Orbit Group

ANNUAL REPORT & FINANCIAL STATEMENTS

For the year ended 31 March 2023

orbit building communities

OVERVIEW OF THE GROUP

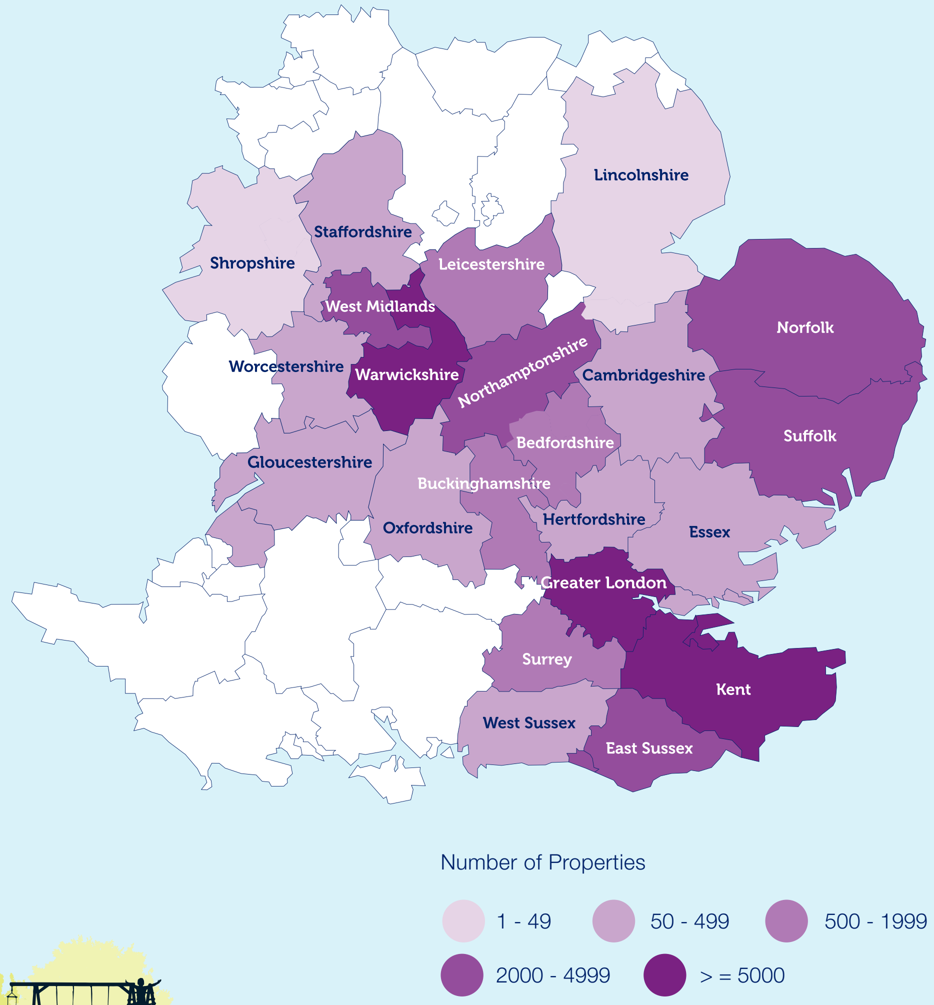
Orbit

We lead in building thriving communities. Over 100,000 people live in Orbit homes and our aim is to ensure the homes we provide and the places we create are good quality, affordable and safe. We play an active part in the neighbourhoods where we work, supporting local economies and social activity within communities.

We are one of the UK's foremost housing groups:

- Managing a growing portfolio of over 47,000 affordable and social rent homes
- Building over 5,300 new homes by 2025 and one of the UK's largest developers of affordable housing
- Supporting over 100,000 customers in differing stages of life, from those seeking their first home to customers looking for enhanced supported living
- Delivering good quality, affordable and safe homes and services primarily across the Midlands, the East, London and the South East of the UK
- Investing back into our communities through our Profit for Purpose ethos and multi-million pound community investment programme
- Strong with robust financial strategy

Orbit Properties by County



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STRATEGIC BOARD FINANCIALS

GROUP CHAIR'S STATEMENT

This past year was a period of significant challenge and change for both Orbit and the social housing sector as a whole. Difficult economic conditions, including rising inflation and interest rates, created problems for the sector and our customers alike. Changing and increased regulation as well as heightened political attention have raised expectations on what housing associations should and must provide. Added to which, Orbit has seen a change in leadership with the stepping down of Mark Hoyland, and teams across the organisation worked incredibly hard to secure a partnership with Swan Housing Association, which was not to be.

We are in a complex sector and the expectations upon Orbit are significant: we need to provide good quality, energy efficient homes; build new, affordable housing; decarbonise a significant proportion of our housing stock; deliver great customer service, all whilst maintaining a viable financial and commercial platform. Balancing these priorities and doing it at scale with restricted resources is challenging but exciting.

Amidst all of this, our focus must remain on our customers, who have needed our support more than ever as the cost-of-living crisis placed unprecedented stress on household budgets. Understanding their current and future needs will clearly light the path forward and will intrinsically shape our future as we seek to evolve our service provision.

Despite these competing pressures, Orbit is in a good position thanks to the efforts of our people. We have continued to maintain our strong financial position, levels of customer satisfaction and delivery of new affordable homes, and we have demonstrated agility, realigning our strategy and leadership to place us in the best position to move forward and continue to deliver on our core mission: creating and maintaining communities centred on providing affordable housing for all, and serving our customers well.

As we enter the latter phase of our Orbit 2025 journey and start to look ahead, I am hugely thankful to Mark Hoyland for putting in place the firm foundations of a strong culture, laser focus on risk management, and robust financial standing. I am also immensely grateful for Jonathan Wallbank's support and leadership as Interim Group Chief Executive this year. Under his guidance, we have continued to make great strategic progress and refined our Orbit 2025 corporate strategy to adapt to external environment changes.

This firm footing places us in a strong position for the future, and I am excited about working with our new Group Chief Executive, Phil Andrew, to take Orbit to the next stage of our journey. Within these challenging times, our socially driven, commercial minded purpose has never been more needed. Please join me in recommitting to our core mission of building diverse, mixed communities with affordable housing at the core.

David Weaver
Group Board Chair and Chair of Treasury Board

CHIEF EXECUTIVE'S REPORT

I have been in the privileged position to be part of the Orbit leadership team this year as both Group Finance Director and latterly Interim Chief Executive following the departure of Mark Hoyland. It has been a challenging and rewarding year in equal measure with the sector continuing to face social, economic, political and regulatory pressures, and I am exceptionally proud of our strong delivery and commitment to our customers.

The cost-of-living crisis has significantly influenced our efforts during this time as we worked to support our customers through high inflation and economic challenges. However, this year, the sector was also undeniably defined by the death of Awaab Ishak from a severe respiratory condition caused by prolonged exposure to mould in the home provided by his landlord in Rochdale. We had already taken a number of steps to improve our procedures in this area, however this tragedy heightened our response, resulting in damp and mould being established as a 'Big 7' Health and Safety item within Orbit, giving it the prominence that we believe it rightly deserves.

This year has also been notable by our work with Swan Housing Association. Whilst the partnership was unable to proceed, I am proud of our support to Swan, and I know I speak for all at Orbit when I wish them every success as a subsidiary of Sanctuary Group.

Following the launch of our Biodiversity Approach earlier this year, our commitment to sustainability has continued to move at pace. The launch of our Sustainable Finance Framework and first sustainability-linked financing facility both ensure that the delivery of social value for our communities and achieving our net zero carbon commitments will be essential to enable us to continue building much needed affordable homes and provide safe homes for all customers.

Our results

We delivered a robust performance despite the current macro-economic climate.

Group turnover was above budget expectations at £418.3 million - an increase of £44 million on the prior year (2022: £374 million), and Group operating margin excluding fixed asset sales was in line with expectation at 25.1% (2022: 25.2%).

Group operating surplus excluding fixed asset sales was £105.1m (2022: £94.1m), £3.9 million ahead of budget. Group operating surplus including fixed asset sales however was below budgeted expectation (£135.2 million versus £153.9 million), as we realigned activity in response to external factors. Overall surplus achieved for the year was £89.6 million (2022: £81.4 million).

Whilst delivering these financial results we have also invested £88.8 million in improving and maintaining our existing homes for our customers, as well as directly investing into our Better Days programme, which aligns to our purpose of supporting customers to improve their employment situation, finances and wellbeing.

Core social lettings and property sales both performed above budget expectations, and work to support customers to access the benefits that they are entitled to has, alongside the impact of the direct debit project as part of our approach to income management, resulted in arrears at just 2.56% (versus a budget of 3.03%), the lowest level that we've seen for several years.

The property market has been impacted by high inflation and the cost-of-living crisis; however, our sector-leading new build offer has continued to secure strong new home reservations across all regions, and our construction team has delivered above build forecast. As a result, we are 26 units ahead of budget with 1,257 new homes completed, delivering £23 million of operating surplus into the organisation.

Overall, we continue to perform well against our financial plan with all risk metrics within the Board-approved levels. Our net assets have grown by 16.2% to £921.7m as a result of new social and shared ownership homes being built as well as investment in our existing homes; revenue reserves have increased to £911 million (2022: £826 million) and, with our continued Strategic Partnerships with Homes England - which will see us deliver over 3,800 homes under this partnership - we remain financially well-placed with a strong financial liquidity position.

Supporting our customers

The relevancy and importance of our purpose has never been greater as we have seen the economic position impact our customers. The pressure on household finances is at unprecedented levels, and we are seeing referrals to our Tenancy Support team and Better Days programme significantly increasing as customers really struggle with the cost-of-living increases.

In response we have put in place a raft of support measures to help our most vulnerable customers. We commissioned fuel poverty charity, National Energy Action (NEA), to deliver a direct Energy Advice Service, and launched a new Welfare Advice Service provided by Citizens Advice, to help customers understand and apply for the benefits that they're eligible for. We mobilised teams across our regions to meet customers at their homes or at events to provide them with access to support and guidance, not only from Better Days but also from other local external agencies. We developed a new cost-of-living support and education hub on Orbit's customer website, and increased capacity in our mental health support service, Breathing Space, as well as awarding food and fuel vouchers to vulnerable and low-income households in addition to the range of grants already offered.

Investment into the improving energy efficiency of our homes also continued, with 83.5% of our properties now at EPC band C or above. We have also completed the upgrade of 69 properties across the Stratford District as one of the Department for Energy Security & Net Zero's first partners in the government's Social Housing Decarbonisation Fund (SHDF) Demonstrator, a UK-wide scheme to upgrade around 2,000 social homes, EPC rating D or below, using a whole house retrofit approach. Following the success of this pilot, work has started to upgrade a further 136 properties in partnership with the West Midlands Combined Authority and Stratford-on-Avon District Council as part of the SHDF Wave 1. We have also secured further funding from SHDF Wave 2.1, which will enable us to improve the energy performance of an additional 212 properties, delivering warmer homes, reducing fuel bills for customers, and significantly lowering carbon emissions.

Supporting our customers with their short-term needs has been crucial, but we have continued to work with our customers to shape our future. We have worked closely with our customers to create our Customer Value Proposition (CVP) with the aim to achieve customer service excellence and build trust with customers. Developed through customer insight and engagement, our CVP clarifies what customers can expect from Orbit and is focused on what customers need and value from us rather than simply what we offer. This is a key step in ensuring we deliver the very best service for our customers and truly understand what they want and need from us moving forward.

Supporting our colleagues

We are acutely aware that it is not just our customers who are struggling with the financial pressures of the cost-of-living crisis. Earlier this year we took the decision to award a scaled annual pay review, enhancing the percentage increase for colleagues in lower salary bands. This means that, whilst we continue to be a voluntary Real Living Wage employer, in many cases we are now paying above this level. We supported this further with the launch of a cost-of-living advice hub providing advice from a range of experts and links to government support, and a series of financial webinars with our partner Aviva.

We are rightly proud of our Orbit culture, key to which is our ambition to nurture and develop talent. This year we launched our new Leadership Development programme, which sets out a clear roadmap for progression, from the foundations of leadership through to leading at a senior level. Effective leadership is essential to support our customers, communities, and colleagues, and in ensuring the sector has a pipeline of emerging talent. This programme is a fundamental part of our talent development and succession planning and feedback from our first cohorts of attendees is extremely positive.

We've also made great progress in better understanding our colleague experience with our first, in-depth, in-house employee engagement survey. Over 86% of colleagues participated in the research and told us that colleagues are proud of what Orbit stands for and of what we do for our communities. The feedback has been used to help us develop our Employee Value Proposition and provided us with clear areas for focus which we are taking forward in our People Plan.

Looking ahead

We will continue to make good progress towards the outcomes set out in our corporate strategy, Orbit 2025. However, as we get closer to achieving these goals, our new Group Chief Executive, Group Board and Executive Team are working with internal and external stakeholders towards a new corporate strategy that will take us towards 2030 and beyond.

Fundamental to this will be the embedding of our Employee Value Proposition in our colleague journey to retain and attract the very best talent, and creating the culture and tools so that colleagues and contractors can deliver upon our Customer Value Proposition.

We continue to invest in our homes with our financial investment increasing this year in response to our commitments to improve energy efficiency and the decarbonisation of our housing stock. Our focus on service and supporting our customers remains as we prepare for increased demand for our Better Days programme and work with our customers to support them through the ongoing financial challenges.

Our investment in technology continues as we look to maximise efficiencies and ensure our operations are best in class, and our strong focus on safety and standards remains unwavering.

With a forthcoming General Election, the continuing economic headwinds and war in Ukraine, understandably we expect the macro climate to remain unsettled. However, with our robust financial position, strength in risk management and clear corporate strategy, we are well placed to deliver on our financial plan and continue to progress our corporate strategy. We are also keen to work with government and partners to explore growth opportunities to ensure the continued delivery of good quality, affordable homes. I am confident that with the passion of our people, our commitment to our purpose and our clear strategic direction, we will continue to lead in building thriving communities for today and tomorrow.

