group/peer group 2023/24	Internal target 2023/24	Performance 2022/23
1.	Operating margin (overall)	20.0%	8.7%	9.0%	2.4%
2.	Operating margin (social housing lettings)	26.5%	5.2%	11.7%	4.6%
3.	Earnings Before Interest, Taxes and Amortization (EBITDA) Major Repairs Included (MRI) (as a % of interest)	565.2%	289%	171.0%	154.0%
4.	Gearing	18.4%	22.0%	13.9%	21.3%
5.	Supply of new social housing (as a percentage)	0.9%	1.1%	n/a	0.7%
6.	Reinvestment	3.4%	5.1%	4.0%	5.5%
7.	Return on Capital Employed (ROCE) (%)	4.6%	2.0%	1.9%	2.1%
8.	Headline social housing cost per unit (cumulative)	£10,917	£10,073	£13,060	£10,242

1 and 2 – Operating margins

These metrics measure the profitability of our operating activities. We performed ahead of our peer group in overall operating margin and that for social housing lettings. This is mainly attributable to the transfer of assets from CODHAL.

3 – EBITDA

The EBITDA is a key indicator for liquidity and investment capacity. It indicates how well we can service debt. Our EBITDA metric was well above target. An increased surplus in the year, paying off one of our loans and the transfer of assets from CODHAL contributed to this favourable outcome. The loan covenant EBITDA MRI is a measure we monitor through our 30-year Finance Plan to ensure we can support our growth ambitions and borrowing requirements.

4 – Gearing

Our development programme is ongoing. Our gearing ratio as of March 2024 decreased to 18.4% as a result of paying off one of our loans. This satisfies loan covenant requirements and gives us the capacity to take advantage of additional borrowing, for growth purposes.

5 and 6 – New supply and reinvestment

This demonstrates the extent to which we are investing in new supply and existing properties. Growth is one of Transform's key strategic objectives. We invested £1.5 million (£2.2m) in new properties – performing ahead of our benchmarking group. Capital expenditure of £371,000 (£401,000) was invested in existing stock.

7 – Return on Capital Employed (ROCE)

ROCE assesses the efficient investment of capital resources and measures how well we are using debt and capital to efficiently generate a financial return. Our ROCE was well above our benchmarking group, due to the surplus we made and the CODHAL engagement of assets, a positive move where it was on par with the group last year and below in the previous four years. Any surplus that Transform makes is reinvested in maintaining existing homes, building new homes and improving support services.

8 – Social housing cost per unit

Our social housing costs were consistent with our peer group and below our target.

The year ahead

We will

- continue to implement our refreshed complaints handling policy and processes and to continually improve the way we respond to complaints and learn from them
- adopt and integrate alternative rent payment options to support improved income collection rates and minimise arrears
- complete the implementation of a renewed service charge pricing model to ensure greater transparency and accuracy, and to support the delivery of greater cost efficiencies
- complete options appraisals for all assets to support the remodelling, redevelopment or disposal of assets, and to inform EPC C and Net Zero investment decisions
- review our procurement strategy for professional fees including reprocurring energy contracts
- establish an EDI Steering Group to oversee the delivery of associated objectives
- further expand the VFM strategy that was developed in 2023/24 to continue to provide high quality services and measure progress against our KPIs
- deploy digital technologies to continue to support our VFM objectives.



Future plans – strategic objectives 2024/25

Clients – our first and foremost priority

- Continue to deliver excellent, trauma-informed services tailored to the individual needs and ambitions of Transform clients.
- Refresh our client involvement and engagement strategy.
- Use monies from fundraising to support clients facing severe hardships with targeted initiatives.
- Fully implement new complaint handling practices, learn from mistakes and continuously improve our services.

People – colleagues and Trustees

- Further invest in colleague learning and professional development to meet the new regulatory requirements for housing qualifications and improve colleague wellbeing and retention.
- Enhance wellbeing programmes through various channels, including the Health & Wellbeing Group, our intranet, workshops, webinars and colleague feedback.
- Implement actions based on findings from the colleague wellbeing survey.
- Recruit new Trustees with specialised skills to maintain a diverse, skilled and knowledgeable board especially as current Trustees complete their terms.
- Deliver the action plan to achieve accreditation as a **Menopause Friendly Employer by Henpicked** – the only recognised accreditation for menopause in the workplace.



Asset management, maintenance and repairs

- Develop and start delivery of an action plan to upgrade all properties to EPC C standard, in line with Government targets.
- Conduct a comprehensive review of our repairs and maintenance service to ensure value for money and create an action plan to address the issues and recommendations arising from the review.
- As part of an active asset management strategy evaluate whether there are assets that should be disposed of with proceeds being used to invest in new provision and sustainability initiatives.
- Re-provide assets that do not meet modern standards to ensure all properties are fit for purpose long-term.
- Develop a programme reflecting our ambitions to provide high-quality housing for all tenants.
- Embed a rolling inspection programme to maintain an up-to-date understanding of property conditions and to ensure they are all of a high standard.

Growth, funding and development

- Continue working with current partners and seek new partnerships to explore appropriate merger opportunities.
- By delivering impactful communications and public relations activity that fosters effective relationships with all stakeholder audiences.

Governance

- Refresh our corporate strategy for the next five years.
- Review and update our Articles of Association as needed.

Health and safety

- Continue to implement annual safety checks for clients living in self-contained flats.
- Expand health and safety communications for staff and clients through our intranet and website, ensuring all stakeholders understand their rights and our responsibilities.
- Use mobile-accessible digital programmes and other new technologies to improve performance and reporting.





Financial resilience

- Refinance our loan facilities to strengthen financial resilience.
- Design and implement a new procurement policy to ensure best practices and cost savings.
- Review our VFM strategy to optimise resources.

Sustainability

- Finalise and launch our Sustainability strategy to staff and clients and begin its implementation.
- Adopt the Sustainability Standard for Social Housing.

Information management and technology

- Upgrade our core information management system, Pyramid, to enhance finance and housing management processes.
- Transition from the Keystone software system to M3 Vision to improve our technological infrastructure, ensuring seamless integration with existing systems.



Risk management

Principal risks and uncertainties

Risk management

Risk management is fundamental to Transform’s operation. The Board holds overall accountability for risk management with Trustees regularly reviewing Transform’s risk register. More detailed scrutiny is delegated to committees for their respective risks. The Senior Leadership Team – which includes the Executive Team – has day-to-day oversight for reviewing risk. This activity supports strategic decision-making and ensures that Transform can adapt to changing circumstances.

Within the framework, risks and opportunities are continuously monitored and evaluated. From this work, policies and procedures are adapted and controls put in place to ensure appropriate action is taken to safeguard clients, colleagues and Transform as a whole. Our framework also ensures that risk informs the business planning process with proactive risk management being used to mitigate against the uncertainty in our operating environment.

