Building homes, independence and aspirations

Reports and Financial Statements for the year ended 31 March 2024

Contents

Registered Office

Home Group Limited
One Strawberry Lane
Newcastle upon Tyne
NE1 4BX

Co-operative and Community Benefit Society No: 22981R

Regulator of Social Housing Registered No: L3076

Chairman's Introduction

It is with great pleasure that I introduce the financial statements for the year ended 31 March 2024.

I am pleased to say that after the past several challenging years, about which I don't need to remind anyone, we at Home Group can look to some promising green shoots of recovery.

During the exacting times we endured during Covid and the cost-of-living crisis we managed to keep the organisation on an even keel. But this past year has been more in line with the consistently strong performances we enjoyed in pre-covid times.

We wait with great interest to see how the new Government's plans can help us to maintain this upward trajectory.

While our surplus before tax for the year ended 31 March 2024 was down from the previous year at £23.2 million, it was still ahead of the budget we set ourselves. The decrease reflected the challenges we continue to face as a business, but despite issues like higher interest costs we kept on delivering for our customers and communities.

In March 2024, we retained a G1:V2 rating for governance and financial viability by the Regulator of Social Housing following an In-Depth Assessment.

Last year, we housed over 125,000 people in our 56,000 homes across England and Scotland. This included accommodation-based support for over 14,000 customers with mental and physical health issues.

We operate across 184 local authority areas with 51% of stock within 12 local authorities, primarily affordable tenures.

We invested £187 million to deliver 1,284 new homes across England and Scotland, with more than 900 of those being affordable housing. This included the first handovers at our major regeneration project in the London borough of Barnet.

This will see over 750 much-needed affordable homes for the community. Customers voted overwhelmingly in favour of proposals to redevelop the 1970s estate following a ballot in 2019, under a new process devised by London Mayor, Sadiq Khan.

In Scotland, we delivered 479 homes across the country, including over 250 on the site of Glasgow's old Meat Market. The development has brought a renewed vigour into the area, and further helped connect the east end of Glasgow to the city centre.

As well as developing homes, we also invested £149 million last year improving and maintaining our customers' homes. A significant proportion of that investment is focused on greening our customers' homes and communities.

Our net zero targets have been part of our organisational strategy for some time and are aligned to the Government's net zero targets for 2050.

However, this year we have developed a much more detailed environmental sustainability plan which focuses more closely on specific areas, including retrofit, biodiversity, climate risks, emissions, pollutants, responsible sourcing and water and waste management, among other areas.

We are currently revising our targets in relation to this new plan to ensure we are pushing ourselves to achieve the best outcomes possible. Our target for this year was for 70.9% of our homes to achieve at least an EPC 'C' rating, and we exceeded this, achieving 71.2%. Our major work in this area over the past year has been retrofit.

Following our successful pilot in Cumbria, where we whole house retrofitted 90 low performing homes under Wave 1 of the Social Housing Decarbonisation Fund (SHDF), we have stepped up our activity and last year began working on retrofitting 1,000 homes under Wave 2 of SHDF. We are also starting our first retrofit project in Scotland.

With this work, and as a founding member of the Greener Futures Partnership, we are a trusted voice in the sector on greening homes and communities.

Our customers and communities are at the forefront of our planning - whether on green issues, or those more directly impacting them on a day-to-day basis.

As always, we continually assess our support for customers in line with our Customer Promise. We engage close to 4,000 per year to gather thoughts, views, and ideas. From this we revise and adapt our plans to suit.

This year, for example, will see us start to establish our new regional model, dividing our operations into six communities, each led by a Regional Director.

This will allow us to work more locally, driving an increased focus on working with local partners, and ultimately bring us closer to understanding our customers and the communities we serve. Our Regional Directors will drive operational performance and align this with enhancing the customer experience.

We are prioritising neighbourhoods where customers have told us that improvements need to be made. Over the last year we have tested the impact of this approach in four pilot areas where we devised community patch plans; these were identified as having specific issues, including elevated levels of anti-social behaviour or complaints.

Our approach has been to work in partnership with key local stakeholders to tackle these issues head on, working collaboratively to provide intensive housing management, so that we can be more visible in the community, and spot and fix issues within a timeframe that is satisfactory to our customers.

This pilot has now been mobilised to ensure all our communities which need increased focus and attention get the help they need.

Our financial inclusion team continues to support customers who are finding life difficult financially, or feel they need more information to make informed choices about their finances. Their efforts over the last year have benefited customers by £6.28 million additional income and £1.35 million in lump sum payments.

We also launched a new cost of living fund in April 2023, and during the year we have awarded £200,000 of funds to customers.

The new Consumer Standards published by the Regulator of Social Housing (RSH) came into effect on 1 April 2024. This marked a change in regulatory regime, with the RSH given new powers to proactively regulate the consumer standards for the first time.

A detailed exercise is underway to map our compliance and assurance against the new standards and the associated code of practice. The RSH have said that they expect most providers to have some distance to travel to deliver all the outcomes in the standards, and they expect providers to be proactive in identifying areas for improvement. We have already taken action to strengthen certain service areas, for example a deep dive review into complaints handling, updating our approach to anti-social behaviour, and developing a standalone domestic abuse policy.

In June 2024, we reported to the Regulator our outcomes from the sector's first Tenant Satisfaction Measures (TSMs). While relatively pleasing overall there is plenty of room for improvement. And that is a major focus for us in the coming year ahead.

As well as reporting directly to the Regulator, we have shared our results with customers, engaging directly with them on their priorities and how we can improve.

Increased scrutiny from bodies such as the Regulator of Social Housing, the Housing Ombudsman Service, and of course our customers, is welcomed, as housing associations must deliver for their customers.
I am pleased to say that while there's still work we need to do, our forward thinking on some of the key issues has put us in a good position.

John Cridland, CBE
Chairman
Home Group

Strategic Report

Board

John Cridland, CBE (Home Group Chairman)

Rhona Bradley (Clinical Governance Committee Chair)

Linda Cullen (Health and Safety Governance Committee Chair)

Duncan Cumberland

Susan Deacon, CBE (Home Scotland Chair)

Ken Gillespie (Development Committee Chair)

Mark Henderson

Zoe Hingston

Lara Joisce (Appointed Home Board member and Audit Committee Chair 11 November 2023)

Myriam Madden (Audit Committee Chair until 1 November 2023)

Helen Meehan

Indra Mudie

Chris Vallis (Senior Independent Member, and Governance Committee Chair)

Brian Walsh

Executive (key management personnel)

Mark Henderson
Chief Executive

Rachael Byrne
Executive Director – Models of Care (until 30 June 2024)

Helen Meehan
Chief Financial Officer

Will Gardner
Executive Director – Development and Sales

Nusheen Hussain
Executive Director – Customer and Communities

Paul Walker
Executive Director – Maintenance

Advisors

Bankers:
Barclays Bank plc
7th Floor, Bank House
East Pilgrim Street
Newcastle upon Tyne
NE1 6QE

Independent Auditor:
Deloitte LLP
One Trinity Gardens
Broad Chare
Newcastle upon Tyne
NE1 2HF

Solicitors:
Devonshire Solicitors LLP
30 Finsbury Circus
London
EC2M 7DT

Strategy

Overview of Home Group

Home Group, a social enterprise and a charity with a turnover in excess of £400 million, is one of the UK's largest providers of high quality housing and supported housing services and products.

Founded in the North East by an Act of Parliament in the 1930s, for 90 years we have been working with trusted partners and our customers to make a real difference to the lives of individuals and communities across the UK.

The principal activities of Home Group are:

- The provision of affordable rented accommodation – we currently house over 125,000 people across more than 56,000 properties. These are a variety of tenures, including social, affordable, shared ownership and supported homes;
- The design, development and delivery of integrated health and care services – for our customers who need more than just a home, we support their specific needs. We worked with over 14,000 vulnerable people last year in our supported housing and health services;
- The development of new homes – in addition to developing new build properties for social and affordable rent, and affordable home ownership, we also develop homes for sale on the open market, many of which are marketed under our Persona sales brand. Profits from our open market sales activity are reinvested into the business.

Building homes, independence and aspirations

March 2024 marked two years since we launched our five-year strategy, which see us into 2027. The challenging economic environment has continued to impact our customers and the cost of living remains a key concern.

Our current strategy is an 'evolution not revolution' of the previous five years, continuing our mission of building homes, independence and aspirations. The strategic goals focus on customer outcomes rather than the pursuit of core targets. Although we do have clear objectives, results and key performance indicators, which ensure colleagues are accountable and commercial in line with our values.

We care about our customers, and we know it is important to feel safe and supported in good quality, affordable homes. Getting the basics right and consistently delivering all aspects of our Customer Promise continues to be a key measure of our success, demonstrating respect and maintaining trust.

We are working in partnership with customers to embed new regulations in a meaningful way, particularly the Consumer Standards and the first publication of our Tenant Satisfaction Measures (TSMs), where the further insight will influence our approach to the delivery of our services by identifying opportunities for continuous improvement.

We're committed to further investment in data and technology solutions. We are implementing a new customer relationship management platform to increase our capability to respond to our customers' needs. Enhanced features will improve how we deal with routine transactions such as logging and tracking repairs, complaints and accessing information about their property.

Our customers' aspirations and needs vary across different localities. To drive a more holistic approach to managing neighbourhoods and delivering tailored community plans we have restructured our Customer & Communities and Repairs & Maintenance directorates into a regional model led by new Regional Director roles. This allows us to focus on local issues that matter to our customers – employment opportunities, supply of new homes, tackling anti-social behaviour or providing more financial inclusion support to sustain tenancies, maintain wellbeing and a decent quality of life.

Keeping our customers' homes safe, compliant and well maintained is our highest priority and we'll continue to invest in building safety, decarbonisation and sustainability, regeneration and planned maintenance to systematically upgrade our portfolio to meet quality expectations that we set out in our Home Group Standard. We've continued to grow our in-house Home Group Repairs Service (direct labour organisation) to increase customer satisfaction, particularly where we have been unable to achieve this through external contractors, evolving our future maintenance delivery model.

Our 'grow our own' programme has had continued success at all levels of the organisation, and we'll focus on specific skill shortages as we adapt the approach. We will build on the success of achieving the 'National Equality Standard' (exemplar in equity, diversity, inclusion and belonging) and we are now ranked 4th in 'Great Place to Work', super large organisations in the UK in 2024.

Strategy (continued)

Our strategic goals

Our strategy has four goals. They are:

Delivering for our customers and communities

Our priority in our homes and communities is getting the basics right in a consistent way – customers have told us this is a must do. This includes strengthening our approach to anti-social behaviour and ensuring customers feel safe.

Beyond this, we will work with customers and stakeholders to develop a new approach to collaboration and partnerships. We will create new opportunities to engage with more customers and enable them to have greater influence over their homes and communities.

Providing the right homes in the right places

We will provide safe, good quality and affordable homes in mixed tenure communities. We will further invest in geographical areas where we want to create a strong presence so that we can make a meaningful impact within those communities.

Existing and new homes will meet the Home Group Standard. We will invest in tried-and-tested technology when it comes to decarbonisation to support us in maximising sustainability, helping customers in fuel poverty and meeting net zero targets.

Evolving our model of care and support

Supporting vulnerable people to achieve greater independent living is core to our mission. Our model of care and support comprises meeting specialised individual complex care needs through to providing supported care services in the community, working closely with partners and commissioners.

We will be proactive in designing and growing our care and support services in the areas of learning disabilities, mental health, move on and community health.

Underpinning all of this is enabling customers to live more independent lives in the long term.

Creating a vibrant, customer-focused organisation

As an organisation, we will invest in our colleagues through 'growing our own' to develop their skills, progression routes and to increase retention.

We will focus on upskilling customers and apprentices to create a diverse and vibrant workforce and generate positive social impact.

We will be an exemplar in equality, diversity and inclusion, building on the strong culture of the organisation and constantly assessing ourselves against best practice.

We will be a leading digital first (but not digital only) organisation, with strong data underpinning decisions.

We measure progress against these goals to ensure they are fully embedded and driving everything we do. The KPIs against which we measure performance for the strategic goals are discussed further in the Strategic Performance and Value for Money section of this report at page 18.

In addition, we work closely with our customers to ensure their voices are heard at all levels throughout the organisation. Two of our Board members are customers. We undertake qualitative assessments of how we are delivering the customer promise across our communities and neighbourhoods. Customers are involved in recruitment and scrutinising our responses to complaints. Our overall performance is regularly challenged by our Customer Forum who feedback directly to our Board.

Business model and structure

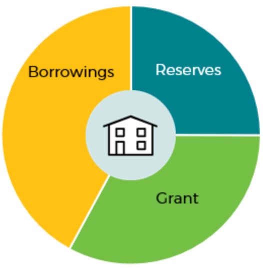
Business model

Home Group is not-for-profit and any surplus is reinvested back into the business. Underlying our strategy is the need to ensure we remain financially viable and are able to continue to invest in both our existing homes and in developing new build homes. For this reason we seek to achieve annual surpluses that allow us to fulfil our programme of investments whilst achieving value for money for our customers.

Value is generated through the business streams below, and through the following key resources and relationships.

- The homes we own
- Our colleagues and customers
- Our suppliers and contractors
- Our partners and commissioners

Business activity:	Renting homes	Development	Care and support services
	This includes supported and care housing and shared ownership as well as our core general needs homes.	We build new homes for rent and shared ownership, and develop some homes for outright sale. Homes for rent / Homes for sale	We provide care and support services to customers living in our supported housing.
Main income stream:	• Rent and service charges	• Sales income	• Contract income
Main costs:	• Repairs and maintenance • Housing management	• Build costs • Sales and marketing costs	• Staff costs for the delivery of care and support
Surplus:	Where income exceeds costs, we generate a surplus. We reinvest our surplus in: • Improving our existing homes • Improving the services we offer to our customers • Developing new affordable homes		



As well as our own reserves built through surpluses described above, the business is funded through external borrowings and government grant:

- We are a strategic development partner with Homes England, the Greater London Authority and the Scottish government, all of which provide grant funding to help us build affordable homes.
- We also fund our development through long-term borrowings, either through bank loans or the issue of corporate bonds.

For management purposes, the business is organised into four business units:

- Customer and Communities: The delivery of services to our rented and supported customers
- Maintenance and Building Safety: Delivery of repairs and maintenance services
- Development and Asset: Design and delivery of our new build homes, regeneration and strategic asset management
- Care: Design and development of our integrated support services, and delivery of complex care

These business units are supported by our support functions team which provides assurance, compliance and risk, facilities, communications, marketing, strategy, finance and procurement, human resources, information systems, legal services and governance.

Going forward in 2024/25, our Customer and Communities and Maintenance and Building Safety business units will operate under a regional model led by newly appointed Regional Directors.

Business model and structure (continued)

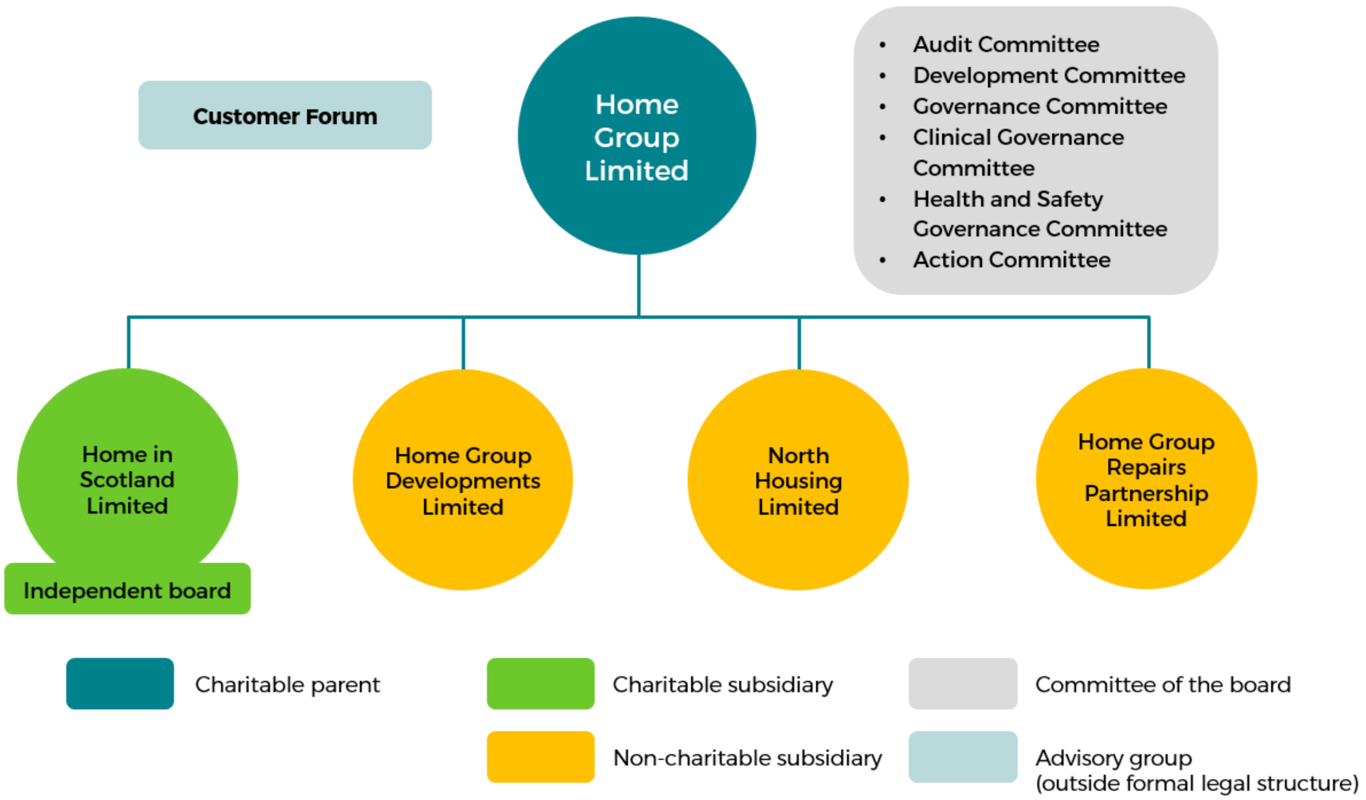
Group structure

Home Group Limited, a registered society under the Co-operative and Community Benefit Societies Act 2014, is the parent organisation in the group. Home Group Limited is registered with the Financial Conduct Authority (FCA) as a registered society and with the Regulator of Social Housing (RSH) as a Registered Provider, and has charitable status.

Home Group Limited (HGL) has four trading subsidiaries:

- Home in Scotland Limited (Home Scotland), a charitable registered housing association registered with the Scottish Housing Regulator as a Registered Social Landlord, undertaking Home Group's business in Scotland.
- Home Group Developments Limited (HGDL), a private non-charitable company which undertakes new build construction of affordable housing and homes for sale on the open market.
- North Housing Limited (NHL), a private, non-charitable company which acts as a vehicle to facilitate joint venture activity across the Group. Joint venture partnerships are formed primarily to develop residential property.
- Home Group Repairs Partnership Limited (HGRP), a private non-charitable company which provides repairs and maintenance services to HGL.

Profits arising in the group's non-charitable subsidiaries are remitted to the parent company where possible, for reinvestment in the group's social purpose.



The group also has interests in joint ventures and associates, details of which are set out in Note 14 to the financial statements.

Within the main financial statements, the consolidated financial position is referred to as the 'Group', and the parent entity financial position is referred to as the 'Association'. References to 'Home Group' are to the group as a whole.

Business environment

The current operating environment

Overall, the external business environment has remained challenging throughout the financial year. High interest rates and inflation have increased the pressures on finances and careful financial management has been required to ensure service quality and the availability of affordable housing has not been compromised.

Through the year CPI inflation steadily decreased but remained above the Bank of England's 2% target and interest rates increased from 4.25% to 5.25%. We have been impacted by rising costs in a number of areas, most significantly the cost of delivering repairs and maintenance services to our properties. The increase in interest rates has also impacted us to some extent, although the majority of our borrowings are on fixed rate terms.

Labour supply challenges have continued, making recruitment difficult, particularly in our supported and care businesses. We have also seen employment costs increase as we continue to commit to providing the Real Living Wage to all colleagues, which is essential for supporting their livelihoods.

The economic environment has also affected the property market, and although we saw little impact on shared ownership sales, there has been lower demand for outright sale homes meaning some of our joint ventures are underperforming against expectation.

The cost of living crisis continues to impact our customers, so we provide a wide range of financial and non-financial support to our customers, particularly through our financial inclusion team.

As we enter a new financial year, cost inflation has fallen but interest rates remain high. We respond to these factors by reviewing our business plan and making changes to mitigate risk.

The factors discussed above are reflected in our financial modelling and stress testing, discussed further in our going concern assessment on pages 48-49.

Principal risks and uncertainties

The key risks which may prevent us from achieving our strategy are reviewed on a continuing basis throughout the year by the Board, the Executive team and senior management.

The Group takes a balanced approach to risk and opportunities. We are risk averse in relation to compliance with laws and regulations and have in place robust measures to prevent any non-compliance. We take a considered view of risk in pursuit of our strategic goals to grow our complex care business and our development programme.

All risks are identified, evaluated, monitored and reported in line with our Risk Management Framework which is approved by the Board.

Strategic and operational risks presenting the greatest threat or opportunity to Home Group are reported to each Audit Committee and twice annually to the Board. The risk updates include an assessment of the impact of uncertainty, details of the controls in place and any future plans to help bring the risk within appetite.

We score risks as low, medium, high or critical based on our assessment of the impact and likelihood of the risk, both without mitigation (the uncontrolled risk score) and taking into account the controls and mitigations we have put in place (the controlled risk score).

Risk scoring matrix

Likelihood	1	2	3	4	5
5	L	M	H	C	C
4	L	M	H	C	C
3	L	M	M	H	C
2	L	L	M	H	H
1	L	L	L	M	H
	Impact				

L = Low
M = Medium
H = High
C = Critical

Management and the Board also review the cumulative effect of all risks and evaluate the combined impact these could have should they occur at the same time.

Below is a summary of our current strategic risks including the controlled scores which are all significantly reduced from their inherent states:

Risk description	How we manage and mitigate the risk	Controlled risk score
We do not comply with clear statutory legislation and regulation which Home Group, and all those employed by it, must comply with in respect of the health and safety.	We take the health, safety, wellbeing and satisfaction of those interacting with our organisation very seriously. Compliance with the relevant policies, procedures and plans in each area of the business is mandatory and they are regularly reviewed/updated. Our Health and Safety Governance Committee scrutinise the governance and practice of all stakeholders and regularly analyse incidents to identify opportunities for improvement.	H High
Changes in government policy restrict our ability to achieve our strategy.	We have dedicated resource with their finger on the pulses of both Westminster and Holyrood, identifying any possible tactical or strategic changes and analysing how they might impact us so that we're in the best position to respond accordingly.	H High
There is a risk that a data breach occurs that could have an impact upon Home Group, whether the breach happens within Home Group or via suppliers, commissioners and/or partners.	We maintain ISO27001 accreditation and regularly review data management and security controls by subjecting our systems to penetration testing. There are robust contingency/recovery plans in place and in recognition that our colleagues are the first line of defence, we run regular awareness campaigns relating to cyber security.	H High
The organisation is unable to deliver the quality of care required to achieve its strategic goal of "Evolving our model of care and support" for customers in our CQC registered services.	The health, safety, and well-being of vulnerable customers is paramount so we strive for the highest standards of care by employing competent and experienced practitioners. We have a comprehensive suite of policies and procedures in place to support them and our Clinical Governance Committee provides leadership oversight.	H High
Home Group do not attract, recruit, develop and retain the right or diverse enough skills and talent, in order to Grow our Own and develop a dynamic and ambitious skills base to enable delivery of the strategy.	Our employer of choice offer builds on our reputation as a Great Place to Work and targets social purpose in resourcing and attracting colleagues. We conduct regular salary benchmarking and have an enhanced wellbeing offer to support our colleagues which we continuously review to ensure we make Home Group a healthy place to work. Our continued focus on 'growing our own' talent includes identifying skill gaps and providing development opportunities for our colleagues.	H High
Financial position and liquidity insufficient to deliver our strategy.	We have a number of golden rules in place and retain significant levels of liquidity. An enhanced organisational focus on finances and strict adherence to our comprehensive suite of controls has resulted in us ending the year in a strong position, ahead of budget. We will continue to forecast, test and review our business plan whilst remaining responsive to the impact of external factors outside of our control.	H High
We fail to comply with the Regulatory Frameworks relevant to our business in England/Scotland resulting in a fine and/or downgrade.	We have an established review schedule spanning the entire business across the first, second and third lines of assurance. We are also constantly scanning the horizon to identify and new regulations that apply to us as a result of changes within and outside of the organisation. Boards and Committees are engaged in our compliance activities and the positive outcome of recent external assessments provides confidence.	M Medium

Business environment (continued)

The climate emergency and our environmental impact

Our customers, colleagues and partners care about our impact on the environment, and we're acutely aware of the need to reduce our carbon footprint. We are fully behind the UN's goal to stabilise the amount of human-induced greenhouse gases in the atmosphere, and have committed significant investment within our 30 year financial plan to drive towards our sustainability goals.

