REPORT AND FINANCIAL STATEMENTS

FREEBRIDGE COMMUNITY HOUSING

For the year ended 31 March 2023

Regulator of Social Housing No. L4463
Co-operative and Community Benefit Society No. 29744R

Freebridge
COMMUNITY HOUSING

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CHAIRMAN'S STATEMENT

Andy Walder

Chair of the Board

We are pleased to present our annual report for 22/23 during which we have delivered the second year of our Building Better Futures 21-26 Corporate Plan. While the continuing deterioration in the economic environment continues to present significant challenges for both our customers and our business model, we have made good progress in our key achievements. As the largest housing association in West Norfolk, we continue to be proud of the contribution we make to our communities and aim to provide excellent services and support far beyond the traditional landlord role which is in the current Cost of Living crisis.

Key highlights of the year include.

- Directly supporting our customers with more than 1,300 vouchers for food and energy costs
- Launching myFreebridge, our digital platform to gather and hear the customer voice alongside the new colleague road map for the "One Freebridge Customer Service" approach to provide excellent service.
- Our affordable warmth plan has included the provision of warm hubs from our Discovery Centre and working with our tenants to maximise their access to their benefits
- We have also substantially completed our Stock Condition Survey, a huge task, to survey in detail each of our properties. This will ensure we have a clear costed plan of where to prioritise home investment plans such as insulation and heating upgrades to ensure they is directed to those that need it most.
- We have secured £1.4m match funded grant to provide upgraded, energy efficient heating for our customers in collaboration with our

Independent East members.

- We launched our Damp and Mould protocol to ensure that wherever this problem arises, there is an immediate, appropriate response to ensure our tenants are safe and warm in their homes.
- We have started work on a 78 home new development in North Lynn in partnership with the local authority which will complete in 23/24 bringing much needed new homes to this area, 10 of which will be shared ownership.
- Hillington square continues to progress with Phase 5 now being in contract and plans for Phase 6 well advanced.
- We have successfully created a disposal programme of a small number of obsolete empty properties which were uneconomic to repair and realised an income stream for reinvestment in other homes.
- We concluded our Pay and Reward review to ensure that our colleagues are now fairly remunerated for the work they do and have also focussed on colleague wellbeing with more awareness and resources in place to support our colleagues to perform at their best for our customers.
- We have worked hard to improve the quality of our reporting on Performance, Financials and Risk to ensure we are continually improving and accountable for our delivery to our wider community and investors and significant investment has been made into advancing our technology to secure our business for the future.
- We have significantly progressed our plan to raise new funding for the provision of up to 600 homes over this plan which is expected to conclude in autumn 23. We have been delighted by the level of interest from investors in our business. This is evidence of our strong business model given the challenging economic outlook.

We were delighted to again receive the highest rating from our regulator for our Governance, G1, following their In Depth Assessment which ran from February to May 23. This encompassed Strategy, Structure, Risk, Finance and Governance. This came four years after the previous assessment in 2019. We also received a compliant grade of V2 for our financial viability, which has been assessed in relation to our current overly restrictive lending arrangements in the context of the higher interest rate and inflationary risks. As mentioned above, we are working hard to secure new funding, and have received significant interest which will more closely match our underlying business strength and unlock increased investment in existing and new homes during 23/24. These financial statements again set out a strong financial position from which the Association can grow and develop.

The Board continues to work with our communities, to listen and respond to our customers and to champion strong local partnerships to inform, shape and deliver more for our communities. We remain concerned for the future of our tenants in the current Cost of Living crisis. Our local presence and knowledge of our communities enable us to ensure that vital support is available to sustain our most vulnerable customers.

I would finally also like to thank my Board and Committee colleagues for their hard work, commitment, and expertise during the year. We remain excited about the way ahead and look forward to delivering the next three years of our plan by working with our communities to ensure our customers have safe, comfortable, and affordable homes.

BOARD OF MANAGEMENT REPORT YEAR ENDED MARCH 2023

Freebridge Community Housing Limited (the Association) is a Registered Provider of Social Housing.

Annual Financial Performance

The Association is reporting Total Comprehensive Income for the year of £5.57m for 2022/23. This represents a decrease of £3.81m over 2021/22 Total Comprehensive Income of £9.38m and is driven by the decision not to recognise the full increase in 'Actuarial Gain in Respect of Pension' of £11.3m.

Further information on the Association's performance is provided in the Strategic Report.

Market Value of Land & Buildings

All the Association's completed housing properties were valued on the 31 March 2023 based on an Existing Use Value for Social Housing (EUV-SH). The valuation of £241.2m is in line with the previous valuation of £234m on 31 March 2022. The valuation is not used within the financial statements as the Association reports its properties at depreciated historic cost (£121.7m).

Board Members

The following list details the Board of Management members during the year to 31st March 2023:

Andrew Walder
Board Member - Chair

Simon Smith
Board Member - Vice Chair

Anita Jones
Chief Executive

Joanna Barrett
Board Member

Jasmine Rigg
Board Member

Vicky Savage
Board Member

Andrew Hill
Board Member

Donald McKenzie
Board member

Gill Rejzl
Board Member

Gil Fernandes
Board Member (from 1 August 2022)

Diversity of the Board

The diversity of the Board breaks down as follows:

Gender	Male 50%; Female 50%
Age	Average Age 54
Ethnic Origin	White British 90%; White Other 10%
Disability	Yes 11%, No 89%
Sexual Orientation	Heterosexual/Straight 80%; Withheld/Prefer not to say 20%
Religion	Christian 60%; None 10%; Withheld/Prefer not to say 20%; Any Other Faith or Religion 10%.

The Association will shortly be adopting a new Diversity Framework which will direct progress towards enhancing the diversity of the Board.

Key Skills of the Board Members

Freebridge benefits from Board Members with a strong and complementary set of skills. The key skills of each Board Member are set out below:

Andy Walder	People development, asset management, senior leadership
Simon Smith	Law, governance, senior leadership
Joanna Barrett	Housing management, housing strategy, senior leadership

Gil Fernandes	Lived experience of the Association's services, social and complex care
Andrew Hill	Finance and treasury, risk management and audit, senior leadership
Anita Jones	Housing management and operations, housing strategy, senior leadership
Donald McKenzie	Finance and treasury, risk management and audit, governance, senior leadership
Gill Rejzl	Risk, governance, senior leadership
Jasmine Rigg	Lived experience of the Association's services, social care
Vicky Savage	Development, housing management, senior leadership

In addition to the above, an Independent Committee Member sits on each of the Audit and Risk, Governance and Remuneration, and Development Committees, bringing relevant technical expertise.

During 2022/23, Freebridge established a new Customer Voice Framework, to enable the Board and Leadership Team to hear the representative voice of our customers. As part of these changes, the new Customer Voice Panel has a direct relationship with the Board; with Board Members also sitting on the Panel alongside customers, the Panel ensures that the voice of our customers is fed directly into strategic decision making. In 2023/24 the wider framework will be developed further with the roll out and embedding of our digital engagement platform, providing a tool to hear a wider community voice, and that of our partners.

Statement of the Board of Management Responsibilities

The Board of Management are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered provider legislation in the United Kingdom require the Board to prepare the financial statements for each financial year. Under that law the Board have elected to prepare financial statements in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and in accordance with the Housing SORP:2018 Statement of Recommended Practice for Registered Social Housing Providers. The financial statements comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

Under these requirements, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Association and the surplus of the Association for that period.

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

- Select suitable accounting policies and apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Apply the requirements of FRS 102 and Housing SORP: 2018 subject to any material departures disclosed and explained in the financial statements and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. The Board are also responsible for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board of Management is responsible for ensuring that the Strategic Report is prepared in accordance with the requirements of the Housing SORP 2018.

The Board of Management has taken all steps necessary to make itself aware of any relevant audit information and to establish that the auditor is aware of that information. There is no relevant audit information of which the Association's auditor is unaware.

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

Board of Management Report on the System of Internal Control

The Board acknowledges that it has overall responsibility for the management of risk, establishing and maintaining the system of internal control and for reviewing its effectiveness in providing the necessary assurances. As a result of this, and in accordance with the Regulator of Social Housing overall Regulatory Framework, including the Governance and Viability Standard (April 2015), the Board receive an annual report from Leadership Team outlining the work undertaken and offering an opinion on the adequacy and effectiveness of the system of internal controls.

Scope of Assurance

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of assets and interests.

Risk Management Process

Leadership Team assesses, on a monthly basis, the key risks faced by the organisation that may impact its ability to achieve its strategic objectives (corporate risks) and identifies the controls and further actions needed to satisfactorily manage these risks. Each risk is scored (1-5) in terms of likelihood and impact at both the inherent level, if no controls were in place, and the residual level, after considering the extent to which internal controls mitigate the risk identified. A risk appetite, set by the Board, is also allocated to each risk which informs the target risk score to be achieved through mitigating actions and controls. The risks and their scores are reviewed by the Board and the Audit and Risk Committee on at least a quarterly basis.

Further work has been undertaken during 2022/23 to ensure that the Risk Management Framework continues to meet the requirements of the business as a Registered Provider. This has included developing a Board Assurance Framework (BAF) which not only identifies the controls and further actions needed to effectively manage corporate risk but identifies the level of assurance that each identified control is operating effectively. This assurance may come from internal review processes or external sources such as internal audit. The level of assurance impacts the level of residual risk.

Operational risks are also identified by each service within the organisation. Those identified as having a high residual risk are reported to the Leadership Team (monthly), Audit and Risk Committee and Board (quarterly) for consideration and information. This operational layer of risk management is being further strengthened and developed during 2023/24.

The process for the identification and management of risks is ongoing and has been in place throughout the year under review and up to, and including, the date of signing the financial statements.

Process for Reviewing the Effectiveness of the Internal Control System

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance aspects including treasury strategy and new investment projects. The Board also regularly reviews key performance indicators to assess progress towards key business objectives, targets and outcomes.

The Board and Leadership Team have implemented policies and procedures essential for ensuring a robust internal control system. A comprehensive assessment has been undertaken to identify the key risks faced by the business and corresponding control strategies and actions have been established to ensure these risks are adequately managed. The Board has played a key role in the control structure by considering several issues relating to the effective running of the business and service delivery to its customers.

Internal auditors are appointed to strengthen the quality and depth of assurance around internal control systems and the Audit Plan covers financial and non-financial aspects of the business in all the significant areas of activity. The internal auditors and Audit and Risk Committee provide assurance to the Board on the Association's system of internal control.