Transform’s key risks

Details of the most significant, highest scoring, risks listed as follows:

Economic risk exposures such as inflation, interest rates and economic downturn	
Risk	
Macroeconomic activity negatively impacting on clients and colleagues.	
Details and specific risk mitigations	
Whilst some economic pressures have started to ease, there continues to be much uncertainty in the UK and global economies post-pandemic and because of the war in Ukraine, the Red Sea crisis and the Israel-Gaza war. Interest rates are causing operational pressures and increased cost-of-living for clients and colleagues.	
General controls and mitigations	
<ul style="list-style-type: none">▪ Business plan stress testing with appropriate mitigations identified.▪ Ensuring all support contracts are secured on a full cost recovery basis.▪ Ensuring we secure best value through any procurement to optimise income.	

Inability to recruit and retain high-quality staff

Risk

Challenges recruiting and retaining colleagues who meet our role requirements.

Details and specific risk mitigations

The after-effects of the pandemic have resulted in a severe labour and skills shortage for organisations. This has presented recruitment and retention challenges within a strongly competitive recruitment market.

General controls and mitigations

- Increased agility in our recruitment, with a process review in 2022.
- Optimising salary and benefits, alongside benchmarking to ensure that we are competitively positioned.
- Enhanced marketing through social media, a refreshed website and, improved connectivity between the website and candidate tracking system.

Financial hardship to clients and impact on their wellbeing

Risk

Clients suffering from physical/mental health and wellbeing issues due to financial hardship.

Details and specific risk mitigations

The current economic climate is having a huge impact on clients. Many are unable to afford the increases in living costs. This has led to increased financial hardship, with increased arrears and bad debts, as well negatively impacting clients' mental health and wellbeing.

General controls and mitigations

- Provision of hardship fund and ongoing signposting to others who provide support.
- Arrears management processes which support clients manage their rent accounts.
- Distribution of funding from Surrey County Council's Household Relief Fund.
- Fundraising proceeds used to alleviate severe hardships.

Data protection and IT security risks

Risk

Threats to our IT and data security.

Details and specific risk mitigations

Continued investment in monitoring and testing, security systems, training and awareness ensures we are safeguarding the organisation. Our partnership with LIMA Networks means we have arrangements in place to manage any network failures.

General controls and mitigations

- Cyber Essential Plus Accreditation
- A vulnerability assessment service and patch compliance reporting.
- Continuous information and cyber security awareness training.
- Business continuity planning.
- The IT network is secured through a framework of controls.

Over-reliance on a single local authority for housing support income

Risk

Over reliance on any single service commissioner.

Details and specific risk mitigations

We recognise the importance of not placing over-reliance on a single local authority as a source of income. We have diversified our income over time and this year we have secured new business from Guildford Borough Council, Elmbridge Borough Council, Waverley Borough Council, and Surrey County Council. We have also retained a contract with Wokingham Borough Council and secured a place on Surrey County Council's Supported Living Framework.

General controls and mitigations

- Maintain trusted relationships with local authorities.
- Secure additional sources of income.
- Diversify funding sources.

Health and safety

Risk

Non-compliance with statutory health and safety obligations as an employer and as a landlord.

Details and specific risk mitigations

We continually review and update policies and procedures to ensure that we meet our obligations regarding landlord and employer health and safety. We carry out health and safety checks of properties and occupational health and safety risk assessments on an ongoing basis, including, gas safety, fire risk, water quality, electrical safety, damp, mould and condensation, lift safety and asbestos.

General controls and mitigations

- High-quality, recognised training, robust recruitment and contractor vetting processes, specialist roles, effective supervision/oversight and appropriate client/colleague ratios.
- Health and safety scorecard to regularly monitor and actively manage performance.
- Appropriate insurance for our business activities.

Safeguarding clients

Risk

Inability to discharge our duty of care in relation to safeguarding requirements.

Details and specific risk mitigations

We work in partnership with other organisations to protect those at risk and prevent incidents that could harm the people we support.

General controls and mitigations

- The safeguarding policy is reviewed annually with input from the Client Forum.
- Safeguarding guidance provided to all clients and colleagues.
- A whistleblowing policy allows safeguarding concerns to be raised.
- Close and collaborative multi-agency working arrangements.
- Stringent vetting processes including safe recruitment practices.

The Board closely monitors the risk environment to identify changes in key risks as well as new or emerging risks. The Committees of the Board also review the risks relevant to their remit every quarter. This is a key focus of the Finance & Audit Committee.



Governance, regulation and compliance

Governance

Board of Trustees

The Transform Board is the ultimate decision-making body. Its role is to lead, direct, control, scrutinise and evaluate Transform’s work. It has responsibility for ensuring that governance across the organisation is robust and that Transform complies with all regulatory and statutory requirements. The Board comprised nine trustees during 2023/24, drawn from a wide range of backgrounds and bringing together professional, commercial and local experience.

No new Board members were appointed during the year, however, following an external recruitment exercise our then Deputy Chair, Ollie Smedley, was appointed Chair in October 2023. The Nominations Committee also agreed arrangements for a further Trustee recruitment exercise in 2024 as part of its succession planning arrangements.

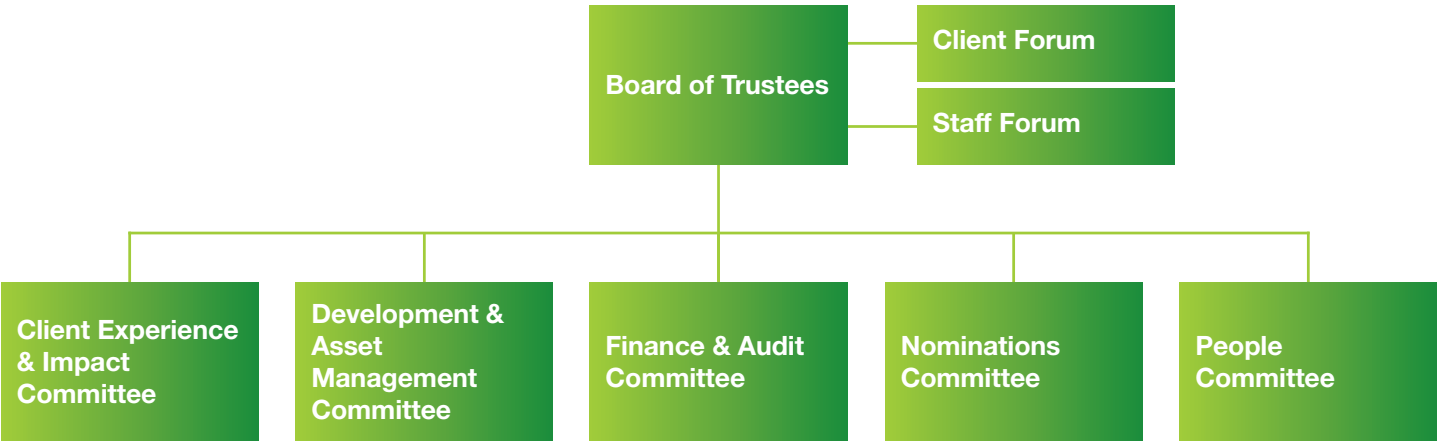
Details of the Board members who served during the period to 31 March 2024 are set out on page 2. The Trustees are also appointed as directors under the Companies Act 2006.