Jonathan Wallbank
Interim Group Chief Executive and Group Finance Director

KEY HIGHLIGHTS

£135.2 million
operating surplus

4.29 out of 5
customer satisfaction rating

1,257
new homes delivered

£19.2 million
social value

BS9997
fire safety accreditation

83.5%
EPC Band C or above

£88.8 million
investment in existing homes

RoSPA
Awards

WhatHouse?
Housing Association of the Year

FIVE-YEAR SUMMARY OF FINANCIAL HIGHLIGHTS

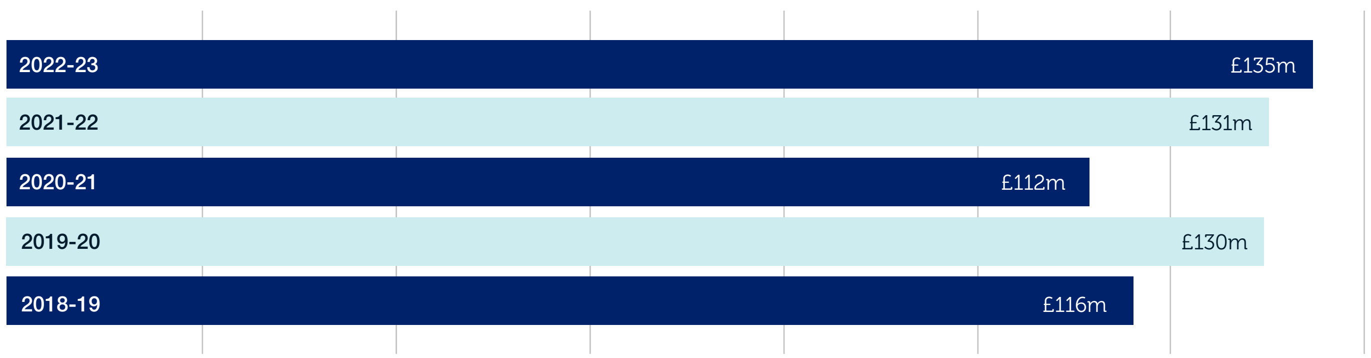
Statement of comprehensive income	2022-23 £m	2021-22 £m	2020-21 £m	2019-20 £m	2018-19 £m
Turnover	418	374	355	323	316
Operating costs and cost of sale	(313)	(280)	(265)	(232)	(230)
Surplus on sale of housing	30	37	22	45	30
Pension exit costs	-	-	-	(6)	-
Operating surplus	**135**	**131**	**112**	**130**	**116**
Operating margin %	**32.3%**	**35.1%**	**31.6%**	**40.0%**	**36.8%**

Statement of financial position	2022-23 £m	2021-22 £m	2020-21 £m	2019-20 £m	2018-19 £m
Fixed assets	3,044	2,931	2,788	2,688	2,524
Creditors due after >1 year	2,301	2,344	2,453	2,280	2,175
Revenue reserves	911	826	740	689	601

Key indicators	2022-23 £m	2021-22 £m	2020-21 £m	2019-20 £m	2018-19 £m
Properties	47,429	46,529	45,702	44,753	43,470
New homes built	1,257	1,013	848	1,520	1,266
Debt per unit (£k)	42.6	43.3	45.8	39.7	38.9
Months cash/secured loans available*	36	36	36	36	36
Interest cover	2.52	2.15	2.11	2.38	2.39

*at least 36 months cash/secured loans available

Operating surplus (£m)



Against the backdrop of a very challenging political, regulatory and economic environment of high inflation and cost of living pressures we have delivered an increase in turnover of £44 million, an increase in operating surplus of over £4 million, and increase in revenue reserves of £85 million. In addition, we remained compliant with all our risk metrics.

Property sales remained strong, particularly for shared ownership properties, despite the softening in the market following interest rate increases and uncertainty, generating a surplus of £23 million.

We are committed to providing affordable social housing to meet housing need and this year we completed 922 new rented and shared ownership properties (2022: 792 properties), an increase of 130 properties year-on-year.

We continued to increase our financial strength with surplus for the year increasing to £89.6 million (2022: £81.4 million).

Turnover

Turnover at £418 million, over 60% relating to social housing lettings, increased year-on-year by £44 million. Included within this total, rent rose by £12.6 million to £212.5 million, due to new properties into management and the effect of the annual rent increase. Service charges rose by £6 million to £29 million (2022: £23 million) as customers were recharged for increasing utilities costs.

Property sales (market and shared ownership sales) of £148 million were strong with higher initial tranche percentages than expected and some sales price growth which offset increased build costs. We sold a total of 700 properties; 457 shared ownership (2022: 348) and 243 market sales (2022: 264), generating a surplus of £23 million (2022: £17 million). The surpluses we realise from the sales of properties is reinvested into our core business through developing new social housing assets or maintaining and improving existing properties.

Analysis of Turnover

	2023 £m	2023 %	2022 £m	2022 %
Social housing lettings	255	61	236	63
Market sale	85	20	87	23
Shared ownership sales	63	15	41	11
Non-social and other	15	4	10	3
Total	**418**	**100**	**374**	**100**

Analysis of Operating Surplus

	2023 £m	2023 %	2022 £m	2022 %
Social housing lettings	90	66	87	66
Sale of housing	30	22	37	28
Market sale	13	10	12	9
Shared ownership	10	7	6	5
Other	(8)	(5)	(11)	(8)
Total	**135**	**100**	**131**	**100**

Overall maintenance expenditure, including repairs, cyclical decorations, compliance and capital maintenance spend expenditure increased by over £7 million to £88.8 million (2022: £81.5 million). Repairs spend increased to £26.1 million (2022: £20.6 million), with high levels of more complex, expensive repairs, some of which were delayed due to covid lockdown issues and an increase in spend on resolving damp, mould and condensation issues. A special task force has been established to implement a new inspection regime to ensure that root causes are identified and this will be transitioned into business as usual throughout the year. Capital spend was as last year at £42 million (2022: £42 million). There has been continued pressure on contractor costs. We have worked hard to contain these costs within our budgets, however year-on-year costs of servicing our properties are rising.

Surplus on sale of housing properties was £30 million (2022: £37 million). Of this £19.7 million (2022: £22 million) represented the surplus on disposal of properties outside our core operating areas in line with our property densification strategy. During the year we disposed of 185 shared ownership properties to RESI, 59 properties in Hammersmith & Fulham to Notting Hill Genesis and six units to South Kesteven Local Authority. These disposals generated income to be invested in the delivery of more affordable homes in our core geographical areas or maintaining and improving existing homes.

Included also in the surplus on sale of housing properties are the disposal of uneconomic properties via our voids disposal programme £1.8 million (2022: £5 million) and shared ownership staircasing sales of £7 million (2022: £7 million).

Interest costs remained stable year-on-year at £49.5 million (2022: £49.4 million) and the weighted average cost of capital reduced slightly to 3.68% from 3.71%. The Group drawn debt is 99% fixed rate debt which reduces our exposure to the interest rate increases seen in the wider economy.

The actuarial loss in respect of pension schemes of £5.3 million this year reversed the prior year gain of £5.4 million. This reflected higher than expected actuarial losses on liabilities within the Orbit Defined Benefit Pension Scheme of £7.1 million offset by gains within the Kent Local Government Pension Scheme.

The change in the value of hedged financial instruments of £44.1 million (2022: £24.6 million) recognises the movement in the market value of the financial instruments over the financial year.

Investment in our property portfolio gave rise to an overall increase in fixed assets of £116.7 million to £3,122 million (2022: £3,005.3 million). This balance includes tangible fixed assets of £3,043.6 million and investment properties of £44.4 million (2022: £42.5 million); Fordham House in Stratford-upon-Avon and St Anne's Quarter in Norwich.

Net current assets reduced by £35.1 million to £100.9 million (2022: £136 million) driven by a large reduction in debtors due to the receipt of the loan due from Swan Housing of £37.5 million.

During the year we continued to strengthen our funding position and monitor our key treasury risks. We refinanced a £75 million debt facility, including a £25 million increase to £100 million. This facility was restated as a sustainably linked facility. Our Sustainable Finance Framework was also launched in the year. At year end the total committed facilities were £2,034 million, slightly higher than last year (2022: £2,022 million). The Group's liquidity position remains strong at £513 million (2022: £510 million). Notional drawn debt decreased slightly over the year to £1,579 million (2022: £1,582 million).

Creditors greater than one year reduced by £43 million to £2,301 million (2022: £2,344 million), driven mainly by a decrease of £45 million in derivative liabilities due to market valuation movements.

Total reserves increased by over £128 million to £921 million providing us with a strong base for future growth.

Independent Auditors	Registered office
KPMG LLP	Orbit Group
One Snowhill	Garden Court
Snow Hill Queensway	Binley Business Park
Birmingham	Harry Weston Road
B4 6GH	Binley
	Coventry
	CV3 2SU

Co-operative and Community Benefit Society Number 28503R
Regulator of Social Housing Number L4123

Orbit colleagues on a site visit to our Micklewell Park development

ORBIT GROUP BOARD

David Weaver

Group Board Chair and
Chair of Treasury Board

Helen Gillett

Customer and Communities Board
Member and Governance and
Remuneration Committee member

Massy Larizadeh

Orbit Group Board Member and
member of Treasury Board

Stephen Smith

Orbit Group Board Member and
Chair of Orbit Audit Risk
Assurance Committee

Stephen Howlett CBE, DL

Char of Customer and
Communities Board

Stephen Stone

Orbit Group Board Member and
Chair of Orbit Homes Board

Click here for more detailed information
about the Orbit Group Board members

ORBIT EXECUTIVE TEAM

Jonathan Wallbank

Interim Group Chief Executive and
Group Finance Director

Helen Moore

Group Director of Orbit Homes

John Wrighthouse

Group Director of People
and Reputation

Afzal Ismail

Group Director of Corporate Services

Paul Richards

Group Director of Customer
and Communities

Click here for more detailed information
about the Orbit Executive Team members

DELIVERING OUR STRATEGY

ORBIT 25

In January 2021, we launched our new corporate strategy, Orbit 2025, which set out what we are aiming to achieve to realise our vision over the next five years.

Created in collaboration with colleagues and customers, our corporate strategy clearly outlines our plans to increase our investment in the communities where we work, the homes that we build and manage, the services we offer and the careers of our people. All of which will be delivered in full recognition of the changing legislative landscape, whilst ensuring we reduce our impact on the environment and continue our focus on safety and quality standards.

Within our strategy we have set out to:

Deliver our best customer experience

Provide significant investment into our homes and communities

Maintain our position as a leading UK developer of affordable homes

Respond to the needs of a diverse and changing population

Attract, retain and develop the very best people

Reduce our impact on the environment

Click here to view our full Orbit 2025 strategy document

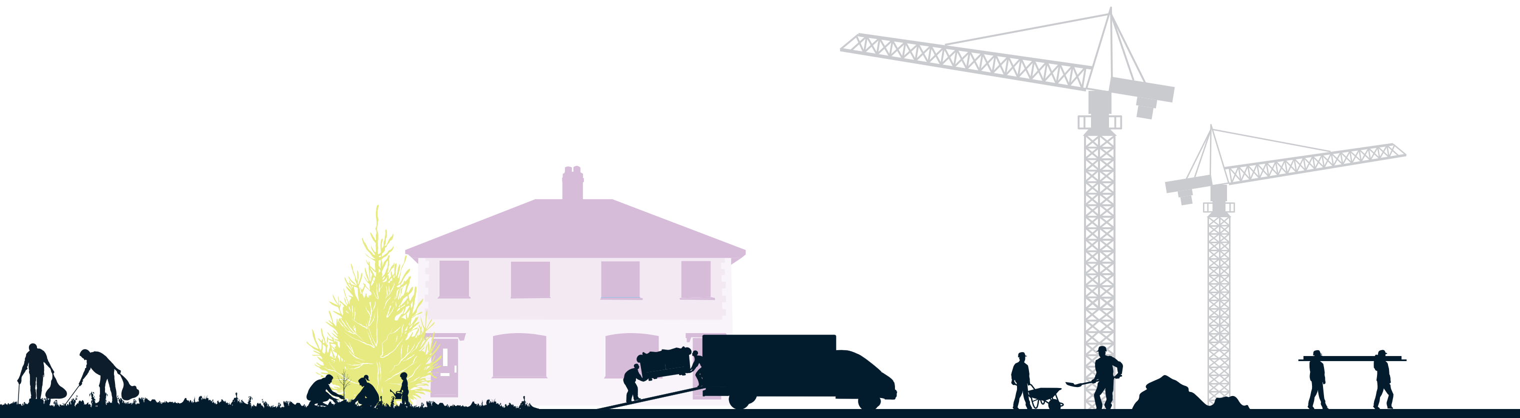
Strategy framework at a glance:

Customer Experience	Quality, Affordable Homes	Profit for a Purpose	Great Place to Work
• Informed and engaged residents • Easy to contact across all channels • Responding to a changing society • Affordability through reshaping our stock portfolio	• Over 5,300 new homes by 2025* • Land led development • Investment in our homes and estates • Embracing modern methods of construction techniques	• Invest more in homes, services and communities • Financial resilience • Profitable, sustainable growth • Capitalise on investment in IT infrastructure	• Leading employment experience • Personal growth, development and wellbeing • Inclusive and multigenerational employer • Social and environmental responsibility

Compliance, Risk and the Environment

Quality & Safety	Risk	Environmental
• High standards	• Robust governance framework	• Carbon reduction

*Reduced from an initial target of 6,500 in response to market changes and economic climate



We are now just over two years into our 2025 corporate strategy and have seen strong progress across all areas of the framework, by working closely with our colleagues and customers. So far, this integrated approach has delivered since the start of the strategy:

Customer Experience

- New Thriving Communities strategy: Better Me, Better Place, Better Home including new support products and packages
- Over 10,000 customer support interventions delivered through our Better Days Programme
- Supported over 1,700 customers with debt advice from PayPlan, helping to manage a total debt of over £2.2million
- Delivered nearly 6,000 coaching sessions to customers
- Supported over 16,200 customers to sustain their tenancies
- Award-winning customer engagement programme
- Improved digital accessibility with new customer website and myAccount online platform
- Accredited with the Internet Crystal Mark by the Plain English Campaign
- Partnered with the Barclays Digital Wings learning platform to create Orbit's new Digital Learning pathway
- New complaints process developed with customers

Quality, Affordable Homes

- Construction of 3,118 new homes, over 70% affordable
- 83.5% of homes at EPC Band C or above
- 99.9% of homes meeting Decent Homes Standards
- Secured £2.85 million funding from the Social Housing Decarbonisation Fund
- Densification strategy delivering £41.2 million for further investment
- Sector-leading design specification and new house designs
- Launched RoSPA approved Safer by Design framework
- 17% of new homes built using modern methods of construction
- Revised Property Repairs programme to improve cost efficiencies and customer experience
- Second Homes England Strategic Partnership worth £104 million

Profit for a Purpose

- £189 million investment in existing homes
- £16.4 million invested in our communities
- Delivered a social value of £42.7 million
- Sector-leading cost-of-living support
- Circa £300,000 awarded in customer grants
- Committed to the HouseProud Pledge
- A3 credit rating by Moody's
- Continued G1 (Governance) and V2 (Viability) rating from the Regulator of Social Housing
- Launch of our Sustainable Finance Framework
- Arranged our first sustainability-linked revolving credit facility of £100 million