Control Environment

There are several measures in place to instil and encourage a suitable culture of effective internal control. These include:

- Board recruitment and appraisal;
- Standing Order and Financial Regulations which include appropriate delegations of authority, signatories and mandates;
- Key policies and strategies to support the running of an effective business and service delivery to its customers;
- Adoption of the National Housing Federation (NHF) Codes to provide a Governance framework:
    - Code of Conduct 2012: Freebridge was compliant with the Code during 2022/23. An updated Code of Conduct was issued by the NHF in May 2022 and has been adopted by the Board from 1 April 2023 onwards; and
    - Code of Governance 2020: Freebridge achieved substantial compliance with the Code by 31 March 2022 and achieved full compliance by the end of June 2022. The areas outstanding as at 31 March 2022, relate to section 1 of the Code concerning Board input into the equalities and values. This work was undertaken at the Board strategy event on the 13 June 2022 and further considered by the Governance and Remuneration Committee on the 20 June 2022.
    - Experienced and suitably qualified staff responsible for important business functions. Annual appraisal procedures are in place to maintain standards;
    - Forecasts and budgets are prepared which allow the Board and Leadership Team to monitor key business risks and financial objectives as well as progress towards financial plan and business plan targets. Management Accounts are prepared which provide relevant, reliable and up to date financial and other information. Significant variances from budgets are investigated and reported as appropriate;
    - Significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through Board (or others as appropriate) including risk assessments; and
    - Audit and Risk Committee reviews reports written within Freebridge and by Auditors to provide reasonable assurance that control procedures are in place and are being followed. Formal procedures have been established for instituting appropriate action to correct weakness.

The review of the effectiveness of the system of internal controls undertaken has not revealed any major or pervasive weaknesses that could result in material loss.

A stock condition survey of all of Freebridge's properties is underway which will improve the quality of data held on the Association's property database and facilitate planned maintenance scheduling going forward.

During the year, improvements to the organisation's contracting and contract monitoring procedures were identified following an Internal Audit review. Work to implement the agreed actions in response to this review commenced in 2022/23 and will continue into 2023/24.

None of these matters had resulted in significant financial loss during the year to 31 March 2023.

Fraud

The Anti-Fraud, Bribery and Corruption Policy outlines an approach on responding to suspected fraud, bribery and corruption. Additionally, a register is maintained of all cases of fraud that are found to be proven and all losses from fraudulent activity are reported to the Regulator.

Regulatory Performance

The Board was pleased to receive confirmation from the Regulator in December 2022 that it has retained its highest possible rating with a V1 for Financial Viability, whilst retaining G1 for its Governance. The Board recognise this valuable assurance must be maintained and so retains a clear focus on improving performance across the business.

In February 2023, the RSH commenced an In-Depth Assessment (IDA) of Freebridge, an exercise usually undertaken every 3-4 years. The conclusion of the IDA was communicated in July 2023 and the G1 status was fully achieved, in line with previous assessments. However, although still considered "compliant" by the RSH, the viability conclusion was reduced to V2 in view of restrictive covenants currently in place. This result was expected by the Leadership Team and Board as it reflects the current economic conditions and the general direction of the sector in this area. The Board considers it has a prudent and achievable budget in place for 2023/24 as well as a clear longer term financial plan. Re-financing, via renegotiation of loan agreements, is underway, a key objective for 2023/24 and will achieve more flexible covenants.

As at 31 March 2023, Freebridge assessed that it was compliant with all the Regulator's Standards. However, it noted that it was only partially compliant with Section five of the Government's Decent Homes Standard (DHS) in that 239 properties, from a total of 6,776, were not considered to meet the DHS. These properties were identified as a result of the Association's stock condition survey. It is likely that the number of properties that do not meet DHS will rise once the stock condition survey is complete and the results fully analysed. A plan will then be put in place to ensure all properties meet the DHS as soon as possible.

Board's Conclusion

The Board has reviewed the effectiveness of the system of internal control and it is satisfied that there is sufficient evidence to confirm that adequate systems of internal control existed and operated throughout the year and up to the date of signing the financial statements, and that those systems were aligned to an on-going process for the management of significant risks facing the business. No weaknesses were identified which would have resulted in material misstatement or loss, which would have required disclosure in the financial statements.

As at 31st March 2023, the Association was fully compliant with the National Housing Federation Code of Governance 2020. As at 31st March 2023, the Association is compliant and has been compliant throughout the year with the Regulator of Social Housing Governance and Financial Viability Standard, subject to completion of identified work programmes to ensure full and consistent compliance with identified DHS requirements.

Payment of Creditors

The Association agrees terms and conditions for its business transactions with suppliers at the time of supply. Payment is made on these terms, subject to the terms and conditions being met by the suppliers.

The proportion of invoices paid within 30 days totals 71% for 2022/23 (72% 2021/2022).

Equality, Diversity, and Inclusion

The Association is committed to equality, diversity, and inclusion in all its activities and seeks to create a positive environment where everybody is treated with dignity and respect. As a landlord and employer, we will give due regard to the elimination of unlawful discrimination, harassment, and victimisation. We value the differences within our customers and staff. In recognition of this critical area, the Board, Leadership Team, and Colleague Forum development programme has included investment in this area during 2023 to advance understanding and awareness as we develop and evolve our approach. The Diversity Policy complies with all relevant aspects of good practice, legislation, and regulation. We are currently in the process of implementing the recruiting for difference process as part of the Equality, Diversity, and Inclusion Strategy which includes a more diverse approach to advertising roles and an interview process which encompasses a 'gap' analysis and looks to understand how a more diverse dynamic team would complement the strategy and delivery of business objectives.

Strategic Report

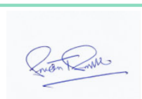
The separate Strategic Report provides commentary on Principal Activities; Business Model, Strategy and Objectives; Investments for the Future; Treasury Policy; Performance, Position, Value for Money, and Future Prospects; and Key risks of the Association.

Auditor

The financial statements for the year ended 31st March 2023 have been audited by Mazars LLP.

A resolution to appoint external auditors to the Association will be put to the Members at the forthcoming Annual General Meeting.

By order of the Board



Simon Smith

Board Vice-Chair

STRATEGIC REPORT YEAR ENDED 31 MARCH 2023

Principal Activities

Freebridge Community Housing is based in King's Lynn, Norfolk and is the largest provider of housing in West Norfolk. The Association was set up in 2006 to receive the transfer of homes from the Borough Council of King's Lynn and West Norfolk. The Association's principal activities are to support a better West Norfolk by providing homes for people in need and by creating opportunities that help sustain the local communities in which our homes are located.

The business operates three key business streams:

- housing for rent at social and affordable rent levels,
- housing for older people and
- low-cost home ownership, predominantly shared ownership

All of these contribute approximately 96% of our activities in relation to our turnover.

The Association also provides non-social housing activities through two local place-shaping community centres at Providence Street and the Discovery Centre as well as providing garages for rent and a small portfolio of shops.

The Association is registered with the Regulator of Social Housing, owns, and manages 6,832 homes (6,835 in 2021/22) including 17 sheltered schemes and develops new affordable housing under the Homes England Shared Ownership Affordable Homes Programme (SOAHP).

Business Model, Strategy & Objectives

Our business model seeks to enable increased social mobility through offering better housing choices and standards, more balanced communities with a mix of tenure, greater educational opportunities, and regenerated local spaces. This Association is a values-led organisation with strong integrity, enthusiasm, and keen customer emphasis and we have learnt we need to be flexible, progressive, and more customer focussed to deliver on our ambitions.

Our Mission:

To be a top performing provider of housing as measured by our customers, colleagues, and stakeholders.

Our Vision:

To provide quality homes and excellent services for current and future generations so that the people and communities of West Norfolk can thrive.

Our Strategy – 'Building Better Futures 2021/26':

As West Norfolk's largest housing provider, we have already taken great strides in improving local homes and communities and our focus is to continue this great work over the course of this strategy and beyond.

Our ambition is to drive our business forward to become a leader in our field, an excellent landlord and an exemplary employer.

Key Objectives:

We have identified six key objectives that will direct our path towards achieving this vision over the five years of the strategy. These are:

Providing excellent customer service

We aim to be exemplary in this field and as a landlord we are committed to openness, engagement, and treating our tenants with dignity and respect. Through our new Customer Charter, we will:

- Strive to be seen as an excellent landlord by delivering upper quartile performance in national tenant satisfaction measures.
- Establish a wide range of opportunities to involve our customers and encourage them to speak up and give us their views to help us shape our services to meet their needs.
- Offer new online facilities to enable our customers to access more of our services electronically, however, and whenever they want.

Creating homes, communities, and local spaces to be proud of

The Association has always had a strong commitment to our communities and to transforming lives. We recognise that everyone deserves excellent quality, safe and affordable homes but we believe that our responsibility is wider than just the home and we want to be more than just a landlord. By 2026 we will:

- Prioritise tenant safety and demonstrate ongoing compliance with all health and safety requirements.
- Have made progress in tackling the problem of physical defects associated with condensation and mould in our homes.
- Be delivering a Decent Homes+ standard agreed with customers.
- Halve our eviction rate through delivery of our Tenancy Sustainment Strategy
- Work with partners to deliver local investment plans and tackle disadvantage and inequality.

Playing our part in creating a balanced local housing market

We pledge to invest millions of pounds to provide more homes and more choice to meet the growing need for good-quality affordable housing throughout the whole West Norfolk area. By 2026 we will:

- Build 625 new homes, targeting the needs of local communities, and delivering this through partnerships and our own development
- Complete an exceptional regeneration of Phase 2 of Hillington Square
- Contribute to the regeneration of King's Lynn town centre, playing our part in the economic success of the wider West Norfolk area.
- Develop new accommodation units for older people because of our strategy for an ageing population.

A great place to work

We know that our employees are our biggest asset, and we are committed to empowering our people to be the best they can be. We promise to support and develop their talent and enthusiasm, creating career opportunities for both existing

and new employees. We also want to support their mental health and well-being and enable staff to get involved with the communities we serve through specific project working groups and volunteering. By 2026 we will:

- Have introduced a next generation operating model, setting out the future of work at Freebridge.
- Meet our target for ensuring our staff are highly engaged and satisfied (85%+)
- Develop a progressive employee offer and cultivate a highly desirable employer brand.
- Commit to being a mental health and well-being champion employer.
- Increase our social value by enabling all staff to contribute directly and give back to the communities we serve.
- Raise aspirations, increase opportunities, and support a better West Norfolk through the development of a Freebridge Academy

Addressing the climate challenge

With housing estimated to contribute more than a quarter of the UK's carbon emissions, we need to play our part in supporting the Government's net zero carbon agenda. As the largest provider of housing in West Norfolk, we have a key role to play in the climate challenge and we want to step up and deliver. Any new decisions we make as a landlord or employer will be considered for their impact on reducing our carbon footprint. By 2026 we will:

- Be actively reducing our footprint against a clear baseline position, strategy, and sustainable financial plan for both our homes and our company infrastructure.
- Have reduced fuel poverty through improving existing homes to an EPC rating D or above.
- Be building 50% of our new (land led) homes at carbon neutral standards.
- Be training our teams to support the development and maintenance of modern technologies.
- Be collaborating with partners to innovate and reduce costs.