During the year, the Board considered a number of key matters including:

- overseeing the implementation of Transform’s corporate strategy, objectives and key performance
- a review of treasury arrangements
- approving the appointment of a new Chair
- approving the Transfer of Engagements from Churches of Dorking Housing Association Limited (CODHAL) in December 2023.

Board and committee structure

During the year, the Board delegated specific responsibilities to five committees, as detailed below, which each reported to the Board where their recommendations were considered and approved where appropriate. As a result of recommendations arising from the Board effectiveness review, the Board will be reviewing its committee structure during 2024/25.



Board committee

Finance & Audit Committee (FAC)

The FAC supports the Board in ensuring that effective systems of internal control and assurance are in place including audit and risk arrangements. This includes supporting the appointment of both internal and external auditors. The Committee alerts the Board to any emerging issues across the organisation in relation to financial control systems.

Client Experience & Impact Committee (CEIC)

The CEIC supports the Board in ‘hearing the voice of the customer,’ to influence policy development, to better understand clients’ needs and to drive improvements in client satisfaction/experience. The Committee also has a key role in ensuring compliance with the Consumer Standards and supporting the Board in applying additional scrutiny in such key areas of compliance including the Complaint Handling Code. The CEIC ensures equality, diversity and inclusion are taken into account when meeting the different needs of clients.

Development & Asset Management Committee (DAMC)

The DAMC supports the Board in overseeing Transform’s development activities. It also oversees the progression of asset management and regeneration programmes approved by the Board, ensuring scrutiny, effective risk management and implementation in line with agreed parameters. It assists the Board in setting appropriate budgets to deliver these objectives as well as monitoring programme delivery and key risks.

People Committee

The People Committee recommends the remuneration approach for colleagues and supports governance effectiveness through succession planning and recruitment. It also supports the Board in applying additional scrutiny in the areas of organisation culture (including ethical leadership) staff engagement as well as equality, diversity and inclusion in relation to colleagues and Trustees.

Nominations Committee

The Nominations Committee supports the Board in ensuring Transform has effective governance through succession planning and recruitment.

Board and committee focus

The Board is responsible for the governance of Transform. Its role is to lead, direct, control, scrutinise and evaluate Transform’s work.

During the year, the Board considered a number of key matters including:

- overseeing the implementation of Transform’s corporate strategy and objectives
- reviewing, updating and overseeing implementation of the governance framework
- considering partnership and merge opportunities
- approving all new/updated Transform policies.

The Board delegates specific responsibilities to five committees which each report to the Board where their recommendations are considered and approved where appropriate.

Board and committee membership 2023/24

Trustees	Board	Client Experience & Impact Committee	Development & Asset Management Committee	Finance & Audit Committee	Nominations Committee	People Committee
Mark Austen	Chair (up to September 2023)				Chair	
Ollie Smedley	Chair (from October 2023) (Deputy Chair and Senior Independent Director to October 2023)	Member (up to September 2023)	Member			Member
Julie Bradley	Member			Member		Chair
Sanjay Gulati	Member	Member		Member		
Natalia Kolotneva	Member	Member	Chair	Member		Member
Paul Rees	Member		Member	Chair		
Michael Ryan	Member		Member			Member
Alec Sanderson	Member (Deputy Chair and Senior Independent Director from November 2023)		Member			
Katie Wadey	Member	Chair				

Trustee training

Trustees participated in a leadership development session and undertook fraud awareness and social housing regulation training. Trustees are also encouraged to attend events and networking opportunities held by recognised sector bodies such as the National Housing Federation.

Board effectiveness

Following an external review of board effectiveness which concluded in May 2023, the Board has made good progress with implementation of the recommendations arising from the review. A self-assessment of Board effectiveness will take place during 2024/25.

Code of Governance

Transform adopted the National Housing Federation Code of Governance 2020 for the reporting period. An annual assessment of compliance against the code has been conducted and confirms that Transform complies with all the requirements of the code including the provisions in relation to:

- mission and values.
- strategy and delivery.
- board effectiveness.
- control and assurance.

Governance and Financial Viability Standard

The annual review of compliance against the Regulator of Social Housing's Governance and Financial Viability Standard has been carried out and Transform was compliant with the standard during the reporting period. A detailed and evidence-based assessment was completed against each requirement and the Board approved this at its meeting on 23 May 2024.

In preparing this report, the Board has followed the principles set out in the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018.

Regulation and compliance

Transform fully complies with the requirements of the Regulator of Social Housing, the Charity Commission and the Fundraising Regulator. We have been working towards the implementation of the Consumer Standards.

Regulator of Social Housing

As a small provider, Transform is not subject to regulatory judgement from the Regulator of Social Housing and was not issued with any regulatory notices during this period of accounts.

Charity Commission public benefit reporting

Transform's aims, objectives and activities demonstrate public benefit as defined by the Charity Commission.

The Board ensures that planned activities meet the organisation's objectives. Transform's work supports those on the margins of society to overcome the challenges they face in their lives.

Trustees follow the Charity Commission's public benefit guidance when carrying out their duties. Awareness of the guidance forms part of each Trustee's induction and the Board takes this into account when making relevant decisions.

Fundraising Regulator's code compliance

The Code of Fundraising Practice sets out the responsibilities that apply to fundraising carried out by charitable institutions in the UK. To provide reassurance to donors and supporters, and to demonstrate high standards for fundraising activities, we are registered with the Fundraising Regulator and have adopted the Regulator's Code of Fundraising Practice.

We are committed to protecting donors and the public from any unreasonably intrusive or persistent fundraising approaches and will not apply any undue pressure on them to donate. We do not use any external professional fundraising services. We use the Fundraising Regulator's logo on fundraising communications. Transform has not received any requests to remove or suppress donor data from the regulator's Fundraising Preference Service.

The Fundraising Executive continually monitors guidance and regulations from the Charity Commission and the Fundraising Regulator, and colleagues are kept abreast of changing regulations through the year. We received no complaints relating to fundraising in the year to 31 March 2024.

Complaints

Transform carries out an annual self-assessment of our complaints policy against the Housing Ombudsman Service’s (HOS) Complaint Handling Code and for 2023/24 we were compliant with all aspects of reporting, handling and learning from complaints. Due to the complex nature of Transform’s operations, which provide integrated core and enhanced housing management and support services, we are working to better understand and define ‘service requests’ which need to be reported to the HOS. This is necessary for a proportionate reporting system. Transform anticipates having this in place no later than 1 October 2024.

In 2023/24, Transform received a total of 16 formal complaints, nine were fully resolved and four complainants decided not to pursue their complaint further. Three complaints were escalated to stage two of our complaints process from 2022/23.

During the year, Transform carried out a review of our complaints handling process following feedback from the client satisfaction survey and the Housing Ombudsman’s updated Complaints Handling Code. Revised policies for complaints handling and compensation have been approved by the Board and new, accompanying policies for reasonable adjustments, unacceptable behaviour and vulnerability have been created.

This is coupled with a new Complaints Case Management system, to provide improved oversight of complaints, template complaints letters and training for all staff in the new complaints handling process.