Our existing homes

With over 56,000 homes in hundreds of communities, we are focused on improving their energy efficiency. It is the right thing to do for the environment, and we hope it will also help to reduce the risk of fuel poverty for our customers. We have a clear plan for all existing homes to achieve an EPC rating of C by 2030 followed by EPC B by 2032 in Scotland, and a roadmap to meet the challenge of net zero by 2045 (Scotland) and 2050 (England).

As at 31 March 2024, the average energy efficiency rating (SAP) of our homes was 71.8 (2023: 71.8). During the year we carried out works to over 3,657 homes to improve their energy efficiency, however the impact of this work will not be reflected in higher SAP ratings until the properties undergo a full stock condition survey.

During the year we completed our Social Housing Decarbonisation Fund Wave 1 programme to target our off-gas properties in Cumbria in a whole house retrofit project. This has resulted in reduced carbon emissions, improved insulation and ventilation, and reduced energy bills for the customers living there. The project helped us further develop our approach in delivering a fabric first approach to sustainability. The installation of low carbon technology is focused on homes currently heated by solid fuel, where we know improvements in the fabric of the property will have a positive impact on customers' bills. In January 2024, we also launched our SHDF Wave 2 programme which targets another 95 properties in Cumbria as a follow on from Wave 1, and a further 905 properties in the North East region delivering solar PV and other fabric upgrades to improve EPC ratings to grade C.

Our new homes

When we're building new homes and communities, we're building them so they are fit for the future. We're responding to the government's future homes standard, which means installing only renewable heating systems from 2025, assessing the use of heat networks for decarbonisation and using modern methods of construction, such as offsite construction.

When designing new developments, flood risk and overheating are also key components in our design. We want to implement the most effective flood resilient and overheating components and design standards. We can also maximise the benefits of these programmes such as designing sustainable urban drainage systems to provide other ecosystem services such as biodiversity net gain or sense of place for our customers.

During the year, we added 938 homes to our housing stock. The majority of these were new build homes, although we did acquire some properties and convert some existing properties. Of the 894 new build homes, 4.3% were built to an EPC A rating, 95.5% were built to an EPC B rating and 0.2% to an EPC C rating..

Our offices and operations

As well as future proofing our homes, we also want to ensure we're operating as sustainably as possible. We're looking at office energy and water use, emissions from our contractors and diverting waste from landfill to minimise our environmental impact.

Our head office in Newcastle has a Smartscore certification, an accreditation that recognises cutting edge technology and high standards of sustainability. It is also BREEAM rated excellent and has won several awards including Constructing Excellence's Building Project of the Year and Newcastle Lord Mayor's Design Award for the best New Building (Large).

Beyond our new head office Home Group make a conscious effort to only lease serviced offices with clear environmental commitments to continue the sustainability focus of our head office across all of our locations across the UK.

Through both our SHIFT accreditation and our ISO 14001:2015 certification we are underpinning and emending environmental sustainability into decision making at all levels. As testament to Home Group's ongoing commitment to environmental sustainability our Environmental Management System has received no non-conformances for 5 consecutive years setting us apart from the crowd.

Environmental, social and governance (ESG) reporting

We have adopted the Sustainability Reporting Standard for Social Housing (SRS), and publish an annual ESG report. The SRS is a voluntary framework which covers 48 criteria across various ESG considerations, and enables housing providers to report in a consistent and comparable way.

The environmental criteria of the SRS are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our ESG report is published on our website, and can be found at the following address: www.homegroup.org.uk/about-us/corporate/investor-relations-centre?filter=GroupESGReports

Business environment (continued)

Equality, diversity, inclusion and belonging

As an organisation with a strong social mission, we are absolutely committed to equity, diversity and inclusion in the workplace, as this reflects the customers and communities we exist to serve. Being an exemplar in equity, diversity, inclusion and belonging is a key enabler to our strategy where we continue to evolve our approach.

Having achieved the National Equality Standard, a government backed, industry recognised national standard we continue to deliver against the recommended actions for further improvements. The actions will assist in delivering to our strategic goal of becoming an exemplar for equality, diversity and inclusion.

We strive to have a colleague profile which is representative of the communities and customers we serve. Our colleague gender ratio is 58% females to 42% males and at senior level, 57% of our executive and senior management team are women.

Since April 2022 our gender pay gap has closed by a further 2.11% meaning our gap for April 2023 is 11.58% mean and 9.31% median, which are positive steps in the right direction.

We are now also ranked 9th best workplace for women in the UK in 2024 by Great Place to Work, which is a fantastic achievement.

It is heartening that both the external pay gap and Home Group's gender pay gap is continuing to close and that we remain in line, if not ahead of the curve compared with other organisations. Reassuringly, Office of National Statistics (ONS) have reported the gender pay gap for 2023 as 14.3% which is 2.72% higher than Home Group's gap.

Multicultural representation is currently at 21.1% Group wide and 3.8% in senior positions, LGB+ at 6.5% and disability at 6%. Nevertheless, there remains work to do if we are to achieve the aspirational targets, we've committed to by 2025 (multicultural 22%, LGB+ 8%, disability 8%).

'Grow our own' plays a crucial part in enabling us to retain diverse talent within the organisation. Recent data analysis shows that all under-represented colleagues have fair opportunities to progress with their careers. Of our colleagues who have progressed through Grow Our Own, 6.8% identified as LGBTQ+, 6.6% declared they have a disability, 53% of job moves were by females and 10.8% identified as multicultural.

We remain committed as an employer of choice across all underrepresented groups and to continue to attract diverse talent, ensuring our employer value proposition is aligned to support us with this. We continue with our extended Rooney Rule approach (interviewing where possible, at least one candidate from a multicultural and female background) for all senior roles across the organisation.

Furthermore, we continue to disclose pay gap reporting for Disability, Multicultural and LGB+ without the legislative requirement to do so. The data limitations remain a challenge, therefore figures are representative of colleagues who have declared their characteristics, blank data has not been incorporated as doing so represented an inaccurate and misconstrued reflection of our pay gap reporting.

Pay gap reporting:

	Mean	Median
Ethnicity	**14.2%**	8.49%
Disability	**15.8%**	7.99%
LGB+	**14.47%**	8.79%

We also completed the external 'Disability Disruptor Programme', where 12 of our Senior and Business Leaders partnered with the external organisation 'We are all disabled' to inspire colleagues thinking, challenge practice and encourage debate. We'll continue to roll this programme out over the next year to all people managers.

Our annual colleague survey (carried out by the external company, Great Place to Work) placed us 4th in the UK in 2024 for super large organisations, with 80% of our colleagues agreeing that Home Group is a great place to work. Insight from our Great Place to Work results tells us at an organisational level for questions around fairness for protected characteristics of gender, disability, ethnic origin and sexual orientation, results continue to remain strong at 91-96%.

We are now signatories to the Chartered Institute of Building's (CIOB) Diversity and Inclusion in Construction Charter, which is a charter for competitive advantage and enhanced employee belonging. As part of this we have become members of the CIOB's Employers' Forum on Diversity and Inclusion, the purpose is to share challenges and successes in developing an approach to Diversity and Inclusion with like-minded employers who have committed to the five key steps set out in the CIOB Charter.

Apprenticeships

As at 31 March, our award-winning apprenticeship programme supported 169 apprentices, with 57 exclusively for Home Group customers who often face many barriers to work.

Of those who completed their apprenticeship, 88% stayed with Home Group by moving into a permanent position, which shows how our apprenticeship programme provides a secure talent pipeline to address our skills needs.

As well as supporting our customers' independence and aspirations through our programme, we also offer colleague apprenticeships to enable existing colleagues to upskill and gain additional qualifications.

Modern Slavery

We have a zero tolerance approach to modern slavery and are committed to acting ethically and with integrity in all our business dealings and relationships.

Through a proactive risk-based approach within our sourcing and contract management processes we have mechanisms to ensure that our suppliers share our values and are assessing and managing the risk of modern slavery in their own supply chains.

Anti-corruption and Bribery

Home Group is committed to the highest ethical standards and adopts a zero tolerance to fraud, bribery or tax evasion in any form. It manages risks in respect of fraud, bribery, corruption and offences under the Bribery Act 2010, Criminal Finances Act 2017 and the Fraud Act 2006.

The Audit Committee is responsible for ensuring we have reporting mechanisms in place, and monitoring the outcome of investigations into any detected instances of fraud and bribery.

Our fraud, tax evasion and bribery prevention, detection and response policy includes standards and guidance for all colleagues who must also complete mandatory training.

Key measures designed to eliminate or reduce the likelihood of fraud and bribery include existing financial controls as well as procurement, recruitment and tenancy allocation policies, procedures and auditing procedures.

We also have policies, procedures and associated resources in place relating to managing conflicts of interest (including acceptance of gifts and hospitality), anti-money-laundering and confidential reporting (whistle-blowing).

Supply chain management

We expect our partners and suppliers to take sustainability seriously and share our values in this regard. As an organisation we have a big challenge ahead to move towards net zero and we recognise that our supply chain will play a key part in our achievement of this goal. Our sustainable procurement policy is regularly reviewed to ensure continuous improvement in the reduction of the environmental impact of our business activities.

Understanding and evaluating the impact that the supply chain has on the local area and local economy is an important factor considered with all of our key contracts. On each of these we seek to maximise the community benefit impact of the contract whilst ensuring the best value for us and our customers. Our approach varies by contract but frequently includes social value resources and champions included within the requirements.

Home Group source goods, works and services in accordance with the Public Procurement Regulations 2015, which enables us to incorporate social and environmental aspects into our tenders. New procurement legislation coming into effect in October 2024 is expected to further support sustainability, with a move from a 'Most Economically Advantageous Tender' to a 'Most Advantageous Tender' approach.

When tendering, we assess the environmental policies of applicants and will frequently qualitatively assess their sustainability experience and proposed approach to the contract in question. Where it makes sense, we look to use the social value commitments secured from our supply chain to support our own social value initiatives. Examples of this include asking bidders to commit where possible to apprenticeship programmes and support customer apprenticeships or other employment opportunities.

Many of the goods, services, and works that we procure impact directly upon our customers and their experience of Home Group as their landlord. For this reason, where a contract has a direct customer impact, we will do our best to involve customers in the procurement process. This involvement can range from feedback on existing services and involvement in specification creation, to active participation in the tender evaluation process.

Business environment (continued)

Taxation – our contribution to the UK tax system

As a responsible tax payer, Home Group meets its liabilities to pay taxes in full as they fall due, and is committed to observing all applicable laws, rules and regulations in meeting our tax obligations. The table below summarises the total tax payable by the Group.

	2024 £m	2023 £m
Irrecoverable VAT	31.5	32.0
Employer's national insurance	8.8	8.5
Corporation tax	(0.4)	0.2
Total	39.9	40.7

As the majority of our income is exempt from VAT, the Group is unable to recover the majority of the VAT it suffers on purchases. As a result we paid £31.5 million in irrecoverable input VAT this year.

The Group does not pay corporation tax on the majority of its activities, as social housing activity is charitable in nature. Profits from outright property sales are subject to corporation tax.

The Group recognised a credit in relation to corporation tax in 2024. During the year HGDL made a gift aid payment to HGL of £10.6 million, reducing the group's corporation tax liability for 2024 by £2.0 million.

Stamp duty land tax becomes payable when land and buildings are acquired by a non-charitable company. The amount paid in this and the prior years are both minimal (<£1k).

Financial review

Continuing the trend of previous years, we have been subject to a number of external challenges over the last financial year, which has impacted our financial performance.

Whilst inflation has fallen slightly, we are still being impacted by high costs in a number of areas, most significantly the cost of delivering repairs and maintenance services to our properties. At the same time we have also experienced unprecedented volume for responsive repairs and maintenance jobs.

The labour market has remained challenging, making recruitment difficult particularly in our supported and care businesses. We have therefore continued to use a higher proportion of agency and temporary workers than we have historically.

We also recognise the challenges of increasing cost of living for our colleagues, and continue to provide the Real Living Wage.

The rise in interest rates has also led to increased interest costs. Although the majority of our borrowings are on fixed rate terms, 25% of our borrowings are on variable rates.

Despite these challenges we report an increased operating surplus of £71.9 million (2023: £68.6 million), the main driver of which was increased rental income due to applying a capped rent increase of 7% (CPI + 1%) whilst continuing to tightly control costs in the challenging environment.

Surplus generated

Surplus before tax is a key measure we use to track our financial performance. We achieved a surplus before tax for the year of £23.2 million (2023: £24.9 million). Significant movements are discussed further below.

Summary statement of comprehensive income	2024 £m	2023 £m
Turnover	**493.1**	453.8
Other operating income	**0.5**	6.8
Cost of sales	**(79.7)**	(76.9)
Operating expenditure	**(351.0)**	(334.5)
Surplus on disposal of housing properties	**9.0**	19.4
Operating surplus	**71.9**	68.6
Share of profit in joint ventures and associates	**0.7**	2.4
Net finance costs	**(49.4)**	(46.1)
Surplus before tax	**23.2**	24.9

Turnover
Group turnover increased by £39.3 million to £493.1 million in the year ended 31 March 2024, an 8.7% increase. The main driver was an increase in income from social housing lettings of £34.8 million (11.4%) reflecting the 7.0% rent increase implemented on 1 April 2023 and the addition of new homes for rent.

Other operating income
The amount of £0.5 million (2023: £6.8 million), recognised as other operating income relates to damages awarded to us in relation to a breach of contract by one of our maintenance contractors.

Cost of sales
We have seen cost increases on a small number of live schemes. The margin we achieve on new build sales varies between schemes and has decreased this year due to us selling more on the lower margin schemes.

Operating expenditure
Our operating costs increased by £16.5 million, a 4.9% increase. The main drivers of this was increased service chargeable expenditure (such as utilities) and also higher repairs and maintenance costs due to higher demand. The move to a Direct Labour Organisation (DLO) during the year, to manage maintenance in-house, is reflected in increased management costs. We also continued to increase planned maintenance as we invested in improving our properties, particularly in regard to building safety.

Surplus on disposal of housing properties
The surplus from sale of our existing housing properties (not new build properties built for sale) decreased by £10.4 million, a 53.6% decrease. In 2023, there was a one-off strategic portfolio sale that resulted in the higher surplus.

Share of profit in joint ventures and associates
The continued downturn in the property market impacted on our joint ventures again this year, reducing our profit share by £1.7 million (70.8%) compared to the prior year.

Net finance costs
Net finance costs increased by £3.3 million (7.2%). This was due to an increase in interest payable on our variable rate borrowings as interest rates rose.

Financial review (continued)

Financial strength

The Group's balance sheet remains strong, with net assets increasing by £21.6 million during the year. Gearing remains low, at 42.9% (2023: 42.2%). Significant movements in the balance sheet are discussed further below.

Summary statement of financial position	2024 £m	2023 £m
Housing properties	2,869.4	2,727.9
Other fixed assets and investments	136.4	130.0
Properties held for sale	80.8	122.2
Cash and cash equivalents	44.8	48.2
Debtors	34.1	41.9
Total assets	3,165.5	3,070.2
Borrowings (bonds and third-party loans)	(1,277.2)	(1,198.3)
Grant	(957.9)	(915.8)
Other liabilities	(125.7)	(173.0)
Total liabilities	(2,360.8)	(2,287.1)
Net assets	804.7	783.1

Housing properties

The net book value of our housing properties increased by £141.5 million during the year as we continue to invest in delivering new affordable homes and improvements to our existing homes. We spent £149.1 million developing new affordable homes and spent a further £50.2 million on capitalised improvement works on our existing homes.

Other fixed assets and investments

The £6.4 million increase was driven by an increase of £4.1 million in the pension asset following actuarial review of the position at the year end. The main defined benefit scheme (HGPLAS) remains in a net asset position, which has increased during the year as a result of additional deficit contributions paid by the employer during the year, a slightly higher discount rate and a higher than required return on investments.

We also saw an increase of £3.1 million in loans and profits within our joint venture and associate investments as we invest in new development, which results in an increased investment cost.

Properties held for sale

Properties held for sale (which includes work in progress on developments) decreased by £41.4 million during the year. This was driven by lower work in progress as schemes neared completion and the development pipeline being geared towards rented properties. There was an increase in the value of completed properties held for sale to 132 homes (2023: 97 homes).

Cash and cash equivalents

Cash movements are discussed in more detail in the cash flow review on the following page.

Debtors

Debtors decreased by £7.8 million, mainly due to a decrease in accrued income, which last year included £6.8 million relating to a one-off contractual settlement.

Borrowings

Our largest liability remains borrowings (bonds and third party loans). Borrowings increased by £78.8 million, as discussed in the cash flow review on the following page.

Deferred capital grant

Deferred capital grant increased by £42.1 million during the year as we received additional grant to fund our development of affordable housing.

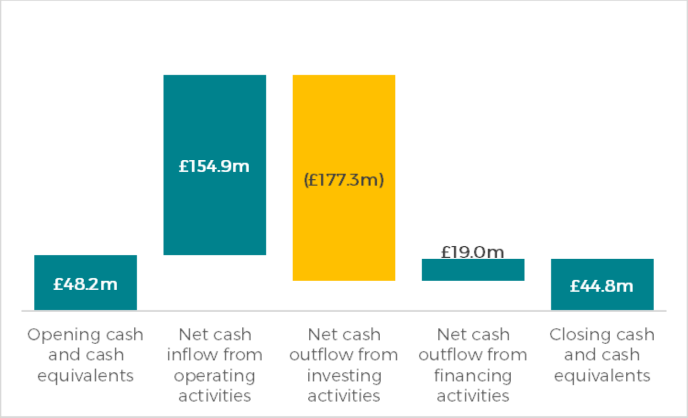
Other liabilities

Other liabilities decreased by £47.3 million. The majority of this relates to a decrease of £34.7 million in social housing grant received in advance in relation to our Homes England Strategic Partnership. This balance reduces as grant is allocated to schemes or repaid.

Financial review (continued)

Cash flows

Cash inflows and outflows for the year ended 31 March 2024 are detailed in the Group Cash Flow Statement on page 47.



Cash inflow from operating activities increased to £154.9 million (2023: £95.3 million) driven by the reduction in properties held for sale.

Cash outflow from investing activities increased to £177.3 million (2023: £92.0 million) as we increased our investment in housing properties – both development of new homes and improvements to our existing homes. We also increased our investment in joint ventures and associates to fund further development. A proportion of this was funded through increases in sale of housing properties and capital grants received.

Cash inflow from financing activities increased to £19.0 million (2023: outflow of £3.0 million) as we drew down more new secured loans compared to the prior year.

Overall, cash and cash equivalents decreased by £3.4 million.

Capital structure and treasury policies

As at 31 March 2024, the Group has committed borrowing facilities of £1.6 billion (2023: £1.5 billion) of which £1.3 billion is drawn (2023: £1.2 billion). Our borrowing enables us to continue to invest in our development programme and existing properties in line with our strategic plans.

As at 31 March 2024 we have £314.0 million (2023: £369.3 million) of undrawn facilities, including £25.0 million (2023: £75.0 million) in the process of being secured.

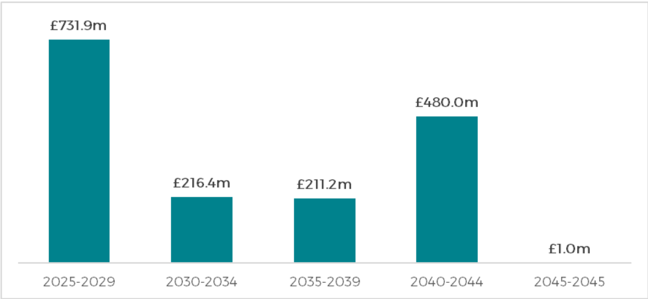
Debt is secured by charges against specific properties. The Group continues to have a large pool of unencumbered properties available as security for future borrowings to support its growth strategy.

The Group's Treasury function operates within a framework of clearly defined Board approved policies and procedures that serve to ensure sufficient liquidity is available to meet foreseeable needs, prudent investment of surplus cash and minimise financial risk.

The Group manages its exposure to fluctuations in interest rate risk by ensuring a high proportion of its debt is long-term fixed interest rates funding. At present the policy is to aim to maintain between 65% and 80% of borrowing in long-term fixed interest rate funding.

At the year-end 74.4% (2023: 78.9%) of the Group's borrowing was in the form of long-term fixed interest rate debt.

The maturity profile of our current facilities (including undrawn and available facilities) is shown below:



The Group's lending agreements include a number of financial and non-financial covenants. The key financial covenants are interest cover, gearing and net income cover ratios. Loan covenants are monitored by the Treasury team on a monthly basis and reported to Board regularly. All covenants were met throughout the year.

As at 31 March 2024, the Group has a Standard & Poor's credit rating of A- and the outlook for the Group is deemed stable.

Strategic performance and value for money

Value for Money (VfM) is embedded throughout our strategic goals which set out the outcomes we intend to deliver. To Home Group, this means delivering our strategy in the most cost-effective way, allowing us to do more with less whilst maintaining a high quality of service.

In doing this, we acknowledge the need to strike the right balance between delivering our strategic goals, including VfM, and our risk appetite with particular regard to compliance and regulatory risk. This means being able to respond to a changing situation, and we may decide not to pursue a particular target if our priorities change.

How do we measure our performance?

We have developed performance indicators to measure performance against our strategic goals. We set annual and longer term targets for these, and report on performance to the Board regularly. As these measure the outcomes we want to deliver, we include these when we consider our performance on VfM.

The VfM metrics set out by the Regulator of Social Housing are driven by our financial performance and development plans. The Board consider these as part of the annual business planning process, and we set annual targets for these indicators which are in line with our business plan and strategic goals.

The Board also receive a semi-annual update on VfM performance and progress on our improvement plans. We benchmark where available and appropriate against a group of comparable housing providers to help us understand our performance and inform our improvement plans and targets.

The VfM regulatory standard requires us to develop improvement plans to address areas of underperformance. There may be areas where we perform below average in comparison to the sector and peer group and we will develop improvement plans to address this if we consider it to be underperformance.

However, if we have chosen to follow a specific course of action in pursuit of our strategic goals and direction which results in performance below the sector or peer group, we may decide that specific improvement actions are not necessary.

Some of our performance indicators are Alternative Performance Measures (APMs) as defined by the European Securities and Markets Authority (ESMA). In accordance with the ESMA Guidelines on APMs we have provided definitions and reconciliation of each APM to line items presented in the financial statements on pages 33-36.