Great Place to Work

- Glassdoor rating of 4.3 out of 5
- Award-winning health and wellbeing programme #ThisisMe
- New employee engagement survey to help us shape our employee experience
- New Employee Value Proposition, looking at how we attract and retain the best talent who will help us deliver our vision to lead in building thriving communities
- New leadership development programme
- Signed up to Business in the Community's 'Race at Work Charter'
- Supporters of the BITC's 'Mental Health at Work' commitment, members of the Employers Domestic Abuse Covenant and have retained our Disability Confident Committed status provided by the Department for Work and Pensions
- Voluntary Living Wage employer
- Received the Defence Employer Recognition Scheme Silver Award
- Secured a five-star award from WorkBuzz for employee engagement

Compliance and Risk

- Robust governance framework
- Outstanding external recognition for our approach
- British Safety Council International Safety Awards: Merit for two years running
- RoSPA Gold Medal Award for the fifth consecutive year in recognition of health and safety excellence
- We remain the only affordable housing provider to achieve BS9997, British Standards in Fire risk management systems
- Leaders in Building Safety Strategy recognition and part of the Golden Thread conversation
- Sector-leading fire safety app
- Two consecutive years of the Orbit Health and Safety Excellence Awards
- Leaders in safeguarding and accreditation from the Domestic Abuse Housing Alliance

Environmental

- 38.5% reduction on carbon footprint since 2018/19 baseline
- Launched our biodiversity approach in partnership with the Wildlife Trust
- 18.5% of outdoor green spaces managed for nature's recovery
- Launch of Orbit to Zero, our Net Zero Carbon strategy and roadmap
- Ongoing customer research into understanding of Net Zero Carbon
- Provision of internationally recognised Environmental Sustainability Skills for managers in house
- Achieved ISO14001:2015 accreditation
- Early adopter of Business in the Communities' Responsible Business Tracker
- Became a co-founding member of the Green Spaces Advisory Board
- Third year of Sustainability reporting

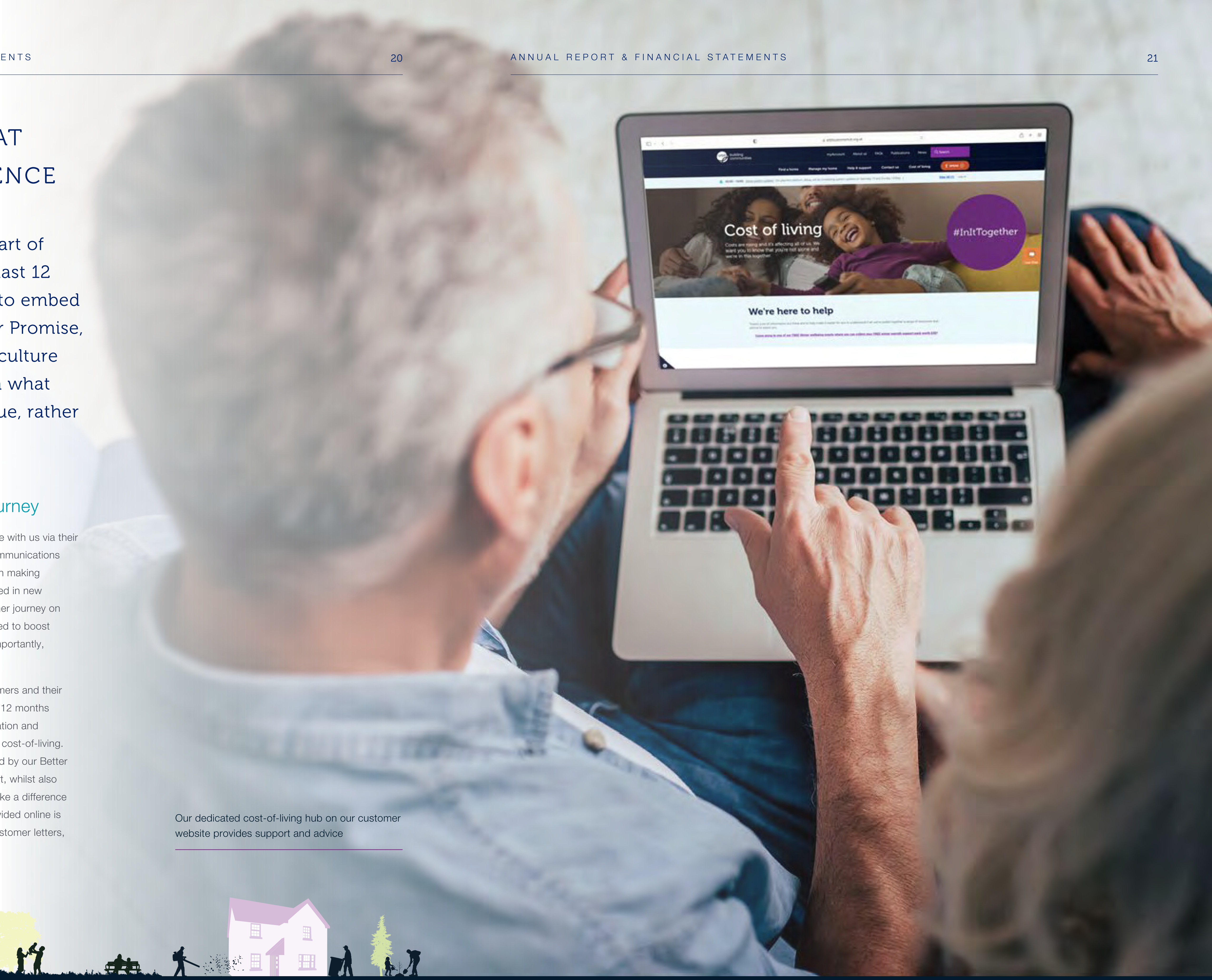
DELIVERING A GREAT CUSTOMER EXPERIENCE

Our customers are at the heart of everything we do. Over the last 12 months we have continued to embed and deliver on our Customer Promise, to build a customer-centric culture and ensure that we focus on what our customers need and value, rather than simply what we offer.

Continuing our digitalisation journey

Ensuring we give customers the opportunity to engage with us via their preferred channels is an important principle of our communications approach. As part of this, there is an ongoing focus on making improvements to our digital channels. We have invested in new tools to give us a clearer understanding of the customer journey on our customer hub website, and this has not only helped to boost the performance of the website itself but has, more importantly, enhanced the experience for customers.

Keeping the content on the website relevant to customers and their changing requirements is also a priority. Over the last 12 months we have added a cost-of-living hub to provide information and guidance for those facing challenges due to the rising cost-of-living. This dedicated area links to the many services covered by our Better Days offer. It allows customers to self-refer for support, whilst also signposting them to external services which might make a difference to their individual circumstances. The information provided online is supplemented by offline communications including customer letters, scheme posters and in-person events.



Our dedicated cost-of-living hub on our customer website provides support and advice

Customer engagement

We have continued to adopt the National Housing Federation's 'Together With Tenants' programme, to further strengthen our relationship with our customers and drive customer improvement.

Over the last year we have adopted a hybrid approach, which includes digital and face-to-face options, to enable customers to engage with us at a time and in a way that suits them.

We have also founded our 'Customer Engagement Strategic Committee' to enhance our governance and ensure the voice of our customers is truly embedded in our decisions and actions going forward. Each committee member acts as an ambassador for Customer Engagement within their local community, throughout our portfolio and across the wider housing sector, to champion all areas of the customer journey.

To ensure we are capturing underrepresented voices, we have introduced a number of diversity groups such as LGBTQ+, disability and future voices. Customers work with us to feedback on the services they receive, complete equality assessments and help to prioritise our Equality, Diversity and Inclusion programme.

This year we have delivered a scrutiny hackathon focused on improving our rent arrears letters. Working with customers we have rewritten the letters to bring them in line with our tone of voice and to provide increased support to customers.

Championing the customer voice

We are committed to ensuring that the voice of the customer is at the forefront of our communications and that we prioritise greater representation of our diverse customer base throughout all our communications activity.

Examples include our Customer Annual Report 2021-2022 (entitled 'Customer Voices Driving Positive Change'), which featured customer perspectives throughout, and a reinvigorated Orbit Life customer magazine that features customer guest editors and more customer-centric content across its pages.

A dedicated Customer Communications Scrutiny Committee ensures that the work of the Customer Communications team continues to be shaped by customers and reflects their priorities. Customers have fed-back positively about the progress made by this group over the last year.

Average Net Promoter Score of **61** (up 4 points from last year)

89 service improvements identified

78 Customer engagement activities delivered

Increased the number of customers we engage with by **62%**

Complaints

We have continued to work with the Housing Ombudsman to strengthen our complaint handling process and welcomed the streamlined procedures it provided to customers in October 2022 via its new complaint handling code. Ahead of the code coming into place, we:

- Appointed a designated complaints lead for our governing body
- Amended policies and procedures to ensure compliance with key code changes
- Introduced a new complaint handling system
- Improved root-cause insights to address service failure
- Introduced a customer satisfaction survey to drive continuous improvement
- Worked with customers to complete a self-assessment of compliance against the new code

The introduction of the code, in particular the removal of the informal stage and democratic filter, did lead to increased service resolution waiting times for customers.

As we have familiarised ourselves with the practical operation of the code and reflecting upon the findings of an internal audit report we completed a review of our complaints service and implemented changes to ensure we resolved service requests as quickly and efficiently as possible, including the embedding of a new more effective triage system.

We are confident that the changes we have made, along with a longer-term programme of works currently being delivered, will further improve how we acknowledge and address customer concerns regarding the quality of their homes and services in a timely and satisfactory manner.

Severe maladministration

We acknowledge that we did not always meet the expectations of our customer regarding the timescales or actions taken in this case dating from 2019. We accepted the findings of the Housing Ombudsman and have since implemented significant changes in how we respond to reports of damp, mould or condensation. We have introduced a new policy, new systems, training and given our employees equipment to improve our data reporting and diagnostic capability.

Tenant satisfaction measures

We are committed to being more open and transparent with our customers and as such, welcome the forthcoming Tenant Satisfaction Measures. These will ensure that our customers can be heard in a way they haven't before, but more importantly, will enable us to enhance our communication and engagement with customers to drive meaningful change.

Supporting our customers day-to-day

We're committed to being responsive to the challenges that customers are facing and offering the right help at the right time to support their tenancies and personal wellbeing. When we launched our new Thriving Communities Strategy – Better Me, Better Place, Better Home, it was very much with this commitment in mind.

We started in a good place, with around £2.4 million invested into our successful Better Days programme, which offers free universal services to every customer, designed to support financial inclusion, mental wellbeing, employment and skills and digital support.

However, with the numerous competing and costly demands facing the housing sector as well as a growing number of societal issues such as Covid-19, rising energy costs, changes to the benefit system and an unstable labour market putting increasing pressure on our customers, we knew that we needed to retarget our investment to ensure it was having maximum social impact.

In response, we've recruited and implemented new thematic specialists to ensure that our work under each of the Better Me, Better Place, Better Home pillars is led by current best practice and industry specific knowledge. These thematic leads are contract managing our Better Days services to ensure Orbit's approaches are sector leading and deliver impact, whilst assuring quality and compliance. They're also exploring opportunities to extend provision through partnerships with external providers and funding.

Meanwhile, our new Regional Place team structure ensures we engage with customers at a local level within their communities so we can increase access to Better Days support and involve customers directly in investment plans for their local area.

“I couldn't afford to put food on the table before I spoke to PayPlan”

“You've taken a huge weight off my shoulders. I don't think you realise what a difference you make”

Supporting customers through the cost-of-living crisis

The cost-of-living crisis has placed additional strain on many of our customers. Not only has the number of people that need our support increased over the past year, but the number of issues that individuals are facing has increased too with the cost-of-living crisis having wide ranging impacts on customers' mental and physical health as well as their ability to pay their bills.

To ensure that more customers are aware of the support available to them, our local Place teams have mobilised across our regions, utilising our Better Days Hubs, Independent Living Schemes and partner organisations to meet our customers face-to-face at events within their local communities. Over 1,300 customers have been engaged in this way through estate walks, door knocking and community events with support and guidance provided not only from Better Days but also from other local external agencies.

In Autumn 2022, we also introduced a raft of new measures to sit alongside our existing programme of Better Days support. These were designed to help customers manage their finances, maximise their income and reduce the pressure of cost-of-living increases.

Better Days has supported **5,059** Customer Support Interventions

1,344 customers supported through local customer engagement events delivered by our Thriving Communities Place teams within our communities

501 Orbit customers supported by our new Welfare Benefits Advice Service with average annual financial gains of **£2,712** per customer

635 customers supported via our Better Days Partnership with National Energy Action through our programme of Winter Warmth engagement events, with an average saving of **£382** per customer on energy bills

£51,106 uptake in fuel and food vouchers

614 local Better Days support sessions provided to customers including digital champions surgeries and community activities such as youth clubs, warm hub meetings, holiday clubs, and estate walks

676 customers supported with debt advice from PayPlan, helping customers to manage a total debt of **£1,493,745**

“I didn't know Housing Associations could be like this – I made one phone call and they've stepped in with support. I feel looked after – it's a bizarre feeling”

We developed a new cost-of-living support and education hub on Orbit's customer website, updated regularly not only with our Better Days support offers but also with lots of self-help advice and guidance.

We increased capacity in our existing mental health support service, Breathing Space, which is commissioned with Mind and Aspire4u.

In November, we launched an Energy Advice Service in partnership with National Energy Action (NEA). The project provided 635 vulnerable customers with telephone energy support, distributed 698 support packs (containing items to help keep customers warm and well), and offered 36 face-to-face energy advice events in the community delivered alongside our regional Place teams.

Alongside this, we have upskilled a number of Orbit staff who have completed a Level 3 Energy Awareness qualification offered by NEA, to help deliver effective advice and support to customers with maximum impact and sustainability.

To support our customers to maximise their income, we also introduced our new Welfare Advice Service. Provided by Citizens Advice, the service is supporting customers to understand and apply for the benefits that they're eligible for, as well as providing coaching about how to become more financially resilient. Although only in operation for a few months, the service has seen some great impact already and has supported 501 customers to identify an estimated combined total of £1,358,955 of unclaimed benefits and grants – which has increased the average net customer income by over £2,712 per year.

Customers receive a Winter Warmth support pack at an energy advice event

Sustaining tenancies

Amidst the cost-of-living crisis immediately following the pandemic, many customers are in more need than ever before. Evident in the increase in referrals through to Tenancy Sustainment, some customers are struggling to manage their finances, health and wellbeing and sustain their tenancies.

We offer life skills coaching and employment support and by working with our customers on all areas of their life, we embed the importance of maintaining a home at the heart of all conversations. Each customer has a tailored journey to enable them to make the changes in their life that will secure their future.