Themes identified from complaints	
What we have learned	What service improvements have we made
Complaints handling required improvement.	Each individual complaint is assigned to a named investigating officer who is also the single point of contact for the complainant for the relevant stage of the investigation.
The underlying causes of repairs should be considered, identified and addressed to avoid further occurrence of maintenance issues.	Continued to review and develop our responsive maintenance processes.
Balancing the needs of the vulnerable people we are established to serve and those of their neighbours requires skill, a good understanding of confidentiality and very clear communication.	Started a review of our referral process ensure better referral decisions.

Statement of Board responsibilities

The Board is responsible for preparing this report in accordance with applicable law and regulations. Company law requires the Board to prepare financial statements for each financial year. Under that law, the directors have elected to prepare them in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards as reflected in FRS102 and applicable laws).

Under company law, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the situation and surplus or deficit of the company for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers update 2018, have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping proper accounting records and Trustees must be able to disclose, with reasonable accuracy, at any time the financial position of the company and enable it 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. It is also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each member of the Board is aware:

- there is no relevant audit information of which the Transform's auditor is unaware; and
- the Board has taken all the steps required to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information, including that provided on Transform's website.

Internal control framework

The Board acknowledges its overall responsibility for establishing and maintaining the system of internal controls and for annually reviewing its effectiveness. The system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the business objectives and to provide reasonable assurance against material misstatement or loss.

The process of identifying, evaluating, and managing significant risks facing the organisation is ongoing. It has been in place from 1 April 2023 to the date of Board approval (25 July 2024). The risk management arrangements were subject to internal audit during the year and received substantial assurance.

The key elements of the framework include:

Internal audit

The Board delegated responsibility for overseeing the adequacy and effectiveness of the internal control system to the Finance & Audit Committee. The internal auditors reported directly to the Committee and a risk-based internal audit plan was prepared and approved by the Committee. The Committee subsequently monitored the programme of internal audits and received assurances to confirm that recommendations had been implemented as agreed. Follow-up internal audit reviews were undertaken to check recommendations had been implemented. Transform's Internal auditors, RSM UK, completed the second year of their contract with Transform during 2023/24.

External audit

The work of the external auditors provides assurance through the audit plan detailing the scope of work which is approved by the Finance & Audit Committee, together with the resulting audit report and management letter setting out their findings. Regular meetings are held with the external auditors to provide an update on changes in the business and to discuss strategic and technical matters. This includes the opportunity of a confidential meeting with members of the Finance & Audit Committee without officers present at least once a year.

Performance monitoring framework

Key performance indicators were produced regularly and reported through the Executive Team, Committees and the Board. These reports include performance-monitoring on: client services; client satisfaction and complaints; compliance; asset management; development; colleague engagement; and financial results.

Anti-fraud

We maintain a fraud register which is inspected by the internal auditors, together with regular updates reporting any such occurrences to the Finance & Audit Committee. During the year 2023/24 there were no such incidents of fraud reported.

Regulatory reporting

Transform submitted a range of regulatory returns to the Regulator of Social Housing and the Charity Commission. The Executive Team ensures that regulatory matters are dealt with promptly and efficiently, co-ordinates the self-monitoring system operated by the Board and monitors compliance with the required standards.

External Auditors

External auditors CLA Evelyn Partners Limited were re-appointed as external auditor at our Annual General Meeting (AGM) on 29 September 2023. A resolution for the appointment of external auditors will be proposed at the AGM on 26 September 2024.

By order of the Board.



Ollie Smedley Chair
25 July 2024



Auditor's report and financial statements

Auditor's report

CLA Evelyn Partners Limited

Report of the independent auditor to the members of Transform Housing & Support

Opinion

We have audited the financial statements of Transform Housing & Support (the 'Company') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash flows, the notes to the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Company's affairs as at 31 March 2024 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with 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 Company 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 members' 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 Company's ability to continue as a going concern for the period of at least 12 months, from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board members 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 Financial Statements, other than the financial statements and our auditor's report thereon. The Board members are 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the audit:

- the information given in the strategic report (incorporating the Board members' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report (incorporating the Board members' 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report (incorporating the Board Members' report).

We have nothing to report in respect of the following matters where 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 Board Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of Board Members

As explained more fully in the Statement of Board's Responsibilities on page 37, the Board Members who are 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 controls as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board Members are responsible for assessing the 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 Board Members either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We obtained a general understanding of the company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the company's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the company's industry and regulation.

We understand that the company complies with the framework through:

- updating operating procedures, manuals and internal controls as legal and regulatory requirements change
- a programme of internal audit performed by an independent firm of internal auditors
- independent health and safety reviews across identified compliance areas
- a risk assessment framework and register that includes regular review and scrutiny by the Finance & Audit Committee
- an annual assessment of compliance with housing association regulations
- the Board's close oversight through regular board meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, those which are central to the company's ability to conduct operations and those where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the company:

- The requirements of the Companies Act 2006 and the Housing and Regeneration Act 2008 in respect of the preparation and presentation of the financial statements, the Accounting Direction for Private Registered Providers of Social Housing 2022 and FRS 102.
- Safeguarding and health and safety regulations, including building and fire safety.
- Housing association law and regulation.
- Charity law and regulation.

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management and the Finance & Audit Committee as to the risks of non-compliance and any instances thereof
- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence between regulators and the company.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- management override of control
- revenue recognition (other than rent, service charge and housing-related support income) specifically the manipulation of revenue through fraudulent journal entries.

These areas were communicated to the other members of the engagement team not present at the discussion.

The procedures carried out to gain evidence in the above areas included:

- testing of a sample of manual journal entries, selected through applying specific risk assessments applied based on the company's processes and controls surrounding manual journal entries.
- substantive work on revenue transactions other than rent, service charge and housing-related support income.

The senior statutory auditor was satisfied that the engagement team collectively had the appropriate competence and capabilities to identify or recognise irregularities. In particular, both the senior statutory auditor and the audit manager have a number of years' experience in dealing with companies with similar risk profiles.

A further description of our responsibilities is available on the Financial Reporting Council's website at: 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.

CLA Evelyn Partners Limited 19 September 2024

Julie Mutton
Senior Statutory Auditor for and on behalf of CLA Evelyn Partners Limited
Statutory Auditors
Chartered Accountants
Onslow House
Onslow Street
Guildford
Surrey GU1 4TZ

Financial statements and notes to the accounts

Statement of comprehensive income for year ended 31 March 2024

	Note	2024	2023
		Continuing operations	Continuing operations
		£000s	£000s
Turnover	1	12,725	11,270
Operating expenditure	1	(11,149)	(10,294)
Underlying operating surplus		1,576	976
Other operating income:			
Disposal of property, plant and equipment		63	114
Donation of CODHAL Assets	22	963	-
Operating surplus		2,602	1,090
Interest receivable	5	37	18
Interest and other financing costs	6	(507)	(539)
Surplus for the financial year		2,132	569
Other comprehensive income			
Actuarial (loss) in respect of pension scheme		(12)	(23)
Total comprehensive income for the year		2,120	546

The accompanying notes form part of these financial statements. The financial statements were authorised and approved by the Board on 25 July 2024.