Our performance on our key performance indicators, including the VfM metrics set out by the Regulator of Social Housing, is shown on the following pages. We also include benchmarking information where available, the benchmark being the median average within our peer group. This information is for the year ended 31 March 2023 unless otherwise stated, as 2024 results are not yet available.

This year is the first in which we report our performance on the Tenant Satisfaction Measures (TSMs) as defined by the Regulator of Social Housing. We have included a summary of our performance on page 24, Some of the TSMs are considered to be key indicators of how we are delivering against our strategy, and these are included in our performance summary on the following pages.

Strategic goal: Delivering for our customers and communities

Our longer term strategic targets for this goal are linked to specific TSMs that we consider to best demonstrate if we are delivering our strategy and customer promise, measured through customer perception surveys.

Satisfaction that the home is safe

2025 Target	2024 Target	2024 Result	2023 Result
82%	72%	**81.9%**	70%

We treat customers fairly and with respect

2025 Target	2024 Target	2024 Result	2023 Result
77%	62%	**76.7%**	60%

Satisfaction with the repairs service

2025 Target	2024 Target	2024 Result	2023 Result
66%	60%	**64.1%**	58%

We make a positive contribution to neighbourhoods

2025 Target	2024 Target	2024 Result	2023 Result
63%	76%	**62.4%**	74%

Strategic performance and value for money (continued)

As the comparatives for 2023 were based on similar questions included in our customer promise survey, we have seen some movement in the 2024 results, which may be due to differences in how the survey questions are worded.

We met our target for all satisfaction measures with the exception of customer satisfaction with our contribution to their neighbourhood. We do not yet have full benchmarking information for these measures, but indicative results are that this result is in line with the rest of the sector. We do not consider a formal improvement plan to be necessary at this stage, although will reconsider this if future scores indicate this to be part of a deteriorating trend.

Despite having met the target on customer satisfaction with our repairs service, and seeing an improvement compared to the previous customer promise scores, indicative benchmarking is that we perform below the majority of the sector on this measure. Delivering a reliable repairs service and meeting our customers' expectations is an important part of our strategy, and driving improvement in this area is a key priority for the upcoming year. As such we have decided to put a formal improvement plan in place.

Repairs Satisfaction Improvement Plan
New actions
➢ Establishing the Home Group Repairs Service in the North Lakes region.
➢ Proactively managing external contractors where they are not performing in line with expectation.
➢ Improved communication with customers on expected completion times and appointments.
Target: 2% improvement in our score (to 66%), recognising that there may be a time lag between making service improvements and seeing this reflected in perception scores

We also continue to report on the proportion of complaints responded to within 10 days as we have an ongoing improvement plan in place.

Complaints responded to within 10 days

2025 Target	2024 Target	2024 Result	2023 Result
85%	80%	**81%**	58%

This year we implemented an urgent review of our complaints handling approach, with a number of changes to our policies and procedures subsequently put in place. We have seen an improvement in performance throughout the year and met our target of 80% of stage 1 complaints responded to within 10 days.

Going forwards we will align our complaints KPIs with the TSMs and this will enable benchmarking on a comparable basis.

Complaints Improvement Plan	
Action	Update
Conduct a review of processes and collaboration to identify efficiencies and improve the customer experience.	**Action completed:** A number of improvements to the process have been implemented, including putting a triage process in place at the first point of contact. This has resulted in more complaints being immediately resolved and an improved customer experience. We also improved our web form to make it easier for customers to report complaints online.
Improve visibility of complaints levels and performance.	**Action completed:** Colleagues have been kept updated on the complaints review throughout the year, and mandatory briefings to launch new processes were held to ensure all colleagues were clear on the reasons for the changes, and expectations going forwards. A new dashboard has been put in place to provide information on complaints volumes and details at regional and management levels.

Strategic performance and value for money (continued)

Thematic reviews of complaints to enable grouping of similar complaints so these are dealt with consistently and identify improvements that can be made to reduce complaint numbers going forwards.	Thematic reviews carried out in the year have led to improved reporting enabling more focus on volumes of damp and mould reports and Anti-Social Behaviour (ASB) incidents, and their linkage to complaints. This enables better prioritisation of service requests.
Root cause analysis of complaints themes and identify learnings and improvements to be shared across the organisation.	**Action completed:** We identified a need to be clearer about colleagues' roles and responsibilities in relation to complaints, and drive a culture of accountability. The re-designed approach now includes a designated contact for customers to keep them informed throughout.
New actions added	
➢ System review taking place to allow for improvement to the complaints process and customer experience.	
➢ Embedding of the new process combined with further upskilling of colleagues to drive better customer outcomes.	
➢ Process re-design to cover updates to the Ombudsman's complaint handling code	
Target: 85% of complaints responded to within timescales	

Strategic goal: Providing the right homes in the right places

In addition to continuing to build new affordable homes (linked to both the social housing reinvestment and new supply – social metrics reported on page 22), improving the energy efficiency of our existing homes is a key strand of this strategic goal.

We have a plan for all our homes to achieve an Energy Performance Certificate (EPC) rating of C or above by 2030 and are tracking our progress towards this.

Homes achieving EPC C or above

2025 Target	2024 Target	2024 Result	2023 Result
73.0%	70.9%	**71.2%**	68.8%

We exceeded our target for the year, delivering improvements through both adding new build homes and carrying out work on existing homes to improve their energy efficiency.

During the year we added 892 new build affordable homes which were rated EPC B or above – 1,537 since the start of the new strategy on 1 April 2022.

We also measure energy performance on a portfolio of existing homes from the start of the strategy period to demonstrate ongoing improvement without considering new build additions. For this portfolio, 70.6% were rated EPC C or above at the year end (2023: 70.1%).

Strategic goal: Evolving our model of care and support

Our key measure of the quality of our Care Quality Commission (CQC) registered services is that we achieve a 'good' or 'outstanding' overall rating.

CQC services rated 'good' or 'outstanding'

2025 Target	2024 Target	2024 Result	2023 Result
100%	90%	**100%**	94%

We also use the Warwick-Edinburgh mental wellbeing scale and HACT social value framework to measure social value outcomes for our supported services.

Our key outcome measures are of the improvement in mental wellbeing and in quality of life during a customer's time with us. On average, the increase in wellbeing our customers report equates to a social value of over £5,000 per person.

Average improvement in mental wellbeing outcomes

2025 Target	2024 Target	2024 Result	2023 Result
31%	31%	**27%**	31%

Average improvement in quality of life outcomes

2025 Target	2024 Target	2024 Result	2023 Result
34%	34%	**29%**	34%

We did not meet our targets on key outcome measures, although we do expect some fluctuation in our results depending on the customers surveyed and the types of services involved. At this stage we do not consider a formal improvement plan to be necessary, although we will reconsider this if future scores indicate this to be part of a deteriorating trend.

Strategic performance and value for money (continued)

Strategic goal: Creating a vibrant customer focussed organisation

As part of improving our efficiency, we continue to develop our digital capability and channels, and have targeted an increased level of digital interactions. Our social housing cost per unit (reported on page 22) is also a key indicator of efficiency.

Digital interactions

2025 Target	2024 Target	2024 Result	2023 Result
65%	60%	**65%**	55%

We want Home Group to be a great place to work for our colleagues, measured through our colleague survey score (externally benchmarked).

Colleagues agreeing that Home Group is a great place to work

2025 Target	2024 Target	2024 Result	2023 Result
80%	80%	**80%**	85%

80% of our colleagues agreed that Home Group is a great place to work. We were ranked as the 4th best workplace in the UK in the super-large category in 2024, and the 9th best workplace for women.

We have also continued to track arrears as a measure of efficiency as we have an ongoing improvement plan in place.

Arrears

2025 Target	2024 Target	2024 Result	2023 Result
6.0%	7.1%	**6.6%**	8.1%

We completed our improvement plan and met our target for the year. Although we will continue to target further improvements in arrears and consider how best to support our customers, we no longer consider a formal improvement plan to be necessary.

Strategic performance and value for money (continued)

The Regulator of Social Housing's VfM metrics

VfM metric	2025 Target	2024 Target	2024 Result	2023 Result	2023 Benchmark
Operating margin – Overall	14.1%	13.2%	**12.7%**	10.7%	16.3%
Operating margin – Social housing lettings	21.3%	20.6%	**18.9%**	17.7%	19.6%
Social housing reinvestment	7.5%	8.3%	**7.1%**	6.0%	6.1%
New supply – Social	1.4%	1.3%	**1.1%**	1.4%	1.5%
New supply – Non-social	0.1%	0.6%	**0.8%**	0.4%	0.2%
Social housing cost per unit	£7,446	£6,385	**£6,369**	£6,153	£4,906
Gearing	40-50%	40-55%	**42.9%**	42.2%	44.9%
Interest cover	74%	107%	**110%**	97%	97%
Return on capital employed (ROCE)	3.0%	2.5%	**2.4%**	2.5%	2.2%

How we performed against target

Overall we achieved our targets for four of the nine VfM metrics, although were close to target for the majority of the others. This was largely due to decisions taken during the year.

- Operating margin – Overall: This was impacted by a lower social housing lettings margin, the reasons for which are discussed below. In addition to this we accelerated new build sales on certain schemes to compensate for delays elsewhere, leading to a slightly lower margin on sales activity.

- Operating margin - Social housing lettings: Performance was impacted by high demand for repairs. In the summer we made the decision to increase repairs expenditure in order to recover our position on the number of outstanding repairs. Although this was successful and enabled us to reduce the number of repairs outstanding and get our void properties back in line with target by the end of the year, there was a reduction in margin both because of higher repairs spend and void loss.

- Social housing reinvestment: We achieved our targets for investment in our existing homes, but expenditure on new build homes was below target due to delays on some development sites.

- New supply – Social: We did not deliver all new social homes expected due to delays on some sites. Although we were able to meet our overall development targets, delivering 1,284 homes in total, this included acceleration of mid-market rent homes which are included in the non-social metric.

- Return on capital employed: We fell slightly behind target on this metric due to the factors discussed above which impacted margin.

We consider whether or not we met our target, and the reasons for this, when determining whether or not improvement plans should be put in place.

How we compare to our peer group benchmark

We outperform the peer group average on five of the nine metrics, and do not fall into the bottom quartile on any. The metrics where we fall below average are as follows:

- Operating margin – Overall and Social housing lettings: Our margins are impacted to some extent by the mix of activities we carry out. For example we have a higher proportion of both supported housing and new build sales than the average within our peer group. Both of these activities deliver lower margins than our core general needs social housing lettings.

  We analyse the margin in each segment of the business, and if we look solely at general needs operating margin, this is 19.6% (2023: 17.8%). Whilst this is still low for the sector and compared to our peer group (average of 20.4%), we know that one of the main drivers of this is lower rent levels in the north of England where 55% of our homes are.

- New supply – Social: Our delivery of new social homes was impacted last year by delays on some development sites, and we are targeting an increased number bringing us closer to the peer group average in the upcoming year.

- Social housing cost per unit: Supported housing costs more to deliver than general needs housing, and this is one of the main drivers behind our social housing cost per unit being higher than the peer group benchmark. We analyse cost per unit to understand the differences between tenure type and what each area of the business contributes to our cost per unit. If we look solely at general needs cost per unit this is £3,788 (2023: £3,797) which is in line with the peer group (average of £3,717).

We consider these factors when determining whether or not improvement plans should be put in place, acknowledging that our strategy and business model may lead to our performance not being in line with that of our peers.

Strategic performance and value for money (continued)

We have previously had an improvement plan in place covering both operating margin metrics. Although we have seen an improving trend in margin, we did not meet our targets for 2024.

Actions are targeted to improve performance in the long term, and we consider it appropriate to keep this improvement plan in place.

We do not consider an improvement plan to be necessary on any of the other VfM metrics.

Operating margin – Improvement Plan	
Action	**Update**
Further analysis to be carried out to understand performance on the component parts of this measure and promote better understanding across the business to enable greater focus on improved efficiency.	Detailed reviews have taken place during the year on the Supported and Care business segments, with specific improvement actions identified in order to improve financial performance. **Action completed**
Targeted improvement actions in place to improve underlying margin in specific operating segments.	Improvement plans are likely to have an impact over several years, although we have already seen an increase in margin on Supported with additional contract income negotiated with a number of commissioners. Overall, margin was only slightly behind target this year, and improved compared to the previous year.
New actions added	
➢ Regional reporting to be introduced to allow financial performance and improvement actions to be monitored with an increased regional focus.	
Target: Overall operating margin 14.1%; Social housing lettings margin 21.3%	

Performance and Value for Money conclusions

Over the last year we have delivered clear improvements in a number of areas impacting our delivery of Value for Money. We achieved targets on both complaints and arrears, where we have had improvement plans in place for a number of years. Although we did not achieve our targets for operating margin, we still delivered an improving trend in comparison to previous years, demonstrating that our improvement plans are taking effect.

We continue to consider how we can deliver better Value for Money for our customers. Our recently published Tenant Satisfaction Measures (set out on the following page) are key to this and are providing us with increased insight into what our customers find important. Over the coming year, we will continue to consult with our customers on our results and changes we can make in order to improve the customer experience.

We consider it necessary to have three formal improvement plans in place this year – on complaints, operating margin, and repairs satisfaction. Progress on these improvement plans will be monitored throughout the year.

Strategic performance and value for money (continued)

Performance on the Tenant Satisfaction Measures

This is the first year of publication for our Tenant Satisfaction Measures (TSMs), measured in line with definitions set by the Regulator of Social Housing. The TSMs include results from a customer perception survey which we run throughout the year, as well as measures taken from management information.

As required by the Regulator, some of the TSMs are measured separately for our Rented and Supported homes and customers (Low Cost Rental Accommodation), and our Shared Ownership homes and customers (Low Cost Home Ownership). Other measures are only required on an overall basis.

Overall satisfaction

Tenant Satisfaction Measure	Rented and Supported	Shared Ownership	Overall
Customers who are satisfied with the overall service from Home Group	66.9%	44.5%	

Keeping properties in good repair

Tenant Satisfaction Measure	Rented and Supported	Shared Ownership	Overall
Customers who are satisfied with the overall repairs service	64.1%		
Customers who are satisfied with the time taken to complete their most recent repair	60.7%		
Customers who are satisfied that their home is well maintained	67.6%		
Proportion of homes that do not meet the Decent Homes Standard	0.1%		
Proportion of emergency repairs completed within our target timescales	96.0%		
Proportion of non-emergency repairs completed within our target timescales	65.2%		

Maintaining building safety

Tenant Satisfaction Measure	Rented and Supported	Shared Ownership	Overall
Customers who are satisfied their home is safe	81.9%	73.4%	
Proportion of homes with all required gas safety checks carried out			98.8%
Proportion of homes with all required fire risk assessments carried out			100.0%
Proportion of homes with all required asbestos management surveys carried out			100.0%
Proportion of homes with all required legionella risk assessments carried out			100.0%
Proportion of homes with all required passenger lift safety checks carried out			99.5%

Respectful and helpful engagement

Tenant Satisfaction Measure	Rented and Supported	Shared Ownership	Overall
Customers who are satisfied that Home Group listens to their views and acts upon them	61.1%	39.1%	
Customers who are satisfied that Home Group keeps them informed about things that matter to them	68.6%	57.5%	
Customers who are satisfied that Home Group treats them fairly and with respect	76.7%	59.6%	

Strategic performance and value for money (continued)

Effective handling of complaints

Tenant Satisfaction Measure	Rented and Supported	Shared Ownership	Overall
Customers who are satisfied with Home Group's approach to complaints handling	28.3%	11.0%	
Number of stage 1 complaints received per 1,000 homes	73.2	51.4	
Proportion of stage 1 complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales	64.4%	71.1%	
Number of stage 2 complaints received per 1,000 homes	9.9	10.6	
Proportion of stage 2 complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales	75.7%	78.4%	

Responsible neighbourhood management

Tenant Satisfaction Measure	Rented and Supported	Shared Ownership	Overall
Customers who are satisfied with Home Group keeping communal areas clean and well maintained	58.1%	43.6%	
Customers who are satisfied that Home Group makes a positive contribution to the neighbourhood	62.4%	48.8%	
Customers who are satisfied with Home Group's approach to handling anti-social behaviour	61.0%	57.1%	
Number of anti-social behaviour cases opened per 1,000 homes			63.2
Number of anti-social behaviour cases that involve hate incidents opened per 1,000 homes			1.1

Further information about our TSM results and how we are acting on customer feedback can be found on our website at https://www.homegroup.org.uk/about-us/corporate/transparency/tenant-satisfaction-measures

Statement of compliance

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

On behalf of the Board.

John Cridland

J Cridland, CBE
Home Group Chairman
31 July 2024

Report of the Board

Governance

Governance structure

Throughout the year the Association operated under its established governance structure comprising the Board of the Association, and various committees, the roles of which are summarised below.

In addition, each subsidiary has its own board, and representatives of the Group attend board meetings of joint ventures and associates. The Group also has a customer forum, which is responsible for representing customers' views and interests at a national level and for providing a strong mechanism for involving customers in Home Group.

The Board	• Responsible for the overall direction of Home Group's business. • Essential functions include the setting of strategy and monitoring of progress in achieving that strategy, the definition of values and objectives, approving policies, plans and budgets, and monitoring performance of the business and its executive management. • Seeks to ensure that undue risks are not taken and that Home Group's affairs are conducted to the highest standards of performance and propriety. • Annually reviews Home Group's governance arrangements and undertakes an annual self-evaluation of its effectiveness as a Board.
Audit Committee	• Oversees financial reporting and Home Group's risk and control framework, internal and external audit arrangements and internal control systems. The Committee's role includes an overview of the work undertaken throughout Home Group by Home Group's risk and compliance and assurance services teams, and reviewing and recommending the report and financial statements to the Board for approval. • Reviews the independence and objectivity of Home Group's external auditor, Deloitte LLP, and monitors the provision of non-audit services undertaken by the external auditor, including the fees charged for such services.
Clinical Governance Committee	• Gives the Board assurance on the quality and safety of care for customers and its remit covers governance and internal monitoring, organisational policies and procedures, safety and excellence in customer care and quality assurance. • Reviews incident reports and management's response to root cause analysis reviews of why incidents and accidents have occurred.
Development Committee	• Oversees Home Group's development activity. • Reviews performance of development schemes against commercial and strategic objectives, driving lessons learned and feeding back into the business to drive continuous improvement.
Governance Committee	• Oversees annual reviews of Home Group's compliance against the Regulator of Social Housing's regulatory standards, Home Group's Rules, Governance Framework and Governance Standards, and recommends any changes to the Board of the Association. • Responsible for non-executive and executive recruitment and succession planning, and for making policy recommendations on board member evaluation and non-executive appraisal. Also responsible for the recruitment process in respect of Executive appointments, and for supporting the Board in ensuring adequate succession planning for the Executive. • Recommends to the Home Group Board the remuneration package offered to the Chief Executive and endorses remuneration packages of other members of the Executive.

Governance (continued)

Health and Safety Governance Committee	• Provides a strategic steer into the Group's Health and Safety Strategy and Implementation Plan and oversees progress against these to provide assurance to the Home Group Board of the effective development and maintenance of the health and safety management system.
Action Committee	• Meets as required to act in relation to matters requiring an express authorisation of the Board which are not otherwise covered by delegated authority and which are necessary to safeguard the business interests of Home Group and where it is not possible or practicable to convene a meeting of the full Board. • The quorum for the Committee is three members of the Board and all decisions are reported to the next meeting of the Board and to other Boards where relevant.

Membership of the Board and committees is set out on the following page.

Corporate governance

Home Group has been rated as G1:V2 for governance and financial viability by the Regulator of Social Housing following an In-Depth Assessment (IDA), published in March 2024. Based on evidence gained from the IDA, the regulator has assurance that we continue to comply with the financial viability elements of the Governance and Financial Viability Standard and our financial plans are consistent with, and support our financial strategy. We have an adequately funded plan with sufficient security in place and forecasts to continue to meet our financial covenants.

We are continuing to invest in improving the quality and energy efficiency of its existing homes. At the same time, we plan to develop both social housing and homes for market sale. This will mean continued exposure to economic uncertainty, including in regard to inflation and interest rates. This results in lower financial headroom and a reduced capacity to respond to adverse events.

The regulator's assessment of our compliance with the governance elements of the Governance and Financial Viability Standard remains unchanged. Based on the evidence gained from the IDA, the regulator has assurance that governance arrangements enable it to adequately control the organisation and to continue meeting its objectives

The Board confirms that Home Group has assessed its compliance with the Governance and Financial Viability Standard during the year and certifies that in all material respects Home Group is in compliance with the Governance and Financial Viability Standard.

The Board has adopted the National Housing Federation's Code of Governance 2020. Home Group has assessed its compliance with the Code of Governance and has complied in full with its provisions throughout the year.

A Code of Conduct is in place which is consistent with both the National Housing Federation's Code of Conduct 2022 and the Scottish Federation of Housing Associations' Model Code of Conduct 2021.

Home Group has adopted the National Housing Federation's Code on Mergers, Group Structures and Partnerships (2015). There have been no merger, group structure or partnership proposals during the year.

Executive and non-executive appraisal and remuneration

A system of non-executive Board member appraisal is in place, under which the Chair conducts an annual individual appraisal of non-executive Board members, incorporating feedback from other non-executive Board members and members of the Executive. An equivalent appraisal of the Chair is conducted by the Senior Independent Member.

Independent committee members who do not sit on the Home Group Board are appraised by the chair of the respective committee. Performance appraisal of Executive Board members is conducted within the framework of Home Group's performance appraisal process.

Following a review of non-executive board member remuneration during the year, the Association considers that remuneration remains appropriate. Details of the remuneration drawn by members of the Board during the year are set out in Note 5 to the financial statements. The total remuneration of non-executive board members represents 0.03% of Group turnover (2023: 0.03%).

The names of those who were Board members or members of the Executive at any time during the year, or up to the date of signing this report, are set out on page 4. Board member and Committee member attendance at meetings during the year ended 31 March 2024 is shown in the table on the next page.

Governance (continued)

Home Group Board and Committee member attendance

Name	Home Group Board		Audit Committee		Clinical Governance Committee		Development Committee		Governance Committee		Health and Safety Governance Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Non-executives												
Rhona Bradley	6	5	7	7	4^	4^						
Ian Campbell*											2	2
John Cridland	6^	6^					6	5	4	4		
Linda Cullen	6	6			4	4					5^	5^
Duncan Cumberland	6	5					6	6				
Susan Deacon**	6	6							4	4		
Ken Gillespie	6	5	7	7			6^	6^			5	3
Zoe Hingston	6	6							1	1		
Lara Joisce	3	3	7^	5^								
Gavin MacKenzie*			7	7								
Myriam Madden	3	3	5^	5^					3	2		
Indra Mudie	6	6									5	4
Chris Vallis#	6	6			4	3			4^	4^		
June Wylie*											1	1
Brian Walsh	6	6			4	4						
Executives												
Mark Henderson	6	6										
Helen Meehan	6	5										

A = maximum number of meetings that could have been attended
B = number of meetings actually attended
* Member of Home Scotland Board
** Chair of Home Scotland Board
^ Board or Committee Chair
# Senior Independent Member

- Ian Campbell resigned from the Health and Safety Governance Committee on 22 August 2023.
- Zoe Hingston was appointed to the Governance Committee on 1 November 2023.
- Lara Joisce was appointed Chair of the Audit Committee, and to the Home Group Board on 11 November 2023.
- Myriam Madden resigned from Home Board, Audit Committee and Governance Committee on 1 November 2023.
- June Wylie was appointed to the Health and Safety Governance Committee on 1 November 2023.

Statement of internal controls

The Home Group Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness across the Group.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable and not absolute assurance against material misstatement or loss.
Key elements of the internal control framework include:

The process for identifying, evaluating and managing significant risks faced by the Group is ongoing, and has been in place throughout the period from 1 April 2023 up to the date of approval of the Financial Statements.

This process is set out in the Group's Risk Management Framework, which includes the organisation's defined risk appetite, and its effectiveness is assessed on an annual basis by the Board.