Strong, sustainable, and innovative business

Our ambitious plans are made possible by sound business sense, efficient processes, and prudent financial management. These include:

- Timely and affordable funding streams
- Supportive Legal and Governance services
- Effective IT systems and support
- Investment in our staff, their training and development to meet the needs of our businesses, customers, and their own professional aspirations.
- Effective risk identification and mitigation
- Intelligent data and customer insight

Our value-for-money goals are simple: to deliver excellent homes and services whilst retaining financial strength and resilience to fulfil our wider mission.

We will achieve this by:

- Improving our operating margin to sector averages
- Maximising income generation through the development of new homes
- Diversification by developing through our subsidiary, Bridgegate Homes
- Maximising the return from our people through a new target operating model, aligned with our strategic objectives, maximising efficiency through diverse ways of working and technology.
- Measurable increase in the social value we generate through our activities.


STAPLEWEAR
KINGS LYNN

Business Review - Annual Delivery Plan:

By way of context, the Association made significant progress during 2021/22 in the wake of the COVID-19 pandemic, including Board and Leadership Team at full complement, following the planned retirement of our Chief Executive who had been in post since transfer, and launch of the five-year strategy; 'Building Better Futures'.

Over the course of 2022/23 work to progress the strategy has continued, supported by delivery of the following projects:

Strategic Objective	Project	Status
Providing Excellent Customer Service	Digital Engagement Platform	Delivered – A modern and accessible platform for engaging with and hearing the customer voice
	Customer Engagement: Governance	Delivered – A customer engagement framework embedding 'Together with Tenants' commitments.
	Customer Service Excellence	Delivered – Mary Gober customer service excellence principles embedded across the Association
	Intelligent Data and Customer Insight	Delivered – Customer census undertaken across a representative sample of the population to provide insight into our tenants, their demographics, and their needs
	Community Investment	Delivered – Consultations completed for delivery of neighbourhood plan priorities for North Lynn and Fairstead.
Creating Homes, Communities, and local spaces to be proud of	Health Inequality	Revised to 2023/24 following recruitment of an Energy Manager to pilot new smart sensor technologies in monitoring the physical home environment.
	Tackle Damp and Mould	Delivered - A successful launch of a Damp and Mould protocol and identification of common themes to support a reduction in damp and mould cases identified through the repair's intervention project.
	Fuel Poverty	Developed and delivered an Affordable Warmth Plan that furthers the thermal comfort and efficiency objectives in our Homes and Community Maintenance Strategy.
	Stock Condition Survey	Revised to August 2023.
	Older Persons Accommodation	Revised to July 2023 to pilot an appraisal and options assessment process for 2 sheltered housing schemes.

Playing our part in creating a balanced local housing market	Town Centre Regeneration	Revised to September 2023 pending confirmation of a viable scheme and working alongside the Local Authority.
	Bridgegate Homes	Paused, following a strategic review of developing home for private sale in the current economic environment.
	Development Programme	Delivered 37 new homes during the year (24 affordable rent and 13 low-cost home ownership)
	Hillington Square Phase 5	Delayed to May 2023. Viable scheme contracted.
	Hillington Square Phase 6	Delayed pending agreement of refinancing proposal in 2023
	Affordable Homes Programme 2021-26	Full delivery of 625 homes delayed pending agreement of refinancing proposal in 2023
A great place to work	People & ED&I strategy	Delivered - currently implementing the *recruiting for difference process* as part of the Equality, Diversity, and Inclusion Strategy
	Pay and Reward	Delivered – A new pay and reward strategy
	Freebridge Values	Delivered – Refreshed values aligned with Corporate Strategy
Tackle the environmental challenge	Green spaces	Delivered – A pilot improvement project to a communal outdoor space as part of a wider yard improvement programme
	Net Zero Carbon	Delivered and ongoing to March 2025 as part of a sustainable plan for our homes and company structure. Participation confirmed with WAVE 2.1 funding
Strong, sustainable and innovative business	Treasury strategy	Delivered ahead of refinancing arrangements
	Pension strategy	Delivered to develop a long-term approach to pension liability aligned with people strategy and risks
	Workforce planning/ scheduling system	Delayed to September 2023, pending a 'go live date', for the delivery of emergency and responsive repairs
	IDA	V2/G1 status confirmed
	Risk and assurance, reporting refocus	Delivered – Forward focus on emerging risks
	Programme management framework	Delivered – Strategic and focussed programme to support the Target Operating Model and other 'change initiatives'

Financial Review:

Statement of Comprehensive Income:

Statement of Comprehensive Income	2022/23	2021/22	2020/21
	£m	£m	£m
Turnover	32.7	32.0	31.2
Operating cost and cost of sale	(29.8)	(28.1)	(23.8)
Operating surplus	2.9	3.9	7.4
Operating margin	*9%*	*12%*	*24%*
Surplus on sale of housing	2.3	1.1	0.07
Financing Costs	(1.4)	(1.4)	(1.9)
Total Comprehensive Income (pre-pension)	3.9	3.6	5.4

Margin:

The business reflects on an operating margin of 9% (12.2% 2021/22) and Total Comprehensive Income of £3.9m pre-pension (£3.6m 2021/22 pre-pension).

The planned reduction in operating margin enabled the Association to set and deliver against the ambitious targets as set out within the 2022/23 Annual Delivery Plan as well as absorb material inflationary pressures, specifically with regards to materials, labour, utilities, insurance, and 'catch-up' maintenance spend, the impact of which was budgeted at £5.43m revenue spend.

Income:

Total Turnover for the year at £32.7m is £0.7m higher than 2021/22.

Gross Rental Income recognises the 4.1% rent uplift and tracked well to budget throughout the year, demonstrated with a year-end adverse variance to budget of £34k. Rental income attributable to social housing lettings remains consistent with 2021/22 at 96%.

The Association acquired 37 properties during the year (32 - 2021/22), of which 24 were let as Affordable Rent with the remaining 13 let as Low-Cost Home Ownership properties.

The Association continues to support the Purfleet Trust with the local homelessness crisis with one property re-purposed during the year as four bedspaces, bringing the total number of bedspaces available to 22 (5 units).

Rent loss through voids increased during the year to £1.13m (£0.75m 2021/22) owing to an increase in the number of void properties being returned in a condition warranting additional time and cost before being re-let and in response to the ongoing stock condition survey. The percentage of rent receivable lost through voids during the year stands at 4.62%, which compares to 3.48% for 2021/22. Additional resource is providing a targeted response to support faster turnaround times and alignment with the major repairs programme to enable tenants to move back into properties more quickly and ensure works are delivered, ultimately, in line with the Home Standard.

Rent collected performance at 99.35% (99.52% 2021/22) and gross rent arrears as a percentage of rent receivable for the year at 2.61 (2.14% 2021/22) remain robust and reflect the significant efforts of the Customer and Communities Team. Rent arrears continues to be monitored following an increase month on month during the final quarter, with further increases expected 2023/24 following the 7% rent increase. Encouragingly, performance remains below sector average.

Inevitably, with the Cost-Of-Living crisis following the wake of the COVID-19 pandemic, our tenants have continued to be affected during the year by the need to shield and/or self-isolate and increasing rates of inflation, specifically on fuel and food costs, have consequentially and materially impact on household income. The income team have worked closely with tenants whose financial circumstances have changed or become challenged over the year and there has been a noticeable increase in the number of tenants accessing Universal Credit. The number of tenants claiming Universal Credit continues to rise, with 2,013 accounts as of 31st March 2023, an increase of 187 (1,826) from 31st March 2021/22. The business continues to offer support to households most affected by the Cost-Of-Living crisis via our Tenant Support Fund and has provided 1,334 vouchers, totalling £67,879 over the course of the year.

Operating Costs:

Operating expenditure for 2022/23 has increased by £1.7m to £29.8m (£28.1m 2021/22) with the most material movements in Service Costs +£1.2m, Routine Maintenance +£1.5m, Planned Maintenance £0.28m and Major Repairs expenditure -£1.5m.

This planned uplift in cost, year on year, enabled the Association to set and deliver against the ambitious targets as set out within the 2022/23 Annual Delivery Plan as well as absorb material inflationary pressures, specifically with regards to materials, labour, utilities, insurance, and 'catch-up' maintenance spend, the impact of which was budgeted at £5.43m revenue spend.

However, operating costs at £29.8m remain £0.8m favourable to budget driven by salary costs falling short of budget expectations. Significant investment in the Business Architect team continued through the year to support the re-design of core business functions along with a specialist recruitment company to help secure the enhanced skills and knowledge required to deliver our core functions. This investment is helping secure the skilled resource needed to deliver our core business activity, along with our hybrid approach to working, albeit pace has remained slower owing to challenging market and location conditions.

Improvement of our housing stock remains a priority and during the year the Association invested £16.2m (£14.9m 2021/22) on routine, planned and major/capital works, an increase of £1.3m from 2021/22. This reflects the Association's commitment to invest in its homes, ensure quality for our customers and protect the long-term value of our housing assets.

1st Tranche Sales Performance & Gain/Loss on Disposal:

First Tranche sales of £0.62m (£0.51m 2021/22) were received from the sale of 8 low-cost home ownership units, generating a surplus on sale of £0.09m (0.21m 2021/22). In addition, 2 low-cost home ownership units' stair-cased to 100% generating income of £0.197m and surplus of £0.061m. Consequently, 1st Tranche Sale performance remains strong, albeit with reduced margins. At the 31 March 2023 8 units remained unsold, none of which have been unsold for more than 6 months.

The Association generated £1.699m from the sale of 29 RTB/RTA sales, £0.153m from land sales and £0.67m following the targeted disposal of 12 long term void properties during the year.

Interest:

Interest costs at £1.48m (£1.49m 2021/22) have remained consistent with 2021/22 driven by:

- Active treasury management – 2 x £10m loans fixed for 5 years respectively, one of which at a considerably better rate of 2.224% vs 4.55%,
- capitalisation of £0.152m of development interest and
- £10m of debt not drawn during the year, owing to favourable cash surpluses and lag on development pipeline spend.

Actuarial Gain on Pension:

The financial statements recognise an Actuarial Gain in respect of pension schemes of £1.698m, which compares to the 2021/22 Actuarial Gain in respect of pension schemes of £5.812m. The Local Government Pension Scheme (LGPS) is a multi-employer scheme, administered by Norfolk County Council under the regulations governing the LGPS, a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The latest formal valuation of the fund, for the purpose of setting employers' actual contributions was 31st March 2022 which confirmed employers' contributions for the Association remain unchanged.

Statement of Financial Position:

The Statement of Financial Position includes Total Assets less Current Liabilities of £145.2m (£141.2m 2021/22). This increase is driven by an uplift in the value of Fixed Assets of £7.1m driven by the purchase of 37 additional units and capitalisation of components, an increase in Creditors of £2.4m and marginal reduction in Current Assets of £0.6m.

During the year the Association, working in partnership with Longhurst Group and e2 Consortium delivered 24 affordable rented homes (28 units 2021/22) and 13 new shared ownership properties (2 units 2021/22).

