

Report of the Board of Management for the year ended 31 March 2023

The Board present their report together with the financial statements for the year ended 31 March 2023.

Principal activities

Arbour Housing is a registered non-profit making housing association providing housing accommodation for those in need. It is an active participant in the Social Housing Development Programme.

Financial results

The surplus on ordinary activities for the year was £1,358,703 compared to a surplus of £1,299,586 for the previous year.

Board of Management

The Board of Management meets regularly throughout the year. There are three committees which meet regularly throughout the year with specific responsibilities for property services, procurement and development, finance and corporate performance and audit and risk.

Board members are elected for a three year period; retire on expiration of the three years and are eligible for re-election if they have not served the maximum allowed of nine years.

Treasury

Arbour Housing's treasury policy is regularly reviewed by the Finance & Corporate Performance Committee, under delegated authority from the Board of Management. The aim is to maintain adequate cash balances to minimise interest payments on loans, without compromising the ability to meet our financial obligations as they arise.

Arbour Housing was fully compliant with loan covenants during the year and monitors these covenants in all budget projections.

All surpluses generated by Arbour Housing are reinvested in order to maintain homes in good condition, develop new homes at rents that are as low as possible and to reduce the borrowing requirements. The reserves that Arbour Housing has built up have been reinvested in its housing properties, and are not, therefore, represented by cash balances.

Interest rate risk

Exposure to fluctuating interest rates is managed by the composition of a balanced portfolio of fixed and variable rate loans. Arbour Housing's effective interest rate for 2022-23 was 4.52% (2022 : 4.46%) and Arbour Housing has attempted to mitigate against the impact of increasing interest rates through effective cash management.

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Liquidity risk

Arbour Housing maintains a mixture of long term and short term finance that is designed to ensure that there is sufficient funds to achieve business objectives and to facilitate growth with consideration to the interest costs of such finance.

Currency risk

Arbour Housing does not engage in foreign currency transactions and is not exposed to exchange risk.

Environmental matters

Arbour Housing recognises its corporate responsibility to carry out its operations and development programme whilst minimising environmental impacts. The Board's continued aim is to comply with all applicable environmental legislation, prevent pollution and to reduce waste wherever possible and its objectives are reinforced in its energy strategy.

Arbour recognises that the Housing sector has a critical role to play in delivering the government's ambition for net zero carbon emissions, and responding to the climate crisis. Last year, in consideration of the move to net zero, the Board of Management included the following objective to our Five year strategic plan, *"Baseline Arbour's carbon footprint across Housing Stock and Operational Activities and determine a strategic plan to achieve a minimum EPC rating of 'C' for all stock by 2030 and a 'Net Zero' carbon footprint by 2050."*

Following a review of RDSAP data, obtained through Energy Performance Certificates (EPC's), Arbour completed its baseline exercise, indicating that 50% of properties were rated C or above, with an estimated works cost of £12m required to ensure remainder meet minimum C rating by 2030.

Arbour is committed to making homes greener and warmer for residents. We understand the need to tackle climate change and fuel poverty, improve resident satisfaction, health and wellbeing and reduce fuel bills for residents. These are key drivers for retrofitting our existing homes and investing in new ones. There are significant challenges in retrofitting homes including lack of finance, policy uncertainty, concerns around technology, conflicting organisational priorities and the lack of capacity and capability in supply chains. As a responsible social landlord we are committed to playing our part in addressing these challenges.

Corporate Governance

Having regard to the 2021 annual Regulatory Judgement from the Regulator (Department for Communities), which cover the three standards of Governance, Finance and Consumer and which received top grade, it is the opinion of the Board of Management that Arbour Housing is in compliance with the best practice issued by NHF Code of Governance.

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Audit and Risk Committee

Arbour Housing has an Audit & Risk Committee with clearly defined terms of reference. The Committee monitors risk management and internal controls through the management of internal and external audit programmes. The Committee provides a forum through which the internal and external auditors report to the Board. The Board believes that it has an objective and professional relationship with its auditors.

Going Concern

After making enquiries, the Board of Management is confident that Arbour Housing has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Internal controls

The Board of Management is responsible for Arbour Housing's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage and reduce, rather than to eliminate, the risk of failure to achieve business objectives. It can provide only reasonable, and not absolute, assurance against material misstatement or loss.

We operate ongoing processes for identifying, evaluating and managing the significant risks faced by Arbour Housing. They have been in place for the year to 31 March 2023 and up to the date of the approval of the Annual Report and the Financial Statements. The processes are reviewed at least annually by the Committee.

The key elements of the control system in operation are:

- The Board has adopted a formal schedule of matters reserved for its approval ensuring it maintains responsibility for overall strategy, approval of all property transactions and other major capital expenditure projects;
- There is an organisation structure with clearly defined lines of responsibility and delegation of authority; and
- Detailed budgets are prepared covering Arbour Housing's business which are reviewed and approved by the Board of Management. Actual results are compared against budget and appropriate action identified and initiated.

Statement of the responsibilities of the Board of Management

The Board of Management is responsible for preparing the Board of Management's Report and the financial statements in accordance with applicable laws and regulations.

The Board of Management is required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Arbour Housing and of its surplus or deficit for that period. In preparing these financial statements, the Board of Management are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;

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- state whether applicable accounting standards 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 Arbour Housing will continue in operation.

The Board of Management are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of Arbour Housing and enable them to ensure that the financial statements comply with the Financial Reporting Standard 102 and Housing SORP 2018. They are also responsible for safeguarding the assets of Arbour Housing and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as each of the members of the Board of Management are aware at the date of approval of these financial statements:

- there is no relevant audit information of which Arbour Housing's auditors are unaware; and
- they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that Arbour Housing's auditors are aware of that information.

Auditors

A resolution to reappoint ASM (B) Ltd will be proposed at the Annual General Meeting.

On behalf of the Board of Management


Angela Clarke
Chair

Date: 26/6/2023