- Board approved terms of reference and delegated authorities for all Boards and Committees, including the Audit Committee.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Strategic and operational risk registers which are regularly reviewed by Senior Management, Executive, the Audit Committee and the Board.
- A robust planning process with detailed financial budgets, forecasts and performance measures.
- Regular reporting to Executive and the appropriate Board/Committee of key performance indicators to monitor progress against objectives.
- An established health and safety management system and compliance framework.
- A structured approach to the appraisal and authorisation of all significant new business initiatives and commitments.
- A considered and documented approach to treasury management which is subject to annual review.
- Formal recruitment, retention, and training and development policies.
- Board approved Confidential Reporting Policy and Fraud, Tax Evasion and Bribery Prevention, Detection and Response Policy.
- Detailed policies and procedures in each area of the Group's operations.
- An Assurance Services team which reviews internal controls across the Group and provides regular reports to the Audit Committee on any significant control weaknesses.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit Committee to regularly review the effectiveness of the system of internal control.

The Audit Committee received the Annual Assurance Statement from the Head of Audit and the Group Chief Executive's annual review of the effectiveness of the system of internal control. The Audit Committee has subsequently reported its findings to the Board in its Annual Report.

During the year there were no significant findings or weaknesses identified in internal controls, which resulted in the material losses, contingencies or uncertainties that require disclosure in the financial statements or in the report of the auditors.

Other information

Statement of Board's responsibilities in respect of the Board's report and the financial statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Other information (continued)

Colleagues

The cost-of-living challenge continues to have an impact and we are committed to supporting colleagues where we can. In September we made a one-off cost of living support payment to 2,971 colleagues and we have also continued our commitment to the Living Wage Foundation Rate, which further benefitted 1,800 colleagues.

We've also enhanced our wider colleague benefits offer by adding a Health cash plan, with a colleague benefit of £1140 upwards per annum and a Income Protection extension for all colleagues.

We know colleague wellbeing is paramount and have continued to invest here. In January 2024 we held the annual fortnight-long wellbeing event which was sponsored by our Executive team, demonstrating our senior leader commitment to colleague wellbeing.

We've further developed and promoted additional resources around stress management and a review of our workplace adjustments process is underway, to ensure it is fit for purpose to support and empower the recruitment and retention of individuals with additional support needs.

To drive and enable performance and development we have invested in our Leadership team through our Leadership in Focus and all our Senior and Business Managers completed the Liberating Leadership programme. The Liberating Leadership Programme stands out in its research-driven approach, developed over 25 years and aimed at harnessing high-performing habits in leaders.

We work with colleagues to make sure people feel aware, informed and involved with Home Group's strategic direction and we welcome views and suggestions. We use a range of ways to engage with colleagues, including Workplace (an enterprise social network), our intranet, seminars, meetings and events as well as a strong team culture of briefings, meetings and brilliant conversations. We have vibrant colleague networks with strong ally support that cover gender, multicultural, LGBTQ+, neurodiversity and people with disabilities. We also have a successful and engaged colleague forum.

We've also continued with our Living Our Values cultural programme, for all new starters and new managers, which aims to support colleagues, both in work and out of work, to be truly at their best and experience our values in practice.

Our recruitment approach is one that is inclusive and as a Disability Confident and 'Mindful Employer' we support future and current colleagues to develop meaningful careers, offering a comprehensive training and development approach that welcomes a diverse pool of colleagues. We've partnered with United Response and DFN Project Search on a Supported Internship programme for young people with disabilities providing meaningful access to employment.

Disclosure of information to auditors

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

Auditor

A resolution to reappoint Deloitte LLP as auditor was proposed at the Annual General Meeting.

Deloitte's audit of the Group's 31 March 2023 year end was selected for review by the FRC's Audit Quality Review (AQR) team. The Audit Committee Chair met with the AQR as part of the process and was kept up to date by Deloitte as the review progressed. The review has now completed and no material findings were identified from this inspection.

Other information (continued)

Statement of compliance

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

On behalf of the Board.

J Cridland, CBE
Home Group Chairman
31 July 2024

Alternative performance measures

In this report, we have used alternative performance measures ('APMs') to assess our performance. Some of the measures are defined by the Regulator of Social Housing (RSH) and some are determined by Board and management. Whilst they are financial measures of performance, financial position or cash flows, they are not defined or specified by FRS 102. As such we have provided a definition of the APMs used below. Those measures defined by the Regulator of Social Housing are identified with 'RSH'.

Amount spent on improving and maintaining our customers' homes

This shows the overall amount we invest in providing a cost-effective repairs and maintenance service, and undertaking a planned programme of improvement works.

	2024 £000	2023 £000	
Routine maintenance	**54,814**	62,922	Note 2b
Add: Planned maintenance	**30,411**	24,674	Note 2b
Add: Major repairs expenditure	**13,986**	18,729	Note 2b
Add: Capitalised works	**50,238**	45,695	Note 11
Subtotal: Planned maintenance and improvement works	**94,635**	89,098	
Amount spent on improving and maintaining customers' homes	**149,449**	152,020	

Amount spent on delivering new homes

This shows the overall amount we invest in delivering new homes, one of our strategic priorities.

	2024 £000	2023 £000	
Additions to housing properties	**149,107**	112,891	Note 11
Add:			
Properties held for sale – closing balance	**80,781**	122,185	Note 15
Add: Cost of sales	**79,664**	76,890	SOCI
Less: Properties held for sale – opening balance	**(122,185)**	(132,023)	Note 15
Subtotal: Additions to properties held for sale	**38,260**	67,052	
Amount spent on delivering new homes	**187,367**	179,943	

Social housing reinvestment (RSH)

This shows the amount we invest into new and existing social homes as a proportion of the carrying value of the homes.

	2024 £000	2023 £000	
Additions to housing properties	**149,107**	112,891	Note 11
Add: Capitalised interest	**5,592**	4,260	Note 11
Add: Capitalised works	**50,238**	45,695	Note 11
Subtotal: Housing properties reinvestment	**204,937**	162,846	
Divided by: Housing properties – Net book value	**2,869,388**	2,727,863	Note 11
Social housing reinvestment	**7.1%**	6.0%	

Gearing (RSH)

This is a key risk measure which shows whether the level of borrowing we have entered into to fund new development is appropriate for the size of our business and risk appetite.

	2024 £000	2023 £000	
Housing loans from third parties	**27,007**	18,273	Note 18
Add: Housing loans from third parties	**727,481**	663,759	Note 19
Add: Discounted bonds	**522,671**	516,312	Note 19
Less: Cash and cash equivalents	**(44,778)**	(48,222)	SOFP
Subtotal: Net debt	**1,232,381**	1,150,122	
Divided by: Housing properties – Net book value	**2,869,388**	2,727,863	Note 11
Gearing	**42.9%**	42.2%	

Operating margin – Overall (RSH)

This measures the proportion of surplus we generate from turnover on day-to-day activities and is a key indicator of operating efficiency and business health.

	2024 £000	2023 £000	
Operating surplus	**71,943**	68,631	Note 2a
Less: Surplus on sale of social housing properties	**(9,036)**	(19,412)	Note 2a
Less: Surplus on sale of non-social housing properties	-	-	Note 2a
Subtotal: Operating surplus as defined by RSH	**62,907**	49,219	
Divided by:			
Turnover	**493,189**	453,786	Note 2a
Other operating income	**450**	6,805	Note 2a
Subtotal: Turnover as defined by RSH	**493,639**	460,591	Note 2a
Operating margin – Overall	**12.7%**	10.7%	

Operating margin – Social housing lettings (RSH)

This measures the proportion of surplus we generate from turnover on our core social housing lettings business and is a key indicator of operating efficiency and business health.

	2024 £000	2023 £000	
Social housing lettings - Operating surplus	**64,389**	55,513	Note 2a
Divided by:			
Social housing lettings - Turnover	**340,302**	305,947	Note 2a
Social housing lettings – Other operating income	**450**	6,805	Note 2a
Subtotal: Total income from social housing lettings	**340,752**	312,752	Note 2b
Operating margin – Social housing lettings	**18.9%**	17.7%	

EBITDA MRI (RSH)

Earnings before interest, tax, depreciation and amortisation (major repairs included) is a standard measure used within the social housing sector to compare the level of earnings from operations, excluding the impact of adjustments which can be affected by accounting policy choices.

	2024 £000	2023 £000	
Operating surplus as defined by RSH	**62,907**	49,219	As above
Add: Depreciation of housing properties	**53,422**	51,269	Note 9
Add: Depreciation of other fixed assets	**2,241**	2,599	Note 9
Add: Amortisation of intangible fixed assets	**3,618**	3,071	Note 9
Add: Interest receivable	**5,557**	2,830	Note 7
Less: Amortised government grants	**(9,235)**	(9,212)	Note 2b
Less: Revenue grants	**(589)**	(390)	Note 2b
Less: Capitalised works	**(50,238)**	(45,695)	Note 11
EBITDA MRI	67,683	53,691	

Interest cover (RSH)

Interest cover shows how comfortably we are able to meet the interest repayments on our borrowings.

	2024 £000	2023 £000	
EBITDA MRI	**67,683**	53,691	As above
Divided by:			
Interest payable and financing costs	**53,935**	48,922	SOCI
Add: Interest capitalised on property development	**7,768**	6,169	Note 8
Subtotal: Gross interest payable	**61,703**	55,091	
Interest cover	**110%**	97%	

Return on capital employed (RSH)

This shows how efficiently we are using our resources to generate a financial return.

	2024 £000	2023 £000	
Operating surplus	**71,943**	68,631	SOCI
Add: Share of profit in joint ventures	**2,163**	3,782	SOCI
Less: Impairment of loan to associates	**(1,473)**	(1,466)	SOCI
Subtotal: Surplus before interest and tax	**72,633**	70,947	
Divided by: Total assets less current liabilities	**3,006,743**	2,884,370	SOFP
Return on capital employed	**2.4%**	2.5%	

Social housing cost per unit (RSH)

This is a high-level measure of the amount it costs us on average to provide each social home that we manage.

	2024 £000	2023 £000	
Social housing lettings – Operating expenditure	**276,363**	257,239	Note 2a
Less: Depreciation of housing properties	**(51,607)**	(49,673)	Note 2b
Less: Impairment of housing properties	**(1,189)**	3,181	Note 2b
Less: Rent losses from bad debts	**(3,439)**	(2,677)	Note 2b
Add: Other social housing activities – Operating expenditure	**62,134**	63,272	Note 2a
Less: Shared ownership first tranche sales – Operating expenditure	**(1,613)**	(1,878)	Note 2a
Add: Capitalised works	**50,238**	45,695	Note 11
Subtotal: Social housing costs	**330,887**	315,159	
Divided by: Total social housing units	**51,953**	51,220	Note 4
Social housing cost per unit	**6,369**	6,153	

Arrears

This measures the proportion of rent due remaining unpaid at the year-end, and demonstrates how effective we are at collecting rent.

	2024 £000	2023 £000	
Rental and service charges receivable	**21,674**	23,600	Note 16
Divided by: Net rents receivable	**325,972**	291,255	Note 2b
Arrears	**6.6%**	8.1%	

Independent Auditor's Report to the Members of Home Group Limited

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Home Group Limited (the 'association') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the association's affairs as at 31 March 2024 and of the group's and the association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; 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 2022.

We have audited the financial statements which comprise:

- the group and association statement of comprehensive income;
- the group and association statement of financial position;
- the group and association statement of changes in reserves;
- the group cash flow statement; and
- the related notes 1 to 32.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Impairment of properties under construction (including work in progress.)
Materiality	The materiality that we used for the group financial statements was £4.94m which was determined on the basis of 1% of turnover.
Scoping	Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risks of misstatement at the group level. We have performed full scope audits over the association and two of its four consolidated subsidiaries achieving coverage of 99.5% of the group's turnover and 98.6% of total net assets.
Significant changes in our approach	We have focussed our impairment risk in the current period on the risk of understatement.

4. Conclusions relating to going concern

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

Our evaluation of the Board's assessment of the group's and association's ability to continue to adopt the going concern basis of accounting included:

- assessing the cash flow forecasts, sensitivity analysis performed by the Board, and supporting five-year and thirty-year business plans, including consideration of current macroeconomic conditions;
- assessing accuracy of forecasts by comparing actual performance against budget in the current and previous financial year;
- evaluating the financing facilities and borrowings, including historic and forecast compliance with relevant covenants;
- evaluating the impact of the current regulatory judgements published by the Regulator for Social Housing; and
- assessing the appropriateness of the group's going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and 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.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Impairment of properties under construction (including work in progress)

Key audit matter description	The group has a significant development programme which includes social housing, shared ownership properties and mixed tenure schemes. The total cost of the assets in the scope of this key audit matter (as shown in Notes 11 and 15) are: • Housing properties under construction £149.4m (2023: £151.0m) • Shared ownership properties under construction £56.8m (2023: £26.5m) • Shared ownership properties work in progress £15.8m (2023: £9.5m) • Outright sales properties work in progress £53.1m (2023: £108.0m.) As set out in Note 1, on an annual basis management carries out a review for indicators of impairment of housing properties in line with the Statement of Recommended Practice for registered social housing providers ('Housing SORP') and FRS102. This assessment is carried out on a scheme by scheme basis, and the considerations differ depending on the intended purpose of each scheme. In addition, management prepares detailed valuation models by scheme to assess whether there is an impairment. These models include assumptions used such as management costs, lifecycle costs, discount rate, rental yields and assumed values. We have identified a key audit matter in relation to the risk that impairment indicators may not be identified and the risk that assumptions used may be inaccurate, and therefore work in progress or housing properties under construction may be overstated as a result of understatement of the impairment charge. Details of the accounting policies are set out in Notes 1, 11 and 15.
How the scope of our audit responded to the key audit matter	We obtained an understanding of relevant controls relating to the identification and assessment of impairment indicators over properties under construction (including work in progress). We evaluated the methodology used by the group and the association to identify impairments and assessed the reasonableness of this approach in line with the Statement of Recommended Practice for registered social housing providers ('Housing SORP') and FRS102. We evaluated the Board's assessment of potential impairment triggers using our experience of the group and wider sector. We involved our property valuation and financial instrument valuation specialists, to assist with the challenge of the assumptions used, such as management costs, lifecycle costs, discount rate, rental yields and assumed values, and calculations performed by the Board to produce the valuations used in the impairment review. We compared a sample of key information used in the impairment calculations, such as forecast costs and sales valuations, with published information sources to test the reasonableness of management's assumptions.
Key observations	Based on our work performed, we are satisfied that the carrying value of properties under construction (including work in progress) is fairly stated.

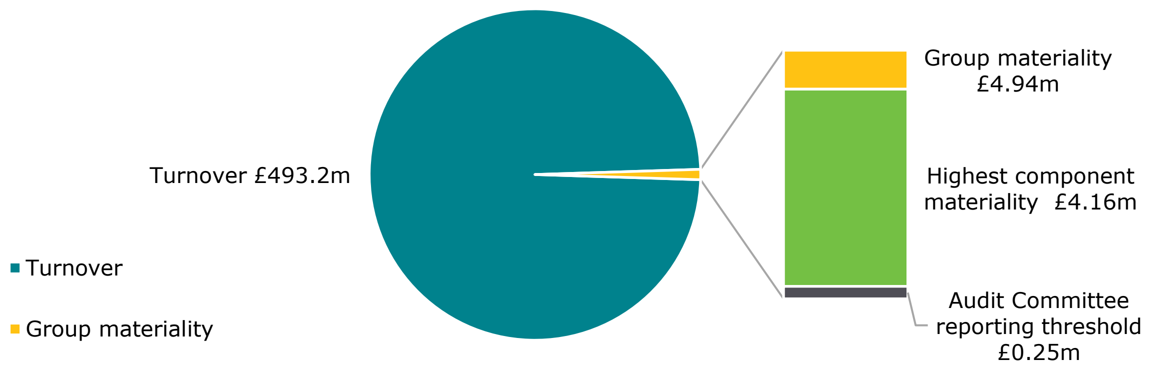
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Association financial statements
Materiality	£4.94m (2023: £4.54m)	£4.16m (2023: £3.79m)
Basis for determining materiality	Approximately 1% of turnover (2023: Approximately 1% of turnover)	
Rationale for the benchmark applied	We used turnover as the benchmark for determining materiality as this reflects the underlying performance of the business and is a key metric for users of the financial statements.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Association financial statements
Performance materiality	65% (2023: 65%) of group materiality	65% (2023: 65%) of association materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. our risk assessment, including our assessment of the group's overall control environment; and b. the number of corrected and uncorrected misstatements identified in the previous year's audit.	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.25m (2023: £0.19m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our group audit was scoped by obtaining an understanding of the group and its environment, including group-wide controls, and assessing the risk of material misstatement at the group level. The group audit including audit of the consolidation, the association, and the subsidiaries in scope, is performed by the group audit engagement team.

At the group level, we also tested the consolidation process. Full scope audits were performed on the association and two of its subsidiaries covering 99.5% of the group's turnover (2023: 99.9%), and 98.6% of the group's total net assets (2023: 99.9%). These were performed at the individual component materiality levels and ranged from £0.92m to £4.16m (2023: £0.78m to £3.79m). We have performed analytical procedures at group level on all components. In the prior year, we included two subsidiaries in the scope of the group audit.

7.2. Our consideration of the control environment

We have obtained an understanding of the relevant controls related to the financial reporting process that address the risk of material misstatement. We have tested and relied on the relevant controls across the group around journal entries. As part of our work we have involved our IT specialists to test the general IT controls of Oracle EBS, Linux OS, Last Pass and the Windows Active Directory.

7.3. Our consideration of climate-related risks

Management has considered climate change risks as part of their risk assessment process when considering the principal risks and uncertainties facing the group as explained in their Business Environment section of their Annual Report on pages 9-11. We have:

- completed risk assessment procedures, including assessing whether the risks identified by the Board are complete and consistent with our understanding of the group; and
- read the climate risk disclosures in the Business Environment section of the Annual Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Board

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit, the Board and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, property valuations, financial instrument valuation, pensions and IT specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: impairment of properties under construction (including work in progress). In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's compliance with regulatory standards set by the Regulator of Social Housing.

11.2. Audit response to risks identified

As a result of performing the above, we identified impairment of properties under construction (including work in progress) as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant regulatory authorities; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Matters on which we are required to report by exception

12.1. Adequacy of explanations received and accounting records

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

13. Other matters which we are required to address

13.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board in September 2020 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 31 March 2021 to 31 March 2024.

13.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

14. Use of our report

This report is made solely to the association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. 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.

Nicola Wright

Nicola Wright (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Newcastle upon Tyne, United Kingdom
21 August 2024

Statement of Comprehensive Income for the year ended 31 March 2024

		GROUP		ASSOCIATION	
	Notes	**2024**	2023	**2024**	2023
		£000	£000	**£000**	£000
Turnover	2	**493,189**	453,786	**419,573**	378,617
Other operating income	2	**450**	6,805	-	6,805
Cost of sales	2	**(79,664)**	(76,890)	**(34,823)**	(30,810)
Operating expenditure	2	**(351,068)**	(334,482)	**(329,717)**	(314,367)
Surplus on disposal of housing properties	3	**9,036**	19,412	**9,041**	19,298
Operating surplus		**71,943**	68,631	**64,074**	59,543
Share of profit in joint ventures	14	**2,163**	3,782	-	-
Impairment of loan to associate	14	**(1,473)**	(1,466)	-	-
Interest receivable	7	**5,557**	2,830	**2,394**	645
Interest payable and financing costs	8	**(55,014)**	(48,922)	**(52,328)**	(46,744)
Gift aid receipt		-	-	**10,590**	10,372
Surplus before taxation	9	**23,176**	24,855	**24,730**	23,816
Taxation	10	**354**	(212)	**20**	(24)
Surplus for the year		**23,530**	24,643	**24,750**	23,792
Actuarial (loss) / gain relating to pension schemes	24	**(1,867)**	27,007	**(1,867)**	27,007
Total comprehensive income for the year		**21,663**	51,650	**22,883**	50,799

All activities are continuing.

The notes on pages 48 to 87 form part of the financial statements.

The financial statements on pages 44 to 87 were approved by the Board on 31 July 2024 and were signed on its behalf by:

J Cridland, CBE
Home Group Chairman

C Vallis
Senior Independent Member

C Burnham
Company Secretary

Statement of Financial Position as at 31 March 2024

	Notes	GROUP 2024 £000	GROUP 2023 £000	ASSOCIATION 2024 £000	ASSOCIATION 2023 £000
Fixed assets					
Housing properties	11	**2,869,388**	2,727,863	**2,600,762**	2,489,690
Other fixed assets	12	**13,296**	13,815	**13,296**	13,815
Intangible fixed assets	13	**17,683**	17,738	**17,683**	17,738
Investment in subsidiaries	14	-	-	**114,098**	116,948
Investment in joint ventures	14	**41,527**	36,605	-	-
Investment in associates	14	**31,517**	33,372	-	-
Other investments	14	**7,377**	7,516	**6,953**	7,079
Homebuy loans receivable		**645**	682	**645**	682
Pension asset	24	**24,424**	20,322	**24,424**	20,322
		3,005,857	2,857,913	**2,777,861**	2,666,274
Current assets					
Properties held for sale	15	**80,781**	122,185	**38,123**	55,018
Debtors	16	**34,148**	41,724	**34,742**	40,477
Investments	17	-	172	-	172
Cash and cash equivalents		**44,778**	48,222	**36,525**	36,465
		159,707	212,303	**109,390**	132,132
Creditors: amounts falling due within one year	18	**(158,821)**	(185,846)	**(154,348)**	(159,924)
Net current assets / (liabilities)		**886**	26,457	**(44,958)**	(27,792)
Total assets less current liabilities		**3,006,743**	2,884,370	**2,732,903**	2,638,482
Creditors: amount falling due after more than one year	19	**(2,202,000)**	(2,101,276)	**(2,066,869)**	(1,995,317)
Net assets		**804,743**	783,094	**666,034**	643,165
Capital and reserves					
Non-equity share capital	25	-	-	-	-
Restricted reserve		**835**	849	**835**	849
Income and expenditure reserve		**803,908**	782,245	**665,199**	642,316
Total capital and reserves		**804,743**	783,094	**666,034**	643,165

The notes on pages 48 to 87 form part of the financial statements.

The financial statements on pages 44 to 87 were approved by the Board on 31 July 2024 and were signed on its behalf by:

J Cridland, CBE
Home Group Chairman

C Vallis
Senior Independent Member

C Burnham
Company Secretary

Statement of Changes in Reserves for the year ended 31 March 2024

GROUP	Income and expenditure reserve £000	Restricted reserve £000	Total reserves £000
As at 1 April 2022	730,600	652	731,252
Total comprehensive income for the year	51,650	-	51,650
Transfer from income and expenditure reserve	(5)	194	189
Movement in restricted income	-	3	3
As at 31 March 2023	782,245	849	783,094
Total comprehensive income for the year	21,663	-	21,663
Movement in restricted income	-	(14)	(14)
As at 31 March 2024	**803,908**	**835**	**804,743**

ASSOCIATION	Income and expenditure reserve £000	Restricted reserve £000	Total reserves £000
As at 1 April 2022	591,521	652	592,173
Total comprehensive income for the year	50,799	-	50,799
Transfer from income and expenditure reserve	(4)	194	190
Movement in restricted income	-	3	3
As at 31 March 2023	642,316	849	643,165
Total comprehensive income for the year	22,883	-	22,883
Movement in restricted income	-	(14)	(14)
As at 31 March 2024	**665,199**	**835**	**666,034**

The notes on pages 48 to 87 form part of the financial statements.