The Tenancy Sustainment Triage Team work with customers to identify financial, wellbeing, digital and employment concerns. Once established, customers are either signposted for support from Better Days, an external provision, or supported by a Tenancy Sustainment Job Coach who offers coaching sessions to help customers truly identify, resolve and overcome barriers, and help empower them to provide themselves a better future and improve the chances of managing and sustaining their tenancy.

- **9,502** customers referred to Tenancy Sustainment
- **3,111** coaching sessions delivered to customers
- **312** customers supported into employment or volunteering by our Tenancy Sustainment Job coaches
- Customers were on average **£606** better off each month when going into employment
- **1,027** customers supported into training by our Tenancy Sustainment Job coaches or attended employment related training with our Employment Skills trainer
- **99%** of Housing With Support customers who engaged with the service sustained their tenancies for the first 12 months

Impact Coach pilot

The Impact Coach role works with a small cohort of customers who initially need intensive support; working with them over a 12-month period to help them improve their lifestyles, successfully maintain their tenancies but also build a support network where community-based organisations can continue that support after the 12 months. The role aims to break down barriers through time spent with customers and meaningful, positive interactions based on mutual respect and trust.

Domestic abuse is one of the key focuses for the Impact Coach role. Working with agencies and community groups in the area, establishing referral routes both inward and outward, as well as maintaining a good working knowledge serving both customers and the wider organisation.

As part of our work in raising awareness of domestic abuse, Orbit was the first Housing Association to sign up to the Employers Domestic Abuse Covenant (EDAC) and our Impact Coach is Orbit's champion driving forward our work in this area. The EDAC programme is designed to create positive, long term and sustainable solutions by supporting women affected by abuse to enter or re-enter the workplace. This is achieved through a commitment by Orbit to identify employability opportunities. This can include, but is not limited to workplace skills, job opportunities, mentoring schemes, sector specific courses, internships, work experience, apprenticeships and much more.

Of the customers who have engaged on this programme we have seen the following results:

- **72%** reduction in safeguarding concerns raised
- **65%** reduction in Community Safety Anti-Fraud cases raised
- **44%** reduction of Customer Support Hub contact

New Safeguarding Team

We've expanded our Safeguarding Team within Tenancy Management to focus on safeguarding, signposting, and encouraging positive mental health, enabling our customers to feel safe and secure in their homes.

Focusing on providing quick and reactive contact with customers to identify risk, manage our safeguarding obligations as a landlord and deliver experience-led advice, the team helps customers who may be having suicidal thoughts, experiencing domestic abuse, severe declines in mental health, self-neglect, and other safeguarding risk areas.

As part of our safeguarding commitment, we take seriously the statutory and moral duty that exists to protect, safeguard, and promote the health and wellbeing of our customers and colleagues, which is why we felt it important to become accredited by The Leaders in Safeguarding experts. As well as this, it was important that Orbit achieved a domestic abuse accreditation through the DAHA (Domestic Abuse Housing Award). By successfully becoming DAHA accredited, we have taken a stand to ensure we deliver safe and effective responses to domestic abuse. This accreditation will help us to continue to build processes that help guide our colleagues to adequately address the needs of survivors and hold abusers to account.

- **3,539** Safeguarding concerns reported and processed by our new team
- **100%** of all cases were opened within 24 hours of concerns being raised

Launching lifetime tenancies

We want our customers to feel safe and secure in their home so that they can put down roots in their local area, become a part of the community and be able to plan for the future, without worrying that they may have to move out of their home at the end of their tenancy agreement (usually five years for fixed term tenancies).

For these reasons, we have made a commitment to move away from fixed term tenancies and offer customers lifetime tenancies, so that they can be secure in the knowledge that, providing they are up to date with their rent payments and have not breached the terms of their tenancy, they will be able to remain in their home for as long as they wish.

The majority of new customers are now automatically given a lifetime tenancy when they sign up with us and customers who currently hold fixed term tenancies are being converted to a lifetime as their fixed term comes to an end.

Joint Tenancy Interventions Officer in Stratford

We are working with Stratford-on-Avon District Council (SDC) and Citizens Advice on a joint initiative which is helping to prevent people at risk of eviction from losing their homes.

A specialist Tenancy Interventions Officer working in Orbit, works directly with customers at high risk of eviction to help them reduce and clear their rent arrears as well as offering them support and advice through our Better Days programme.

As part of this project, we also carry out early intervention work contacting lower risk cases and completing referrals into financial support services with SDC, and Citizens Advice. The aim of tackling this at two points of the customer journey is to provide longer term early intervention to reduce debt through money management and the number of customers at risk of eviction.

Since the start of the project, we have supported **457** customers in the Stratford area, preventing **100%** of evictions, and reduced and cleared rent arrears of over **£502,017** using various support funds and customer payments. Following this success, the project has been extended for another year.

Furnished Home pilot

Our Furnished Home pilot in partnership with Stratford District Council has seen 20 customers having carpets and blinds installed into their homes as well as other items such as beds and mattresses.

The cost of these essential items is the biggest cause of year one debt in a new tenancy, so the pilot will test what difference providing furnished tenancies has on customers' ability to reduce their arrears and sustain their tenancies.

Furnished tenancies can also boost people's mental and physical wellbeing and feedback from customers involved in the pilot has been very positive with one customer stating that he is "*over the moon with the look and feel of his home*".

We will be reviewing the impact data to make further recommendations following this pilot.

> " Over the moon with the look and feel of his home "

30 ANNUAL REPORT & FINANCIAL STATEMENTS

Supporting independence in later life

We live in an ageing population and yet there is also a predicted shortfall of 500,000 retirement homes across the UK.

This year, we supported research by Shakespeare Martineau which showed that an increasing number of people aged over 65 are living in unsuitable homes for their health circumstances and with more bedrooms than they need – which in turn puts extra pressure on already stretched care services and decreases the number of family homes available.

We are embarking on a new and ambitious 10-year strategy to transform our independent living services including investing £4 million in the refurbishment of 50 existing independent living schemes – starting with a pilot scheme at Melville Court in Stratford where residents are helping to shape the new and improved look and feel of their communal living areas.

But it's not just about specialist independent living schemes. We are also looking at new approaches that support the health and wellbeing of all older residents including general needs customers via the introduction of new technology, improving digital inclusion and offering a greater range of preventative health services to improve the wellbeing of customers so that they can continue to live independent lives for as long as possible.

Residents at Cornwallis House decorated bird boxes for the communal gardens

New development launch - Cornwallis House

Cornwallis House is our newest independent living scheme. Situated in Charing, it offers self-contained apartments and bungalows for affordable social rent to people aged over 55. Residents benefit from the independence of their own front doors, within a supportive community with the option to enjoy shared facilities and socialise together in organised activities.

The scheme is a testament to partnership working, with Orbit Homes delivering the scheme alongside Ashford Borough Council and construction company Jenner. Homes offer under floor heating, spacious bedrooms, lounge, fully fitted kitchen and a utility room. A state-of-the-art, easy-to-use digital emergency lifeline alarm system helps keep people safe and brings them together through the use of technology.

Following the opening of the scheme, residents decorated bird boxes, bug hotels and hedgehog houses to personalise their outdoor space and encourage biodiversity within the grounds.

STRATEGIC BOARD FINANCIALS

New health and wellbeing focus

A survey of our independent living customers in 2019 identified that declining health and mobility were huge barriers to people being able to remain in Orbit accommodation, as they perceived the need to move into care homes to get the support they need. Our new Health and Wellbeing Strategy aims to address this by improving the wellbeing of customers so that they can continue to live independent lives for as long as possible.

As part of this strategy, we've launched our new Home Adaptations Service, which focuses on long-term health and wellbeing. It aims to tackle the most common types of issues, such as slips, trips and falls, by offering practical measures to help customers live well for longer. These measures may include referrals to specialists, home adaptations, assistive technology, or a move into Independent Living or Supported Housing that better suits their needs.

We are also offering a greater range of preventative health services within our independent living schemes such as coaching sessions on nutrition, falls prevention and mindfulness.

"Our aim is to ultimately ensure that everyone can live independently and safely in their homes for as long as possible. By offering a more holistic service that not only offers practical adaptations to people's homes but also health and wellbeing support, we hope that we can achieve just that and demonstrate that Orbit isn't just a landlord but that we care about customers' long-term prosperity"

Ellen Grant, Home Adaptations Coordinator

Everyone Active

At Queensway Court independent living scheme in Leamington Spa, we've funded training for our Activities Coordinator to deliver a British Gymnastics Foundation programme to help keep residents mobile.

The Love to Move programme uses age and dementia-friendly seated exercises to help strengthen coordination, balance, core strength and flexibility. The exercises are performed in time to music which has also been shown to help stimulate memory and recall in people living with dementia.

Not only do the sessions give residents the chance to get together and socialise, but residents have seen real benefits in terms of mobility, coordination and dexterity – all skills which are really important in maintaining the independent lives that our residents want to lead.

"Before joining the programme I couldn't lift my arms. The difference after eight months is incredible – my mobility has really improved and I'm finding it much easier to look after myself and do day-to-day activities"

Testing digital technology to support independence

We're participating in a three-year research project: "*Environmental impacts of digital technologies for health and wellbeing in the home*" led by Sussex University with Appello (a digital technology-enabled care provider) and the NHS to test the use of digital technologies, such as a warden call system, assistive digital technologies (fall pendants, remote door openers), Bluetooth speakers, smart watches, and smart plugs within our independent living schemes.

Encouragingly, residents involved in the first stage of the research showed a high level of engagement and openness to using technology as a tool to support their wellbeing, however the findings suggest that more needs to be done to ensure that we put the right support and infrastructure in place to help residents fully unlock the value that this digital technology can offer. This feedback is helping us to refine the specifications for our new build and refurbishment schemes, as well as how we integrate these technologies as part of our wider Aids and Adaptations offer for customers.

How supporting digital literacy is reducing social isolation in Orbit's independent living schemes

Minimising isolation is a key component of the work we do in our independent living schemes, and we deploy various tools to deliver this service. One of these is the Digital Champions programme. We've introduced 12 Digital Champions to support residents in our independent living schemes to get online.

As part of our Better Days programme and through partnership with Barclay's Digital Wings, Digital Champions receive training on key topics including how to choose and set up a device, recognise and avoid scams, connect with people on social media and online shopping, as well as training on how to deliver this advice in the most effective way to residents.

Although national data tells us that a large percentage of those not currently online are older people, our experience is that with the right support older people can gain the skills and confidence to benefit from technology. That's why we have invested into the Digital Champions programme as part of our wider strategy to explore and implement assistive technology across our independent living schemes to improve the health and wellbeing outcomes for all residents.

"Being able to use my laptop and access the internet is helping to keep my brain active. If I've got a question, I can find the answer online and it also keeps me in contact with my friends and family. I email relatives in other parts of the country and also speak to them face-to-face using WhatsApp, which is nice as I don't see them regularly"

Supported housing

Supported housing is accommodation, which is provided to people with a learning disability, physical disability or mental health need, alongside other support or supervision, to help people live as independently as possible. Our Supported Housing team have been introduced over the last two years, in recognition of the need to provide a dedicated team who really understand customers' needs and how to provide them with the best quality, tailored service.

The team directly manage 350 homes, and another 400 homes working with a range of specialist managing agents and support providers. The team has visited every Orbit tenant to review their tenancies, see how they are getting on and better understand what else we can do for them. At the same time, they have also looked at the properties themselves, identifying homes that need improvements and ensuring that people are living in safe, warm, and well cared for homes.

The team has worked closely with other teams from across Orbit to raise the profile and understanding of supported housing, why we need to tailor services for these tenants to ensure their needs are met and that we provide the type of service they need, in the manner they want it. This has included changing the times of visits, creating easy read documents, translation services and colleague training to upskill the team to support this diverse customer group.

182,070
'How Are You?' wellbeing contacts to independent living customers

2,637
customer reviews

436
living need assessments

715 subscriptions to our emergency lifeline service

8,700 customers attending activities in independent living schemes where we have activity coordinators

A customer is supported to get online by one of Orbit's Digital Champions

Diversity and inclusion

Tackling hate incidents

Our communities are no place for hate, and we are actively working to tackle hate incidents.

We have reviewed business processes and policies and updated the ways that we report and record hate incidents, to improve our data and understanding of what is happening, when and where, so we can proactively tackle issues and put prevention measures in place. We are also working closely with advocacy organisations to support us in getting the best outcomes for our customers. These are firm foundations that we can build upon.

We are increasing the accuracy and frequency of our data on hate incidents so we can use this to guide future work. This means that any hate incident Orbit is made aware of, whether that be through customers or our own frontline teams such as those in repairs and estates will be recorded. This feeds into our Anti-Social Behaviour (ASB) policy and process to help us make informed decisions about potential issues and hot spot locations.

We have integrated Hate Incidents within the Operational Safeguarding Forum so we can ensure that we are giving the best support to victims of hate incidents, to provide consistency and to ensure that we continue to work to improve our service for those that report hate incidents

During National Hate Crime Awareness week, we launched our #noplaceforhate campaign to demonstrate our commitment to reducing inequality in our communities and encouraging everyone to make a stand and call out prejudice if they see it, report it if they experience it, and make our communities no place for hate. Resident Board Member for Orbit, Tonia Mihill, shared her lived experience of hate and her thoughts on how we can all make communities safer for everyone in a blog that was shared with colleagues and externally.

Click here for a closer look into Sandra's journey

Sandra's story

Sandra was eight years old when she felt she was 'different'. She became an Orbit customer when she needed a little extra support, moving into one of our independent living schemes. But she had a different name, and her tenancy was as her previous identity, as a male.

At the age of 80, Sandra took the brave step of transitioning gender to become female. It took enormous personal courage to do this at a later age and from that moment, Sandra has been very open with us, with her neighbours in the scheme and her carers, getting great support from all to live her authentic life.

Sandra worked with us for Pride Month in June 2022 to share her inspirational story. She spent a day filming a short video about her experience and showing how by becoming Sandra at the age of 80 has transformed her life.

The film was widely shared during Pride Month and has been presented at conferences and online training events, helping to champion the rights of one of society's least understood groups who are at the highest risk of hate crimes.

Since Pride Month last year, Sandra has taken part in a number of activities and is a core member of our LGBTQ+ customer group. She continues to inspire and remind us to make the most of our lives and never be afraid of who we are.

Creating communities – coming together to celebrate late Queen Elizabeth's Jubilee

The Platinum Jubilee saw our communities come together to celebrate Her Majesty The Queen's 70 years of public service.

At Orbit Homes' flagship development in Daventry, Micklewell Park, a Williams pear tree was planted in collaboration with leading law firm Shakespeare Martineau as part of the Queen's Green Canopy (QGC) – a unique initiative created to mark the Jubilee cerebration in June 2022.