As of 31st March 2023, the Association had 8 unsold Low-Cost Home Ownership Properties, of which none were unsold for more than six months.

Statement of Cashflows:

During the financial year we generated £8.5m (£8.0m 2021/22) cash from operations. We invested £12.3m (£5.9m 2021-22) in the purchase and refurbishment of homes, offset by cash received from the sale of assets of £3.8m (£2.5m 2021/22). Our net financing activity consumed £1.6m in interest payments (£1.6m 2021/22). Net Debt (debt less cash balances) at the year-end stands at £28.5m (£27.2m 2021/22).

Capital Structure and Treasury Management:

The Association has an £111m loan facility of which £72.5m is approved to use in line with the approved Business Plan. Funds are not fully drawn until peak debt year of 2024, from which point the Association starts repaying its debt. A total of £52.5m of the available facility has been drawn to 31st March 2023, consisting of £40m fixed rate loans and £12.5m of variable rate debt. Treasury Management Policy allows for fixed: variable debt ratio of 70% +/- 10% and with fixed debt at 76% the Association remains in line with policy expectations for the 2022/23 financial year.

The Association is pleased to report it is covenant compliant with cover at 4.31 times against a Funder agreed covenant limit of 2.52 for the financial year. The Association continues to work to the requirements of the LSVT funding agreement that has been in place since transfer in 2006. Under the agreement, it is necessary to present an updated and fully funded Business Plan to the Funders annually for approval and it is not possible to commit in full to any updated Business Plan/Corporate Strategy without Funder approval.

The Business Plan update, as presented and approved by Board in May 2023 includes the latest economic assumptions, planned service recovery and updated development pipeline programme. The plan is accompanied by a range of stress tests at singular and multivariate level and incorporates a range of outcomes for economic recovery.

Our approach to stress testing provides the Board with the scale of recovery action that would be required in the event of the tested stress or stresses occurring. The underlying financial strength of the Association is such that our breaking point occurs because of the requirement to raise new funding, which is currently prohibited by our restrictive LSVT lending agreement. The financial risk appetite is therefore defined by these restrictions. Our current mitigations are reliant on cost cutting, re-phasing, or support from the Funders to re-negotiate covenant compliance.

The Association reports its financial performance including covenant cover quarterly to the Board and Funders. There has been no breach of the Associations funding covenants during the year. Notwithstanding, the Association has available cash of £23.2m on 31 March 2023 and access to £20m (amortised) revolving credit facility, which is available within a ten-day turnaround period, against commitments contracted and approved of £15.6m, providing headroom to respond to economic and non-economic consequences of an uncertain environment.

Value for Money

Principles

Our value-for-money goals are simple: to deliver excellent homes and services whilst retaining financial strength and resilience to fulfil our wider mission.

We will achieve this by:

- Improving our operating margin to sector averages
- Maximising income generation through the development of new multi-tenure homes
- Diversification by developing through our subsidiary, Bridgegate Homes
- A new target operating model, aligned with

our strategic objectives, maximising efficiency through different ways or working and technology.

- Measurable increase in the social value we generate through our activities.

For more details follow link to website - (insert link to website)

Core Metrics:

The core metrics are defined by the regulator and used by them to compare performance between Registered Providers. We benchmark against local Associations in the East of England and median of the benchmarking group, both including Freebridge Community Housing. We show benchmark numbers taken from the year to 31/03/2021 and 31/03/2022. The benchmark measures are drawn from global accounts and as such are historic. We must of course show caution when comparing an historic number with a current and future one. The Association believes benchmarking must be relevant in terms of activity, scale of operation and location to add value to reporting. For these reasons, we have benchmarked ourselves against the average performance of the associations noted above. The future projections we record are based on the Business Plan 2023, which awaits Funder approval.

By reference to each of the seven Value for Money metrics, we note actual performance for 2022/23 as follows:

Value for Money Metrics	Weighted Average - Global Accounts 2021	Weighted Average - Global Accounts 2022	Peer Group Median - Global Accounts 2021	Peer Group Median - Global Accounts 2022	Actual Performance 2023	Business Plan 2024	Business Plan 2025	Business Plan 2026	Business Plan 2027	Business Plan 2028	Business Plan 2029
Reinvestment %	6%	6%	6%	7%	9%	23%	16%	2%	2%	3%	3%
New Supply Delivered (Social Housing Units)	1%	2%	1%	1%	0.03%	1%	3%	0%	0%	0%	0%
New Supply Delivered (Non Social Housing Units)	22%	0%	0%	0%	0.00%	0%	0%	0%	0%	0%	0%
Gearing	47%	47%	44%	44%	23%	26%	29%	25%	21%	17%	11%
EBITDA (Earnings before Interest, Tax, Depreciation, Amortisation, Major Repairs Included) Interest Cover	151%	128%	183%	146%	256%	128%	259%	392%	387%	481%	772%
Social Housing Cost per Unit	4,150	4,599	3,730	4,150	4,084	4,686	4,279	4,354	4,365	4,515	4,329
Operating Margin (overall)	22%	20%	24%	21%	9%	14%	16%	18%	20%	20%	25%
Operating Margin (social housing lettings only)	28%	25%	26%	23%	7%	13%	15%	18%	19%	19%	24%
ROCE (Return on Capital Employed)	3.1%	2.9%	3.3%	3.2%	3.7%	4.1%	4.0%	4.4%	4.6%	4.7%	6.1%
Major Repairs £/Unit	£758	£1,002	£717	£921	£1,279	£1,733	£1,293	£1,431	£1,535	£1,628	£1,726
Maintenance £/Unit	£1,169	£1,300	£1,108	£1,232	£1,058	£887	£1,090	£1,045	£994	£1,014	£691
Total Maintenance Costs	£1,927	£2,302	£1,825	£2,153	£2,337	£2,620	£2,384	£2,477	£2,529	£2,642	£2,417
Management £/Unit	£1,075	£1,104	£1,060	£1,133	£1,594	£1,789	£1,736	£1,714	£1,670	£1,703	£1,738
Service Charges £/Unit	£678	£701	£435	£471	£145	£269	£150	£154	£157	£161	£164
Other £/Unit	£470	£491	£211	£203	£9	£9	£9	£9	£9	£10	£10

Reinvestment – During 2022/23, we invested 9% of property value in property acquisition, refurbishment, and component replacement. Following the re-design of the New Homes and Commercial Team in 2021/22 the team have worked to develop a robust forward-looking pipeline. The team successfully delivered 37 units during 2022/23 while navigating slippage on the 78-unit scheme at Salters Road and the need to re-prioritise some other, smaller schemes. We aspire to develop at a higher rate with our ambitions reflected in the new 'Corporate Strategy 2021-2026' and over the course of the forthcoming year our intention is to secure additional finance to support delivery of the full 625 development pipeline and accommodate the outcome of the recently tendered stock condition survey.

New supply delivered – We delivered 37 (30 in 2021/22) new homes in the financial year. However, our asset base marginally decreased as the Association lost 29 properties via Right to Buy or Right to Acquire sales during the year as well as 12 properties as part of the planned long term void disposal programme. As noted from the commentary on reinvestment our intention is to increase the supply of new homes and we continue to explore all opportunities and avenues that will move us toward this goal. The delivery of new homes reflected 0.03% of total homes owned compared to our comparator groups for 2022 at 2% and 1%.

Gearing – We hold our properties at historic cost, and this is a key determinant of the Gearing ratio. This has the effect of increasing the gearing measure when compared to alternate valuation methods, which may offer a higher asset value. The Association's Gearing measure at 23% (24% 2021/22) is lower than 2021/22 owing to a lower cash balance at the year-end and reflects significant potential for increased borrowing to deliver future investment. Despite our asset valuation, we compare favourably to our 2022 benchmarks at 47% and 44%.

EBITDA-MRI Interest cover – 256% (449% 2021/22) for the year 2022/23. Our 2022 benchmarks for interest cover are 128% and 146%. This is a strong interest cover performance and is heavily influenced by our relatively low level of debt and interest costs. Future borrowing on a standard commercial agreement would typically be looking for interest cover well below our current and projected performance, which again indicates the potential for increased borrowing and investment.

Social Housing cost per unit – compares favourably at £4,084/unit (£3,674/unit in 2021/22) for 2022/23 verses 2022 benchmark numbers of £4,599/unit and £4,150/unit, despite being an increase for the Association year on year, reflecting the increase in revenue spend. While our overall number is comparable to the benchmark, we have incurred significant investment in our current housing over the course of the last year and anticipate the reallocation of resources over the next financial year as work evolves to deliver the Target Operating Model.

Operating margin for social housing and overall was 7% and 9% respectively for 2022/23 (11% and 13% respectively for 2021/22). Our benchmarks at 25% and 23% social and 20% and 21% overall are significantly higher than the Association. This reflects higher average weekly rents per home in the benchmark groups and lower operating cost base than the Association. This planned uplift in cost, for the Association through 2022/23 has enabled the Association to set and deliver against the ambitious targets as set out within the 2022/23 Annual Delivery Plan as well as absorb material inflationary pressures, specifically with regards to materials, labour, utilities, insurance, and 'catch-up' maintenance spend, the impact of which was budgeted at £5.43m revenue spend.

Return on Capital Employed (ROCE) – The Association delivered a return on capital of 3.7% (3.6% 2021/22) for 2022/23. This compares favourably to our benchmarks at 2.9% and 3.2%.

It is notable that actual performance across several benchmarks indicators for the 'weighted average global accounts' which represents the whole benchmarking group as well as the performance indicators for the peer group have moved adversely compared to 2021/22, as the sector remains under increasing pressure to manage competing demands, expectations, and priorities.