Statement of financial position as at 31 March 2024

	Note	2024 £000s	2023 £000s
Tangible fixed assets			
Property, plant and equipment	9	65,588	64,026
Depreciation	9	(10,111)	(9,322)
		55,477	54,704
Other tangible fixed assets	10	776	857
		<u>56,253</u>	<u>55,561</u>
Current assets			
Trade and other debtors	11	1,362	1,834
Cash and cash equivalents	12	1,884	1,238
		3,246	3,072
Creditors: amounts falling due within one year	13	(2,603)	(2,794)
Net current assets			
		643	278
Total assets less current liabilities		56,896	55,839
Less: creditors – amounts falling due after more than one year	14	(26,824)	(27,870)
Defined benefit pension scheme			
		(178)	(195)
	Net assets	<u>29,894</u>	<u>27,774</u>
Capital and reserves			
Invested in property		28,846	26,996
Undesignated reserves		339	119
Designated reserves		250	250
Restricted reserves		459	409
		29,894	27,774

The accompanying notes form part of these financial statements. The financial statements were issued and approved by the Board on 25 July 2024.

Company number: 01057984



Oliver Smedley
Chair



Paul Rees
Chair of the
Finance & Audit Committee



Mandy Arnold
Company Secretary

Statement of changes in reserves for year ending 31 March 2024

	Restricted reserves	Designated reserves	General reserves		Total
			Invested in properties	Free reserves	
	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2022	294	-	25,950	984	27,228
Surplus for the year	-	-	569	-	569
Other comprehensive income for the year	-	-	(23)	-	(23)
Total comprehensive income for the year	-	-	546	-	546
Transfer between reserves	115	250	500	(865)	-
At 31 March 2023	<u>409</u>	<u>250</u>	<u>26,996</u>	<u>119</u>	<u>27,774</u>
Surplus for the year	-	-	-	2,132	2,132
Other comprehensive income for the year	-	-	-	(12)	(12)
Transfer between reserves	50	-	1,850	(1,900)	-
At 31 March 2024	<u>459</u>	<u>250</u>	<u>28,846</u>	<u>339</u>	<u>29,894</u>

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ending 31 March 2024

	Note	2024	2023
		£000s	£000s
Net cash generated from operating activities	A	2,205	1,938
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,410)	(4,004)
Proceeds from sale of tangible fixed assets		276	157
Cash received on merger		392	-
Merger expenses		(49)	-
Grants received		1,112	1,393
Interest received		37	19
Net cash generated from/(used in) investing activities		358	(2,436)
		2,563	(498)
Cash flow from financing activities			
Interest paid		(557)	(571)
Repayment of borrowings		(1,360)	(360)
Net cash used in financing activities		(1,917)	(931)
Net change in cash and cash equivalents		646	(1,429)
Cash and cash equivalents at:			
Beginning of the year		1,238	2,667
End of the year		1,884	1,238

Notes to the Statement of cash flows

A. Cash flow from operating activities

	2024	2023
	£000s	£000s
Surplus for the year	2,132	569
Adjustments for non-cash items		
Surplus on disposal of property, plant and equipment	(63)	(114)
Depreciation of tangible fixed assets	1,161	1,170
Amortisation of loan arrangement fee	130	48
Donation of CODHAL assets	(963)	-
	<u>2,397</u>	<u>1,673</u>
Movements in working capital (x)/x		
(Decrease) in debtors	(349)	(180)
(Decrease)/increase in creditors	(57)	78
	<u>1,991</u>	<u>1,571</u>
Adjustments for investing or financing activities		
Amortisation of Government grants	(218)	(221)
Aborted development costs	-	103
SHPS pension costs	(38)	(36)
Interest payable	507	539
Interest received	(37)	(18)
Net cash generated from operating activities	<u>2,205</u>	<u>1,938</u>

B. Analysis of changes in net debt

	At 1 April 2023	Cash flow	Non-cash changes	Total
	£000s	£000s	£000s	£000s
Housing loans				
Due in less than one year	460	(460)	346	346
Loan	12,980	(900)	(360)	11,720
Less: Loan issue costs	(144)	-	144	-
	12,836	(900)	(116)	11,720
Due after more than one year	13,296	(1,360)	130	12,066
Cash at bank and in hand	(1,238)	(646)	-	(1,884)
At 31 March 2024	12,058	(2,006)	130	10,182

Notes to the financial statements

1. Particulars of turnover, operating expenditure and operating surplus

2024		Note	Turnover	Operating costs	Operating surplus
			£000s	£000s	£000s
Continuing operations					
Social housing lettings		2	8,816	(7,440)	1,376
Other social housing activities					
Housing-related support income			3,628	(3,648)	(20)
Fundraising income			184	(61)	123
Others			97	-	97
			12,725	(11,149)	1,576
Gain on disposal of property, plant and equipment					63
Donation of CODHAL net assets		22			963
Operating surplus					2,602

2023	Note	Turnover	Operating expenditure	Operating surplus (deficit)
		£000s	£000s	£000s
Continuing				
Social housing lettings	2	7,534	(7,141)	393
Other social housing activities				
Housing-related support income		3,386	(3,043)	343
Charitable donations		335	(104)	231
Others		15	(6)	9
		11,270	(10,294)	976
Gain on disposal of property, plant and equipment				114
Operating surplus				1,090

2. Particulars of turnover and operating expenditure from social housing lettings

	Note	2024	2023
		£000s	£000s
Rents receivable net of identifiable service charges		5,616	4,424
Service charge income		2,982	2,889
Amortised government grants		218	221
Turnover from social housing lettings	1	8,816	7,534
Expenditure on social housing lettings			
Services		(2,150)	(1,929)
Management		(2,257)	(2,126)
Routine maintenance		(1,497)	(1,184)
Planned maintenance		(104)	(174)
Bad debts		(84)	(162)
Lease charges		(382)	(457)
Property depreciation		(921)	(944)
Abortive costs		-	(103)
Intensive housing management, support and other		(45)	(62)
Operating expenditure on social housing lettings		(7,440)	(7,141)
Operating surplus on social housing lettings		1,376	393
Rent losses due to voids		(338)	(335)

3. Directors' emoluments and expenses

For the purpose of this note, the directors are defined as the Board Members and members of the Executive Team as shown on pages 2-4. None of the Board members received any emoluments.

	2024	2023
	£000s	£000s
Aggregate emoluments and expenses payable to key management personnel:		
Executive Team	586	561
The highest paid Executive:		
Emoluments	116	116
Pension contributions	12	11

The Executive team represents the key management personnel under FRS 102 and their aggregate emoluments including employer's national insurance contributions were £643,000 (2023: £618,000). There were no compensation payments for loss of office to any previous members of the Executive Team (2023: nil).

The Chief Executive was the highest paid Executive member during the year. His pension arrangements are similar to those of other colleagues – a money-purchase pension scheme with no additional benefits.

4. Employee information

The average number of employees employed (headcount)	2024	2023
	Number	Number
Housing and support staff	83	89
Administration staff	34	34
Maintenance staff	7	8
	<u>124</u>	<u>131</u>

The average number of employees employed (FTEs)	2024	2023
	Number	Number
Housing and support staff	73	76
Administration staff	30	29
Maintenance staff	7	7
	<u>110</u>	<u>112</u>

The number of full-time employees is calculated based on a 39-hour working week.