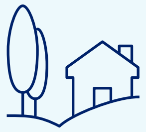
At Queensway Court independent living scheme, generations young and old came together in celebration when pupils from a local primary school were invited into the scheme to decorate biscuits, participate in Jubilee-themed crafts and singing the national anthem.

Across Orbit offices, colleagues hosted events and activities to celebrate.

QUALITY, AFFORDABLE HOMES

We take pride in providing our customers with quality, affordable homes in which they are proud to live.

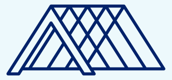
To do this, we are:



Investing in our existing portfolio of homes

Progressing towards the UK's 2050 net zero target by improving the energy efficiency of our homes

Undertaking estate improvements and property repair programmes



Building new quality and affordable homes

Investing in our existing homes

We continue to invest in our homes and communities.

Our capital delivery programme this year has being affected by the national labour and materials shortages, so we took the opportunity to reset our supply chain and introduce new management capability. This new approach focuses on a longer term three-to-five year delivery horizon, and more closely integrates building safety and decarbonisation work.

We have also reviewed certain short-term opportunities to target investment to help customers to manage high energy costs.

- **83.5%** homes at EPC band C or above
- **99.97%** DHS compliance

Retrofit work being undertaken as part of the Demonstrator project

Click here to view our retrofit video

Progressing towards decarbonisation

This year we completed work on a £3.6 million pilot decarbonisation project to upgrade the energy efficiency of 69 homes in and around Stratford-upon-Avon which had an EPC rating of D or below, via a whole house retrofit approach. The scheme was part of the government's Social Housing Decarbonisation Fund (SHDF) Demonstrator project and received £1.45 million in government funding, which was combined with a further £2.2 million investment from Orbit.

Each of the homes was retrofitted to a high standard, making homes more comfortable, warmer and affordable for residents, in addition to generating carbon savings. The Demonstrator project has also enabled us to develop a clear understanding of both the high level and practical challenges of whole house retrofit decarbonisation projects and the costs of achieving net zero carbon.

Following the success of the Demonstrator we have also begun work on a further £6 million project to upgrade the Energy Performance of 136 properties across the West Midlands after securing funding from the Social Housing Decarbonisation Fund (SHDF) Wave 1. Working in partnership with the West Midlands Combined Authority and Stratford-on-Avon District Council, we are utilising £1.4 million from Wave 1 of the Social Housing Decarbonisation Fund, along with our own further investment of £4.6 million, to deliver warmer homes for tenants, reduce fuel bills and significantly lower carbon emissions.

We have also successfully secured funding from the Social Housing Decarbonisation Fund (SHDF) Wave 2.1, which will enable us to improve the energy performance of an additional 212 properties in the West Midlands.

Orbit customer and Demonstrator participant, John, commented:

> “The work started with the loft being insulated, windows and doors being changed, and rendering being put on the outside. It literally did feel warmer as soon as it was done. Hopefully it will be cheaper on my pocket. If anyone is approached to have it done, I would tell them to go for it”

Property maintenance and repairs

Property repairs improvement programme

We have launched a 12-month programme looking at how we further improve our property operations functions and deliver key changes to the way we run our responsive maintenance service to enhance the customer journey.

Working with a range of key stakeholders, once complete, we expect the project to fundamentally transform large parts of the service, including our Repairs Policy, how we diagnose problems, the way we book appointments and how we track and report on our performance. We expect the project to be fully rolled out by summer 2023.

Following intense focus with our partners, covid repair backlogs have also been bought to business-as-usual levels following a peak in 2022, although some complex repair cases continue. The 28-day standard for non-urgent repairs has also been reintroduced.

Estates Improvement Programme

Each year we look for ways in which we can further improve our estates for our customers. In 2022 we invested £400k in several improvement projects undertaken by our project management team including introducing new bin stores, new seating, the conversion of former bin stores into new storage facilities for customers, and accessible landscaping to aid those with mobility difficulties.

Contractor Partnership Governance Model

We outsource the operation and maintenance of our property portfolio and have progressed away from a traditional 'contractor / client' supply chain management approach to focus on a tactical and operational systems. We are shifting to a Partnership-style model with our major partners, recognising their importance in our ability to serve our customers, and creating an environment to give them the best chance to succeed on our behalf.

We have re-implemented a Core Group for each partnership comprising senior representatives to oversee and provide direction to each relationship. Part of this work is to simplify the relationships and monitor Key Performance Indicators (KPI) to drive performance.

In October 2022 we launched a new Commercial Change Board to further govern changes to existing and proposed supply chain relationships. This approach enables us to add value, reduce risk and improve delivery performance. We are also now progressively involving our partners in our discussions on strategy and vision, with representatives of major partners attending our quarterly Leadership team forums, involved in understanding and trying to improve our UKCSI scores, and attending workshops focused on building better partnership working.

Orbit contractors carrying out home improvements in Stratford-Upon-Avon

Our approach to damp, mould and condensation

The coroner's report into the tragic death of Awaab Ishak in Rochdale from a severe respiratory condition caused by prolonged exposure to mould in his home, is a very stark reminder to the sector of our responsibility as landlords.

We are fully committed to doing everything we can to provide our customers with high quality, safe, and sustainable homes. Over the last 18 months, we have taken a number of steps to improve our procedures around repairs and complaints. This included a specific focus on damp, mould and condensation, and has resulted in a complete overhaul of our policy and process, and a much stronger focus on analytical evaluation and evidence.

Our new policy was launched in April 2022 and ensures that all reports of damp and mould are referred for inspection and diagnosis. Inspections include checks to diagnose issues including establishing the presence of any structural defects that may be the underlying cause, and we have invested in specialist equipment and training to further improve our diagnostic capabilities, expertise and early intervention.

Our data systems have also been changed to help us to better track and monitor any damp, mould and condensation issues raised, and this data is being used to analyse building types and heating system trends so we can take preventative action where possible.

We now classify damp and mould as one of our big seven health and safety risks alongside gas, electrical, lift, asbestos, fire and water safety, and are tackling any reported case of damp or mould as an absolute priority.

As with any large property portfolio, there are always improvements to be made and work required to maintain the high standards our customers deserve, and the recent media and government focus on damp and mould has resulted in an increase in reports of cases in our homes. We have appointed a cross-functional Damp and Mould Task Force to ensure we address cases and issues raised quickly and as an utmost priority, and we encourage all colleagues and customers to report anything which does not reflect the standards that we and our customers expect.

Through our capital and repair programmes we invest in our homes, last year investing £88.8 million. All our homes meet the government's Decent Homes Standards, and we are working to ensure that all of our homes achieve EPC band C or above by 2023, with 83.5% of our homes currently meeting this target.

Supporting customers

Where work is required, we will support the customer and offer any help and advice needed. Because people are heating their homes less due to the cost-of-living crisis, damp and mould can take hold quicker. We have therefore introduced a number of new initiatives to help customers manage their finances, maximise their income and reduce the pressure of cost-of-living increases, including:

- Partnering with National Energy Action to provide specialist telephone energy advice for customers most in need, helping them with energy grants, fuel debt applications, liaising with energy suppliers, and changing tariffs or payment types
- Launching a Welfare Benefits Advice Service to support tenants and homeowners who need help to understand and apply for the benefits that they are eligible for, as well as providing coaching about how to become more financially resilient
- Creating a cost-of-living hub on our customer website, providing access to advice and support
- Increasing investment in our mental health support service provided as part of our Better Days programme and commissioned with Mind and Aspire4u Breathing Space
- Launching a suite of customer communications explaining how we approach dealing with damp and mould. These can be viewed on our customer hub, and we regularly update our online information with the latest help and advice

Tackling empty homes and lettings

We have continued to focus on reducing the number of empty homes within our portfolio and further improve our processes with the centralising and specialising of our lettings teams.

During the course of the year, we have reduced our number of empty homes from 674 to 474. We have also undertaken a voids intervention project, working across a number of services and taking on board feedback from customers. This pilot project has focused on six housing schemes that have historically had a high number of customers ending their tenancies, with the aim of seeing whether actions put in place reduce the number of tenancies being ended. The outcomes from this will be measured over the next couple of years.

- Average re-let time for general needs properties – **67 days**
- Number of mutual exchanges completed in year – **403**
- Number of new homes let in year – **2,577**

Densification strategy

Over the past 12 months we have continued to make progress with our densification strategy to optimise our property portfolio and create operational economies of scale that will improve services for customers and further our work to ensure long-term, sustainable economic growth. This year we successfully completed the disposal of 185 shared ownership units, 59 units in Hammersmith & Fulham to Notting Hill Genesis and six units to South Kesteven Local Authority generating a surplus of £19.7 million. These activities will support the delivery of more affordable homes in our key geographical areas.

Our new homes

We continue to be one of the UK's leading builders of brand-new affordable homes for rent and shared ownership in the UK. We seek to provide sector leading homes that delight our customers, through a genuinely tenure blind approach to design, layout, specification and customer experience, ensuring that we create thriving communities for our residents to enjoy.

Despite the very challenging construction market conditions leading to increased labour and materials costs, our new build programme has performed well, delivering 1,257 new homes across all tenures, with 70% being affordable homes. We have also continued to expand our land portfolio, adding 11 new sites in our five-year development pipeline (2020-2025), and launched 16 new developments.

Under the Homes England Strategic Partnership, we have registered 2,136 start on sites and achieved 875 completions to date. We secured a further £104 million grant funding under the government's 2021-2026 Affordable Homes Programme. We have already achieved 86 starts on site of the 1,500 new affordable homes that will be delivered with grant funding from this programme.

Newly built homes at our Hanwood Park development

House design and specification

All our homes on our new direct build sites are matched against the Royal Society for the Prevention of Accident's (RoSPA) Safer by Design framework, meaning they are amongst the safest on the market, and we are proud that our specification offers customers many essential finishes included as standard, to make them ready to move straight into. Combined with the savings on energy bills that come with purchasing an energy efficient new build home, we're confident that Orbit Homes offers fantastic value for money for customers, with our new homes including:

- Induction hobs to reduce the risk of burns
- Lockable cabinets in the kitchen and bathroom to improve safety
- Fitted recycling bins, to encourage recycling
- Four-piece bathrooms, including a separate bath and shower cubicle, where possible
- Heated towel radiators in all bathrooms, to dry towels quickly and reduce condensation
- Electric vehicle charging points
- USB and data points
- Carpet and Amtico flooring throughout
- Fitted wardrobes in the main bedroom

Orbit Homes recently secured a Gold Award for Customer Satisfaction by independent market research specialist, In-House Research, for the ninth consecutive year, after receiving an overall customer satisfaction score of 95%.

All new homes currently deliver an EPC rating of at least B.

High specification interior in our Micklewell Park homes

Winner of What House? 2022 Housing Association of the Year

We were extremely proud that our approach and ethos in creating high quality, affordable new homes has been recognised, after we were crowned Housing Association of the Year at the 2022 WhatHouse? Awards.

Explaining why Orbit was a deserving winner, the judges said at the time:

"It's been a strong year for Orbit.

A new tenure-blind design specification has been adopted, making sure all customers, whether social tenants or homeowners, get the same standard of home and service. As people continue to struggle in difficult economic circumstances, Orbit invested into its communities, including supporting individuals to reduce debt, providing 500 hardship grants, and supporting local social enterprises. It is also providing development services to help smaller housing associations to grow and offering Rent to Buy options for customers not quite ready to purchase but with aspirations to do so"

'Green Plaque' environmental accreditation

We were also delighted that our Melbourne Avenue development in Ramsgate became the first new build home development to be awarded the national 'Green Plaque' environmental accreditation in partnership with WW Martin. The accolade was presented in recognition of the homes' demanding sustainability standards that demonstrate environmental and sustainability best practice within the construction industry.

Creating new communities

RTPI Planning Excellence Awards

Our Park East scheme within the London Borough of Bexley won the Excellence in Planning for Communities (schemes of 50 homes or more) category in the Royal Town Planning Institute Excellence Awards.

The scheme, which is being delivered in partnership with Wates, provides a new high quality and inclusive community of 320 tenure blind homes with 80% affordable housing, all set within landscaped green spaces to provide a strong sense of community.

The judges were impressed by the excellent demonstration of planning role and partnership working, commenting:

“This demonstrates a positive regeneration project which has delivered for both the local community and wider area. Particularly good examples were provided to demonstrate how climate action and sustainability are at the heart. Good example of positive community engagement in a difficult to reach community”

BUILDING BUDDIES

Building Buddies

Launched in 2023, our exciting new ‘Building Buddies’ educational programme, gives primary school children first-hand insight into how homes are built.

As part of the initiative, children aged 7 to 11 are invited to experience a hands-on site visit, where they can develop their knowledge and skills by safely exploring the site, speaking to our development team, learning the importance of health and safety, and discovering how brand-new houses are constructed and the exciting careers in housebuilding.

Children also have the opportunity to build a home of their own, with a special 3D model house, whilst teachers can also download a support pack and classroom resources.

Orbit Homes recruits Building Buddies for new educational programme

PROFIT FOR A PURPOSE

Orbit is a not-for-profit organisation set up to provide affordable homes and support local communities. We do not make profits for shareholders; instead, we invest the income we make into delivering on our social purpose, building affordable homes, improving our services and supporting our communities.

In this financial year we:

- Invested **£88.8 million** in our homes, undertaking repairs, delivering major works and improving energy efficiency
- Supported over **9,500 customers** to sustain their tenancies
- Delivered **5,059** Customer Support Interventions through our Better Days programme, providing access to health and wellbeing and financial, digital and employment services
- Supported **676 customers** with debt advice from Pay Plan, helping customers to manage a total debt of £1,493,745
- Provided **£51,106** in fuel and food vouchers
- Invested **£142 million** in building new affordable homes
- Helped **over 500 customers** access benefits that they are entitled to through our Welfare Advice Service, with the total amount realised at over £600,000
- Generated a social value of **£19.2 million**[*]

[*]Calculated using industry recognised social value tools such as the Social Value Bank (HACT) and National TOMS.

Anchorians U10 Diamonds sport new kits thanks to Orbit Homes sponsorship

GREAT PLACE TO WORK

Our people agenda is key to our success. We know that colleagues who are motivated in their work, feel valued, respected and are united in achieving our purpose and mission, leads to delighted customers.

Over the past 12 months we have worked to embed and drive change via our People Strategy which focuses on four key areas:

Building individual and team capability

Inspiring leadership

Sharing in our pride and purpose in our ambition

Building an organisation that is fit for the future

Employee experience

We have made great progress in better understanding our colleague experience with our first, in-depth, employee engagement survey.