Group Cash Flow Statement for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Net cash inflow from operating activities	26	154,882	95,345
Cash flow from investing activities			
Purchase of housing properties, other fixed assets and intangible assets		(200,727)	(173,630)
Investment in joint ventures		(20,682)	(15,075)
Repayments from joint ventures		16,207	27,901
Distributions received from joint ventures		4,000	-
Investment in associates		(2,145)	(15,345)
Repayments from associates		3,700	1,165
Additions to other investments		(224)	69
Disposals of other investments		363	-
Net proceeds from sale of housing properties and other fixed assets		19,080	33,563
Capital grants received		2,441	49,102
Capital grants repaid		(369)	(588)
Interest received		1,029	801
Net cash outflow from investing activities		(177,327)	(92,037)
Cash flow from financing activities			
Interest paid		(52,954)	(46,906)
New secured loans		95,500	68,500
Repayment of borrowings		(23,717)	(24,629)
Movement in deposits		172	(172)
Payment into restricted reserve		-	190
Net cash inflow / (outflow) from financing activities		19,001	(3,017)
Net change in cash and cash equivalents		(3,444)	291
Cash and cash equivalents at the beginning of the year		48,222	47,931
Cash and cash equivalents at the end of the year		44,778	48,222

The notes on pages 48 to 87 form part of the financial statements.

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with UK Accounting FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ('FRS 102'), the Accounting Direction for Private Registered Providers of Social Housing 2022 and the Statement of Recommended Practice for registered social housing providers Update 2018 ('SORP 2018').

Compliance with the SORP 2018 requires departure from the requirements of 'FRS 102, section 19 'Business Combinations and Goodwill', in relation to negative goodwill and an explanation of the result of the departure is given in the 'Negative goodwill' policy below.

The presentation currency of these financial statements is British pound sterling. All amounts in the financial statements have been rounded to the nearest £1,000, unless otherwise specified.

As a public benefit entity, Home Group has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102. No cash flow statement has been presented for the parent (Association) because advantage has been taken of the disclosure exemption available in FRS 102.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, and the Housing and Regeneration Act 2008. The financial statements are prepared on the historical cost basis of accounting. There are no material differences between the surplus before taxation and the surplus for the current or prior year and their historical cost equivalents.

A summary of the more important Group accounting policies is set out below, together with an explanation of where they have not been applied consistently.

Going concern

As set out below the Board has a reasonable expectation that the Group and the Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months after the date on which the report and financial statements are signed. For this reason, the Group and Association continue to adopt the going concern basis in the financial statements.

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report and the Report of the Board. Our reported surplus before tax of £23.2 million was ahead of our 2024 budget (£20.4 million), driven by careful cost management and our ability to react to external pressures by implementing mitigating actions. At the balance sheet date the amount of cash and undrawn committed facilities available to the Group was £314.0 million.

The most significant external factor that has impacted us during the year has been the continuation of a challenging external environment with high inflation and interest rates which put pressure on our financial position. Ensuring we have sufficient liquidity is considered as one of the business's principal risks, as discussed on page 10. The impact this has had on our financial performance and position is detailed on page 15 in our financial review.

The above is reflected in our overall group performance for the year.

Looking forwards

As part of our 2024 budget and business planning process we have undertaken detailed forecasting covering the next five financial years, as well as a long term 30-year forecast. Both show the group, and the individual entities within it, to be growing and building on their current financial strength.

When looking at the short term, to the period to 31 March 2026 we expect group liquidity to remain robust so that at no time do we have less than 24 months of cash and facilities available to us. Our forecasts also show that we anticipate remaining inside the parameters of our loan covenants at all times and we do not anticipate any breaches occurring.

Stress testing

We stress test our financial forecasts to understand the risks they face and the impact of them transpiring. We also model the impact of the mitigations we have identified to address these events if they occur. We are currently operating in a volatile economic environment and this risk has been reflected in our stress testing.

1. Principal accounting policies (continued)

The detailed stress testing our financial forecasts have been subjected to include:

- Property market crash
- Economic downturn – high inflation and continued cost of living crisis
- Regulatory breach without Government support
- Perfect storm (combination of all stress tests)

We always stress test our business plan to identify what would 'break' it. This is an important step in making sure our plans are robust and the Regulator expects to see this. The scenarios above combine multiple stresses, however the only scenario that leads to a breach of loan covenants is the perfect storm scenario. However in all scenarios we are unable to continue to operate within the facilities assumed in our business plan and breach our internal liquidity rule. Our work shows that we would be able to implement mitigations in all scenarios so that we continue to operate within facility limits and covenants are adhered to, including a reduction or pause of our development programme and the reduction of a number of operational budget lines.

Basis of consolidation

The Group Statement of Comprehensive Income (SOCI) and Statement of Financial Position (SOFP) consolidate the results and financial position of the Association and its subsidiary undertakings, joint ventures and associates. Details of the subsidiary undertakings, joint ventures and associates are included in Note 14 to the financial statements. Intra-group turnover, surpluses and balances are eliminated fully on consolidation. Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Negative goodwill

Negative goodwill arising on the acquisition of subsidiaries and on transfers of engagements represents the excess of the fair value of identifiable assets over the fair value of consideration given. Where negative goodwill arises on the acquisition of a business as a part of a commercial transaction it is classified as a negative asset and amortised over the life of the asset acquired. Where negative goodwill arises through an acquisition which is in substance a gift of a business (a non-exchange transaction) the fair value of the gifted assets and liabilities is recognised as a gain or loss in the income and expenditure reserve in the year of the transaction.

The outlined treatment is in accordance with the SORP 2018 but not in accordance with section 19 of FRS 102 which requires that negative goodwill is shown as a negative asset on the SOFP. The Board is of the opinion that the treatment required by FRS 102 would not present a true and fair view of the Group's net assets because the substance of each transaction is a transfer of a business for no consideration rather than a purchase in the conventional manner. If the negative goodwill on all previous acquisitions (primarily Warden Housing Association Ltd, Stonham Housing Association Ltd, and Cleghorn Housing Association Ltd in the 1990s) had been treated as a negative asset as required by FRS 102 then the Group's net assets would have been reduced by £86.7 million (2023: £87.2 million).

Turnover

Rental income is recognised on a straight line basis, in accordance with the terms of the tenancy agreement, on an accrual basis. Revenue arising from the sale of property is recognised on legal completion. Revenue from contracts for support services is recognised in line with the contractual terms when the services are rendered. Revenue from shared ownership sales is recognised on the legal completion of the first tranche disposal. Revenue from government grants is recognised in line with the accounting policy set out on page 51.

Care and support services

Income in respect of contracts for care and support services received is accounted for as care and support services in the turnover in Note 2 to the financial statements. The related costs of delivering these services are matched against this income.

1. Principal accounting policies (continued)

Housing properties

Housing properties are stated at cost less accumulated depreciation and impairment. Housing properties in the course of construction are stated at cost and are transferred into housing properties when completed. The cost of a property comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Directly attributable costs include the employment costs of development, finance and legal colleagues, and surveyors arising directly from the construction or acquisition of the property, together with other incremental costs which would have been avoided only if the property had not been constructed or acquired. Interest incurred on financing a development is capitalised up to the date of practical completion of the scheme. The capitalisation rate is the weighted average of the rates applicable to general borrowings that are outstanding during the period.

Housing properties are split under component accounting between their land, structure costs and a specific set of major components which require periodic replacement. Refurbishment or replacement of such components is capitalised and depreciated on a straight line basis over the estimated useful economic life of components as follows:

Component	Estimated useful economic life (years)
Property structure	100
Roof	40 - 55
Insulated render	35
Central heating	30
Windows	30
Bathroom	25 - 30
Electrical	25 - 30
Solar panels	25
Doors	20 - 25
Kitchen	15 - 20
Boiler	15
External boundaries	15
Lift	15
Specialist equipment	5 - 15
Land	Not depreciated

Other fixed assets

Other fixed assets are stated at cost less accumulated depreciation and impairment. Depreciation is charged on a straight line basis to write off the cost less any estimated residual value over the expected useful economic lives of the assets.

Asset type	Estimated useful economic life (years)
Freehold offices and long leasehold offices	40 or over the life of the lease
Improvements to short leasehold properties	Over the life of the lease
Plant, machinery and fixtures	4 – 8
Motor vehicles	4
Computer equipment	3 – 5
Leased equipment	Over the life of the lease

Intangible assets – software

Intangible assets that are acquired are stated at cost less accumulated amortisation and less accumulated impairment losses. The useful life of software is usually between three to five years and amortisation is charged on a straight line basis over the useful life of the asset. The annual amortisation charge is included within operating expenditure in the SOCI. Specific intangible assets may be assigned longer useful lives. Specific lives will be in line with the Information Service team's "roadmap" which outlines the lifecycle of the software.

1. Principal accounting policies (continued)

Government grants

Government grants include grants receivable from Homes England, Greater London Authority, the Scottish Housing Regulator, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due/received in advance from government organisations are included as current assets/liabilities.

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the SOFP in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is included in current liabilities.

Impairment

Reviews for indicators of impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the SOCI. An impairment is recognised where the carrying amount of an income generating unit exceeds its recoverable amount being the higher of its fair value less costs to sell and its value in use, or where there is a material change to a development programme or scheme, for example when there is a change in the planned use of the properties or a change in the way the properties are to be managed, or a material increase in development costs as a result of contamination, change in government policy, or a change in demand for a property that is considered irreversible.

Disposals of housing properties

Where properties built for sale are disposed of during the year the disposal proceeds are included in turnover and the attributable costs included in cost of sales. Where properties previously rented out to customers are disposed of, the surplus on disposal is included surplus on disposal of housing properties.

Where a component is replaced or restored, the old component is written off to the SOCI, to avoid double counting, and the new component is capitalised. Charges arising from the early replacement of a component are reflected as part of the overall depreciation charge.

Social Housing Grant (SHG) relating to a disposed property is either recycled or repaid. This includes previously amortised grant.

Properties for sale

Completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value.

Shared ownership

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and on disposal the first tranche sale proceeds are shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset. Any grant attributable to shared ownership assets is wholly attributed to the element retained and held in liabilities. Subsequent tranches sold (‘staircasing’) are accounted for as disposals of housing properties, as noted above.

Improvements to properties

Expenditure on housing properties which is capable of generating increased future rents, or extends their useful lives, or significantly reduces future maintenance costs, is capitalised.

1. Principal accounting policies (continued)

Subsidiaries

The consolidated financial statements include the financial statements of the Association and its subsidiary undertakings made up to 31 March 2024. A subsidiary is an entity that is controlled by the parent (the Association). The results of subsidiary undertakings are included in the consolidated SOCI from the date that control commences until the date that control ceases. Control is established when the Association has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Joint ventures and associates

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Associates are all entities over which the Group has significant influence but not control. Investments in joint ventures and associates are accounted for by the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss after the date of acquisition. If the Group's share of losses exceeds the carrying amount of its investment, the Group discontinues recognising its share of further losses. Additional losses are recognised as a provision only to the extent that the Group has a legal or constructive obligation to make payments on behalf of the joint venture or associates. The Group only resumes recognising its share of profits after they equal the share of losses not recognised. Loans to joint ventures and associates are included in fixed asset investments as they are intended to be held on a long-term basis.

Other investments

Other fixed asset and current asset investments are stated at market value.

Gift aid

Profits from non-charitable subsidiaries might be distributed to Home Group in a tax-efficient manner as a donation which is eligible for corporation tax relief under the gift aid rules, provided it is made during the relevant reporting period or during the following nine months. An expected gift aid payment shall not be accrued unless a legal obligation to make the payment exists at the reporting date. A board decision to make a gift aid payment to a parent charity, that has been taken prior to the reporting date, is not sufficient to create a legal obligation.

Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are not subject to a significant risk of changes in value.

Index-linked loans

Index-linked loans are shown at the amount borrowed net of any principal repayments plus indexation less issue costs. Indexation represents the amount of uplift of the borrowing by reference to movements in the retail prices index and is charged to the SOCI annually.

Loan issue costs

Issue costs of long term loan finance are deducted from the proceeds of the loan and accordingly reduce the amount at which the loan is initially recorded and are charged to the SOCI at a constant rate on the carrying amount over the term of the loan. Redemption costs are charged when incurred.

Leaseholders' building funds

Charges which are made to leaseholders for future major repairs are held in designated interest-bearing bank accounts with a corresponding creditor disclosed on the SOFP under creditors due within one year.

Supported housing managed by agencies

Social Housing Grant and revenue grant claimed by the Group as owner of its supported housing schemes and the related expenditure are included in the SOFP and SOCI of the Group. The treatment of other income and expenditure in respect of these schemes depends on whether the Group carries the financial risk. Where the Group carries the financial risk, all the scheme's income and expenditure is included in the SOCI within Note 2 to the financial statements. Where an agency carries the financial risk, the SOCI includes only that income and expenditure which relates solely to the Group. Other income and expenditure of schemes in this category is excluded from the SOCI.

1. Principal accounting policies (continued)

Pension costs

The Group operates three main defined benefit pension schemes. The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in the fair value of the assets and liabilities are recognised in the accounting periods in which they arise. The operating costs, finance costs and expected return on assets, and any other changes in the fair value of assets and liabilities are recognised in the SOCI.

The Group also operates its own defined contribution scheme. The contributions paid into this scheme are charged to the SOCI as incurred.

Taxation

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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Timing differences are differences between the Group's taxable surpluses and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. A net deferred tax asset is regarded as recoverable, and therefore recognised, only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted. Deferred tax balances are not discounted.

Value Added Tax (VAT)

The Group is partially exempt from VAT. A small proportion of VAT is reclaimed but because of the small amounts involved, expenditure is shown gross and the VAT recovered is included in sundry income.

Homebuy

The Group operated this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of Social Housing Grant (SHG). On redemption:

- The SHG is recycled,
- The SHG is written off, if a loss occurs,
- The Group keeps any surplus.

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant from Homes England is recognised as deferred income until the loan is redeemed.

Holiday pay accrual

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

Financial instruments

All financial instruments meet the criteria of a basic financial instrument as defined in section 11 of FRS 102 and are accounted for under the amortised historic cost model.

Restricted reserves

Services within Home Group's care and supported services are empowered to raise funds at a local level for the future benefit of that service. Funds collected and relevant expenditure incurred are recorded in the SOCI in the period with net movement transferred between the income and expenditure reserve and the restricted reserve at the end of each year.

1. Principal accounting policies (continued)

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The judgements and estimates which have the most significant impact on amounts recognised in the financial statements are set out below.

Significant management judgements

Carrying value of housing properties and stock

Judgement is exercised in determining the carrying value of housing properties and properties held for sale in line with the accounting policies set out on page 50 and 51.

The value of a property may be impaired if it's not providing the social benefit for which it is held and is therefore unable to fulfil its service potential. The Group has conducted a review of the financial performance and future prospects of its full portfolio of existing rented housing properties to assess whether there has been a trigger event for an impairment review. Indicators of impairment used as part of the review were: a fall in market values, a significant change in our operating environment, change in market interest rates, evidence of obsolescence in our stock, a change in how we use our stock, or a deterioration in asset performance. Specifically we have considered whether properties are planned to be sold, demolished or earmarked for regeneration, whether properties have been vacated pending major works, or whether they have been void for an extended period of time. Impairment charges and write backs identified have been included in the SOCI and are set out in Notes 9 and 11 of the financial statements.

Investment in joint ventures and associates

For loans to joint ventures and associates, the Group has reviewed future projections for joint ventures to assess the likely recoverability of loans at the balance sheet date.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below. The estimates used relate to the current year and are not expected to impact the next financial year: they will be re-evaluated at the next reporting date.

Impairment testing

Where indicators of impairment have been identified we have tested the carrying values of both our housing properties and our development work in progress. In doing so we make a number of estimates. For the purpose of our review we consider each individual completed home and each development scheme an individual cash generating unit (CGU).

When considering housing properties, we compare our carrying values against the sector standard valuation of Existing Use Value for Social Housing (EUV-SH). This is the value at which we would expect to transfer properties to another registered provider. Where the carrying value of identified properties is higher than EUV-SH, the properties have been impaired by the difference and the cost has been taken to the SOCI. It is a standard valuation method and as such is not considered to cause significant uncertainty.

For housing properties under construction (i.e. those affordable homes we're building to retain) we calculate whether the scheme's carrying value is higher than its recoverable amount and impair it if it is. We initially calculate value in use which takes into account costs incurred to date and forecast future cash flows including those generated from rental income. If this value in use is lower than the carrying value we then compare the scheme's carrying value to its EUV-SH which we obtain from an independent valuer. Any impairment expense is the difference between the anticipated costs to build and the higher of value in use and EUV-SH, with the impairment being restricted to the carrying value. The following sensitivity analysis has been carried out:

Uncertainty	Impact
Future costs	For our active developments we have considered a number of cost increase scenarios. A 3% uplift in 2024/25 costs across all active sites would lead to a £3.2 million increase in the carrying value of housing properties; a 5% uplift would mean a £5.4 million increase; and a 10% uplift a £10.9 million increase. The majority of our contracts, however, are fixed price and we would not expect (and have not experienced) significant deviations from agreed terms.

1. Principal accounting policies (continued)

For properties held for sale, a scheme under development is impaired if its anticipated costs to build are higher than its selling price less costs to sell and complete, with the impairment being restricted to the carrying value. We calculate selling price less costs to sell for each scheme by taking into account costs incurred to date, estimated costs to complete, future grant receipts and any anticipated sales proceeds from property developed for sale. Future grants are either based upon formal agreements held with grant providers or anticipated based on communications held with the provider and could be subject to change.

Where carrying value exceeds selling price less costs to sell an impairment provision is created and the cost is taken to the SOCI. Management is required to estimate the outcome of a development and therefore in assessing whether, and to what extent, impairment provisions are required. The two key estimations are future costs and sales values. As part of our development appraisal process we subject these estimations to sensitivity analysis, and have summarised the impact in the following table:

Uncertainty	Impact
Future costs	For our active developments we have considered a number of cost increase scenarios. A 3% uplift in 2024/25 costs across all active sites would lead to a £0.8 million increase in the carrying value of stock; a 5% uplift would mean a £1.4 million increase; and a 10% uplift a £2.8 million increase. The majority of our contracts, however, are fixed price and we would not expect (and have not experienced) significant deviations from agreed terms.
Sales values	In the event of a significant property market event we have considered the impact of a 20 to 25% reduction in sales prices. In this scenario we would expect to record an impairment of approximately £5.4 million in 2024/25.

Defined benefit pension liabilities

The cost of defined benefit pension scheme benefits and the liability for benefits at the balance sheet date are determined using actuarial valuations. The actuarial valuation is based upon assumptions including discount rates, inflation, future salary increases and future pension increases. The valuation also reflects assumptions about future mortality rates. Variation in these assumptions may significantly impact the cost of defined benefit pension scheme benefits and the liability for benefit accrued at the balance sheet date. The overall net surplus across all defined benefit pension schemes as at 31 March 2024 was £24.4 million. Key areas of estimation uncertainty are the discount rate applied in the calculations, the inflation rate used, and the average life expectancy. These are considered below:

Uncertainty	Impact
Discount rate	A +/- 0.25% change in the discount rate would change defined benefit scheme obligations by -/+ 3% (-/+£6.0m)
Inflation rate	A +/- 0.25% change in inflation linked assumptions would change the obligation by between +3% and -2% (+£6.0m / -£4.0m)
Life expectancy	An increase in average life expectancy by one year would increase liabilities by 4% (£8.0m)

2a. Turnover, cost of sales, operating expenditure and operating surplus / (deficit)

GROUP – YEAR ENDED 31 MARCH 2024	Note	Turnover £000	Other operating income £000	Cost of sales £000	Operating expenditure £000	**Operating surplus / (deficit) £000**
Income and expenditure from social housing lettings	2b	340,302	450	-	(276,363)	**64,389**
Other social housing activities						
Care and support services		47,719	-	-	(44,550)	**3,169**
Shared ownership first tranche sales		15,962	-	(12,522)	(1,613)	**1,827**
Community investment		-	-	-	(4,220)	**(4,220)**
Development and marketing		318	-	-	(3,493)	**(3,175)**
Surplus on sale of social housing properties	3	-	-	-	-	**9,036**
Impairment of properties held for sale		-	-	-	(210)	**(210)**
Housing partnership		6,704	-	-	(5,204)	**1,500**
Other social housing		1,031	-	-	(2,844)	**(1,813)**
		71,734	-	(12,522)	(62,134)	**6,114**
Non-social housing activities						
Properties developed for outright sale		71,640	-	(67,142)	(1,571)	**2,927**
Impairment of properties held for sale		-	-	-	(272)	**(272)**
Mid-market rent - lettings		5,090	-	-	(2,929)	**2,161**
Leasehold and commercial rent		3,666	-	-	(3,214)	**452**
Other non-social housing		757	-	-	(4,585)	**(3,828)**
		81,153	-	(67,142)	(12,571)	**1,440**
Total		**493,189**	**450**	**(79,664)**	**(351,068)**	**71,943**

GROUP – YEAR ENDED 31 MARCH 2023	Note	Turnover £000	Other operating income £000	Cost of sales £000	Operating expenditure £000	**Operating surplus / (deficit) £000**
Income and expenditure from social housing lettings	2b	305,947	6,805	-	(257,239)	**55,513**
Other social housing activities						
Care and support services		42,454	-	-	(44,732)	**(2,278)**
Shared ownership first tranche sales		20,036	-	(15,631)	(1,878)	**2,527**
Community investment		-	-	-	(3,345)	**(3,345)**
Development and marketing		-	-	-	(5,052)	**(5,052)**
Surplus on sale of social housing properties	3	-	-	-	-	**19,412**
Reversal of impairment of properties held for sale		-	-	-	815	**815**
Housing partnership		6,100	-	-	(5,046)	**1,054**
Other social housing		747	-	-	(4,034)	**(3,287)**
		69,337	-	(15,631)	(63,272)	**9,846**
Non-social housing activities						
Properties developed for outright sale		70,328	-	(61,259)	(2,158)	**6,911**
Mid-market rent - lettings		4,037	-	-	(3,535)	**502**
Leasehold and commercial rent		3,203	-	-	(3,106)	**97**
Impairment of properties held for sale		-	-	-	(1,565)	**(1,565)**
Other non-social housing		934	-	-	(3,607)	**(2,673)**
		78,502	-	(61,259)	(13,971)	**3,272**
Total		**453,786**	**6,805**	**(76,890)**	**(334,482)**	**68,631**

There are no individually material amounts in Other.