Staff costs for the above persons:	2024	2023
	£000s	£000s
Wages and salaries	3,790	3,653
Social security costs	337	346
Other pension costs	172	156
	<u>4,299</u>	<u>4,155</u>

The number of full-time equivalent staff who received remuneration (including pension) shown in the following bands:

	2024	2023
More than £60,000 but not more than £70,000	2	3
More than £70,000 but not more than £80,000	1	2
More than £80,000 but not more than £90,000	2	-
More than £120,000 but not more than £130,000	1	1

5. Interest receivable

	2024	2023
	£000s	£000s
Interest from bank deposits	<u>37</u>	<u>18</u>

6. Interest and financing costs

	2024	2023
	£000s	£000s
Interest payable on bank loans	557	534
Interest capitalised on properties under construction	(59)	-
Net interest expense on SHPS pension scheme	9	5
	<u>507</u>	<u>539</u>

7. Surplus on disposal of housing property

	2024	2023
	£000s	£000s
Disposal proceeds less selling costs	276	157
Carrying value of fixed asset	(213)	(43)
	<u>63</u>	<u>114</u>

There was no capital grant allocation that requires recycling.

8. Surplus for the year

	2024	2023
	£000s	£000s
The operating surplus is arrived at after charging:		
Depreciation of housing properties	921	944
Depreciation of other tangible fixed assets	240	226
Surplus on sale of fixed assets – housing properties	63	114
Operating lease rentals:		
Land and buildings	349	473
Other leases	21	45
Auditor's remuneration (excluding VAT):		
Audit fees	37	31
Other services	8	3

9. Property

	Housing properties	Properties under construction	Total housing properties
	£000s	£000s	£000s
Cost			
At 1 April 2023	62,241	1,784	64,025
Additions	928	609	1,537
Works to existing properties	371	-	371
Completed properties	2,393	(2,393)	-
Disposals	(345)	-	(345)
At 31 March 2024	65,588	-	65,588
Depreciation			
At 1 April 2023	(9,321)	-	(9,321)
Charges for the period	(921)	-	(921)
Disposals	132	-	132
At 31 March 2024	(10,111)	-	(10,111)
Net book value			
At 31 March 2024	55,477	-	55,477
At 31 March 2023	52,920	1,784	54,704

Housing properties book value, net of depreciation comprises:	2024	2023
	£000s	£000s
Freehold land and buildings	46,351	45,614
Long leasehold land and buildings	7,507	7,476
Short leasehold land and buildings	1,619	1,614
	55,477	54,704

10. Other fixed assets

	Furniture and equipment	Office equipment	Office fittings	Computers	Motor vehicles	Total
	£000s	£000s	£000s	£000s	£000s	
Cost						
Opening Balance	643	21	339	643	20	1,667
Additions	152	-	1	6	-	159
Disposals	(8)	-	(1)	-	-	(9)
Cost carried forward	787	21	339	649	20	1,816

Depreciation						
Opening balance	(333)	(21)	(132)	(317)	(7)	(810)
Charge for the year	(81)	-	(32)	(123)	(4)	(240)
Disposals	8	-	1	-	-	9
	(406)	(21)	(163)	(440)	(11)	(1,041)

Net book value						
At 31 March 2024	381	-	176	209	9	776
At 31 March 2023	310	-	207	326	14	857

11. Debtors

	2024	2023
	£000s	£000s
Due within one year		
Rent and service charges receivable	703	703
Less: provision for bad and doubtful debts	(472)	(503)
	231	200
Trade debtors	450	795
Other debtors	549	361
Prepayments and accrued income	132	478
	1,362	1,834

12. Cash and cash equivalents

	2024	2023
	£000s	£000s
Cash in bank and in hand	1,884	1,238

13. Creditors: amounts falling due within one year

	Note	2024	2023
		£000s	£000s
Housing loans		346	460
Deferred grant income		237	235
Trade creditors		916	817
Loan interest due		59	69
Rent and service charges received in advance		250	233
Recycled Capital Grant		-	50
Capital accruals and retentions		43	65
Other creditors		325	395
Other taxation and social security		143	96
Other accruals and deferred income		284	374
		<u>2,603</u>	<u>2,794</u>

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

	Note	2024	2023
		£000s	£000s
Housing loans	16	11,720	12,836
Deferred grant income	15	15,104	15,034
		<u>26,824</u>	<u>27,870</u>

15. Deferred grant income

	2024	2023
	£000s	£000s
Balance at 1 April	15,269	13,260
Grant receivable in the year	240	2,230
Grant transferred from Recycled Capital Grant Fund	50	-
Released to Statement of Comprehensive Income	(218)	(221)
At 31 March 2024	<u>15,341</u>	<u>15,269</u>

Deferred income to be released to the Statement of Comprehensive Income		
Amount to be released in less than one year	237	235
Amount to be released in more than one year	15,104	15,034
	<u>15,341</u>	<u>15,269</u>

The above summary excludes grants transferred through past mergers; the total grants received to date in respect of properties owned are detailed in note 23.

16. Housing loan debt analysis

	2024	2023
	£000s	£000s
Due within one year	360	460
Due after more than 1 year	11,720	12,980
Loan issue costs	(14)	(144)
	<u>12,066</u>	<u>13,296</u>

We have the following loan facilities in place:

- Barclays Bank (Facility A) £5.6 million – fully drawn (2023 – fully drawn) (expires July 2029).
- Barclays Bank (Facility B) £6.5 million – fully drawn (2023 – fully drawn) (expires August 2025).
- Unity Trust Bank £0 – fully repaid in 2023/24 (2022/23 - £1.0 million)

Repayment profile:

- Within one year: £360,000 (2023: £460,000)
- One year or more but less than two years: £6.8 million (2023: £560,000).
- Two years or more but less than five years: £1.0 million (2023: £8.3 million).
- More than five years: £3.8 million (2022: £4.2 million).

Of the drawn loan facility £10 million is on fixed interest rates and divided into several fixed-rate loan tranches with Barclays. These tranches have different interest rates ranging from 2.7% to 5.5% and varying maturity dates. Once they mature all tranches revert to variable rates.

The remainder is comprised of floating rate loans, with interest that is based on SONIA (Barclays) rate.

The loan facilities are secured by fixed charges on a selected property portfolio.

17. Recycled capital grant fund

	2024	2023
	£000s	£000s
At 1 April	50	50
Grant recycled	(50)	-
Balance at 31 March	-	50

	2024	2023
	£000s	£000s
Due within one year	-	50

Grants used in the purchase of Goodwyns Road.

18. Financial commitments

Capital expenditure commitments are as follows:

Capital expenditure	2024	2023
	£000s	£000s
Expenditure authorised by the Board, and contracted for	-	525
Expenditure authorised by the Board, but not yet contracted	140	-
	140	525

The above commitments will be funded by a combination of Social Housing Grants, loan finance, fundraising and internally generated reserves.