Colleagues are telling us that they are engaged, proud of our purpose, and we are doing the right things for diversity and inclusion:

- High engagement (81% favourable perception and 3 points higher than our benchmark), indicating employees are proud to work for Orbit and are motivated to go above and beyond in their role
- Pride in purpose (78% favourable and 27 points higher than our benchmark). A shared passion for our sense of purpose is embedded in our DNA, with colleagues telling us they maintain a favourable perception of what Orbit stands for and what we do for our communities
- Diversity and inclusion (84% favourable and 11 points higher than our benchmark) – our colleagues believe we are doing the right things to be open to an inclusive and diverse business

Whilst our engagement results are strong, they have provided us with clear areas of focus to maintain momentum, keep colleagues aligned to our purpose and mission, and driven to deliver.

Orbit colleagues enjoying a tea break on a volunteering day

Five-star award from WorkBuzz for employee engagement

We were delighted to be recognised as a WorkBuzz Five Star employer in 2023. The WorkBuzz Five Star Employer Award is only awarded to those organisations who are leading the way in employee experience, exceed industry benchmarks and demonstrate strong engagement scores, high response rates and regular survey frequency.

Inspirational leadership

Effective leadership is essential to support our customers, communities and colleagues. We embarked on a new Leadership Development Journey in 2022 to engage, inspire and enable leaders to drive consistently outstanding outcomes for our customers and our colleagues.

We introduced a range of leadership development programmes to provide appropriate and relevant support for colleagues at different levels, to support their personal leadership growth as well as create the strength in leadership and development of high performing teams that is required to deliver on our corporate strategy.

Aspiring Leaders - provides colleagues with the potential and appetite to move into a leadership role with an insight and a clear understanding of the principles of early leadership.

Emerging Leaders - focuses on developing the competence and confidence of colleagues in new leadership roles by providing an insight and a clear understanding of the practicalities of early leadership, identifying any relevant knowledge/skills gaps and providing support and guidance on how these can be bridged.

Leaders of Leaders - designed for those at a mid-management level and focuses on developing more sophisticated and refined leadership and influencing skills, in partnership with Farscape Development.

Business Leaders - a prestigious external "Experiential Programme" delivered in partnership with Wavelength Connect.

Initial feedback from our first Emerging Leaders Cohort:

- 100% felt that the programme content provided them with new knowledge and understanding
- 92% found the programme content to be very useful/relevant
- 100% felt that it was likely or extremely likely that they would be able to apply their learning from the programme to their role at Orbit
- 100% believe that completing the programme will make them a more effective leader
- 100% would recommend the programme to a colleague

Emerging Leaders cohort

Developing our people

The Social Housing White Paper calls for increased professionalism throughout the sector, a call we at Orbit have fully embraced. We are focused on providing all colleagues with the training, structured learning and right tools for the job to enable great customer service and help them unlock career opportunities.

We offer group-wide training for all colleagues, providing them with the opportunity to improve and develop their careers. During the last 12 months:

Over **1,000** colleagues completed a total of **7,617** online/e-learning courses

562 colleagues completed online EDI training/e-learning

Offered support to **33** colleagues for professional qualifications and paid professional subscription fees for over **100** colleagues

Importance of purpose

A shared passion for our sense of purpose is clear amongst our colleagues, which is why we undertook research with our employees and candidates to revisit our Employee Value Proposition (EVP). The findings have enabled us to reshape our proposition by maximising what's important to colleagues and what makes Orbit a great place to work. As part of this work, we ran a series of workshops to define what behaviours underpin our commitment to our customer and which reflect our EVP. These have enabled us to identify tangible behaviours, so we can clearly demonstrate what acting in alignment with our values really means for everyone. This focus will play an essential role in our talent attraction and retention ambitions moving forwards.

Relaunch of the Orbit volunteer programme

In 2021 we relaunched our volunteer programme, to reaffirm our belief that we can improve the quality of our customers' lives and create thriving and empowered communities. We believe that everyone has something to offer their community which is why we encourage all of our employees and partners to undertake volunteering. Highlights from our 2022/23 programme include:

- **987 volunteering hours** have been completed by 152 colleagues
- Supporting independent living customers to complete their application for energy grants
- Working in partnership with our contractors

Stars in Orbit awards

Each year we celebrate our colleagues' successes via our Stars in Orbit Awards. Our employees nominate those colleagues who they feel should be recognised for going above and beyond, living our values, and are pivotal to our success. Winners enjoy a celebratory lunch hosted by our executive team and are awarded a gift card in recognition of their contribution.

Our Stars in Orbit finalists celebrating at Coombe Abbey

Importance of inclusivity

Orbit was founded with one clear purpose – to turn inequality into positive action, and we live by these values to this day. It's our mission to build thriving communities where everyone in an Orbit community – whether residential or workplace – feels respected, valued and included.

We know a diverse and inclusive business means that we access the best skills and talent, in turn enabling us to deliver great outcomes for our customers. We also want our people to have equitable chances to contribute to their best and are passionate about offering a great place to work full of great and diverse talent that our customers are delighted to do business with.

We are proud to have an open and inclusive workplace culture, in which the differences that all our people bring to Orbit are valued, and opportunity is advanced for all. By embracing this in our people, we are able to deliver accessible services and equitable outcomes for the diverse communities we serve.

Under our EDI framework we focus on the following:

- Creating safe spaces and a sense of inclusion and belonging
- Inclusive leadership that role models inclusive behaviours and creates a nurturing and collaborative environment for colleagues
- Having a learner mindset that is brave to accept when things don't go well and to learn from them
- Providing opportunities to grow, no matter your background
- Putting our customers' interests at the heart of everything we do

International Women's Day focus

To celebrate International Women's Day we asked colleagues to nominate their female colleague role models -those that inspire, motivate or empower through their everyday actions or personal successes. Over 70 women were nominated and invited to take part in a special edition of our colleague magazine celebrating the women in our workplace, as well as discussing what change is still needed and how we can all achieve it.

Colleague voice

Our new Colleague Ambassador 'super group' comprises a team who are driven to help us build our thriving workplace community where everyone feels included, valued and heard. As well as being an ally to all, passionate about helping us to create a more inclusive and diverse workplace, our group offers a critical friend to ensure all colleague feedback is heard, and most importantly used as a driver for positive change in our journey to create a more inclusive and diverse Orbit.

#ThisIsMe

The health and wellbeing of our colleagues continues to sit at the core of our business. Our #ThisIsMe wellbeing programme has continued to go from strength to strength, providing access to a range of multimedia resources and support tools, as well as our Healthy Mind First Aiders and Employee Assistance Programme. Our #ThisIsMe series of talks and webinars saw us partner with organisations including Henpicked, Mind and Aviva to discuss, raise awareness and provide support on subjects such as menopause, mental health, and the challenges presented by the cost-of-living crisis. During National Hate Crime Awareness Week, we also called on colleagues to take responsibility to fight inequality, whether that be in the everyday conversations we have, the thoughts we think or the actions we take, encouraging everyone to call out prejudice, report it, talk, share and educate.

Mates in Mind

To mark Men's Mental Health Week and help combat the stigma attached to mental health, particularly within the construction industry, Orbit Homes partnered with wellness company Bluecrest to give on-site colleagues a free health check, as well as the chance to enjoy a talk by The Black Country Blokes, a men's mental health podcast, all over a 'butty and brew.' The event offered colleagues information and guidance on managing their mental health and was a great opportunity to encourage them to seek help if struggling.

Supporting colleagues through the cost-of-living crisis

- Introduced a scaled pay review in April 2022
- Gave colleagues a £100 Christmas gift card
- Launched a colleague communications campaign to offer support including financial wellbeing webinars
- Increased business mileage rates to ensure we are aligned to HMRC recommended rates and changes to our business travel policy to address the increased cost of fuel
- Retail discounts available through Stars in Orbit

Armed Forces Covenant Silver Award

We were proud to receive the Defence Employer Recognition Scheme Silver Award from the Ministry of Defence in recognition of our support for the defence and armed forces community, and alignment of our values with the Armed Forces Covenant.

In addition to signing up to the Armed Forces Covenant back in 2017, we also support reservists with our 'time off policy', enabling colleagues to have time away from the business to carry out any required training without using their allocated annual leave, and work with the Career Transition Partnership to advertise our job opportunities to ex-armed forces personnel.

We have been working hard towards the Defence Employer Recognition Scheme Gold Award and hope to achieve this in the next 12 months.

David Fawcett presenting the Orbit commemorative wreath

Case study

Orbit supported Property Manager and RAF Regiment reservist, David Fawcett, during his mobilisation for active duty in 2022:

"I'm a member of the RAF Regiment, trained in airfield defence and capture. Orbit were genuinely brilliant in allowing me to mobilise when I was asked to deploy as part of the regular Armed Forces for six months. This involved 10 months in total, away from my full-time job as a Property Manager. My line manager was nothing but supportive and allowed me to accept the offer of deployment. I worked with our HR department to complete all the necessary paperwork.

It was a brilliant experience, and it is something I will remember for many years to come. I'm very grateful to Orbit for allowing me to do this and I'd strongly recommend the reserves for anyone wishing to broaden their skill set"

SUSTAINABILITY

Our Sustainability Strategy is embedded within our overarching corporate strategy and central to achieving our vision: to lead in building thriving communities.

Over the last few years, we have been on a sustainability journey, from being an early adopter of the Sustainability Reporting Standard (SRS) for social housing and the publishing of our first Environmental Social Governance report, to the publishing of our 'Orbit to Zero' net zero carbon roadmap, our new Thriving Communities Strategy, and reducing the carbon footprint of our operations by 38.5%.

To ensure we maintain this momentum, this year we refreshed and strengthened our Sustainability Strategy to reflect the breadth of work we are delivering. Our revised strategy is organised into four themes: Our Customers, Quality Homes and Places, Our Planet, and Our People.

Cementing a clear link between our financial and funding strategy and sustainable priorities for the future, we launched our Sustainable Finance Framework in February 2023. This framework demonstrates how our borrowing will be used to make a positive social and environmental impact in the short, medium and long term. Under this framework, funds from Sustainable Finance Instruments are allocated to specific projects ranging from energy improvement to existing homes, the provision of new green and / or affordable homes and placemaking, tackling poverty, increasing in biodiversity and improvements to the public realm. This framework enables us to clearly illustrate how we are delivering value for money for our customers, communities and wider society, which in turn allows us to raise financing at beneficial terms. In addition this year, we have arranged our first sustainability-linked revolving credit facility of £100 million. This facility is linked to two sustainability Key Performance Indicators which, upon achieving the agreed targets, will result in a discounted margin and deliver environmental and social value to our communities and society.

Click here to view our Sustainability Strategy

Orbit colleagues on a volunteering day at our Shipston-on-Stour development, helping to enhance green spaces

STRATEGIC BOARD FINANCIALS

Our Planet

The environmental pillar of our Sustainability Strategy is Orbit Earth. Under this programme, we have three priorities:

Climate action to become net zero carbon

Enhancement of outdoor spaces to improve the quality of natural resources including biodiversity, land, water and air

Sustainable consumption to manage resources, materials and products responsibly

Key to achieving all our environmental ambitions is effective environmental stewardship and we are very proud to have achieved ISO14001:2015 certification for our environmental management system by the British Standards Institute (BSI). Achieving this certification is the culmination of more than 18 months of work and is a strong endorsement of our environmental management approach. It reflects the clear leadership of the team and the passion and commitment of all our colleagues in reducing our environmental impacts and becoming a more responsible business.

Supporting this, we have also:

- Introduced a new environmental sustainability qualification for colleagues, the first in-house training of its kind in the social housing sector, developed by the Institute of Environmental Management and Assessment (IEMA)
- Launched Orbit Earth e-learning, which has been completed by 560 employees, representing 45% of the total workforce
- Created an environmental advisory service function to support the wider business and promoted our first environmental graduate to the position of Environmental Advisor to lead on this service
- Shared our Sustainable Supplier Charter with top suppliers for consultation

ISO 14001:2015 global standard for Environmental Management Systems.

A colleague planting vegetable seeds for residents at Riverside Court independent living scheme

Climate action to become net zero carbon

Against our target to become net zero carbon in our own operations (Scope 1 and 2) by 2030, we have reduced the carbon footprint of our operations by 38.5% since we established a baseline in 2018.

A significant element of this result has been achieved through the transition in April from red diesel in our construction vehicles to hydrotreated vegetable oil (HVO). This has reduced Orbit Homes' fuel emissions by 97.2%.

We have also appointed an Energy and Environment Lead to support our customers with the ongoing energy affordability crisis and to build momentum on delivery of our net zero carbon commitments. Our new team member has already played a key role in facilitating our partnership with National Energy Action, delivering a series of energy awareness webinars for customers and colleagues, and set in motion a series of energy saving and renewables projects across the organisation.

- 38.5% carbon footprint reduction against 2018-19 baseline

Empowering colleagues

Support from our colleagues is key in achieving our sustainability aims, and providing them with knowledge, training and support is a key part of our sustainability approach.

- **125** colleagues completed Orbit's Environmental Sustainability Skills for Managers training. Developed by the Institute of Environmental Management and Assessment (IEMA), this training provides a broad understanding of environmental sustainability principles and the skills needed to implement positive environmental change as individuals, in their teams and the wider organisation
- Over **150** employees completed energy awareness training in partnership with Act on Energy and National Energy Action
- **560** colleagues completed Orbit Earth e-learning

Enhancement of outdoor spaces to promote biodiversity

To support our commitment to enhance our outdoor spaces to improve the quality of natural resources, we have launched our biodiversity approach. This approach aligns with the core target of the proposed framework of the UN Convention on Biology Diversity and with that of The Wildlife Trusts' vision to protect at least 30% of our land and sea to allow for nature's recovery by 2030 – making more space for wildlife to recover and thrive again.

We plan to achieve this target by strategically planning how and where to enhance habitats across our estates to maximise the benefits for nature and residents. Improvements will include planting hedgerows, shrubs, and wildflowers; dedicating some outside areas to nature and, where space is limited, looking to create artificial habitats including bird boxes and bug hotels. These enhanced outdoor spaces will also improve customers' wellbeing by providing better and more local access to nature.

Sustainable consumption

By consuming more sustainably and maximising resource efficiencies, there are savings to be made both financially and environmentally, as well as value to be gained in resilience and productivity. We are working towards this with the development of our Zero Waste approach, which we aim to launch in the new financial year.

Working with a number of our Property Services partners, and internal colleagues, over the last 12 months we have been collating and analysing data from our Site Waste Management Plans. This data is being used by our Waste Action Group to form the benchmark for our zero-waste modelling, which will be key to our strategy and targets.

Click here to view our biodiversity video

Green Spaces Advisory Board

We are proud to be a co-founding member of the Green Spaces Advisory Board, a pioneering cross-industry collaboration of Ground Control and housing associations, aiming to unlock the potential of green spaces through actions, thought leadership, and housing conversations that create collaboration.