2a. Turnover, cost of sales, operating expenditure and operating surplus / (deficit) (continued)

	Note	Turnover	Other operating income	Cost of sales	Operating expenditure	Operating surplus / (deficit)
ASSOCIATION – YEAR ENDED 31 MARCH 2024		£000	£000	£000	£000	**£000**
Income and expenditure from social housing lettings	2b	317,043	450	-	(259,371)	**58,122**
Other social housing activities						
Care and support services		47,719	-	-	(44,550)	**3,169**
Shared ownership first tranche sales		15,200	-	(11,760)	(1,612)	**1,828**
Community investment		-	-	-	(4,079)	**(4,079)**
Development and marketing		139	-	-	(3,324)	**(3,185)**
Surplus on sale of social housing properties	3	-	-	-	-	**9,041**
Reversal of impairment of properties held for sale		-	-	-	18	**18**
Housing partnership		6,704	-	-	(5,204)	**1,500**
Other social housing		3,195	-	-	(2,847)	**348**
		72,957	-	(11,760)	(61,598)	**8,640**
Non-social housing activities						
Properties developed for outright sale		22,796	-	(23,063)	(331)	**(598)**
Impairment of properties held for sale		-	-	-	(126)	**(126)**
Mid-market rent - lettings		906	-	-	(625)	**281**
Leasehold and commercial rent		3,513	-	-	(3,102)	**411**
Other non-social housing		1,908	-	-	(4,564)	**(2,656)**
		29,123	-	(23,063)	(8,748)	**(2,688)**
Total		**419,123**	**450**	**(34,823)**	**(329,717)**	**64,074**

	Note	Turnover	Other operating income	Cost of sales	Operating expenditure	Operating surplus / (deficit)
ASSOCIATION – YEAR ENDED 31 MARCH 2023						
Income and expenditure from social housing lettings	2b	285,650	6,805	-	(243,592)	**48,863**
Other social housing activities						
Care and support services		42,454	-	-	(44,731)	**(2,277)**
Shared ownership first tranche sales		20,036	-	(15,631)	(1,878)	**2,527**
Community investment		-	-	-	(3,178)	**(3,178)**
Development and marketing		-	-	-	(4,966)	**(4,966)**
Surplus on sale of social housing properties	3	-	-	-	-	**19,298**
Reversal of impairment of properties held for sale		-	-	-	844	**844**
Impairment of other fixed assets		-	-	-	-	-
Housing partnership		6,100	-	-	(5,046)	**1,054**
Other social housing		2,771	-	-	(4,034)	**(1,263)**
		71,361	-	(15,631)	(62,989)	**12,039**
Non-social housing activities						
Properties developed for outright sale		15,433	-	(15,179)	(495)	**(241)**
Impairment of properties held for sale		-	-	-	(79)	**(79)**
Mid-market rent - lettings		871	-	-	(630)	**241**
Leasehold and commercial rent		3,083	-	-	(2,996)	**87**
Other non-social housing		2,219	-	-	(3,586)	**(1,367)**
		21,606	-	(15,179)	(7,786)	**(1,359)**
Total		**378,617**	**6,805**	**(30,810)**	**(314,367)**	**59,543**

There are no individually material amounts in Other.

2b. Income and expenditure from social housing lettings

GROUP	General needs housing accommodation	Supported housing and housing for older people	Shared ownership	**2024 Total**	2023 Total
	£000	£000	£000	**£000**	£000
Income					
Rent receivable net of identifiable service charges	237,323	21,194	13,590	**272,107**	250,458
Service charges income	14,531	37,188	2,146	**53,865**	40,797
Net rents receivable	**251,854**	**58,382**	**15,736**	**325,972**	**291,255**
Amortised government grants	7,066	1,543	626	**9,235**	9,212
Revenue grants	564	25	-	**589**	390
Other income	2,374	1,240	1,342	**4,956**	11,895
Total income from social housing lettings	**261,858**	**61,190**	**17,704**	**340,752**	**312,752**
Expenditure					
Service charge costs	(14,377)	(29,372)	(2,591)	**(46,340)**	(38,580)
Management	(57,010)	(9,718)	(4,343)	**(71,071)**	(60,687)
Routine maintenance	(50,356)	(4,338)	(120)	**(54,814)**	(62,922)
Planned maintenance	(28,014)	(2,324)	(73)	**(30,411)**	(24,674)
Major repairs expenditure	(10,439)	(3,307)	(240)	**(13,986)**	(18,729)
Rent losses from bad debts	(2,281)	(1,148)	(10)	**(3,439)**	(2,677)
Property lease charges	(2,134)	(1,209)	(157)	**(3,500)**	(2,463)
Depreciation of housing properties	(45,821)	(3,682)	(2,104)	**(51,607)**	(49,673)
(Impairment) / reversal of impairment of housing properties	(188)	-	(1,001)	**(1,189)**	3,181
Other costs	(3)	(3)	-	**(6)**	(15)
Total expenditure on social housing lettings	**(210,623)**	**(55,101)**	**(10,639)**	**(276,363)**	**(257,239)**
Operating surplus on social housing lettings	**51,235**	**6,089**	**7,065**	**64,389**	**55,513**
Rent losses from voids	4,633	4,820	24	**9,477**	9,114

Total income from social housing lettings includes an amount of £450,000 (2023: £6,805,000) within other income which is disclosed as other operating income in Note 2a and the SOCI. This relates to a settlement in relation to breach of contract by a maintenance contractor.

2b. Income and expenditure from social housing lettings (continued)

ASSOCIATION	General needs housing accommodation	Supported housing and housing for older people	Shared ownership	**2024 Total**	2023 Total
	£000	£000	£000	**£000**	£000
Income					
Rent receivable net of identifiable service charges	215,850	21,194	13,513	**250,557**	230,818
Service charges income	12,893	37,188	2,145	**52,226**	39,679
Net rents receivable	228,743	58,382	15,658	302,783	270,497
Amortised government grants	7,627	1,543	620	**9,790**	10,013
Revenue grants	6	25	-	**31**	54
Other income	2,307	1,240	1,342	**4,889**	11,891
Total income from social housing lettings	238,683	61,190	17,620	317,493	292,455
Expenditure					
Service charge costs	(12,713)	(29,372)	(2,560)	**(44,645)**	(37,478)
Management	(51,906)	(9,551)	(4,304)	**(65,761)**	(58,668)
Routine maintenance	(48,780)	(4,338)	(120)	**(53,238)**	(59,219)
Planned maintenance	(26,332)	(2,324)	(73)	**(28,729)**	(22,959)
Major repairs expenditure	(9,524)	(3,307)	(240)	**(13,071)**	(17,233)
Rent losses from bad debts	(2,007)	(1,148)	(10)	**(3,165)**	(2,378)
Property lease charges	(2,039)	(1,209)	(157)	**(3,405)**	(2,370)
Depreciation of housing properties	(41,682)	(3,682)	(2,097)	**(47,461)**	(46,592)
Reversal of impairment / (impairment) of housing properties	428	-	(318)	**110**	3,320
Other costs	(3)	(3)	-	**(6)**	(15)
Total expenditure on social housing lettings	(194,558)	(54,934)	(9,879)	(259,371)	(243,592)
Operating surplus on social housing lettings	44,125	6,256	7,741	58,122	48,863
Rent losses from voids	4,470	4,820	24	**9,314**	8,975

Total income from social housing lettings includes an amount of £450,000 (2023: £6,805,000) within other income which is disclosed as other operating income in Note 2a and the SOCI. This relates to a settlement in relation to breach of contract by a maintenance contractor.

3. Surplus on disposal of properties

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Social housing properties				
Sales proceeds	**19,147**	35,000	**19,050**	34,681
Cost of sales	**(4,643)**	(10,631)	**(4,541)**	(10,426)
Capital grant recycled	**(5,468)**	(4,957)	**(5,468)**	(4,957)
Total	9,036	19,412	9,041	19,298

4. Housing stock

GROUP	At 1 April 2023	New units developed or acquired	Units sold or demolished	Other movements	At 31 March 2024
General needs – social					
Owned and managed	34,458	219	(101)	(58)	34,518
Owned but not managed	4	-	-	(4)	-
Managed but not owned	9	-	(8)	-	1
General needs – affordable					
Owned and managed	7,381	171	(11)	(35)	7,506
Managed but not owned	1	-	-	-	1
General needs – intermediate					
Owned and managed	65	-	-	22	87
Total general needs units	**41,918**	**390**	**(120)**	**(75)**	**42,113**
Housing for older people – social					
Owned and managed	1,544	-	(1)	1	1,544
Housing for older people – affordable					
Owned and managed	393	62	-	-	455
Total housing for older people units	**1,937**	**62**	**(1)**	**1**	**1,999**
Supported housing – social					
Owned and managed	3,155	-	(102)	46	3,099
Owned but not managed	692	-	(15)	87	764
Managed but not owned	196	7	(12)	(44)	147
Supported housing – affordable					
Owned and managed	109	-	-	-	109
Total supported housing units	**4,152**	**7**	**(129)**	**89**	**4,119**
Low cost home ownership					
Owned and managed	2,994	127	(25)	359	3,455
Owned but not managed	-	17	-	26	43
Managed but not owned	41	1	-	-	42
Total low cost home ownership units	**3,035**	**145**	**(25)**	**385**	**3,540**
Other social housing					
Owned and managed	94	1	-	7	102
Owned but not managed	84	-	-	(12)	72
Managed but not owned	-	8	-	-	8
Total other social housing	**178**	**9**	**-**	**(5)**	**182**
Total social housing					
Owned and managed	50,193	580	(240)	342	50,875
Owned but not managed	780	17	(15)	97	879
Managed but not owned	247	16	(20)	(44)	199
Total social housing	**51,220**	**613**	**(275)**	**395**	**51,953**
Leasehold units	4,561	11	(48)	(382)	4,142
Market and mid-market rent units	419	314	-	12	745
Total non-social housing	**4,980**	**325**	**(48)**	**(370)**	**4,887**
Total social and non-social housing	**56,200**	**938**	**(323)**	**25**	**56,840**

Other movements mainly represent changes in tenure, ownership or management.

4. Housing stock (continued)

ASSOCIATION	At 1 April 2023	New units developed or acquired	Units sold or demolished	Other movements	At 31 March 2024
General needs – social					
Owned and managed	30,459	30	(98)	(60)	30,331
Owned but not managed	4	-	-	(4)	-
Managed but not owned	9	-	(8)	-	1
General needs – affordable					
Owned and managed	7,381	171	(11)	(35)	7,506
Managed but not owned	1	-	-		1
General needs - intermediate					
Owned and managed	65	-	-	22	87
Total general needs units	**37,919**	**201**	**(117)**	**(77)**	**37,926**
Housing for older people – social					
Owned and managed	1,544	-	(1)	1	1,544
Housing for older people – affordable					
Owned and managed	393	62	-	-	455
Total housing for older people units	**1,937**	**62**	**(1)**	**1**	**1,999**
Supported housing – social					
Owned and managed	3,155	-	(102)	46	3,099
Owned but not managed	692	-	(15)	87	764
Managed but not owned	196	7	(12)	(44)	147
Supported housing – affordable					
Owned and managed	109	-	-	-	109
Total supported housing units	**4,152**	**7**	**(129)**	**89**	**4,119**
Low cost home ownership					
Owned and managed	2,971	127	(23)	359	3,434
Owned but not managed	-	17	-	26	43
Managed but not owned	41	1	-	-	42
Total low cost home ownership units	**3,012**	**145**	**(23)**	**385**	**3,519**
Other social housing					
Owned and managed	94	1	-	7	102
Owned but not managed	84	-	-	(12)	72
Managed but not owned	-	8	-	-	8
Total other social housing	**178**	**9**	**-**	**(5)**	**182**
Total social housing					
Owned and managed	46,171	391	(235)	340	46,667
Owned but not managed	780	17	(15)	97	879
Managed but not owned	247	16	(20)	(44)	199
Total social housing	**47,198**	**424**	**(270)**	**393**	**47,745**
Leasehold units	4,561	11	(48)	(382)	4,142
Market and mid-market rent units	419	314	-	12	745
Total non-social housing	4,980	**325**	**(48)**	**(370)**	**4,887**
Total social and non-social housing	**52,178**	**749**	**(318)**	**23**	**52,632**

Other movements mainly represent changes in tenure, ownership or management.

5. Emoluments of the Board, directors and senior colleagues

Analysis of non-executive Board members' emoluments

	2024	2023
	£000	£000
R Bradley	13	12
J Cridland	28	26
L Cullen	13	12
D Cumberland (from 1 January 2023)	12	5
S Deacon	13	12
K Gillespie	13	12
Z Hingston (from 1 October 2022)	12	6
L Joisce (from 11 November 2023)	7	-
M Madden (resigned 1 November 2023)	7	12
B Mehta (resigned 1 January 2023)	-	9
L A Morphy (resigned 17 July 2022)	-	4
I Mudie	12	11
C Vallis	15	15
B Walsh (from 1 October 2022)	12	7
	157	143

During the year there were no benefits, other than wages and salaries, payable to non-executive board members.

Analysis of directors' emoluments (key management personnel)

The following disclosure relates to colleagues who are key management personnel as defined in the Accounting Direction for Private Registered Providers of Social Housing 2022. This consists of the executive directors.

	2024	2023
	£000	£000
Emoluments paid to the directors (including pension contributions and benefits in kind)	1,309	1,370
Emoluments paid to the highest paid director (excluding pension contributions)	272	258

	Remuneration	Benefits	Pension contributions	2024 Total	2023 Total
	£000	£000	£000	£000	£000
R M Byrne	203	11	18	232	221
J Cook (until 8 November 2022)	-	-	-	-	108
M Forrest (until 23 November 2022)	-	-	-	-	129
W Gardner (from 4 April 2022)	176	5	12	193	178
M G Henderson	263	9	22	294	274
J Hudson (until 7 June 2022)	-	-	-	-	45
N Hussain	176	7	11	194	179
H Meehan (from 8 June 2022)	187	6	12	205	149
P Walker (from 17 October 2022)	176	6	9	191	87
Total	1,181	44	84	1,309	1,370

Remuneration represents payments receivable for employment in the period and includes salary and an estimate of performance related bonus, which will be considered after the financial statements are signed.

The members of the Executive, who were in post at the year end, excluding the Chief Executive, are ordinary members of the defined contribution section of the Home Group pension scheme. No enhanced or special terms apply. From 1 April 2016 the Chief Executive received a monthly payment in lieu of the pension contributions to which he would otherwise be entitled as an ordinary member of the scheme. This is disclosed within the pension contributions above.

5. Emoluments of the Board, directors and senior colleagues (continued)

The full time equivalent number of colleagues (including directors) whose remuneration payable in the year (including compensation for loss of office, performance-related bonus, expense allowances and pension contributions) fell above £60,000 was:

	2024 Number	2023 Number
£60,000 - £70,000	**64**	60
£70,001 - £80,000	**47**	31
£80,001 - £90,000	**21**	11
£90,001 - £100,000	**10**	15
£100,001 - £110,000	**8**	7
£110,001 - £120,000	**6**	7
£120,001 - £130,000	**5**	1
£130,001 - £140,000	**-**	1
£140,001 - £150,000	**1**	1
£150,001 - £160,000	**2**	3
£160,001 - £170,000	**1**	-
£170,001 - £180,000	**1**	2
£190,001 - £200,000	**3**	-
£200,001 - £210,000	**1**	-
£220,001 - £230,000	**-**	1
£230,001 - £240,000	**1**	-
£270,001 - £280,000	**-**	1
£290,001 - £300,000	**1**	-

6. Employee information

The average number of persons (including directors) employed during the year (expressed as full time equivalents) was:

	GROUP		ASSOCIATION	
	2024 Number	2023 Number	**2024 Number**	2023 Number
Office colleagues	**1,709**	1,674	**1,637**	1,601
Wardens, caretakers, care workers and cleaners	**1,361**	1,285	**1,361**	1,285
Maintenance	**205**	118	**168**	99
	3,275	3,077	**3,166**	2,985

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
Employee costs (for the above persons):	**£000**	£000	**£000**	£000
Wages and salaries	**104,092**	93,948	**99,662**	91,433
Social security costs	**9,487**	9,088	**9,048**	8,815
Other pension costs	**5,431**	5,351	**5,240**	5,210
	119,010	108,387	**113,950**	105,458

In addition to the employee costs above, there were £8,164,000 (2023: £9,235,000) in Group, and £8,150,000 (2023: £9,218,000) in Association for temporary staff employed through an agency. These costs are included within operating expenditure in the SOCI.

7. Interest receivable

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Interest receivable from other Group companies	-	-	**355**	241
Interest receivable from bank and building society deposits	**1,011**	384	**942**	371
Interest income on defined benefit pension schemes	**1,079**	-	**1,079**	-
Other interest receivable	**3,467**	2,446	**18**	33
	5,557	2,830	**2,394**	645

8. Interest payable and financing costs

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Interest payable to other Group companies	-	-	**205**	-
Interest payable on bank loans and overdrafts	**26,032**	17,743	**23,279**	16,306
Interest payable on other loans	**36,750**	37,109	**34,815**	35,672
Other financing costs on defined benefit pension schemes	-	239	-	239
	62,782	55,091	**58,299**	52,217
Less: Interest capitalised on housing property development	**(7,768)**	(6,169)	**(5,971)**	(5,473)
	55,014	48,922	**52,328**	46,744
Average rate applicable to capitalised interest	**4.0%**	3.3%	**4.0%**	3.3%

Included within interest payable and financing costs are amounts for indexation and deferred interest totalling £6,452,356 (2023: £6,039,687).

9. Surplus on ordinary activities before taxation

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Surplus on ordinary activities before taxation is stated after charging / (crediting):				
Depreciation:				
- Housing properties	**53,422**	51,269	**48,188**	47,355
- Other fixed assets	**2,241**	2,599	**2,241**	2,599
Amortisation of intangible assets	**3,618**	3,071	**3,618**	3,071
Impairment / (Reversal of impairment):				
- Housing properties	**1,189**	(3,181)	**(110)**	(3,319)
- Fixed asset investment	**1,473**	1,466	-	-
- Properties held for sale	**481**	750	**108**	765
Grant amortisation	**(9,763)**	(9,742)	**(10,186)**	(10,416)
External auditor's remuneration for audit services	**366**	219	**290**	167
External auditor's remuneration for other assurance services	-	20	-	20
Operating lease rentals	**6,310**	4,076	**6,195**	3,973

The fixed asset investment impairment of £1,473,000 in 2024 (2023: £1,466,000) relates to the write down of Home Group Development's loan to an associate, Evolution Morpeth LLP.
The Group external auditor's remuneration for audit services for the current year is payable to two auditors - £350,000 is payable to the Group auditors and £16,000 is payable in respect of subsidiary audits.

10. Taxation

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Current tax				
UK corporation tax	**1,689**	2,038	**31**	24
Adjustments in respect of prior years' UK corporation tax	**(2,104)**	(1,877)	**(51)**	-
Total current tax	**(415)**	161	**(20)**	24
Deferred tax				
Current period	**61**	51	-	-
Total deferred tax	**61**	51	-	24
Tax on surplus on ordinary activities	**(354)**	212	**(20)**	24

The Group and Association's current tax charges for the period are lower (2023: lower) than the standard rate of corporation tax in the UK (2024: 25%, 2023: 19%). The differences are explained below:

Total tax reconciliation	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Surplus on ordinary activities before taxation	**23,176**	24,855	**24,730**	23,816
Current UK Corporation tax on above at 25% (2023: 19%)	**5,794**	4,722	**6,183**	4,525
Effects of:				
Expenses not deductible for tax purposes	**393**	279	-	-
Consolidation adjustment not deductible	**243**	174	-	-
Gift aid income not taxable	**2,648**	1,971	**(2,648)**	(1,971)
Surplus exempt from tax due to charitable exemptions	**(7,256)**	(5,073)	**(3,504)**	(2,530)
Adjustments to tax charge in respect of previous periods	**(2,104)**	(1,877)	**(51)**	-
Other permanent differences	**(50)**	(20)	-	-
Difference between current and deferred tax rates on profits of joint ventures and associates to be taxed in future years	**(350)**	(223)	-	-
Unrecognised deferred tax movement	**328**	259	-	-
Effect of increased deferred tax rate on opening balances	-	-	-	-
Total tax charge	**(354)**	212	**(20)**	24

The UK corporation tax rate of 19% was substantively enacted on 17 March 2020. The Finance Bill 2021 announced the UK corporation tax rate increase to 25% from 1 April 2023, and this was substantively enacted on 10 June 2021. In the Autumn Statement in November 2022, the government confirmed the increase in corporation tax rate to 25% from April 2023. The deferred tax asset has therefore been recognised at 25% as at 31 March 2024 (2023: 25%).

11. Housing properties

GROUP

	Completed housing properties £000	Housing properties under construction £000	Completed shared ownership housing properties £000	Shared ownership housing properties under construction £000	Total £000
Cost					
At 1 April 2023 (restated)	2,882,590	133,266	323,775	13,833	3,353,464
Additions	429	100,535	-	48,143	149,107
Capitalised interest	-	4,273	-	1,319	5,592
Capitalised works	50,238	-	-	-	50,238
Transfer to completed schemes	88,632	(88,632)	6,482	(6,482)	-
Disposals	(7,359)	-	(4,233)	-	(11,592)
At 31 March 2024	**3,014,530**	**149,442**	**326,024**	**56,813**	**3,546,809**
Depreciation					
At 1 April 2023	605,401	4,427	14,236	1,537	625,601
Charge for year	50,795	-	2,627	-	53,422
Impairment charge/(reversal)	625	(437)	348	653	1,189
Eliminated in respect of disposals	(2,608)	-	(183)	-	(2,791)
At 31 March 2024	**654,213**	**3,990**	**17,028**	**2,190**	**677,421**
Net book value at 31 March 2024	**2,360,317**	**145,452**	**308,996**	**54,623**	**2,869,388**
Net book value at 31 March 2023 (restated)	2,277,189	128,839	309,539	12,296	2,727,863

The opening balances have been restated due to three schemes which were found to have transferred to complete before 31 March 2023. The reclassification is between headings and has not affected the total balance.

Total accumulated impairment at 31 March 2024 is £14,663,144 (2023: £13,474,218).

Completed housing properties have been impaired where indicators exist that the carrying value is less than the EUV-SH and mainly relate to properties which are void or have been ear-marked for demolition. Housing properties under construction have been impaired due to the impact of rising costs due to inflation and the wider economy. The total number of housing units impaired during the year is 181.

The impairment reversal in the year has arisen following a re-assessment of future spend, updated valuations and revised developments plans on certain schemes. The total number of housing units with an impairment reversal during the year is 47.

	2024 £000	2023 £000
Completed housing properties, at net book value, comprise:		
Freeholds	**2,610,855**	2,500,029
Long leaseholds	**58,412**	56,283
Short leaseholds	**46**	60
	2,669,313	2,556,372
Works to existing properties in the year:		
Components capitalised	**50,238**	45,695
Amounts charged to expenditure in respect of major and planned repairs	**44,397**	43,403
	94,635	89,098

11. Housing properties (continued)

ASSOCIATION

	Completed housing properties £000	Housing properties under construction £000	Completed shared ownership housing properties £000	Shared ownership housing properties under construction £000	Total £000
Cost					
At 1 April 2023 (restated)	2,696,760	63,841	324,316	6,715	3,091,632
Additions	429	67,568	-	47,968	115,965
Capitalised interest	-	2,476	-	1,319	3,795
Capitalised works	48,111	-	-	-	48,111
Transfer to completed schemes	44,664	(44,664)	6,500	(6,500)	-
Disposals	(7,288)	-	(4,184)	-	(11,472)
At 31 March 2024	**2,782,676**	**89,221**	**326,632**	**49,502**	**3,248,031**
Depreciation					
At 1 April 2023	583,731	3,564	14,086	561	601,942
Charge for year	45,568	-	2,620	-	48,188
Impairment charge/(reversal)	612	(1,040)	348	(30)	(110)
Eliminated in respect of disposals	(2,578)	-	(173)	-	(2,751)
At 31 March 2024	**627,333**	**2,524**	**16,881**	**531**	**647,269**
Net book value at 31 March 2024	**2,155,343**	**86,697**	**309,751**	**48,971**	**2,600,762**
Net book value at 31 March 2023 (restated)	2,113,029	60,277	310,230	6,154	2,489,690

The opening balances have been restated due to three schemes which were found to have transferred to complete before 31 March 2023. The reclassification is between headings and has not affected the total balance.

Total accumulated impairment at 31 March 2024 is £11,355,883 (2023: £11,465,634).