Value for Money – Annual Delivery Plan Objectives:

In addition to the Core Metrics, the Association targeted several Value for Money objectives as part of the 2022/23 Annual Delivery Plan. The table below shares the actions set and our progress against them:

Strategic Objective - Playing our part in creating a local, balanced, housing market				
Value for Money Action	**Expected Outcome**	**VfM Gain**	**2022/23 Outturn**	**Cashable Efficiency**
Town Centre Regeneration - Working Together with BCKLWN to support development of the Post Office site in King's Lynn	To deliver 34 financially viable new homes, below current new build rates of £2,300/m2	Develop 34 new social homes and support local community socially and economically	Developer currently seeking building contractors prices, will only be able to assess once this has been received. Developer has already completed elements of the work to derisk and reduce overall build cost.	
To use Bridgegate Homes to secure economic advantage by reclaiming VAT on fees relating to capital projects	Potential saving of circa £1.2m across development programme	Reinvestment back into the development pipeline to support in a climate of rising costs	Initial meeting required with VAT advisors to ascertain cost, time and resource needed to implement VAT vehicle. £395k on committed programme. Potential to save £4.2m on entire development programme.	✓
To use Bridgegate Homes to secure economic advantage by reclaiming VAT on fees relating to capital projects	VAT saving of between 5% and 15% on contract sum of £6m	Reinvestment into pipeline to develop		
To acquire 60 S106 acquisitions at below market value	To deliver 8 new homes at sub £100k/home	Development of new social homes at a specification. Lower responsive repair costs. Deliver social value by providing enhanced living standards and supporting the local community economically and through promoting social cohesion	1 x AR home at Thornham secured at £100,000k 1 x AR home at Clenchwarton secured at £97,500 PC Jan 23 2 x AR and 1 x SO at Welney secured at £97,667 per unit, PC May 2023. £2,374.75 sub £100k target on 4 homesd (ave.) - £9,500 overall saving over 4 homes	✓

Strategic Objective - Playing our part in creating a local, balanced, housing market				
Value for Money Action	**Expected Outcome**	**VfM Gain**	**2022/23 Outturn**	**Cashable Efficiency**
To undertake a competitive building contract tender for 98 new homes at Outwell and Watlington to secure Value for Money in an inflationary market. Design work progressing to ensure limited queries / changes during contract maintaining JCT fixed price for projects. Design also to take into account future maintenance costs	To build and develop 90 financially viable new homes, below current build cost estimate of £2,300/ unit	Development of new social homes at a specification to achieve lower responsive and cyclical repair costs. Deliver social value by providing enhanced living standards and supporting the local community economically and through promoting social cohesion	Design & Technical brief complete - homes to achieve 2025 Future Homes Standard ensuring low end user running costs as well as lower maintenance costs for FCH	✓
Identify the most cost effective route to maximise returns for future capital gains opportunities	14 disposals - £1.2m & Countil Tax saving £15k (£30k ongoing 2023/24)	Dispose of properties that are not socially or economically viable (lost income £xx, council tax £xx, security £xx, utilities £xx)	11 properties disposed to date £1,148k gross / £1.12m net income. Council tax efficiencies £40.7k/annum	✓

Strategic Objective - A great place to work				
Value for Money Action	**Expected Outcome**	**VfM Gain**	**2022/23 Outturn**	**Cashable Efficiency**
To fully utilise the training budget of 251k for the training and development of employees	Fully compliant with H&S and mandatory training. Development Plans in place identifying future upskilling required for succession	Utilise the 251k budget to ensure compliance with all madatory training. Any remaining budget to be used for further leadership/ operational upskilling to encourage growth and engagement	New System in progress to track and monitor all training. Ability to validate in house training with access to an individual digital training record. Ability to provide acurate reporting data to Leadership team which is communicated via the performance update. In house training being delivered reducing the external cost. Currently underspent awaiting data from H&S for mandatory requirements	✓

Strategic Objective - A great place to work				
Value for Money Action	**Expected Outcome**	**VfM Gain**	**2022/23 Outturn**	**Cashable Efficiency**
Change site to site and internet connections from main hub sites to take advantage of change in market offerings	Operational cost saving, provide quicker outbound connectivity for staff to meet the demands of hybrid working when working at Hub sites	Dispose of properties that are not socially or economically viable (lost income £xx, council tax £xx, security £xx, utilities £xx)	Paused to 2023/24	✓

Strategic Objective -Creating Homes, Communities and local spaces to be proud of				
Value for Money Action	**Expected Outcome**	**VfM Gain**	**2022/23 Outturn**	**Cashable Efficiency**
Test out how far we want to go with the standard of properties we offer customers by testing out some ideas, what works and what doesn't work.	Increased customer satisfaction with homes done to an enhanced standard compared to those done to the current home standard Reduction in responsive repairs in the first 6-12 months Improved profit margin (extending out component lifecycles) Reduced number of complaints in relations to the property standard / condition	Invest £200k on a selection of properties at void to carry out additional works over and above the current Home Standard	Paused to 2023/24	
ADP item: 100% Stock Condition Survey of all physical assets	Clear understanding of property condition enabling development of meaningful and efficient work programmes. Identified works to be 'bundled' and procured competitively	Streamlined, 'smooth' and proactive investment programmes increases efficiencies through guaranteed work (to internal and external trades), efficiencies in management and greater economies of scale (affecting material prices) Increase in planned investment reduces responsive repair demands	Survey 60% complete as at 31 March 2023 Results to be cleansed and finalised Outcomes will direct future makor works programme and support a reduction in Responsive Repair costs	✓

Strategic Objective - Strong, sustainable and innovative business				
Value for Money Action	**Expected Outcome**	**VfM Gain**	**2022/23 Outturn**	**Cashable Efficiency**
Review the Konica printing contract in relation to the reduction of printing, Office Refurbishment requirements and low usage of existing machines	Operation cost saving, device efficiency/power consumption, sustainability	8k pa, potential to invest saving in improving automation, understanding why other items are still being printed and if processes can be automated	1st review completed and 1 device removed from contract (Dec). Follow up review to begin 2023/24 in line with Office space review	✓
Change mobile contract in relation to data usage and changes in market offerings	Operational cost saving, higher/ flexible data allowance for staff	£36k pa, potential to invest in our equipment refresh programme to maintain compliance and provide a consistant level of modern equipment across hub sites	Initial quote figures provided. Aggregated procurement options through CCS and the KCS framework investigated along with further options appraisal on PSN framework and 02/ Virgin direct. Route to market agreed with ITT to progress 2023/24	✓
To refix one £10m loan at a lower rate of interest. To fix a second loan at a higher rate of interest. To overall secure a reduction in our interest bill	A reduction in our interest bill	Approx £65k	Interest bill reduced by £65.1k	✓

Value for Money - Looking Ahead:

Value for Money efficiencies of £1m are targeted for 2023/24, in addition to £2.0m on one-off capital efficiencies through the continuation of long-term void disposal programme and £0.5m thereafter for the following three years. Our forward-looking targets have been set following a review of the Association's historic financial performance, 2023/24 budget and the May 2023 Business Plan verses the benchmarked figures contained within the HQN Global Accounts

Directorate	Efficiency	Identified One-off Injection £k	Ongoing VfM £k
New Homes and Commercial	Property Disposals	2,023	
Homes and Communities Maintenance	Increase in additional resource of £409k and reduction in Sub-contractors of £854k, £220k HCM TOM efficiencies		665
Homes and Communities Maintenance	Council Tax		27
Customer & Communities	Customer & Communities		18
People	Implementation of HRIS		22
People	Car Parking		20
People	Office Services - Printing, stationery, cleaning, repairs		12
People	Corporate Merchandise		1
Chief Executive	Consultancy		30
Chief Executive	Salaries		64
Corporate Resources	Consultancy		25
Corporate Resources	Salary Vacancies		56
		2,023	**940**

Risk

The Board are responsible for setting the strategic direction of the business and ensuring that we have an appropriate, prudent, and robust business planning, risk, and control framework in support thereof.

The identification of risks and mitigations enables Board to consider the impact of each risk on delivery of the strategy, services and business priorities and identify the most appropriate action to take to enable continued service delivery.

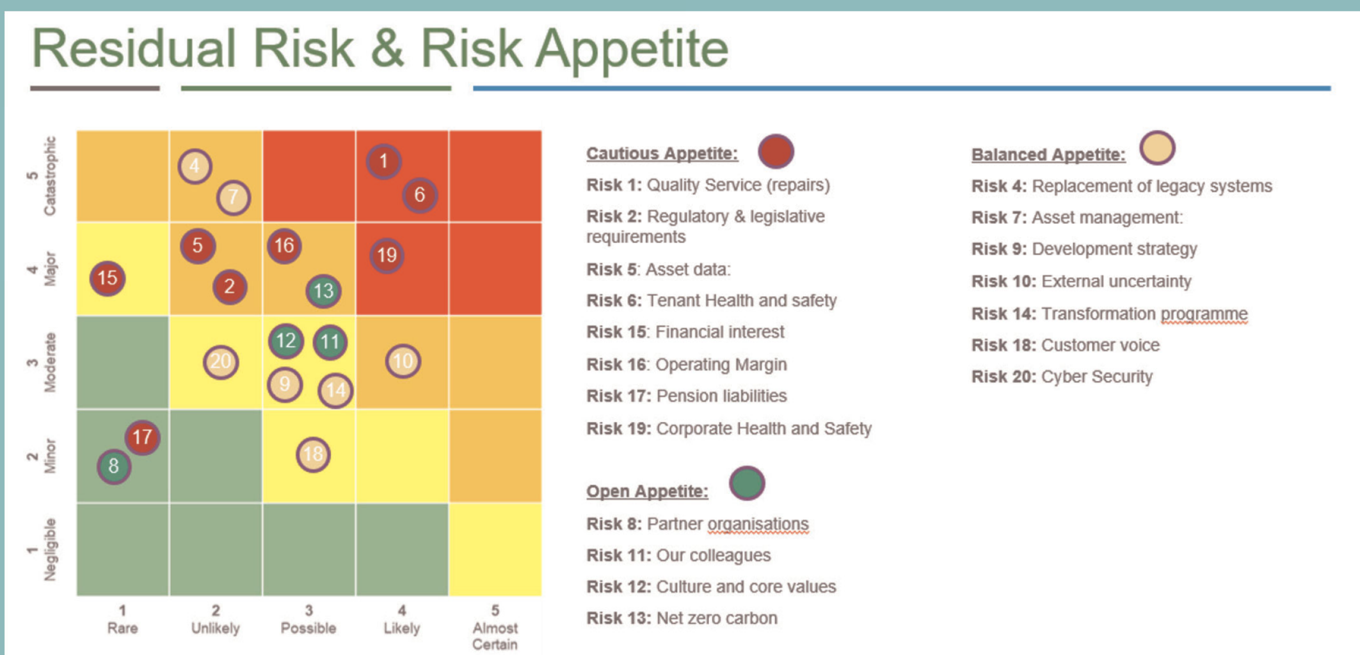
There is significant value in the effective management of risk, in that it:

- Informs business decisions.
- Enables a more effective use of precious resources.
- Enhances strategic and business planning and
- Strengthens contingency planning and protects the Association in all that we do.

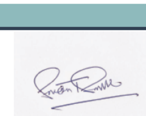
Over the course of 2022/23 the Association has continued to embed risk management into its activities and currently recognises 19 risks on its corporate risk register. Each risk is scored, together with details of the controls in place over the risk, the further actions required to reduce the risk score to the target level and the Board appetite for the risk in the context of our operating environment.

A Board Assurance Framework (BAF) has also been formulated which identifies and assesses the assurance available over the risk controls. This provides new insight over the effectiveness of the controls in place and, therefore, the residual risk score of the risks.

A summary of the 19 corporate risks, their residual risk scores, and Board appetite as of 31 March 2023 is presented below.



Risks are reported to Audit and Risk Committee and Board on a quarterly basis and monthly to the Leadership Team.



Simon Smith

Board Vice-Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FREEBRIDGE COMMUNITY HOUSING LIMITED

Opinion

We have audited the financial statements of Freebridge Community Housing Limited (the 'Association') for the year ended 31 March 2023 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows, and 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 Association's affairs as at 31 March 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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.