Operating leases

As at 31 March 2024 Transform had annual commitments under non-cancellable operating leases as follows:

	2024	2024	2023	2023
	Property	Others	Property	Others
	£000s	£000s	£000s	£000s
Within one year	349	11	448	11
Within two to five years	1,242	10	1,290	10
Over five years	1,206	-	844	-
	2,797	21	2,582	21

19. Social housing units

The number of housing units under management at the end of the period:

	2024	2023
	£000s	£000s
Supported housing units	834	798
Housing for older people units	93	113
Total owned units	927	911
Accommodation managed for other providers	30	30
	957	941

20. Government grants

Total grants received:	Note	2024	2023
		£000s	£000s
Grants credited to the income statement or arising on merger/acquisition		11,045	10,827
Deferred grants	15	15,341	15,269
		26,386	26,096

21. Fundraising activities

	2024	2023
	£000s	£000s
Fundraising cash generated	184	335
Fundraising costs	61	104
Net fundraising contributions	123	231

Return on investment (ROI)	3.02	3.22
Fundraising cost ratio	33%	31%

Analysis of income		
Capital		
Bathroom replacements for young people	48	-
Mitchell Place	50	43

Revenue		
Surrey County Council	23	-
For specific client groups	63	292
	184	335

22. Donation of CODHAL net assets

	Book value	Fair value to Transform
	£000s	£000s
Housing property	539	620
Debtors	-	-
Short-term liabilities	-	-
Cash	392	392
	931	1,012
Less: merger costs		(49)
Net donation		963

The intention is to use the cash received in the Dorking area.

23. Related party transactions

The members of the Board and Executive Team are considered related parties as defined by FRS 102. Transform retains a register of members' interests. We can confirm that we do not have any transactions that require disclosure.

24. Taxation Status

Transform is a registered charity and as such is exempt from taxation on its charitable activities.

25. Share capital

Transform is limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £5 in the event of the organisation winding up.

Number of members	2024	2023
At 1 April	22	23
Joining during the year	1	2
Leaving during the year	(1)	(3)
At 31 March 2024	22	22

26. Social Housing Pension Scheme

Transform participates in SHPS, a multi-employer defined benefit pension scheme.

The scheme is closed to new members and to the future accrual of benefits. There are currently 5 (2023 – 5) deferred members and 73 (2023 – 73) pensioners. The most recent formal actuarial valuation was completed as at 30 September 2021 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2024 by a qualified independent actuary. The net liabilities of the scheme were £198,000 (2023 - £195,000), comprising pension liabilities of £1.0 million (2023 - £1.0 million) and scheme assets of £0.8 million (2023 - £0.8 million). The scheme is immaterial to the financial statements and so a more detailed analysis of the scheme's finances is not provided.

Present value of defined benefit obligation

	31 March 2024	31 March 2023
	£000s	£000s
Fair value of plan assets	812	808
Present value of the scheme liabilities	1,010	1,003
Deficit in plan	(198)	(195)
Defined benefit liabilities to be recognised	(198)	(195)

Reconciliation of the opening and closing present value of scheme liabilities

	2024	2023
	£000s	£000s
Opening Scheme liability	1,003	1,299
Expenses	3	3
Interest expense	48	35
Actuarial (losses)/gains	13	(279)
Net benefits paid	(57)	(55)
Closing scheme liability	1,010	1,003

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

	2024	2023
	£000s	£000s
Opening fair value of the plan assets	808	1,096
Interest income	39	30
Return on plan assets	(18)	(302)
Contributions by the employer	40	39
Benefits paid	(57)	(55)
Fair value of assets	812	808

The actual return on plan assets (including any changes in share assets) over the period from 31 March 2023 to 31 March 2024 was £21,000.

Amounts recognised in the surplus

	2024	2023
	£000s	£000s
Amounts charged to operating costs	3	3
Amounts charged to interest costs	9	5
Total charge for the year	12	8

Defined benefits costs recognised in the other comprehensive income

	2024	2023
	£000s	£000s
Experience to plan assets (excluding amounts included in net interest cost) – gain (loss)	(18)	(302)
Experience gains and losses arising on plan liabilities – gain (loss)	3	(28)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	14	3
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(30)	304
Total amount recognised in other comprehensive income – gain (loss)	(31)	(23)

Principal actuarial assumptions: Financial assumptions

	31 March 2024	31 March 2023
	% per Annum	% per Annum
Discount rate	4.84	4.90
Future salary increase	3.22	3.21
Inflation (RPI)	3.00	2.67
Inflation (CPI)	3.74	3.67
Allowance for commutation of pension for cash at retirement	75% of max. allowance	75% of max. allowance

Mortality assumptions

	31 March 2023	31 March 2023
	Life expectancy at age of 65 years	
Male retiring in 2024	20.5	21.0
Female retiring in 2024	23.0	23.4
Male retiring in 2044	21.8	22.2
Female retiring in 2044	24.4	24.9

Notes to the financial statements

Legal status

Transform Housing & Support is

- registered under the Companies Act 2006, and is a company limited by guarantee (registered in England and Wales with number 01057984)
- registered with the Regulator of Social Housing (H2452)
- a registered charity with the Charity Commission (264133)
- regulated by the Fundraising Regulator.

Accounting policies

The principal accounting policies are summarised below. Except as explained below, they have all been applied consistently throughout the year and to the preceding year.

Basis of accounting

The financial statements have been prepared in accordance with the UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers. They comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

Transform's objectives are to provide housing and support services and to improve the wellbeing for vulnerable and socially excluded clients and is therefore considered as a Public Benefit Entity (PBE), in accordance with FRS 102.

Going concern

In preparing the financial statements, management has assessed the company's ability to continue as a going concern. In this assessment management considered all available information about the future, which is at least, but is not limited to, 12 months from the date when the financial statements are authorised.

Transform has considered the business activities and current financial position and the factors that are likely to impact our future development are set out in the Strategic Report. In assessing its future viability, The Board has carried a thorough review of the cash-flow forecast, treasury management policy, compliance with the debt facilities as well as covenants' compliance, liquidity levels and financial plan outputs. In addition, The Board stress tested the operating and financial pressures on the business activities and implemented mitigating factors to protect the financial viability of the organisation. Having evaluated the impact on each business activity, The Board is confident that services are well-managed and continue to make positive contributions to the organisation.

Furthermore, the company has in place adequate long-term debt facilities to fund commitments on the strategic investments and development programmes, along with the organisation's day-to-day operations. The company long-term business plan reflects a viable financial position capable of servicing these debt facilities whilst continuing to comply with lenders' covenants.

A wide range of multivariant stress tests have been run and are regularly monitored in the risk register, these include economic risk exposure from inflation, interest rates and economic downturn. We have also considered the post-Brexit environment and potential impact on Transform by way of shortages in accessing fresh capital and EU workers, alongside increasing staffing costs, stretched supply chains and the effect of property valuation. Transform had adopted various approaches to mitigate against risks for example delaying uncommitted non-essential expenditure, implementing efficiencies in our procurement processes, closely monitoring increased regulatory costs e.g. fire safety costs and the appropriate governance support has been factored in for all scenarios. This stress testing found that the business plan is robust and does not affect the company's ability to meet its obligations.