	2024 £000	2023 £000
Completed housing properties, at net book value, comprise:		
Freeholds	**2,401,448**	2,331,291
Long leaseholds	**63,600**	61,552
Short leaseholds	**46**	60
	2,465,094	2,392,903
Works to existing properties in the year:		
Components capitalised	**48,111**	44,168
Amounts charged to expenditure in respect of major and planned repairs	**41,800**	40,192
	89,911	84,360

12. Other fixed assets

	Freehold and long leasehold office accommodation £000	Improvements to short leasehold office accommodation £000	Plant, machinery, fixtures and vehicles £000	Computer equipment and leased equipment £000	Total £000
GROUP					
Cost					
At 1 April 2023	2,704	13,232	1,707	58,863	76,506
Additions	2	-	211	1,509	1,722
Transfers	-	(482)	-	482	-
At 31 March 2024	**2,706**	**12,750**	**1,918**	**60,854**	**78,228**
Depreciation					
At 1 April 2023	1,214	3,383	1,493	56,601	62,691
Charge for year	87	1,035	84	1,035	2,241
At 31 March 2024	**1,301**	**4,418**	**1,577**	**57,636**	**64,932**
Net book value at 31 March 2024	**1,405**	**8,332**	**341**	**3,218**	**13,296**
Net book value at 31 March 2023	1,490	9,849	214	2,262	13,815
ASSOCIATION					
Cost					
At 1 April 2023	2,704	13,232	1,620	58,861	76,417
Additions	2	-	211	1,509	1,722
Transfers	-	(482)	-	482	-
At 31 March 2024	**2,706**	**12,750**	**1,831**	**60,852**	**78,139**
Depreciation					
At 1 April 2023	1,214	3,383	1,406	56,599	62,602
Charge for year	87	1,035	84	1,035	2,241
At 31 March 2024					
Net book value at 31 March 2024	**1,405**	**8,332**	**341**	**3,218**	**13,296**
Net book value at 31 March 2023	1,490	9,849	214	2,262	13,815

13. Intangible fixed assets

GROUP AND ASSOCIATION	Software £000
Cost	
At 1 April 2023	41,358
Additions	3,563
At 31 March 2024	**44,921**
Depreciation and impairment	
At 1 April 2023	23,620
Charge for year	3,618
At 31 March 2024	**27,238**
Net book value at 31 March 2024	**17,683**
Net book value at 31 March 2023	17,738

14. Fixed asset investments

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Shares in Group undertakings				
At 1 April	-	-	**108,848**	108,848
Issued in the year	-	-	-	-
At 31 March	-	-	**108,848**	108,848
Loans to Group undertakings				
At 1 April	-	-	**8,100**	2,950
Additions	-	-	**10,245**	15,356
Repayments	-	-	**(13,095)**	(10,206)
At 31 March	-	-	**5,250**	8,100
Interests in joint ventures				
At 1 April	**15,674**	11,892	-	-
Share of results	**2,171**	3,782	-	-
Distributions received	**(4,000)**	-	-	-
At 31 March	**13,845**	15,674	-	-
Interest in associates				
At 1 April	**18,044**	6,878	-	-
Additions	-	11,166	-	-
At 31 March	**18,044**	18,044	-	-
Loans to joint ventures				
At 1 April	**20,931**	32,110	-	-
Additions	**22,958**	16,722	-	-
Repayments	**(16,207)**	(27,901)	-	-
At 31 March	**27,682**	20,931	-	-
Loans to associates				
At 1 April	**15,328**	13,398	-	-
Additions	**3,318**	4,561	-	-
Repayments	**(3,700)**	(1,165)	-	-
Impairment	**(1,473)**	(1,466)	-	-
At 31 March	**13,473**	15,328	-	-
Other investments				
At 1 April	**7,516**	7,585	**7,079**	7,150
Additions	**224**	29	**210**	27
Disposals	**(363)**	(98)	**(336)**	(98)
At 31 March	**7,377**	7,516	**6,953**	7,079
Total fixed asset investments	**80,421**	77,493	**121,051**	124,027

The write down in the loan to associate (2024: £1,473,000, 2023: £1,466,000) relates to the impairment of HGDL's loan to Evolution Morpeth LLP.

Other investments include Affordable Housing Finance Liquidity Reserve Funds investment and equity share loans in Association, and an HGDL investment in Ptarmigan Land Projects Limited.

14. Fixed asset investments (continued)

Shares in Group undertakings

At 31 March 2024 the Association controlled the following organisations, the results of each of which are consolidated in these financial statements in accordance with the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969:

Subsidiary name	Country of registration	Registered Social Landlord	Share capital held by HGL	Basis of control
Home in Scotland Limited	Scotland	Yes	£1	Joint arrangement deed
Home Group Repairs Partnership Limited	England	No	£10,701,000*	100% share ownership
Home Group Developments Limited	England	No	£104,000,002	100% share ownership
North Housing Limited	England	No	£0.90	100% share ownership

*Total share capital of £10,701,000 was written down by £5,853,000 in 2020/21 and is now valued at £4,848,000.

The following dormant companies are also members of the Group:

Subsidiary name	Country of registration	Registered Social Landlord	Share capital held by HGL	Basis of control
Home Housing Limited	England	No	£1	100% share ownership
Stonham Limited	England	No	£1	100% share ownership
Navigation Point Nominee Limited	England	No	£1	100% share ownership
North Eastern Housing Limited	England	No	£0.90	100% share ownership
Copeland Homes Limited	England	No	£1	100% share ownership
PGL (Twelve) Limited	England	No	£1	100% share ownership

Registered addresses of subsidiaries:

- Home in Scotland Limited – Pavilion 6, 321 Springhill Parkway, Glasgow Business Park, Baillieston, Glasgow, G69 6GA
- All others – One Strawberry Lane, Newcastle upon Tyne, Tyne and Wear, NE1 4BX

Interests in joint ventures and associates

The Group, through its subsidiaries HGDL and NHL, holds an interest in the following joint ventures and associates:

Joint venture name	Country of registration	Principal activity	Percentage held
Evolution Gateshead Developments LLP	England	Property development	50%
Gateshead Regeneration LLP	England	Property development	25% *(held indirectly)*
Evolution Newhall LLP	England	Property development	50%
Evolution (Shinfield) LLP	England	Property development	50%
Evolution (Saffron Walden) LLP	England	Property development	50%
Linden (Northstowe) LLP	England	Property development	50%
Linden (Mowbray View 2) LLP	England	Property development	50%
Linden (Manse Farm) LLP	England	Property development	50%
Home Hill LLP	England	Property development	50%
Sadler Woods LLP	England	Property development	50%

Associate name	Country of registration	Principal activity	Percentage held
Evolution Morpeth LLP	England	Property development	50%
Ptarmigan Planning 4 Limited	England	Property development	46.25%
CT UK Residential Real Estate Limited (formerly known as BMO UK Residential Real Estate Limited)	England	Property development	27%

HGDL owns a minority interest (which may vary between 33% and 49% depending on other shareholdings) in Ptarmigan Planning 4 Limited, which was established for land promotion and development activities. Ptarmigan Planning 4 Limited has eight wholly owned subsidiaries; Ptarmigan Berinsfield Limited, Ptarmigan Birchington Limited, Ptarmigan Thatcham Limited, Ptarmigan Radley Limited, Project XIII Limited, Project Catix 1 Limited, Project Catix 2 Limited, and Ptarmigan Hemingfield Limited.

14. Fixed asset investments (continued)

Registered addresses of joint ventures and associates:
- Home Hill LLP – The Power House, Gunpowder Mill, Powdermill Lane, Waltham Abbey, Essex, EN9 1BN
- Sadler Woods LLP – Story House, Lords Way, Kingmoor Business Park, Carlisle, CA6 4SL
- Ptarmigan Planning 4 Limited – 2 Frederic Mews, London, SW1X 8EQ
- CT UK Residential Real Estate Limited – C/O Aztec Financial Services Solent Business Park, Forum 4, Parkway South, Whitely, Fareham, Hampshire, PO15 7AD
- All others – 11 Tower View – Kings Hill, West Maling, Kent, ME19 4UY

The Group results include a profit from interests in joint ventures of £2,163,000 (2023: £3,782,000) and no profit or loss from interests in associates (2023: £nil).

15. Properties held for sale

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Shared ownership properties:				
- Completed	**1,410**	4,759	**1,410**	4,752
- Work in progress	**15,816**	9,471	**14,909**	8,467
Outright sale properties:				
- Completed	**10,440**	-	**2,774**	-
- Work in progress	**53,115**	107,955	**19,030**	41,799
	80,781	122,185	**38,123**	55,018

The total value of properties held for sale for the Group is stated net of impairment charges of £481,785 (2023: £750,268). The total value of properties held for sale for the Association is stated net of impairment charges of £107,777 (2023: £764,410 reversal).

16. Debtors

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Amounts falling due within one year:				
Rental and service charges receivable	**21,674**	23,600	**19,729**	21,738
Less: Provision for bad debts	**(9,490)**	(11,602)	**(8,571)**	(10,696)
Net rental debtors	**12,184**	11,998	**11,158**	11,042
Prepayments	**4,706**	7,821	**6,431**	7,429
Accrued income	**5,018**	11,526	**4,819**	11,297
Corporation tax debtor	**750**	1,843	-	349
Other amounts due from Group undertakings	-	-	**2,150**	2,256
Leasehold debtors	**2,801**	2,525	**2,584**	2,448
Taxation debtors	**80**	-	-	-
Other debtors	**8,609**	6,011	**7,600**	5,656
	34,148	41,724	**34,742**	40,477
Loans to employees included in other debtors	**114**	134	**114**	134

Loans to employees are made in four circumstances:
- Car loans: made in accordance with the policy of providing assistance to colleagues to purchase cars where the use of a car is required by their duties. Interest is charged at a flat rate of 5%.
- Season ticket loans: the Group provides assistance to colleagues to purchase season tickets for travel to work. No interest is charged.
- Salary sacrifice arrangements: opportunity for colleagues to fund learning, a bicycle or IT equipment costs from their salary.
- Colleague support fund: colleagues can request a short-term loan to help them manage their finances. No interest is charged, and it is repaid through their salary over six months.

17. Current asset investments

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Other investments	-	172	-	172
	-	172	-	172

18. Creditors: amounts falling due within one year

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Housing loans from third parties	**27,007**	18,273	**24,845**	16,111
Trade creditors	**15,501**	18,610	**13,565**	10,878
Social Housing Grant in advance	-	34,730	-	34,730
Deferred capital grant	**10,332**	12,284	**10,748**	10,453
Taxation and social security	**554**	787	**227**	730
Accruals	**45,244**	39,864	**41,468**	35,102
Accrued interest payable	**8,750**	6,839	**7,771**	6,524
Deferred income	**12,148**	15,843	**11,417**	13,763
Other amounts due to Group undertakings	-	-	**13,747**	995
Leasehold creditors	**24,242**	21,127	**24,242**	21,127
Retentions	**8,081**	9,935	**2,497**	3,630
Other creditors	**6,962**	7,554	**3,821**	5,881
	158,821	185,846	**154,348**	159,924

The increase in accruals was driven by increased capital accruals relating to maintenance (Group: £3.4 million, Association: £3.3 million) and development (Group: £0.5 million, Association: £0.9 million) as a result of increased costs and the timing of payments around year-end. The increase in 'other amounts due to Group undertakings' was due to the timing of the year-end intercompany accounts settlement with HGDL (£7.7 million) and a deposit HGRP has in the Association to allow it to invest its surplus cash (£5 million).

Other movements in debtors and creditors are discussed in the Financial Review on page 16.

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

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Housing loans from third parties	**727,481**	663,759	**623,602**	575,645
Discounted bonds	**522,671**	516,312	**522,671**	516,312
Deferred capital grant	**947,536**	903,497	**916,284**	885,691
Recycled Capital Grant Fund	**3,667**	17,026	**3,667**	16,987
Homebuy grant	**645**	682	**645**	682
	2,202,000	2,101,276	**2,066,869**	1,995,317

20. Debt analysis

GROUP AND ASSOCIATION	2024	2023
	£000	£000
Discounted bonds		
Issued:		
8.75% guaranteed loan stock 2037	**100,000**	100,000
3.125% guaranteed loan stock 2043	**350,000**	350,000
Zero coupon loan stock 2027	**94,450**	94,450
In issue at 31 March	**544,450**	544,450
Less: Deferred interest and issue costs:		
At 1 April	**28,138**	33,908
Charged to SOCI	**(6,359)**	(5,770)
At 31 March	**21,779**	28,138
Net value at 31 March	**522,671**	516,312
Market value at 31 March	**426,181**	433,999

Housing loans and discounted bonds

The premium on issuance of the 2043 loan stock is being amortised to the SOCI on a straight line interest basis over the remaining life of the bond. The outstanding premium as at 31 March 2024 was £8.0 million (2023: £8.5 million).

The Group housing loans and discounted bonds are stated net of unamortised issue costs of £6.3 million (2023: £6.2 million). The Association housing loans and discounted bonds are stated net of unamortised issue costs of £5.8 million (2023: £5.8 million).

Housing loans are secured by specific charges on housing properties, bank and building society deposits and other fixed and current asset investments. The amounts charged as security for loans are:

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£	£	**£**	£
Net book value of housing properties	**977,844,915**	1,015,768,749	**817,023,690**	855,747,274
Fixed asset investments	**4,878,561**	5,059,382	**4,453,985**	4,622,571
Current asset investments	-	171,670	-	171,670

Most housing loans held by the Group have covenants attached to them, in particular around gearing limitations and a requirement to maintain a minimum level of interest cover.

20. Debt analysis (continued)

Maturity of borrowings

The maturity profile of the carrying amount of the Group's and Association's borrowings as at 31 March 2024 was as follows:

	Less than 1 year £000	Due in 1-2 years £000	Due in 2-5 years £000	Due in over 5 years £000	Total £000
GROUP					
Discounted bonds	-	-	94,448	428,223	522,671
Housing loans					
- fixed	4,363	6,035	147,772	269,211	427,381
- floating	20,800	57,039	59,091	188,333	325,263
- index-linked	1,844	-	-	-	1,844
At 31 March 2024	**27,007**	**63,074**	**301,311**	**885,767**	**1,277,159**
ASSOCIATION					
Discounted bonds	-	-	94,448	428,223	522,671
Housing loans					
- fixed	4,202	6,035	146,172	215,387	371,796
- floating	18,800	20,112	54,691	181,205	274,808
- index-linked	1,843	-	-	-	1,843
At 31 March 2024	**24,845**	**26,147**	**295,311**	**824,815**	**1,171,118**

The maturity profile of the carrying amount of the Group's and Association's borrowings as at 31 March 2023 was as follows:

	Less than 1 year £000	Due in 1-2 years £000	Due in 2-5 years £000	Due in over 5 years £000	Total £000
GROUP					
Discounted bonds	-	-	-	516,312	516,312
Housing loans					
- fixed	1,360	6,086	73,067	348,196	428,709
- floating	15,200	13,673	31,250	189,865	249,988
- index-linked	1,713	1,622	-	-	3,335
At 31 March 2023	**18,273**	**21,381**	**104,317**	**1,054,373**	**1,198,344**
ASSOCIATION					
Discounted bonds	-	-	-	516,312	516,312
Housing loans					
- fixed	599	4,724	67,467	300,103	372,893
- floating	13,800	12,874	(1,024)	189,879	215,529
- index-linked	1,712	1,622	-	-	3,334
At 31 March 2023	**16,111**	**19,220**	**66,443**	**1,006,294**	**1,108,068**

20. Debt analysis (continued)

Terms of repayment

At 31 March 2024 the Group had £1,277.2 million loans drawn:

- £522.7 million relates to the Association's three loan stock issues which mature as bullet repayments in 2027, 2037 and 2043.
- £245.7 million is from a syndicate of four lenders led by Royal Bank of Scotland. The loans are repaid annually in April each year in accordance with an agreed repayment profile.
- The remaining £508.8 million are bilateral loan facilities from various banks, building societies and sector-specific funders that are repaid in a variety of ways either over the term of the loan or as a bullet repayment on maturity. These loan payments are due at various future dates ranging from one to 20 years.

Undrawn, committed facilities

The Group and the Association had the following undrawn, committed floating rate borrowing facilities available at 31 March:

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Expiring within one year	-	5,000	-	5,000
Expiring between one and two years	**55,000**	80,000	**50,000**	80,000
Expiring between two and five years	**259,000**	198,000	**259,000**	190,000
Expiring in more than five years	-	11,272	-	11,272
	314,000	294,272	**309,000**	286,272

These facilities have been arranged to help finance future business development. All facilities incur commitment fees at market rates.

Interest rate risk profile of borrowings

Group and Association borrowings comprise:

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Fixed rate borrowings	**950,052**	945,021	**894,467**	889,206
Floating rate borrowings	**327,107**	253,323	**276,651**	218,862
	1,277,159	1,198,344	**1,171,118**	1,108,068

All of the Group's and Association's 'Creditors: amounts falling due within one year' (other than housing loans) are excluded from the analysis as they are short term in nature and are not subject to interest rate risk. Fixed rate borrowings include the zero coupon loan stocks to reflect the deferred interest charges.

Group fixed rate borrowings bear a weighted average interest rate of 4.77% (2023: 4.70%), Association 4.84% (2023: 4.80%) and are fixed for a weighted average period of 14 years (2023: 15 years), Association 14 years (2023: 15 years). Interest rates on Group fixed rate borrowings range between 0% and 11.42% (2023: 0% to 11.42%) and Association fixed rate borrowings range between 2.89% and 11.42% (2023: 2.89% to 11.42%).

Floating rate borrowings bear interest rates based either on SONIA plus Credit Adjustment Spread or on a fixed coupon rate applied to debt balances, which change with movements in the retail price index.

The effective interest rates of borrowings are:	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	%	%	**%**	%
Discounted bonds	**5.2**	5.1	**5.2**	5.1
Housing loans				
- fixed	**4.3**	4.2	**4.4**	4.4
- floating	**5.7**	4.4	**5.6**	4.4
- index linked	**5.5**	5.5	**5.5**	5.5

21. Financial instruments

Interest rate risk

Exposure to fluctuating interest rates is managed by fixing debt to maintain the level of long-term fixed interest rate funding between a minimum and maximum proportion of total debt. At present the policy is to aim to maintain between 65% and 80% of borrowing in long-term fixed interest rate funding, allowing flexibility to move outside of this range, in either direction, on a temporary basis. This policy reflects and matches the long-term nature of our asset base and the rental income streams arising from it. The remaining debt is held at floating rates. At the year-end 74.4% (2023: 78.9%) of the Group's borrowing was in the form of long-term fixed interest rate debt.

It is estimated that each quarter point increase in interest rates would increase costs by £818,000 per annum based on the variable rate debt held at 31 March 2024.

The rules of Home Group allow the use of derivatives. The ability to use stand-alone derivatives increases the options available to us in managing interest rate risk. They cannot be used for speculative purposes. The Group currently has no derivative instruments in place.

Credit risk

Home Group's policy is to minimise borrowings and surplus funds. Any investments are only made with highly rated counterparties on the Board approved list, and limited to a maximum authorised amount subject to counterparty classification.

Liquidity risk and future borrowings

As at 31 March 2024, Home Group had £314.0 million (2023: £294.3 million) committed and undrawn facilities, all of which were immediately available for drawdown. In addition to this, Home Group had £25m committed and undrawn facilities, currently being secured. The Group continues to have a large pool of unencumbered properties (2024: £1,891.5 million, 2023: £1,358.4 million) available as security for future borrowings to support its growth strategy.

Financial assets measured at amortised cost	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Fixed asset investments:				
- Loans to Group undertakings	-	-	**5,250**	8,100
- Loans to joint ventures	**23,748**	20,931	-	-
- Loans to associates	**13,473**	15,328	-	-
- Other investment	-	-	-	-
	37,221	36,259	**5,250**	8,100
Other financial assets:				
- Short term debtors	**29,442**	29,235	**28,311**	28,047
- Cash and cash equivalents	**44,778**	48,222	**36,525**	36,465
	74,220	77,457	**64,836**	64,512
Total financial assets	**111,441**	113,716	**70,086**	72,612

Short term debtors comprise net rental debtors, accrued income, amounts due from Group undertakings, leasehold debtors, taxation debtors and other debtors.

Loan facilities provided to Group undertakings comprise:
- £15 million loan facility to HGDL with a term of five years maturing in June 2026
- £10 million 364 day loan facility to HGDL maturing in June 2025
- £10 million loan facility to Home Scotland maturing in May 2025
- £20 million loan facility to Home Scotland maturing June 2028

As at 31 March 2024, HGDL had drawn nothing (2023: £nil) and Home Scotland had drawn £5.25 million (2023: £8.1 million) from the Association. The loan facilities attract interest charged at SONIA plus Credit Adjustment Spread and margin.

21. Financial instruments (continued)

Financial liabilities measured at amortised cost

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Borrowings:				
Discounted bonds	**522,671**	516,312	**522,671**	516,312
Housing loans				
- fixed	**427,381**	428,709	**371,796**	372,893
- floating	**325,263**	249,988	**274,808**	215,529
- index-linked	**1,844**	3,335	**1,843**	3,334
Total borrowings	**1,277,159**	1,198,344	**1,171,118**	1,108,068
Other short-term liabilities	**109,491**	101,434	**107,822**	81,768
Total financial liabilities	**1,386,650**	1,299,778	**1,278,940**	1,189,836

Other short-term liabilities comprise trade creditors, accruals, other amounts due to Group undertakings, leasehold creditors, retentions and other creditors. The Recycled Capital Grant Fund is excluded from the above figures as they do not meet the definition of a financial liability. Terms and conditions of the above financial liabilities are included in Note 20.

22. Deferred capital grant

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
At 1 April	**915,781**	841,958	**896,144**	840,294
Grant received in the year	**56,075**	90,616	**45,299**	73,317
Released to income in the year	**(9,763)**	(9,742)	**(10,186)**	(10,416)
Disposals	**(4,225)**	(7,051)	**(4,225)**	(7,051)
At 31 March	**957,868**	915,781	**927,032**	896,144
Amount due to be released within one year	**10,332**	12,284	**10,748**	10,453
Amount due to be released in more than one year	**947,536**	903,497	**916,284**	885,691
	957,868	915,781	**927,032**	896,144

The total accumulated government grant and financial assistance received or receivable at 31 March:

	GROUP		ASSOCIATION	
	2024	2023	**2024**	2023
	£000	£000	**£000**	£000
Held as deferred capital grant	**957,868**	915,781	**927,032**	896,144
Recognised as income in the SOCI	**161,260**	153,326	**197,569**	189,196
Grant within cost on properties at fair values at acquisition	**237,452**	237,452	-	-
	1,356,580	1,306,559	**1,124,601**	1,085,340

23. Analysis of Recycled Capital Grant Fund

GROUP AND ASSOCIATION	2024 £000	2023 £000
At 1 April	**17,026**	23,073
Inputs:		
- Grants recycled	**5,468**	4,957
- Interest accrued	**446**	528
Recycling:		
- New build	**(18,904)**	(10,944)
Repayment of grant to Greater London Authority	**(369)**	(588)
At 31 March	**3,667**	17,026
Amounts three years or older where repayment to Homes England / Greater London Authority may be required	-	-

24. Pension obligations

The Group participates in three major funded pension schemes as detailed below. The amounts recognised within surplus or deficit in relation to all pension schemes for the year ended 31 March 2024 was £1,062,000 (2023: £1,410,000) in respect of current service costs and expenses within operating expenditure and a credit of £1,079,000 (2023: £239,000 charge) within interest. The aggregate surplus across the three defined benefit pension arrangements is £24.4 million (2023: £20.3 million surplus).

Home Group Pension and Life Assurance Scheme (HGPLAS)

The Group operates the HGPLAS, a UK registered trust based pension scheme that provides defined benefits. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The trustees are responsible for running the scheme in accordance with the scheme's trust deed and rules, which sets out their powers. The trustees of the scheme are required to act in the best interests of the beneficiaries of the scheme.

There are three categories of pension scheme members:

- Active members: currently in pensionable service.
- Deferred members: have left pensionable service and are yet to retire; and
- Pensioner members: in receipt of pension from the scheme.

The trustees are required to carry out an actuarial valuation every three years. The most recent actuarial valuation of the scheme was performed by the scheme actuary for the trustees as at 31 March 2023. This valuation revealed a funding surplus of £1.6 million. Following this, the Group agreed to pay annual contributions of at least 25.0% pa of members' pensionable salaries each year to meet the cost of future service accrual and death in service premiums. In addition, the Group will pay £0.4m pa to cover administration expenses.