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board of Management Responsibilities set out on page 2, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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. Based on our understanding of the Association, and its sector, we identified that the principal risks of non-compliance with laws and regulations related to employment and health and safety regulations and Regulator of Social Housing requirements, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We evaluated Board and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to capitalisation of development expenditure and works to existing properties, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Board and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Association which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected, or alleged fraud.
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

Use of the audit report

This report is made solely to the Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP

Mazars LLP (Jul 25, 2023 13:12 GMT+1)

Mazars LLP

Chartered Accountants and Statutory Auditor

1st Floor

2 Chamberlain Square

Birmingham

B3 2AX

24 July 2023

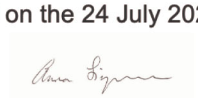
Statement of Comprehensive Income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover			
Excluding housing property sales		**32,730**	32,021
Total Turnover	3	**32,730**	32,021
Operating expenditure	3	**(29,767)**	(28,065)
Gain on disposal of property, plant, and equipment	6	**2,333**	1,094
Operating surplus		**5,296**	5,050
Interest receivable	7	**57**	7
Interest and financing costs	8	**(1,484)**	(1,486)
Surplus before tax		**3,869**	3,571
Taxation	11	**-**	-
Surplus for the year		**3,869**	3,571
Actuarial gain in respect of pension schemes	21	**1,698**	5,812
Total Comprehensive Income for the year		**5,567**	9,383

The accompanying notes form part of the financial statements.
The Association's results relate wholly to continuing activities.

The financial statements themselves were authorised and approved by the Board on the 24 July 2023.



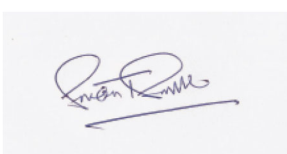


S Smith	A Jones	A Simpson
Board Vice-Chair	Chief Executive (Board Member)	Secretary

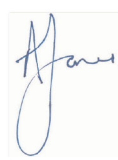
Statement of Financial Position as at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed Assets			
Tangible fixed assets – housing properties	12	**121,703**	114,971
Other property, plant, and equipment	13	**3,907**	3,578
		125,610	118,549
Current Assets			
Inventories	14	**864**	546
Trade and other debtors	15	**1,112**	793
Cash and cash equivalents		**23,970**	25,255
		25,946	26,594
Creditors: amounts falling due within one year	16	**(6,351)**	(3,941)
Net Current Assets		**19,595**	22,653
Total Assets less Current Liabilities		**145,205**	141,202
Creditors: amounts falling due after more than one year	17	**(60,254)**	(60,157)
Pension scheme asset/(liability)	21	**-**	(1,661)
Total Net Assets		**84,951**	79,384
Capital and Reserves			
Income and expenditure reserve		**84,951**	79,384
Total Capital and Reserves		**84,951**	79,384

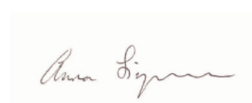
The accompanying notes form part of the financial statements.
The financial statements were issued and approved by the Board on 24 July 2023



S Smith
Board Vice-Chair



A Jones
Chief Executive
(Board Member)



A Simpson
Secretary

Freebridge Community Housing Limited
Regulator of Social Housing No. L4463
Co-operative and Community Benefit Society No. 29744R

Statement of Changes in Reserves for the year ended 31 March 2023

Statement of Changes in Reserves	**Income and expenditure reserve £'000**
Balance as at 1 April 2021 Statement of Comprehensive Income	70,001
Total comprehensive income for the year	9,383
Balance as at 31 March 2022	79,384
Total Comprehensive income for the year	5,567
Balance at 31 March 2023	84,951

Statement of Cash Flows for the year ended 31 March 2023

	2023 £'000	2022 £'000
Net cash generated from operating activities	**8,587**	8,039
Cash flow from investing activities		
Purchase and refurbishment of tangible fixed assets	**(12,252)**	(5,894)
Proceeds from sale of tangible fixed assets - housing	**3,770**	2,461
Proceeds from sale of tangible fixed assets – other	**-**	-
Grants received	**189**	34
Interest received	**57**	7
	(8,236)	(3,392)
Cash flow from financing activities		
Interest paid	**(1,636)**	(1,556)
	(1,636)	(1,556)
Net change in cash and cash equivalents	**(1,285)**	3,091
Cash and cash equivalents at beginning of the year	**25,255**	22,164
Cash and cash equivalents at end of the year	**23,970**	25,255

Note 1
Cash flow from operating activities

Total Comprehensive Income for the year	**5,566**	9,383
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	**4,655**	4,761
Depreciation of other fixed assets	**197**	186
(Increase)/decrease in stock	**93**	19
Decrease/(increase) in trade and other debtors	**(660)**	314
Decrease/(increase) in trade and other creditors	**2,248**	(233)
Pension costs less contributions payable	**(1,661)**	(5,671)
Carrying amount of tangible fixed asset disposals	**(1,335)**	(1,026)
Profit on Sale of fixed assets	**(2,435)**	(1,434)
Capitalised development interest and administration	**340**	191
Government grants utilised in the year	**-**	-
Interest payable	**1,636**	1,556
Interest received	**(57)**	(7)
Cash generated from operating activities	**8,587**	8,039

Note 2

Analysis of change in debt	**At 31.3.2022 £'000**	**Cashflows £'000**	**Other Changes £'000**	**At 31.3.2023 £'000**
Cash at bank and in hand	25,255	(1,285)	-	23,970
Debt due after more than one year	(52,500)	-	-	(52,500)
Net debt	(27,245)	(1,285)	-	(28,530)

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

Legal Status

Freebridge Community Housing is registered under the Co-operative and Community Benefit Societies Act 2014 and registered with the Regulator of Social Housing as a registered provider of social housing as defined by the Homes and Communities Act 2008.

The registered address is Juniper House, Austin Street, Kings Lynn, Norfolk PE30 1DZ

Principal Accounting Policies

The principal accounting policies are summarised below. They have been applied consistently throughout the year and to the preceding year.

General Information and Basis of Accounting

The financial statements have been prepared under the historic cost convention in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements have also been prepared to comply with the Housing SORP: 2018 Update (Statement of Recommended Practice for Registered Social Housing Providers), the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The Association is a public benefit entity in accordance with FRS 102. The financial statements are presented in Sterling (£).

Going Concern

The Association's financial statements have been prepared on a going concern basis.

The Association's business activities, its current financial position, and factors likely to affect its future development are set out within the Strategic Report. The Association has long term debt facilities in place which provide adequate resources to finance the Associations day to day operations and development pipeline. The approved financial plan demonstrates the Association's ability to service its debt facility whilst continuing to comply with lenders covenants.

The Association is somewhat shielded from the most obvious direct economic impacts, with strong cash reserves and access to further funding. Over the course of the year our revenues have proved robust with no material impact on the level of arrears. Our supply chain has proved consistent and our workforces resilient as a modern and protected ICT infrastructure supported flexible and remote working. A consistent cashflow, a significant part of which is driven through Public Sector channels protects us further and there has been no dependence on short term Government pandemic support measures to date.

The Board also recognises the rising rate of inflation, driven in part by increased fuel costs and the ongoing conflict in Ukraine. Consequently, a review of the 2023-24 budget has been undertaken to assess the risk of inflationary pressures across business critical areas and mitigations have been identified. These mitigations cover our exposure in full.

As part of the Annual Business Plan update the Association has undertaken stress testing of the risks most likely to affect the business on an escalating basis. The reviews reflect significant revenue disruption and cost escalation and demonstrate that the Association is robust and could withstand significant short-term disruption to working capital and continue to provide service to our customers. As a result of the additional testing, we believe we are well placed to continue to deliver our services and our wider community responsibilities and can confirm the status of Freebridge Community Housing as a going concern.

On this basis the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed.

Significant Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for revenues and expenses during the year as well as the amounts reported for assets and liabilities at the date of the Statement of Financial Position. The following judgements, estimates and assumptions have had the most significant effect on the amounts recognised in the financial statements:

Significant Management Judgements:

- Impairment. As part of the Association's continuous review of the performance of its assets, management identify any housing assets that have increasing void losses, are impacted by policy changes or where the decision has been taken to dispose of the properties. These factors are an indication of impairment. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating losses.

  The Association has estimated the recoverable amount of its housing properties as follows:

  (a) Identified three cost generating units to assess impairment owing to their income being separately identifiable. The units identified are split by area; Downham Market, Hunstanton and King's Lynn

  (b)Estimated the recoverable amount of each cash generating unit

  (c) Calculated the carrying amount of each cash generating unit

  (d) Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each group of assets, using appropriate construction costs and land prices and compared this to the carrying amount of each group of assets. Following the assessment of impairment, no impairment losses have been identified in the reporting period.

- Classification of Loans as Basic. The terms of the Association's loan agreement include provision of a two-way break clause that could give rise to a payment from the lender on early redemption. The loans in question are fixed rate loans. In a prepayment scenario that results in a break gain, the loan agreement provides for the repayment of the capital at par. Any break gain payable by the lender would be in relation to future interest periods only. Management have considered the terms of the loan agreement and concluded that they do meet the definition of a basic financial instrument and are therefore held at amortised cost.

Estimation Uncertainty:

- Useful Lives of Depreciable Assets. Management reviews its estimates of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to the decent homes standard which may require more frequent replacement of key components. Accumulated depreciation of housing properties as of 31st March 2023 was £56.5m. The carrying amount of housing properties was £115.0m at the 31st March 2023.
- Defined Benefit Obligation. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions such as standard rates of inflation, mortality, discount rates and anticipation of future salary increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The asset on 31st March 2023 was £11.9m. Note 21 includes details of the effects of changes in the key assumptions on this liability. As the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a notional surplus. As management do not consider that the association will be able to recover the surplus either through reduced contributions in the future or through refunds from the plan, the surplus has not been recognised in these

financial statements in line with paragraph 28.22 of FRS102.

- Provision for Bad Debts. The Association makes provision within its Financial Statements for Bad Debts for both former and current tenants on an escalating percentage basis depending on the age of the debt. The current cost of living crisis is contributing to an increase in arrears and while the escalating method is considered sensible and prudent, the duration and impact of the crisis creates estimation uncertainty.

Turnover

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities, income from the first tranche sales of shared ownership properties, other properties developed for outright sale and the invoiced value of other services of goods and/or services supplied in the year.

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

Service Charges

The Association operates variable service charges on a scheme-by-scheme basis. The charges include an allowance for the surplus or deficit from prior years. Surpluses are returned to residents by a reduced charge and deficits are recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Taxation

Current tax is recognised for income tax payable in respect of the taxable surplus for current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

VAT

The Association exercises it rights under the partial exemption method to recover Value Added Tax (VAT) incurred on expenditure from HM Revenue and Customs. VAT recoverable or payable is disclosed in the Statement of Financial Position. Irrecoverable VAT is accounted for in the Statement of Comprehensive Income.