Homes for all the community at Mill View

Our new development, Mill View in Dereham, has homes for all people and wildlife too, with hedgehog friendly fencing and 'Hedgehog Highways', bat tubes and bird boxes, as well as two log piles underneath hedgerows to provide hedgehogs with day nests and potential hibernation opportunities for reptiles and amphibians. In addition, we are undertaking nearly a mile of improvement works to the footpath along the public right of way behind the site, so that the route can be used by the wider community to enjoy the surrounding trees and natural grassland.

Green Christmas

This year we ran a 'Green Christmas' campaign throughout December to help colleagues save money and the planet. Working with the Wildlife Trust, Mind and local partners, the campaign included online sessions, resources and practical workshops to encourage recycling and sustainable consumption, including Christmas cards, willow stars and wreath making, bird feeders and Christmas gift swaps.

COMPLIANCE & RISK

Culture of Health & Safety and Compliance

As a housing provider and landlord, we are driven to not only adhere to the required regulations for our sector, but to be leading the way. Our Customer Promise states that we'll 'provide high quality, safe and sustainable homes', and we're committed to delivering on this.

We are proud of our strong culture of health and safety and the rigorous approach colleagues take to governance, risk and compliance.

Our new Building Safety Strategy published last year, details our plan to keep our homes and customers living in high-risk buildings safe. Implementation is well underway and we are on track to meet the requirements of the new Building Safety Act by the due dates. We also remain in regular conversation with government officials about developing policy in this area.

We remain the only national affordable housing provider to have achieved BS9997 British Standards in fire risk management systems and were this year awarded a Merit for the second consecutive year for our commitment to customer and property safety by the British Safety Council in its globally recognised International Safety Awards.

Furthermore, Orbit achieved a Gold Medal Award from the Royal Society for the Prevention of Accidents (RoSPA) for the fifth consecutive year in recognition of its ongoing commitment to health and safety excellence.

This year we also invited RoSPA to carry out a Quality Safety Audit (QSA) of our Health and Safety Management System applied across the Group.

The final QSA scores show that Orbit achieved an overall Health and Safety Performance Rating (HSPR) of 82.2% and a level 4 audit score. This is an excellent score given level 5 is the highest QSA score achievable and a significant improvement on our level 2 score in our 2019 QSA. The Health and Safety Team will work closely with colleagues across Orbit to implement the recommendations to take us to a level 5 over the course of the next three to five years.

Meanwhile, our newly launched Building Safety communications strategy, including a new internal podcast is helping to improve awareness and understanding of colleagues across the organisation.

Orbit colleagues on a site visit to our Micklewell Park development

Awards

- British Safety Council International Safety Awards 2023: Merit
- RoSPA Gold
- ROSPA Health and Safety Team of the Year Award 2023: Highly Commended
- Shortlisted for 'Technology partner of the year' award at the Northern Housing Awards. This is for work we've done with one of our suppliers, TCW who provide compliance software which checks and reports on the quality of our documents

Plus: Finalists in the following ASCP Safety & Compliance Awards categories:

- Safety & Compliance Training and Development Award
- Rising Star Award – Hayley Cross
- Women in Safety & Compliance Award – Kirsty Taylor
- Building Safety Initiative of the Year Award – with Parametrix

‘Innovative’ building information project wins award

In Dame Judith Hackitt’s ‘Building a Safer Future’ report, which was published in the wake of the Grenfell Tower disaster, she recommended the introduction of a ‘golden thread’ of information for all higher risk residential buildings.

In response to this, we carried out a pilot with Parametrix to create a digital Building Information Model (BIM) of three high-rise residential blocks.

A series of on-site surveying activities were carried out at Becton Place in Erith, London, including laser scanning, thermal drone operations, intrusive building investigations and risk assessments to create a highly detailed ‘digital twin’ of the estate.

These 3D building replicas act as smart databases, which hold 2D plans, schedules, specifications and schematics following the ISO 19650 BIM standard – the international standard for managing information over the whole life cycle of a building.

The model can also be used for supporting tenders with accurate information, providing contractors with exact building detail and overlaying fire safety information for customer and fire service usage.

Not only have we created a robust knowledge base that will help to keep residents safe, but the information gathered has allowed us to rethink our approach to our buildings in terms of futureproofing and reinvesting.

As the project expands out across further buildings it will have significant impact on the business with savings across various areas such as responsive repair, cost reduction through increase in first-time fixes, supporting works procurement to gain exact cost responses, lower capital outlay due to efficient planned programmes, and reduction in employee time travelling to site for minor data gathering.

Following the success of the project, Orbit will be rolling out the approach for all of its remaining 19 buildings that fall within the scope of the Building Safety Act of over 18 metres tall, alongside the creation of a new common data environment where the information can be stored, updated and shared across relevant teams.

The project received the ‘Most Innovative Property Service’ Award from the National Housing Maintenance Forum (NHMF) as well as ‘Delegates Choice Award’.

Press for Action

Press for Action was launched with the aim of getting better sight of health and safety concerns with our properties and estates.

Since its launch, **348** press for actions have been raised, **315** of these issues having been completed, with **345** seeing action to mitigate risk before close out.

This year, Press for Action has been rolled out to our contractors – our eyes and ears in the community, helping to ensure our properties are safe for our customers and we can highlight common trends across the business.

Orbit’s Health and Safety Excellence Awards 2022

Our Health and Safety Excellence Awards returned for their second year – demonstrating our ongoing and focused commitment to keeping people and workplaces safe.

Run in partnership with RoSPA, these awards are a fantastic opportunity to celebrate the sector-leading approach of our colleagues, and partners to health, safety and wellbeing.

Award: A Site to be Hold presented to an Orbit Homes development that has demonstrated excellence in Health and Safety.

Winner: Micklewell Park, Daventry

Recognition: The Hedgerows, Hellingly

Award: Rising Star recognition of an employee new in their role

Winner: Zoe Gould

Recognition: Ben Marshall and Faisal Yousef

Award: Best Partnership celebrates a partnership which has supported health, safety, and wellbeing in the business.

Winner: Regeneration and Wates at Park East

Recognition: Orbit Homes partnership with Black Country Blokes

Award: Project Innovation Campaign Award campaign / product launched with health, safety or wellbeing benefits

Winner: Press for Action

Recognition: Menopause in the Workplace

Award: H&S Champion 2022 Shines a spotlight on an employee who has gone above and beyond to show a commitment to Health and Safety.

Winner: Ray Winney

Recognition: Kate Hunt and Stephanie Whyman

Award: Team of 2022 given to a team who have come up with an innovative Health and Safety feature.

Winner: Property Safety

Recognition: Property Improvement

VALUE FOR MONEY

Click here to view our full Value for Money Report

Link to be included

This value for money statement is an extract of the key highlights of the year.

Further information is available in our separate Value for Money Report.

Our Strategy

At Orbit we take a balanced approach to value for money that supports our fundamental social purpose and ensures that we fully utilise our resources and assets to deliver the best quality service for our customers. Challenging economic headwinds and demands facing the housing sector including rising material and energy costs, changes to the benefit system and the conflict in Ukraine, increase the pressure on social housing landlords to ensure we can deliver investment which will ensure maximum social impact for our customers. We have continued to combine our social purpose and financial expertise within this Value for Money (VFM) Framework to build good quality, safe and affordable homes within thriving communities for our customers.

We are proud to be a multigenerational, inclusive employer and are committed to providing our people with the required structured learning and training to fulfil the Social Housing White Paper agenda for increased professionalism across the sector. We have introduced a range of leadership development programmes supporting personal leadership growth, strength in leadership and development of high performing teams that will enable us to deliver on our corporate strategy. Our value for money culture is led by our Group Board and Executive team, through approval of our value for money strategy, financial plan and business change initiatives. It is embedded in all decision-making processes, and we ensure our strategy adheres to the standards set out by the Regulator. We are proud to have retained our G1/V2 regulatory rating.

Our Customer Promise continues to put our customers at the heart of everything we do. It communicates a clear set of commitments and outlines what they should expect from us as their landlord. Alongside our new Thriving Communities strategy – Better me, Better Place, Better Home, we ensure that our customers feel well supported in their tenancies.

In response to the coroner's report into the tragic death of a child from a severe respiratory condition caused by prolonged exposure to mould in his home we have overhauled our policies and processes with a stronger focus on analytical evaluation and evidence. We have appointed a cross-functional Damp and Mould Task Force and introduced policies and procedures to ensure that all reports of damp and mould are referred for inspection and diagnosis. We have also invested in specialist equipment and training to improve our diagnostic capabilities, expertise and ensure early intervention. Improvements to our data will help us monitor damp, mould and condensation issues more effectively and enable us to take preventative action where possible. We now classify damp and mould as one of our big seven health and safety risks alongside gas, electrical, lift, asbestos, fire and water safety, and are tackling any reported cases of damp or mould as an absolute priority.

We have accepted the findings of the Housing Ombudsman in a severe maladministration case dating back to 2019 and have implemented significant changes in how we respond to reports of damp, mould or condensation. We have introduced a new policy, new systems, training and have improved our diagnostics and data reporting capability.

Our ongoing ambition to offer a sector-leading, streamlined customer experience, enabling easy communication for our customers has continued with improvements to our digital channels. We provide our customers with a choice of online communication channels to use anytime, anywhere and on any device allowing them to self-manage many elements of their tenancy. Alongside this we have updated our complaints handling triage system, demonstrating our commitment to putting our customers first. We are proud to have been accredited with the Internet Crystal Mark by the Plain English Campaign. We have worked hard to ensure that the content on our website remains relevant to help our customers navigate all stages of their lives. Information provided online is supplemented by offline communications including customer letters, scheme posters and in-person events.

Orbit colleague receiving feedback from one of our customers about the retrofit work to their home

The cost-of-living crisis has seen our customers struggling to manage their finances, health and wellbeing and sustain their tenancies, and this is evident in the increase in referrals to our Tenancy Sustainment teams who offer life skills coaching and employment support, and work with our customers on all areas of their lives with the importance of maintaining a home at the heart of all conversations. Within Tenancy Sustainment, our Better Days offer is focused on ensuring that we deliver best practice and utilise industry specific knowledge. Linked to our Thriving Communities Strategy, we have recruited thematic specialists within our offer of Better Me, Better Place and Better Home. This reinvigorated structure will ensure that Orbit's offer is sector leading and will deliver impact to benefit those who need our support.

We have launched our Energy Advice service in partnership with National Energy Action (NEA). The introduction of a dedicated cost-of-living hub on our customer website with links to our Better Days offer including self-referral and external services will benefit our customers. We have increased our capacity in Breathing Space, our mental health support service. The National Housing Federation's 'Together with Tenants' programme which aims to drive improvements for customers and strengthen customer relationships has been achieved with both digital and face-to-face options. Our new Welfare Advice Service is provided by Citizens Advice and supports customers in understanding and applying for benefits and provides coaching to develop customer financial resilience. We have also introduced a new complaint handling system following the release of the Housing Ombudsman Complaint Handling code.

Our vision of providing thriving communities is key to the wellbeing of those who live in our homes, and we are committed to moving away from fixed term tenancies to lifetime tenancies. This will enable our customers to better plan for their future and feel part of the community in which they live, fostering a positive impact on their wellbeing.

Orbit's total social value delivered for customers and communities in the year to 31 March 2023 was £19.2 million. This captures social value delivered through our Better Days programme, our tenancy sustainment services, through our independent living for over 55s and through our suppliers' social value as part of their contract delivery. Social value enables us to measure the financial value for each improvement we make for a customer or for communities. We calculate this value using industry recognised social value tools such as the Social Value Bank (Housing Associations' Charitable Trust) and National TOMS (Themes, Outcomes and Measures).

We have invested £2.4 million into our Better Days programme enabling us to offer free universal services to our customers with the aim of supporting financial inclusion, wellbeing, employment skills and digital support.

Our customers long-term prosperity is important to us. We are embarking on a 10-year strategy to transform our Independent Living offer investing £4 million in the refurbishment of 50 independent living schemes, starting with a pilot scheme at Melville Court in Stratford-upon-Avon. Our new Health & Wellbeing strategy offers a holistic service offering both practical solutions, health and wellbeing support. Our Homes Adaptations service will include referrals to specialists, home adaptations, assistive technology or a move into Independent Living or Supported Housing. Alongside this we are offering a greater range of preventative health services, including coaching sessions on nutrition, falls prevention and mindfulness.

We launched our Sustainable Finance Framework in February 2023. This framework demonstrates how our borrowing will be used to make a positive social and environmental impact in the short, medium and long term. Under this framework, funds from Sustainable Finance Instruments are allocated to specific projects ranging from energy improvement to existing homes, the provision of new green and / or affordable homes and placemaking, tackling poverty, increasing in biodiversity and improvements to the public realm. This framework enables us to clearly illustrate how we are delivering value for money for our customers, communities and wider society. In addition, this year we have arranged our first sustainability-linked revolving credit facility of £100 million. This facility is linked to two sustainability KPIs which, upon achieving the agreed targets, will result in a discounted borrowing rate, and deliver environmental and social value to our communities and society.

Our colleagues continue to work in a blended way from any location, with our business hubs bringing people together to collaborate. This year we closed our Bury St Edmunds office, and we will continue to review our office requirements next year.

This year we completed work on our Decarbonisation Demonstrator to upgrade the energy efficiency of 69 homes in the Stratford-upon-Avon area with an energy rating of EPC Band D or below using a whole house retrofit approach. This project has enabled Orbit to gain a clear understanding of the challenges of whole house retrofit decarbonisation projects and the cost of achieving net zero carbon. Building on the success of the demonstrator we have commenced work on the Social Housing Decarbonisation (SHDF) Wave 1. This project will include £1.4

Orbit colleagues on a volunteering day, planting new trees and flowers to improve outdoor spaces at our Applegarth development in Erith

million grant funding and a further £4.6 million in year investment from Orbit once the project is complete, to upgrade the energy performance of 136 properties, providing warmer and more energy efficient homes for our customers across Stratford-upon Avon and the West Midlands area.

Building on the success of our Demonstrator and Wave 1 projects, we successfully bid for an additional £2 million grant funding as part of the Wave 2 Social Housing Decarbonisation Fund in partnership with West Midlands Combined Authority (WMCA) to improve the energy efficiency of 212 of our lowest energy performing homes, with £5.7 million additional investment from Orbit. This project will run through to 2025.

Over the past 12 months we have continued to make progress with our densification strategy to optimise our property portfolio and create operational economies of scale that will improve services for customers and further our work to ensure long-term, sustainable economic growth. This year we successfully completed the disposal of 185 shared ownership units, 59 units in Hammersmith & Fulham to Notting Hill Genesis and six units to South Kesteven Local Authority generating a surplus of £19.7 million. These activities will support the delivery of more affordable homes in our key geographical areas or maintaining and improving our existing homes.

The financial planning process, overseen and approved by the Board, ensures that Orbit achieves a healthy balance between building good quality, safe and energy-efficient homes where our customers are proud to live, maintaining our properties to an excellent standard, creating a positive work experience for our employees whilst continuing to protect the financial health of the business.