As the scheme was in surplus as at 31 March 2023, the trustees agreed that no recovery plan contributions were required from the Group from 1 April 2024. However, as part of the strategy to continue to continue strengthening the scheme's funding level, the Group has agreed to pay contributions into an escrow bank account. The Group has agreed to pay at least £1,283,812 into an escrow bank account by 31 July 2024, followed by £427,937 each month from August 2024 to April 2025. This escrow bank account is not a scheme asset but will be payable to the scheme in certain circumstances as defined in the escrow agreement.

The Group therefore expects to pay £0.7m to the scheme and £5.1m into an escrow account during the accounting year beginning 1 April 2024.

The Pensions Trust (TPT)

The Group operates a defined benefit scheme in the UK. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. The scheme is closed to new entrants. An actuarial valuation was carried out at 30 September 2021 and the results of this have been updated to 31 March 2024 by a qualified actuary, independent of the scheme's sponsoring employer.

The latest actuarial valuation as at 30 September 2021 showed a surplus of £1,549,000. The Group has agreed with the trustee that it will pay contributions in respect of the cost of accruing benefits. The Group has also agreed to pay £138,552 per annum (payable monthly), increasing at each 1 April by 3% per annum starting on 1 April 2024, in respect of scheme expenses. This includes an allowance for the Pension Protection Fund levy.

24. Pension obligations (continued)

Cumbria Local Government Pension Scheme (CLGPS)

In 2004 Copeland Borough Council transferred its housing stock to Home Group Limited. As part of the transaction, Home Group Limited accepted the pension liability for all employees who transferred under the Transfer of Undertakings Protected Employment (TUPE) regulations. As a consequence, Home Group Limited is a participating employer in the CLGPS which provides benefits based on final pensionable pay. The scheme is closed to new members from the Group.

The valuation used for defined benefit pension disclosures has been based on the most recent actuarial valuation at 31 March 2022. This has been updated by Mercer Limited to take account of the requirements of section 28 of FRS 102 in order to assess the liabilities of the scheme at 31 March 2024. Scheme assets are stated at their market value at 31 March 2024.

Scheme disclosures for the year ended 31 March 2024

Assumptions

The post retirement mortality assumptions used to value the benefit obligation are as follows:

	HGPLAS	TPT	CLGPS
Males	100% S3PMA_All CMI_2022 [1.25%]	110% of S3PXA CMI_2022 [1.5%]	102% of SAPS 3 CMI_2022 [1.5%]
Females	100% S3PFA_Middle CMI_2022 [1.25%]	110% of S3PXA CMI_2022 [1.25%]	96% of SAPS 3 middle CMI_2022 [1.5%]

The assumed life expectations (in years) on retirement at age 65 are:

	HGPLAS	TPT	CLGPS
Males:			
Member aged 65 (current life expectancy)	21.5	21.2	21.5
Member aged 45 (life expectancy at 65)	22.7	22.8	22.8
Females:			
Member aged 65 (current life expectancy)	23.4	23.7	23.9
Member aged 45 (life expectancy at 65)	24.8	25.1	25.7

The financial assumptions used to calculate the defined benefit section liabilities under FRS 102 are:

	HGPLAS	TPT	CLGPS
Discount rate	4.9%	4.9%	4.9%
Retail Price Index inflation	3.2%	3.2%	N/A
Consumer Price Index inflation	2.8%	2.8%	2.7%
Rate of increase of pensions in deferment	2.8%	3.2%	2.8%
Rate of increase of pensions in payment	3.2%	2.8%	2.8%
Salary increases	3.2%	3.2%	4.2%

24. Pension obligations (continued)

Amounts recognised in the SOCI	HGPLAS 2024 £000	TPT 2024 £000	CLGPS 2024 £000	Total 2024 £000
Current service cost	(233)	(92)	(30)	(355)
Expenses	(526)	(180)	(1)	(707)
Amounts charged to operating expenditure	**(759)**	**(272)**	**(31)**	**(1,062)**
Interest income	6,819	2,747	1,340	10,906
Interest expense	(5,989)	(2,585)	(866)	(9,440)
Interest on effect of asset ceiling	-	(162)	(225)	(387)
Amounts credited to interest	**830**	**-**	**249**	**1,079**
Actuarial (losses) / gains on scheme assets	(1,259)	(4,025)	786	(4,498)
Actuarial gains on scheme liabilities	4,455	1,306	76	5,837
Effects of changes in the amount of surplus that is not recoverable – gain / (loss)	-	2,683	(5,889)	(3,206)
Actuarial gains / (losses) recognised in other comprehensive income	**3,196**	**(36)**	**(5,027)**	**(1,867)**

Amounts recognised in the SOFP	HGPLAS 2024 £000	TPT 2024 £000	CLGPS 2024 £000	Total 2024 £000
Present value of funded obligations	(126,293)	(55,117)	(18,033)	(199,443)
Fair value of scheme assets	150,456	56,024	29,008	235,488
Effect of asset ceiling	-	(907)	(10,714)	(11,621)
Surplus	**24,163**	**-**	**261**	**24,424**
Opening scheme liabilities	(130,013)	(56,153)	(18,124)	(204,290)
Current service cost	(233)	(92)	(30)	(355)
Interest cost	(5,989)	(2,585)	(866)	(9,440)
Contributions by employees	(111)	(28)	(10)	(149)
Actuarial gains	4,455	1,306	76	5,837
Benefits paid	5,598	2,435	921	8,954
Closing scheme liabilities	**(126,293)**	**(55,117)**	**(18,033)**	**(199,443)**
Opening fair value of scheme assets	145,265	59,581	27,794	232,640
Employer contributions	5,644	308	-	5,952
Interest income	6,819	2,747	1,340	10,906
Contributions by employees	111	28	10	149
Actuarial losses / (gains)	(1,259)	(4,025)	786	(4,498)
Benefits paid	(5,598)	(2,435)	(921)	(8,954)
Expenses	(526)	(180)	(1)	(707)
Closing fair value of scheme assets	**150,456**	**56,024**	**29,008**	**235,488**
Actual return on scheme assets	5,560	(1,278)	2,126	6,408
Analysis of scheme assets				
Equities and property	12.0%	14.3%	45.1%	12.0%
Bonds and gilts	86.0%	11.2%	13.3%	86.0%
Other	0.1%	67.8%	40.1%	0.1%
Cash	1.9%	6.7%	1.5%	1.9%

24. Pension obligations (continued)

Scheme disclosures for the year ended 31 March 2023

Assumptions

The post retirement mortality assumptions used to value the benefit obligation are as follows:

	HGPLAS	TPT	CLGPS
Males	105% S3PMA_All CMI_2021 [1.25%]	114% of S3PXA CMI_2021 [1.5%]	107% S3PA CMI_2021_[2.0%]
Females	105% S3PMA_All CMI_2021 [1.25%]	114% of S3PXA CMI_2021 [1.25%]	100% S3PA CMI_2021_[2.0%]

The assumed life expectations (in years) on retirement at age 65 are:

	HGPLAS	TPT	CLGPS
Males:			
Member aged 65 (current life expectancy)	21.6	21.4	21.9
Member aged 45 (life expectancy at 65)	22.9	23.1	23.3
Females:			
Member aged 65 (current life expectancy)	23.5	23.9	24.2
Member aged 45 (life expectancy at 65)	25.0	25.3	26.0

The financial assumptions used to calculate the defined benefit section liabilities under FRS 102 are:

	HGPLAS	TPT	CLGPS
Discount rate	4.7%	4.7%	3.8%
Retail Price Index inflation	3.2%	3.2%	N/A
Consumer Price Index inflation	2.8%	2.8%	3.2%
Rate of increase of pensions in deferment	2.8%	3.2%	3.2%
Rate of increase of pensions in payment	3.2%	2.7%	3.2%
Salary increases	3.2%	3.2%	N/A

	HGPLAS	TPT	CLGPS	Total
	2023	2023	2023	2023
Amounts recognised in the SOCI	£000	£000	£000	£000
Current service cost	(482)	(177)	(57)	(716)
Expenses	(513)	(180)	(1)	(694)
Amounts charged to operating expenditure	**(995)**	**(357)**	**(58)**	**(1,410)**
Interest income	4,342	2,340	829	7,511
Interest expense	(4,681)	(2,137)	(729)	(7,547)
Interest on effect of asset ceiling	-	(203)	-	(203)
Amounts (charged) / credited to interest payable and financing costs	**(339)**	-	**100**	**(239)**
Actuarial losses on scheme assets	(13,486)	(25,542)	(2,233)	(41,261)
Actuarial gains on scheme liabilities	38,966	21,553	8,295	68,814
Effects of changes in the amount of surplus that is not recoverable – gain	-	4,054	(4,600)	(546)
Actuarial gains recognised in other comprehensive income	**25,480**	**65**	**1,462**	**27,007**

24. Pension obligations (continued)

Amounts recognised in the SOFP	HGPLAS 2023 £000	TPT 2023 £000	CLGPS 2023 £000	Total 2023 £000
Present value of funded obligations	(130,013)	(56,153)	(18,124)	(204,290)
Fair value of scheme assets	145,265	59,581	27,794	232,640
Effect of asset ceiling	-	(3,428)	(4,600)	(8,028)
Surplus	**15,252**	-	**5,070**	**20,322**
Opening scheme liabilities	(170,054)	(77,630)	(26,415)	(274,099)
Current service cost	(482)	(177)	(57)	(716)
Interest cost	(4,681)	(2,137)	(729)	(7,547)
Contributions by employees	(112)	(33)	(10)	(155)
Actuarial gains	38,966	21,553	8,295	68,814
Benefits paid	6,350	2,271	792	9,413
Closing scheme liabilities	**(130,013)**	**(56,153)**	**(18,124)**	**(204,290)**
Opening fair value of scheme assets	155,721	84,909	29,981	270,611
Employer contributions	5,439	292	-	5,731
Interest income	4,342	2,340	829	7,511
Contributions by employees	112	33	10	155
Actuarial losses	(13,486)	(25,542)	(2,233)	(41,261)
Benefits paid	(6,350)	(2,271)	(792)	(9,413)
Expenses	(513)	(180)	(1)	(694)
Closing fair value of scheme assets	**145,265**	**59,581**	**27,794**	**232,640**
Actual return on scheme assets	(9,144)	(23,202)	(1,404)	(33,750)
Analysis of scheme assets				
Equities and property	22.0%	13.3%	44.2%	
Bonds and gilts	77.3%	10.1%	16.9%	
Other	0.1%	72.7%	36.1%	
Cash	0.6%	3.9%	2.8%	

Other defined benefit pension schemes

In addition to the three defined benefit schemes disclosed above, the Group participates in a number of other multi-employer defined benefit pension schemes, where it is not possible to identify the share of the underlying assets and liabilities belonging to individual participating employers. Accordingly, the charge to the income and expenditure account for the period represents the employer contribution payable. As the schemes are not material, detailed disclosures in respect of the schemes are not provided.

However, as a result of changes in pension scheme regulation, there is a potential debt on the employer that could be levied by the trustees of any defined benefit scheme. The debt is due in the event of the employer ceasing to participate in the scheme or the scheme winding up. The debt for a scheme as a whole is calculated by comparing the liabilities for the scheme (calculated on a buyout basis) with the assets of the scheme. If the liabilities exceed the assets then there is a buyout debt.

The leaving employer's share of the buyout debt is the proportion of the scheme's liability attributable to employment with the leaving employer compared to the total amount of the scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total scheme liabilities, scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy out market. The amounts of debt can therefore be volatile over time.

24. Pension obligations (continued)

In June 2023, the UK High Court issued a ruling in the case of Virgin media Limited v NTL Pension Trustees II Limited and other relating to the validity of certain historical pension changes. This judgement was appealed in 2024 and on 24 July 2024, it was confirmed that the earlier ruling by the Court was still applicable. Home Group is currently assessing whether, as a result of this ruling, there is any potential impact to its pension schemes

25. Non-equity share capital

Each non-executive member of the Board holds one share of £1 in the Association. As at 31 March 2024, there were ten non-executive board members who each held a share in the Association.

Allotted, issued and fully paid:	£
At 1 April 2023	10
Issued during the year	-
Surrendered during the year	-
At 31 March 2024	**10**

The shares issued and surrendered during the year correlate to movement in non-executive board members during the year. The total number of non-executive board members during the year remains unchanged.

Shares in Home Group Limited carry no rights to dividend and no rights of redemption, nor do they entitle the shareholding member to a distribution on winding up or dissolution. In a general meeting, every shareholding member present is entitled to one vote on a show of hands. On a poll every shareholding member present in person or by proxy is entitled to one vote.

26. Reconciliation of surplus to net cash inflow from operational activities

	2024 £000	2023 £000
Surplus for the year	23,530	24,643
Adjustments for:		
Taxation	(354)	212
Depreciation of housing properties	53,422	51,269
Depreciation of other fixed assets	2,241	2,599
Amortisation of intangible fixed assets	3,618	3,071
Reversal of impairment of housing properties	-	(6,413)
Impairment of housing properties	1,670	2,304
Impairment of loan to associate	1,473	1,466
Decrease in properties held for sale	43,099	12,675
Decrease / (increase) in debtors	6,483	(14,498)
(Decrease) / increase in trade and other creditors	(5,381)	10,533
Surplus on disposal of housing properties	(9,036)	(19,412)
Gain on disposal of other fixed assets	-	(644)
Pension costs less contributions payable	(4,890)	(4,321)
Share of profit before tax in joint ventures	(2,163)	(3,782)
Adjustments for investing or financing activities:		
Government grants utilised in the year	(9,763)	(9,742)
Interest payable	55,014	48,922
Interest receivable	(5,557)	(2,830)
Corporation tax paid	1,476	(707)
Net cash inflow from operating activities	154,882	95,345

27. Analysis of changes in net debt

GROUP	At 1 April 2023 £000	Cash flows £000	Other non-cash changes £000	At 31 March 2024 £000
Cash and cash equivalents	48,222	(3,444)	-	44,778
Debt due within one year:				
- Housing loans from third parties	(18,273)	22,969	(31,703)	(27,007)
Debt due after one year:				
- Housing loans from third parties	(663,759)	(94,751)	31,029	(727,481)
- Discounted bonds	(516,312)	-	(6,359)	(522,671)
Total net debt	**(1,150,122)**	**(75,226)**	**(7,033)**	**(1,232,381)**

28. Reconciliation of net cash flow to movement in net debt

GROUP	**2024 £000**	2023 £000
(Decrease) / increase in cash in the period	**(3,444)**	291
Cash inflow from increase in debt	**(71,782)**	(43,871)
Change in net debt resulting from cash flows	**(75,226)**	(43,580)
Non-cash changes	**(7,033)**	(7,010)
Movement in net debt in the period	**(82,259)**	(50,590)
Opening net debt	**(1,150,122)**	(1,099,532)
Closing net debt	**(1,232,381)**	(1,150,122)

29. Capital commitments

	GROUP		ASSOCIATION	
	2024 £000	2023 £000	**2024 £000**	2023 £000
Capital expenditure that has been contracted for but not provided for in the financial statements	**358,375**	363,490	**315,687**	303,370
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**135,388**	188,824	**109,313**	159,479

The Group expects to fund these commitments, and the costs associated with future growth of the business through a combination of cash flows from operating activities, grants, proceeds from the sale of housing properties, proceeds from the sale of properties developed for outright and shared ownership sale and further borrowings.

The above commitments, that have been contracted for but not provided, include on-costs required to manage effective delivery of the contracts of £22.8 million (Group) and £19.4 million (Association).

At 31 March 2024, the Group had £314.0 million committed and undrawn facilities all of which were immediately available for drawing. Further information on these facilities and future borrowings is provided in the Strategic Report on page 17.

30. Financial commitments

	GROUP		ASSOCIATION	
At the year end the total contractual payments under non-cancellable operating leases were as follows:	**2024**	2023	**2024**	2023
	£000	£000	**£000**	£000
Less than one year	**5,083**	4,119	**5,050**	4,072
Between one and five years	**6,809**	6,705	**6,809**	6,703
More than five years	**41,101**	41,093	**41,101**	41,093
	52,993	51,917	**52,960**	51,868

The Association has entered into a number of operating leases for assets which are used by other Group members. The lease cost is borne by the appropriate Group members within their income and expenditure account. However, as the leases are entered into by the Association, they have been included within the above note.

31. Related party transactions

Group

Transactions between fellow subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

During the year the Group entered into the following related party transactions with its jointly controlled entities and associates:

	2024	2023
	£000	£000
Invoiced to jointly controlled entities and associates in respect of interest charges	**3,451**	2,411
Purchase of housing property from jointly controlled entities and associates	**12,314**	-
Amounts owed from jointly controlled entities and associates at the year-end	**37,221**	36,259

Association

The Association recharged its subsidiaries for centrally provided services on a basis which reflects the time and cost of the services provided (2024: £3,181,000 2023: £3,246,000).

There are management agreements in place under which subsidiaries manage some properties on behalf of the Association. The management fees due under these agreements are £138,000 (2023: £64,000).

The Association has purchased housing properties from HGDL based on the construction cost plus a margin (2024: £32,627,000, 2023: £24,102,000).

Intergroup borrowings attract interest at either a fixed rate or interest which is variable and is based on SONIA, plus a margin. Details of the related party transactions due to intergroup borrowings are detailed below:

	2024	2023
	£000	£000
Interest payable by subsidiaries on borrowings from the Association	**355**	242
Interest payable by the Association on borrowings from subsidiaries	**205**	-
Amounts owed to subsidiaries	**13,747**	771
Amounts owed from subsidiaries	**7,400**	10,356
Investment in subsidiaries	**108,848**	108,848

The Home Group Board includes two customer representatives. All transactions in respect of customer board members have been carried out at arm's length and under normal commercial terms. Details of the remuneration of board members are included in Note 5. During the year the Association entered into the following related party transactions with its customer board members:

	2024	2023
	£	£
Charges to customer board members in respect of rent and service charges	**7,745**	8,379
Amounts owed to customer board members at the year-end	-	740
Amounts owed from customer board members at the year-end	**2,356**	97

32. Operating segments

As a Public Interest Entity, Home Group is required to provide segmental analysis in line with International Financial Reporting Standard 8 'Operating Segments'. This requires operating segments to be identified based upon the Group's internal reporting to the Chief Operating Decision Maker (CODM) which forms the basis on which the CODM makes decisions about resources to be allocated to segments and assess their performance. The Group's CODM is the Board.

During the year ended 31 March 2024, the Group had four operating segments. These operating segments undertake different activities and services, which are managed separately. The Group's operating segments are outlined below.

- Customers & Communities – this includes the Group's general needs rental business in England and Scotland, the management of homes previously sold as shared ownership and leasehold, and the Group's supported housing and the provision of care and support services in England.
- Maintenance & Building Safety – this is a cost centre which includes the group's repairs and maintenance activities, both in-house and outsourced. Also within this segment are costs relating to building safety including survey works and the minor and major follow on works arising from them.
- Development & Asset – this includes the development of affordable housing and the development and subsequent sale of shared ownership homes and homes developed for sale on the private market, and sales of our existing housing properties. It also includes management of our housing properties and other fixed assets (e.g. offices). It includes the activity of Home Group Developments and North Housing.
- Care – this includes the design and development of integrated health and care services, and delivery of registered care contracts.

These operating segments are supported by the Support Functions business unit, which includes the delivery of support services including assurance, compliance and risk, communications, marketing, strategy, finance and procurement, human resources, information systems, legal services and governance.

The Board reviews the internal management accounts at each meeting. The Board does not review any balance sheet measures by segment, only for the Group as a whole, so these have not been reported.

The tables which follow set out the income and expenditure account of the Group's operating segments. The title "Other" has been included to reconcile the segments to the figures reviewed by the Board and is made up of the Group consolidation adjustments and the Support Functions business unit. The key operating performance measure of profit or loss used by the Board in terms of segmental analysis is surplus before tax.

Income and expenditure account – year ended 31 March 2024

	Customers & Communities £000	Maintenance & Building Safety £000	Development & Asset £000	Care £000	Other £000	Group £000
Income	369,029	1,755	2,678	18,079	1,077	392,618
Employment costs	(56,150)	(22,623)	(6,438)	(18,905)	(15,885)	(120,001)
Maintenance costs	(591)	(70,505)	(638)	(2)	90	(71,646)
Building safety works	(6)	(12,241)	(1)	-	422	(11,826)
Other operating expenditure	(47,929)	(6,852)	(12,133)	(624)	(15,450)	(82,988)
Operating expenditure	(104,676)	(112,221)	(19,210)	(19,531)	(30,823)	(286,461)
Operating contribution	**264,353**	**(110,466)**	**(16,532)**	**(1,452)**	**(29,746)**	**106,157**
New build property sales	-	-	10,286	-	(2,348)	7,938
Existing property sales	(1)	-	9,037	-	-	9,036
Share of profit from JVs & associates	-	-	690	-	-	690
EBITDA	**264,352**	**(110,466)**	**3,481**	**(1,452)**	**(32,094)**	**123,821**
Grant amortisation	-	-	-	-	9,763	9,763
Depreciation & impairment	(49)	(17)	(1,960)	-	(58,925)	(60,951)
Interest	8	-	18	-	(49,483)	(49,457)
Surplus before tax	**264,311**	**(110,483)**	**1,539**	**(1,452)**	**(130,739)**	**23,176**

32. Operating segments (continued)

Income and expenditure account – year ended 31 March 2023

	Customers & Communities £000	Maintenance & Building Safety £000	Development & Asset £000	Care £000	Other £000	Group £000
Income	337,842	8,213	3,205	7,138	1,271	357,669
Employment costs	(61,754)	(16,004)	(6,064)	(9,978)	(15,686)	(109,486)
Maintenance costs	(324)	(75,694)	(417)	(22)	(478)	(76,935)
Building safety works	-	(18,614)	-	-	(180)	(18,794)
Other operating expenditure	(39,604)	(6,364)	(12,051)	(402)	(13,522)	(71,943)
Operating expenditure	(101,682)	(116,676)	(18,532)	(10,402)	(29,866)	(277,158)
Operating contribution	**236,160**	**(108,463)**	**(15,327)**	**(3,264)**	**(28,595)**	**80,511**
New build property sales	-	-	13,474	-	-	13,474
Existing property sales	(15)	-	15,764	-	3,663	19,412
Share of profit from JVs & associates	-	-	2,316	-	-	2,316
EBITDA	**236,145**	**(108,463)**	**16,227**	**(3,264)**	**(24,932)**	**115,713**
Grant amortisation	-	-	-	-	9,742	9,742
Depreciation & impairment	(53)	(9)	(324)	-	(54,122)	(54,508)
Interest	35	-	2	-	(46,129)	(46,092)
Surplus before tax	**236,127**	**(108,472)**	**15,905**	**(3,264)**	**(115,441)**	**24,855**

Segmental revenue and expenditure is all derived from UK customers and suppliers.

Reconciliation to SOCI

	2024 £000	2023 £000
Turnover and other operating income (SOCI)	**493,639**	460,591
Less: Grant amortisation	**(9,763)**	(9,742)
Less: New build sales proceeds	**(87,602)**	(90,364)
Add: Bad debts	**(2,183)**	(1,350)
Add: Impairment of loan to associate	**(1,473)**	(1,466)
Income (segmental analysis)	**392,618**	357,669
Cost of sales (SOCI)	**(79,664)**	(76,890)
Add: New build sales proceeds	**87,602**	90,364
New build property sales (segmental analysis)	**7,938**	13,474
Operating expenditure (SOCI)	**(351,068)**	(334,482)
Less: Depreciation and impairment	**62,424**	54,508
Less: Bad debts	**2,183**	1,350
Operating expenditure (segmental analysis)	**(286,461)**	(278,624)
Depreciation and impairment (Note 9)	**(62,424)**	(55,974)
Less: Impairment of loan to associate	**1,473**	1,466
Depreciation and impairment (segmental analysis)	**(60,951)**	(54,508)