All capitalised assets include VAT. VAT retained by the Association, is disclosed through the Statement of Comprehensive Income and the details are disclosed in the notes to the accounts.

Interest Payable and Receivable and Arrangement Fees

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount of maturity of the related loan. Interest is charged to income and expenditure in the year.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised historic cost model.

Debtors

Short-term debtors are measured at transaction price, less any impairment. Loan receivables are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short-term trade creditors are measured at the transaction price.

Stock

Stock of materials is held at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. Work in progress and finished goods include labour and attributable overheads.

Completed properties represents the anticipated proportion of first tranche sale of shared ownership properties held at the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Pension

The Association participates in the Norfolk County Council Pension Fund which is a defined benefit pension scheme so provides benefits based on final pensionable pay and from April 2014 average career earnings. The assets of the scheme are separate from those of the Association and are invested in independently managed funds.

For this scheme the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements, and curtailments. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Remeasurements comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

The surplus/deficit of funds is disclosed in the Statement of Financial Position in accordance with FRS 102.

Pension costs are assessed in accordance with the advice of an independent qualified actuary.

The Association participates in one defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position

Housing Properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost, less accumulated depreciation, and impairment losses. Cost includes the cost of acquiring land and buildings, development costs and directly attributable administration costs.

Freehold land is not depreciated.

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

Works to existing properties that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Where a housing property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as it is incurred.

Social Housing and Other Government Grants

Government Grants include grants receivable from the Regulator of Social Housing, local authorities, and other government organisations.

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received is included as deferred income and recognised in Turnover and spread over the estimated useful economic life of the recognised asset structure (not land), under the accruals model.

Social Housing Grant must be recycled by the Association under certain conditions if a property is sold or if another 'relevant event' takes place. Under these circumstances the Social Housing Grant can be used for projects approved by the Regulator of Social Housing. However, Social Housing Grant may have to be re-paid if certain conditions are not met.

Government grants released on the sale of a property are credited to a Recycled Capital Grant Fund and included in the Statement of Financial Position 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 Turnover in the Statement of Comprehensive Income.

Other grants received in respect of revenue expenditure from local authorities and other organisations are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate.

Capitalisation of Administration and Interest Costs

Administration and Interest costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Depreciation of Housing Properties

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

The Association depreciates the major components of its housing properties at the following annual rates:

Useful Economic Lives of Identified Components	Life (years)	Life (%)
Traditional Structure	20-100	5 to 1
Non-Traditional Structure	30	3.3
Roof	10-50	10 to 2
Rewiring	20	3.3
Kitchen	20	3.3
Bathroom / Level Access Shower	30	3.3
Heating	15	6.7
Windows	30	3.3
Doors	25	3.3
Biomass	20	5
Photovoltaics	20	5
Lifts	25	4
Garage Doors	25	4
External Wall Insulation	100	1

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators of impairment are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as operating expenditure in the Statement of Comprehensive Income. Where an asset is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less costs to sell.

Other Tangible Fixed Assets

Other Tangible Fixed Assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

The principle rates used for other assets are:

Useful Economic Life	Life (years)	Life (%)
Fixtures/Fittings, & Equipment	5-10	20 to 10
Scheme Equipment	5-30	20 to 3.3
Computer Hardware	3-5	33.3 to 20
Computer Software	3	33.3
Commercial Vehicles (Not Leased)	5	20
Freehold Buildings	50	2

Low-Cost Home Ownership Properties

The costs of low-cost home ownership properties are split between current and fixed assets based on the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as a sale of fixed assets.

Low-Cost Home Ownership properties are not depreciated based on immateriality, as indicated within the Housing SORP 2018: update.

Recycling of Capital Grant (RCGF)

Where Social Housing Grant is recycled the Social Housing Grant is credited to the RCGF fund and appears as a 'Creditor' until it is used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a 'Creditor within 1 Year'.

Lease Obligations

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

Assets held under finance leases are recognised initially at the fair value of the leased asset at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term.

Properties Held for Sale

Properties available for sale under Right to Buy are accounted for as sales of fixed assets. The surplus or deficit arising on sale is net of the clawback payable to the Borough Council of King's Lynn & West Norfolk and after deducting the carrying value of the property and related sale expenses.

Provision for Liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) because of a past event, it is probable the Association will be 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, considering the risks and uncertainties surrounding the obligation.

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

Notes to the financial statements

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

	2023 Turnover £'000	2023 Costs £'000	2023 Operating Surplus £'000	2022 Turnover £'000	2022 Costs £'000	2022 Operating Surplus £'000
Social Housing lettings (note 3b)	**31,372**	**(28,939)**	**2,433**	30,835	(27,494)	3,341
Other social housing activities First tranche low-cost home ownership	**620**	**(518)**	**102**	509	(298)	211
Activities other than social housing	**738**	**(310)**	**428**	677	(273)	404
Before gain on disposal of housing properties	**32,730**	**(29,767)**	**2,963**	32,021	(28,065)	3,956
Gain on disposal of housing properties			**2,333**			1,094
Total			**5,296**			5,050

Notes to the financial statements

3. b) Particulars of Income and Expenditure from social housing lettings

	2023 General needs housing	2022 General needs housing
	£'000	£'000
Rent receivable net of identifiable service charges	**30,297**	29,715
Service charge income	**987**	1,049
Amortised government grants	**88**	71
Turnover from social housing lettings	**31,372**	30,835
Management	**(5,684)**	(5,746)
Service costs	**(4,956)**	(3,750)
Abortive development costs	**(72)**	(41)
Demolition costs	**-**	(6)
Routine maintenance	**(7,673)**	(6,155)
Planned maintenance	**(1,654)**	(1,371)
Major repairs expenditure	**(3,862)**	(5,369)
Bad debts	**(175)**	(105)
Depreciation of housing properties	**(4,655)**	(4,762)
Depreciation of other fixed assets	**(208)**	(189)
Operating expenditure on social housing lettings	**(28,939)**	(27,494)
Operating surplus on social housing lettings	**2,433**	3,341
Void Losses	**1,133**	751

Notes to the financial statements

4. Accommodation in management and development

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

	2023 No of properties	2023 Acquisitions	2023 Disposals	2022 No of properties
Social housing				
General housing:				
• social rent	**5,623**	**6**	**(38)**	5,655
• affordable rent	**542**	**24**	**(6)**	524
Supported housing and housing for older people	**611**	**-**	**-**	611
Low-cost home ownership	**56**	**13**	**(2)**	45
Total owned	**6,832**	**43**	**(46)**	6,835

5. Operating surplus

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

	2023	2022
	£'000	£'000
Depreciation of housing properties	**4,655**	4,762
Depreciation of other tangible fixed assets	**208**	189
Operating lease rentals		
- Vehicles	**359**	275
- Land and Buildings	**9**	8
	368	283
Auditors' remuneration (excluding VAT)		
- Fees payable to the Association's auditors for the audit of the financial statements	**26**	23
- Fees payable to the Association's auditors for other services	**1**	1
Total audit services	**27**	24

Notes to the financial statements

6. Surplus on sale of fixed assets – housing properties

	2023	2022
	£'000	£'000
Disposal proceeds	**3,150**	2,427
Carrying value of fixed assets	**(817)**	(968)
Hillington Square disposal	**-**	(365)
	2,333	1,094

7. Interest receivable and other income

	2023	2022
	£'000	£'000
Interest receivable and similar income	**57**	7
	57	7

8. Interest and financing costs

	2023	2022
	£'000	£'000
Capitalised Development Interest	**(152)**	(70)
Defined benefit pension charge	**37**	141
Loans and bank overdrafts	**1,599**	1,415
	1,484	1,486

Notes to the financial statements

9. Employees

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

	2023	2022
	No	No
Administration	**60**	47
Property and Development	**20**	16
Housing, support, and care	**43**	58
Property Services	**85**	80
	208	201

Employee costs:

	2023	2022
	£'000	£'000
Wages and salaries	7,239	6,371
Social security costs	709	570
Pension Costs: Defined Contribution scheme	438	382
Pension Costs: Defined Benefit scheme	514	559
	8,900	7,882

The defined benefit scheme cost includes £148k of deficit payments.

The full-time equivalent number of staff who received remuneration (*including* directors):

	2023 FTE Equivalent	2022 FTE Equivalent
£120,001 - £160,000	**3.50**	1.00
£110,001 - £120,000	**1.50**	1.50
£100,001 - £110,000	**1.00**	0.25
£90,001 - £100,000	**1.00**	2.00
£80,001 - £90,000	**0.00**	0.25
£70,001 - £80,000	**3.00**	1.00
£60,001 - £70,000	**3.00**	3.50

10. Board members and Executive Directors

Executive directors

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

	2023	2022
	£'000	£'000
Basic salary	**576**	529
Interim Staff	**-**	59
Benefits in kind	**4**	2
Pension contributions	**65**	96
	645	686

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, was £139k (2022: £133k). The Chief Executive is a member of the Royal London defined contribution pension scheme. She is an ordinary member of the pension scheme, and no enhanced or special terms apply. The association does not make any further contribution to an individual pension arrangement for the Chief Executive. During the year, the aggregate compensation for loss of office of key management personnel was £0 (2022: £22k)

Non-Executive Board Members

The remuneration for Non-Executive Board Members charged in the year is:

	2023				2022
	Basic remuneration £'000	**Benefits in kind £'000**	**Pension contributions £'000**	**Total £'000**	Total £'000
Andrew Walder	**12**			**12**	11
Simon Smith	**7**			**7**	6
Brian Long	**-**			**-**	2
Pauleen Pratt	**-**			**-**	1
Jasmine Rigg	**6**			**6**	6
Joanna Barrett	**6**			**6**	5
Andrew Hill	**5**			**5**	5
Donald McKenzie	**7**			**7**	6
Gillian Rejzl	**5**			**5**	5
Victoria Savage	**7**			**7**	5
Mathew Forster	**2**			**2**	-
Gil Fernandes	**3**			**3**	-
Timothy Drew	**3**			**3**	1
Joanna Ward	**3**			**3**	1
	66			**66**	54

Notes to the financial statements

11. Tax on surplus on ordinary activities

	2023 **£'000**	2022 £'000
Current tax		
UK corporation tax on surplus for the year	**-**	-
Adjustments in respect of prior years	**-**	-
Total current tax	**-**	-

Notes to the financial statements

12. Fixed assets – housing properties

	Assets Under Construction	Traditional Properties Held for Letting	Non-Traditional Properties Held for Letting	Housing Properties - Shared Ownership	Total Housing Properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	4,007	145,807	15,778	2,396	167,988
Additions	9,190	-	-	-	9,190
Works to existing properties	-	2,852	150	-	3,002
Transfers in Year	(5,316)	3,497	-	1,819	-
Disposals	-	(1,482)	(247)	(202)	(1,931)
At 31 March 2023	7,881	150,674	15,681	4,013	178,249
Depreciation and impairment					
At 1 April 2022	-	45,449	7,568	-	53,017
Depreciation charged in year	-	3,990	665	-	4,655
Released on disposal	-	(981)	(145)	-	(1,126)
At 31 March 2023	-	48,458	8,088	-	56,546
Net book value					
At 31 March 2023	7,881	102,216	7,593	4,013	121,703
At 31 March 2022	4,007	100,358	8,210	2,396	114,971

Notes to the financial statements

Fixed assets – housing properties (continued)

Expenditure on works to existing properties

	2023	2022
	£'000	£'000
Components capitalised	**3,002**	2,069
Amounts charged to income and expenditure	**3,862**	5,369
	6,864	7,438

On 31st March 2023, the Association's housing properties were revalued by Savills, an independent firm of Chartered Surveyors. The valuation of the housing stock for loan security purposes has been prepared using discounted cash-flow methodology and is in accordance with the Royal Institute of Chartered Surveyors [RICS] Valuation – Professional Standards, the "RICS Red Book", effective from 6th January 2014.