On this basis, the Board has reasonable expectation that Transform 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 the financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant management judgements

There were no significant judgements in applying the accounting policies for the company that have the most significant effect on the amounts recognised in the financial statements.

Other key sources of estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and the measurement of assets, liabilities, income and expenses, is provided below. Actual results may be substantially different.

- **Impairment review:** we have carried out a review for impairment by reviewing our triggers. No areas of impairment were identified.
- **Defined benefit obligation:** Defined benefit obligation: management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rate of inflation, mortality, discount rate and anticipation of future salary increases. We are conscious that there were no active members within the company's defined benefit plan and the assumptions were in line with actuarial recommended rates. Variations in these assumptions may significantly impact the liability and the annual defined benefit expenses (see note 26). The net defined benefit pension liability at 31 March 2024 was £178,000.
- **Useful lives of depreciable assets:** if there are any changes in circumstances, e.g. impairment, management reviews its estimate of the useful lives of depreciable assets including any components. Uncertainties in the estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. As at 31 March 2024 the carrying amount of the housing properties was £65.6 million and accumulated depreciation was £10.1 million.

Turnover and revenue recognition

Turnover represents the income received or receivable from the following sources:

Rental and service charge income – this income is in respect of the year, net of any voids. The rental and service charge income from properties developed during the year is recognised from the point at which these properties reach practical completion or are otherwise available for letting. The enhanced housing management fees receivable that is funded by housing benefit is also included here.

Housing related support income – income is recognised as it falls due under the contractual agreements. The 'block subsidy' housing related support income is classed as social housing income and 'block gross' income as other social housing income in the Statement of Comprehensive Income.

Charitable donations – grants and donations from charitable trusts and voluntary sources for the development of property or for the acquisition of other tangible fixed assets are treated as income. Income is recognised on any significant pledges, only after the grant conditions are fulfilled.

Donation of net assets – in a merger or otherwise, when an entity donates its assets and liabilities to Transform, the donated assets and liabilities are recognised at their fair value. Any excess of the net fair value of assets and liabilities donated over costs incurred is then recorded as an exceptional income within the Statement of Comprehensive Income. This income is recognised, on legal completion of the agreement for the transfer of engagement.

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 amortisation cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At the year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure account.

Transform's significant financial liability is the bank loan, and this is classed as a basic financial instrument, measured at amortised cost.

Housing properties and depreciation

Housing properties are properties held for the provision of social housing or otherwise to provide social benefit. Housing properties are principally properties available for rent and stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring the land and building, development costs, and the interest cost capitalised during the development period. Works to existing properties which replaces a component that has been treated separately for depreciation purposes, along with those works that result in increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Housing properties under construction are stated at cost and are not depreciated. Donated land and other assets are included within costs at fair value, at the time of the transfer.

The property disposals are recognised in the financial statements only when the legal completion for the transaction is concluded, realising any surplus or deficit on the disposal.

Depreciation is charged over the estimated useful lives of the structure and major components of the housing properties, so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated economic life. No depreciation is charged on freehold land. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter. Depreciation is charged on qualifying fixed assets on the following estimated useful lives:

Components identified within housing properties		Other fixed assets	
Structure	100 years	Furniture and fittings	7 years
Roofs	70 years	Office equipment	7 years
Flat roofs	15 years	Office fittings	10 years
Windows	30 years	Specialist software	7 years
Kitchens	15-20 years	Computer equipment	3 years
Bathrooms	25-30 years		
Boilers	15 years		
Fire doors	30 years		
Other building facilities	10 years		

Impairment of housing properties

Housing properties are assessed annually for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the schemes carrying amount to its recoverable amount.

For the purposes of impairment assessments, housing properties are grouped together into schemes. Each scheme typically comprises one or more buildings in the immediate locality, and each building consists of one or more accommodation units. Schemes are typically developed or acquired as a single block of units.

When comparing a scheme's carrying amount with its recoverable amount, any excess carrying amount on the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as an operating expenditure.

With regard to supported housing schemes, management deems the properties are held not just to generate future cash, but to provide an additional social value i.e. these properties are held for their service potential. Therefore, the recoverable amount for these properties should be higher of (a) fair market value less cost of sale, and (b) its value in use Service Potential (VIU-SP).

VIU-SP can be used when the schemes can be let in the current condition and that fulfils a social purpose in addition to generating net rental cash flow. The 'depreciated replacement cost' (DRC) methodology can be used to measure this.

The DRC basis considers (a) cost of purchasing an equivalent property on the open market, and (b) the rebuilding cost of the property (of a similar condition, age, location, and type) less depreciation, considering the age and condition of the property. However, when establishing no active market for these properties, then (b) above (i.e. rebuilding costs less depreciation) can be considered as value in use for the properties under DRC basis.

Other fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation. Depreciation is provided evenly throughout the assets' estimated useful lives.

Government grants

Government grants include grants receivable from Homes England, Local Authorities and other government organisations. Government grants received for housing properties are treated as deferred income and recognised in turnover over the estimated useful life of the housing property structure, under the accrual model.

Revenue grants are recognised in the Statement of Comprehensive 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 liabilities.

Government grants released on the sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the balance sheet in creditors. 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 in the statement of comprehensive income.

Other grants

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

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and the rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rental payable under operating leases is charged to income and expenditure on a straight-line basis over the lease term. With regard to lease incentives, the aggregate benefits of the lease incentive are recognised as a reduction in expenses recognised over the term of the lease.

Cash and cash equivalents

This includes all forms of cash and deposits repayable on demand, overdraft repayable on demand and short-term deposits held with various banks. These cash balances are used in our cash flow statements and future cash projections.

Interest payable

Interest costs are capitalised on borrowing to finance the development of qualifying assets to the extent that it accrues in respect of the period of the development. Other interest payable is charged to the Statement of Comprehensive Income.

Pension

Transform participates in two defined contribution pension schemes – the group personal pension scheme operated by Aviva Group (Friends Life) and the Social Housing Pension Scheme (SHPS) defined contributions scheme – as well as the SHPS multi-employer defined benefits scheme.

Defined benefit pension scheme

For the SHPS, the association has been able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and has applied defined benefit accounting from this date onwards.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high-quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. This has been recognised within the defined benefit pension scheme on the face of the statement of financial position.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Interest is calculated on the net defined liability. Re-measurements are reported in the Comprehensive Income.

Provision for liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Value Added Tax

Transform is not registered for Value Added Tax (VAT) and VAT is accounted for as a cost to the organisation within the respective expenditure heading.

Reserves

The reserves comprise the general reserves, the designated reserves and restricted reserves. The restricted reserves are provided by donors to be spent on specific client activities, designated reserves are reserves allocated by the Board for a specific future purpose and general reserves have no restrictions on their use. Transform's reserve policy is shown in the strategic report on page 11.

Free reserves

Free reserves are unrestricted reserves that are currently not invested in the property assets and are freely available to fund charitable activities.

Reserves that are invested in property are calculated as being the net book value of the properties, less the grants and loans that part fund these assets. The free reserves are the balance of the unrestricted reserves.

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