The valuation of £241.229m (2022: £233.971m) takes into account regulatory `performance indicators for Registered providers and the Rent Restructuring regime applicable from 2002 onwards.

It should be noted that future growth in both capital and rental values may not occur, and values can fall as well as rise.

All properties are freehold.

Impairment

In line with the SORP 2018 update the Association has carried out an impairment assessment.

- The Association's stock has been assessed for impairment across the following cash generating units over which the Association owns and manages stock; King's Lynn, Downham Market and Hunstanton.
- We have estimated the recoverable amount of the cash generating units based on depreciated replacement cost.
- We have calculated the carrying amount of the cash generating unit
- We have compared the carrying amount to the recoverable amount

Following and because of the impairment assessment the Association has not recognised an impairment through the 2022/23 Statutory Accounts

Notes to the financial statements

13. Tangible Fixed Assets – Other

	Freehold property £'000	Computers and office equipment £'000	Furniture, fixtures and fittings £'000	Scheme Equipment £'000	Total £'000
Cost					
At 1 April 2022	4,017	1,299	726	-	6,042
Additions	-	289	71	198	558
Disposals	(21)	-	-	-	(22)
At 31 March 2023	3,996	1,588	797	198	6,579
Depreciation					
At 1 April 2022	912	1,094	458	-	2,464
Charged in the year	80	81	46	1	208
At 31 March 2023	992	1,175	504	1	2,672
Net book value					
At 31 March 2023	3,000	413	293	197	3,907
At 31 March 2022	3,105	205	268	-	3,578

Notes to the financial statements

14. Stock

	2023 £'000	2022 £'000
Shared ownership properties:		
Completed properties	**555**	144
Stock of materials	**309**	402
	864	546

15. Debtors

	2023 £'000	2022 £'000
Due within one year		
Rent and service charges receivable	**871**	748
Less:		
Provision for bad and doubtful debts	**(623)**	(520)
	248	228
Other Debtors	**-**	-
Grant Receivable	**-**	-
Trade Debtors	**124**	49
Prepayments and accrued income	**740**	516
	1,112	793

Notes to the financial statements

16. Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Trade creditors	**957**	350
Rent and service charges received in advance	**310**	315
Deferred grant income (note 18)	**88**	71
Recycled capital grant fund (note 19)	**-**	-
Corporation tax	**-**	-
Other taxation and social security	**171**	159
Other creditors	**147**	168
Accruals and deferred income	**4,678**	2,878
	6,351	3,941

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

	2023 £'000	2022 £'000
Debt (note 20)	**52,500**	52,500
Deferred grant income (note 18)	**7,699**	7,614
Recycled capital grant fund (note 19)	**55**	43
	60,254	60,157

Notes to the financial statements

18. Deferred grant income

	2023 £'000	2022 £'000
Balance at 1 April	**(7,685)**	(7,573)
Grant received in the year	**(631)**	(227)
Disposed in the year	**441**	44
Released to income in the year	**88**	71
At 31 March	**(7,787)**	(7,685)

	2023 £'000	2022 £'000
Amounts to be released within one year	**(88)**	(71)
Amounts to be released in more than one year	**(7,699)**	(7,614)
	(7,787)	(7,685)

19. Recycled capital grant fund

	2023 £'000	2022 £'000
At 1 April	**(43)**	(121)
Grants recycled	**(12)**	(43)
Withdrawals	**-**	121
	(55)	(43)
Repayment of grant	**-**	-
At 31 March	**(55)**	(43)
Amount of grant due for repayment	**-**	-

20. Debt analysis

Borrowings

	2023 £'000	2022 £'000
Due within one year		
	-	-
Due after more than one year		
Bank loans	**(52,500)**	(52,500)
Total loans	**(52,500)**	(52,500)

Security
Properties are charged as security in accordance with the Association's current loan agreements

Terms of repayment and interest rates

The Association has a £111m loan facility of which £72.5m is available to use. The funds available are not expected to be fully drawn until peak debt year of 2024 from which point the Association will need to start repaying its debt.

A total of £52.5m of the available facility has been drawn to date, consisting of £40m fixed rate loans and £12.5m variable rate debt.

The Association pays interest on a quarterly basis and rates currently range from 0.436% to 4.550% on its £40m of fixed debt with the balance of £12.5m subject to variable rate debt.

The association typically keeps its fixed: variable loan ratio within the optimum range of 70% +/- 10% as per Treasury Management Policy, to balance its exposure to inflation and interest rate rises prevalent in fixed and variable loans, respectively.

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

	2023 **£'000**	2022 £'000
Within one year or on demand	**-**	-
One year or more but less than two years	**-**	-
Two years or more but less than five years	**(10,000)**	(10,000)
Five years or more	**(42,500)**	(42,500)
	(52,500)	(52,500)

Notes to the financial statements

21. Pensions

The Local Government Pension Scheme (LGPS) is a multi-employer scheme, administered by Norfolk County Council under the regulations governing the LGPS, a defined benefit scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method.

The latest formal valuation of the fund for the purpose of setting employers' actual contributions was at 31st March 2022, with the next formal valuation due at 31st March 2025.

The employer's contributions to the LGPS by the Association for the year ended 31 March 2023 were £559k (2022: £560k). The employer's contribution rate was 32.8% of pensionable pay during the year.

Principal actuarial assumptions

Financial assumptions

	31 March 2023 % per annum	31 March 2022 % per annum
Discount rate	**4.75%**	2.70%
Future salary increases	**3.65%**	3.90%
Future pension increases	**2.95%**	3.20%

Mortality assumptions
Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, an allowance for smoothing of recent mortality experience and a long-term rate of improvement of 1.50% pa for women and men.

	2023 No. of years	2022 No. of Years
Retiring today:		
Males	**21.3**	21.7
Females	**24.2**	24.1
Retiring in 20 years:		
Males	**22.6**	22.9
Females	**26.2**	26.0

Pensions (continued)

Amounts recognised in surplus or deficit

	2023 £'000	2022 £'000
Current service cost	**526**	657
Amounts charged to operating costs	**526**	657

	2023 £'000	2022 £'000
Interest Income on Plan Assets	**1,105**	755
Interest Cost on Defined Benefit Obligation	**(1,142)**	(896)
Amounts (charged)/credited to other finance costs	**(37)**	(141)

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

	2023 £'000	2022 £'000
Opening scheme liabilities	**42,414**	44,861
Current service cost	**526**	657
Interest cost	**1,142**	896
Remeasurements	**(15,904)**	(3,247)
Plan participants' contributions	**79**	89
Benefits paid	**(799)**	(842)
Closing scheme liabilities	**27,458**	42,414

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

	2023 £'000	2022 £'000
Opening fair value of plan assets	**40,753**	37,529
Hyman Robertson September 2022 Report	**294**	363
Interest income	**1,105**	755
Remeasurements	**(3,231)**	2,299
Contributions by employer	**559**	560
Plan participants' contributions	**79**	89
Benefits paid	**(799)**	(842)
Closing fair value of plan assets	**38,760**	40,753

Pensions (continued)

	2023	2022
	£'000	£'000
Net asset/(liability)	**11,302**	(1,661)
Less notional surplus not recognised	**(11,302)**	-
Net pensions asset/(liability) as recognised in these financial statements	**-**	(1,661)

	2023	2022
	£'000	£'000
Actual return on scheme assets	**(530)**	3,348

Major categories of plan assets as a percentage of total plan assets

	2023	2022
	%	%
Equities	**49%**	49%
Bonds	**36%**	36%
Properties	**12%**	12%
Cash	**3%**	3%

Sensitivity analysis

Change in assumption at 31 March 2023	**Approx. Increase to Employer Liability %**	**Approx. Monetary Amount £'000**
0.1% decrease in Real Discount Rate	2%	498
1 year increase in member life expectancy	4%	1,098
0.1% increase in the Salary Increase Rate	0%	71
0.1% increase in the Pension Increase Rate (CPI)	2%	434

Notes to the financial statements

22. Share capital

All members of the Association hold a share of £1 in the Association. The shares carry the right to vote at meetings on a basis of proportional weighting depending on class of share.
They do not carry any right to a dividend, to any redemption value or to any distribution on winding up.

	2023 No	2022 No
Number of members		
At 1 April	**190**	207
Joining during the year	**2**	3
Leaving during the year	**(13)**	(20)
At 31 March	**179**	190

23. Capital commitments

	2023 £'000	2022 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	**15,646**	1,579
Expenditure authorised by the board, but not contracted	**38,269**	68,649
	53,915	70,228

The above commitments will be financed primarily through borrowings, which are available for draw-down under existing loan arrangements. However, social housing grant will be utilised if it becomes available.

24. Leasing commitments

The future minimum lease payments of leases are as set out below. Leases relate to vehicles and homes.

The association's future minimum operating lease payments are as follows:

	2023 £'000	2022 £'000
Within one year	**489**	28
Between one and five years	**979**	49
Later than five years	**204**	225
	1,672	302

Notes to the financial statements

25. Related parties

The tenant Board members rent properties from the Association under the same terms and conditions as tenants in similar properties.

There are two tenant members on the Board. The tenancies are on normal commercial terms and the members are not able to use their position to their advantage. There were no amounts due to or from the tenant members at the reporting date.

26. Financial assets and liabilities

The board policy on financial instruments is explained in the Board Report as are references to financial risks.

Borrowing facilities
The Association has a £111m loan facility of which £72.5m is available to use. The funds available are not expected to be fully drawn until peak debt year of 2024 from which point the association will need to start repaying its debt.

A total of £52.5m of the facility has been drawn to date, consisting of £40m fixed rate loans and £12.5m variable debt.

The group has undrawn committed borrowing facilities. The facilities available at 31 March 2023 in respect of which all conditions precedent had been met were as follows:

	2023 £'000	2022 £'000
Expiring in one year or less	**-**	-
Expiring in more than one year but not more than two years	**-**	-
Expiring in more than two years	**(52,500)**	(52,500)
	(52,500)	(52,500)

Freebridge
COMMUNITY HOUSING