At Orbit we continue to work to ensure that we are set up to explore partnership and growth opportunities that arise.

Created in collaboration with colleagues and customers, our corporate strategy clearly outlines our plans to increase our investment in the communities where we work, the homes that we build and manage, the services we offer and the careers of our people. All of which will be delivered in full recognition of the changing legislative landscape, whilst ensuring we reduce our impact on the environment and continue our focus on safety and quality standards.

Value for Money Metrics

As well as the value for money metrics set out by the Regulator, we also report against our own internal metrics taking into consideration our social and environmental commitments alongside the core thread of governance. These include measuring staff costs as a percentage of turnover, rent collection, occupancy rates, customer satisfaction, investment in communities and the percentage of homes achieving EPC Band C or above. These additional metrics evaluate the performance of our value chain. All metrics align with Economy, Efficiency or Effectiveness. The three Es focus on different aspects and are defined as follows:

Economy: the degree to which objects are being purchased in the right quantity and at the right price, while having regard to quality. This is true of both goods and services that are utilised by Orbit but is equally important when employing staff. It is essential to ensure that staff are employed at the right salary levels, reflecting Orbit's target position of a median benchmarking employer, and that employees have sufficient skill sets to carry out the tasks assigned to their role.

Efficiency: is a productivity measure considering how efficiently the project is delivering its results, considering the rate at which inputs are converted to outputs and its cost efficiency.

Effectiveness: considered the quality of the work by assessing the rate at which outputs are converted into outcomes along with the impact this has. These outcomes can be either qualitative or quantitative in nature and reaffirming that value for money is not simply a financial consideration.

Outlined below are some key highlights achieved this year as a result of our embedded value for money culture.

Economy

Operating Margin **25.1%**

EBITDA MRI **169.2%**

Efficiency

Home Occupancy **98.57%**

Rent collection levels **99.42%**

Effectiveness

Multi award-winning company

RoSPA Health & Safety of the Year Award 2023 – **Highly Commended**

British Safety Council International Safety Award – Commitment to Customer and Property Safety 2023 - **Merit**

WhatHouse? **Housing Association of the Year**

NMHF award – **Most Innovative Property Service for BIM in Partnership with Parametrix**

Ministry of Defence - Defence Employer Recognition Scheme – **Silver Award**

Customer satisfaction – **4.29 / 5**

Benchmarking

To aid benchmarking we have tracked performance against a representative peer group. This group has been carefully selected by reviewing geographic coverage and property portfolio size. This group has been in place for the past four years, however, as part of our Value for Money Strategy we will conduct a further review over the next 12 months. Housing associations included in the benchmark group are as follows:

Midland Heart	Optivo
Platform Housing	Home Group
Live West	Bromford
Sovereign	Notting Hill Genesis
Citizen Housing	Stonewater

Furthermore, we are also continuing to benchmark against housing association providers with over 30,000 units, as defined by the Regulator of Social Housing. Orbit is proud of its commitment to building good quality, affordable, safe and energy efficient housing to create thriving communities. We will continue to invest in existing properties to ensure we improve customer experience and deliver on the requirements of the Social Housing White Paper. We firmly believe that our strategy is the right one for us and our customers.

Quality, Affordable Homes

We continue to be one of the UK's leading developers of brand-new affordable homes for rent and shared ownership in the UK. We are committed to providing sector leading homes through a tenure-blind approach to design, layout, specification and customer experience within thriving communities. We plan to deliver 5,300 new homes by 2025 to meet growing demand. In 2023 we have delivered 1,257 homes across all tenures against the challenging backdrop of macro economic impacts on labour markets and supply chains.

Under the Homes England Strategic Partnership, we have secured an additional £104 million grant funding under the government's 2021-26 Affordable Homes Programme, with 2,136 start-on-sites registered and 875 completions to date of the 1,500 new affordable homes that will be delivered with grant funding from this programme.

As a result of labour and material shortages we reset our capital delivery programme earlier this year. We delivered 65% of our original programme and achieved 95% delivery of the revised programme, whilst ensuring we maintain both Decent Homes and EPC standards. We have reset our supply chain and introduced new management capability. Our focus is a longer term three-to-five-year delivery horizon ensuring that building safety and decarbonisation work remains embedded in our future plans.

Our continued focus on the delivery of good quality homes across multiple tenure types is not restricted to the development of new properties and in the last 12 months we have invested in excess of £88 million in maintaining the quality of our existing stock portfolio to improve standards for our customers.

Orbit is committed to the development of new homes with a focus on sustainability. All our new homes are built to a minimum rating of EPC Band B, with 15% rated EPC Band A, and are equipped with renewable and water saving technology. We continue to improve standards in our existing properties with 99.97% of homes meeting the Decent Homes Standard.

As Orbit continues to build new homes our primary focus remains on our core value of social housing. 70% of the homes Orbit built in the last 12 months have been social in nature, whilst open market activity has continued to contribute to future social housing developments through reinvesting the profits generated.

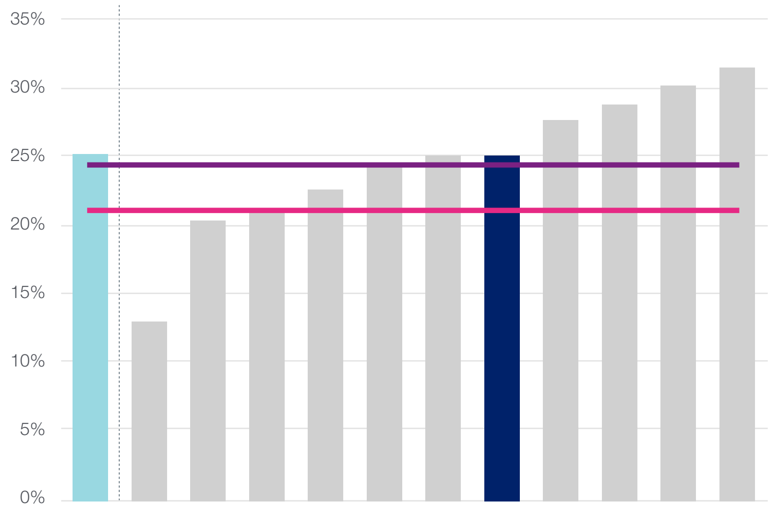
Our Sustainability Strategy is embedded in our corporate strategy and central to achieving our vision of building thriving communities. This year we refreshed and strengthened this strategy into four key themes: Our Customers, Quality Homes and Places, Our Planet, and Our People.

Profit for a Purpose

Orbit's financial delivery is strong and resilient despite the significant geopolitical and macro economic headwinds. Our total reserves have continued to increase and this, coupled with our liquidity position, leaves us well-placed to absorb further challenges that may arise. Our target reflects our commitment to achieving efficiencies around discretionary spend and our focus on contractor management and core repairs delivery.

Operating Margin Overall (%)

The Operating Margin, which excludes surplus on sale of housing properties, demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business.



Value Chain Alignment	Key:	Orbit 2022: 25.2%	Orbit 2023: 25.1%	Orbit 2024 Target:
Economy	Peers 2022	Peer Average: 24.5%	Benchmark: 21.1%	25.1%

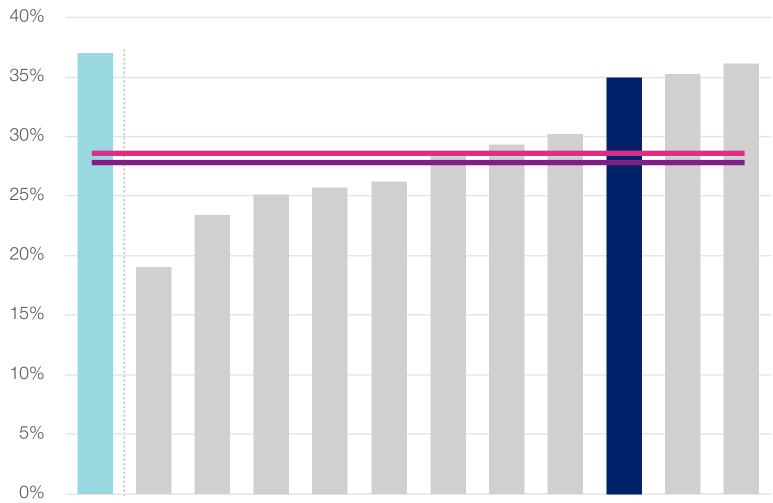
Operating Margin of 25.1% has been achieved, which is in line with prior year and 0.6% above our peer group. It exceeds the benchmark for housing associations with 30,000+ units by 4%.

Orbit continues to play its part in reducing the housing crisis through the development of homes for sale and reinvesting profits generated in building thriving communities. Whilst careful management of business expenditure sees operating surplus maintained in a challenging operating environment.

For 2024, we are expecting a similar margin level to our current year delivery reflecting our continuing investment in our housing assets.

Operating Margin (Social Housing Lettings (SHL) Only) %

Demonstrates the profitability of operating assets before exceptional expenses are taken into account.



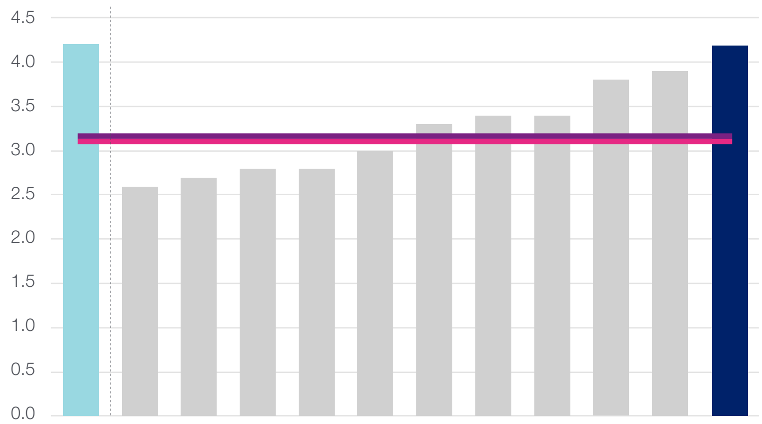
Value Chain Alignment	Key:	Orbit 2022: 37.0%	Orbit 2023: 35.0%	Orbit 2024 Target:
Economy	Peers 2022	Peer Average: 27.9%	Benchmark: 28.6%	34.1%

Orbit has delivered an Operating Margin (SHL) of 35%, a 2% reduction from prior year and also 2% below our expected target of 37.1%. This is due to a significant rise in utility costs that are recovered through the service charge which affects the margin, together with additional repair costs incurred during the year. However this remains 7.1% above our peer group average and has also exceeded the benchmark for housing associations with 30,000+ units by 6.4%. This metric demonstrates the efficiency and effectiveness in the core social aspects of our business and that value for money remains a key focus.

Our expected metric for 2024, reduces fractionally to 34.1% reflecting continued investment into our housing assets.

Return on Capital Employed (%)

This metric compares the operating surplus (inclusive of asset sales) to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.



Value Chain Alignment	Key:	Orbit 2022:	Orbit 2023:	Orbit 2024 Target:
		4.2%	4.2%	
Economy	Peers 2022	Peer Average: 3.2%	Benchmark: 3.1%	4.2%

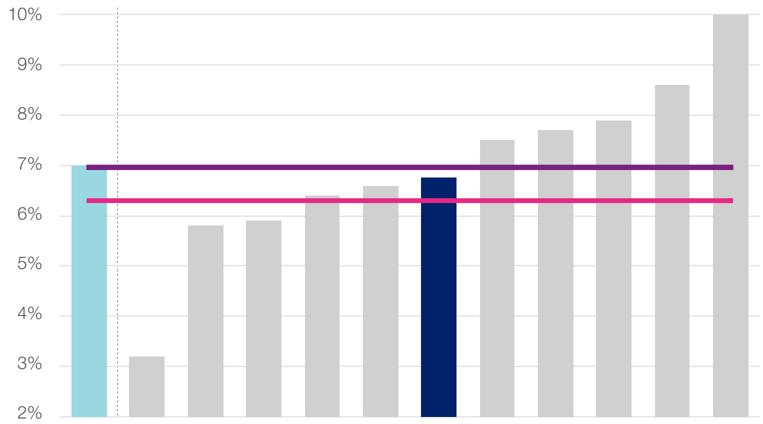
Orbit's Return on Capital Employed percentage of 4.2% is consistent with prior year, 1% above our peer group average and 1.1% above the benchmark for housing associations with 30,000+ units.

Increased operating surplus have been delivered year on year, more than offsetting slightly lower gains on disposal of fixed assets. However, lower levels of disposal activity than anticipated saw this metric fractionally below expectations of 4.7%.

We are expecting ROCE to remain at a similar level in 2024.

Reinvestment (%)

Investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.



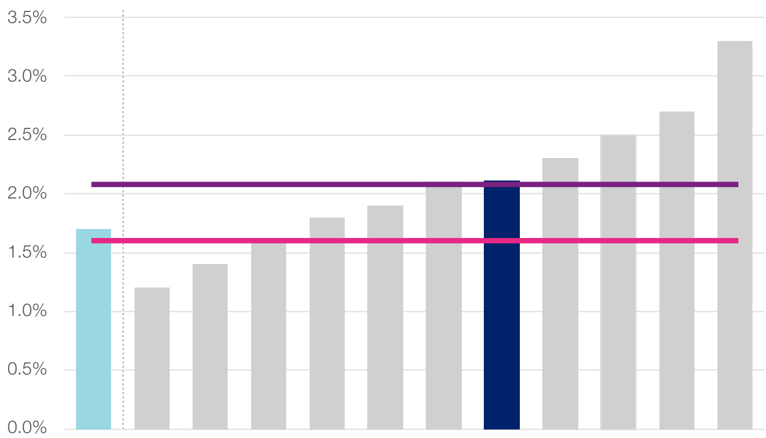
Value Chain Alignment	Key:	Orbit 2022:	Orbit 2023:	Orbit 2024 Target:
		7.0%	6.8%	
Economy	Peers 2022	Peer Average: 7.0%	Benchmark: 6.3%	10.0%

This year Orbit's reinvestment metric has remained similar to the prior year at 6.8%. The levels of investment into both new and existing assets has been consistent year on year and the growth in our asset base through development, acquisition and reinvestment in our properties, reduces the metric. Our reinvestment metric is 0.2% less than our peer group average and 0.5% above the benchmark for housing associations with 30,000+ units. Orbit anticipated a reinvestment percentage of 9.7% in 2023 however a reduced capital repairs programme, through material and contractor shortages, has seen us come in under this target.

Orbit remains committed to building thriving communities, with a 10% target for 2024 reflecting increased development and repairs and maintenance expenditure.

New Supply (Social) (%)

Number of new housing units acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.



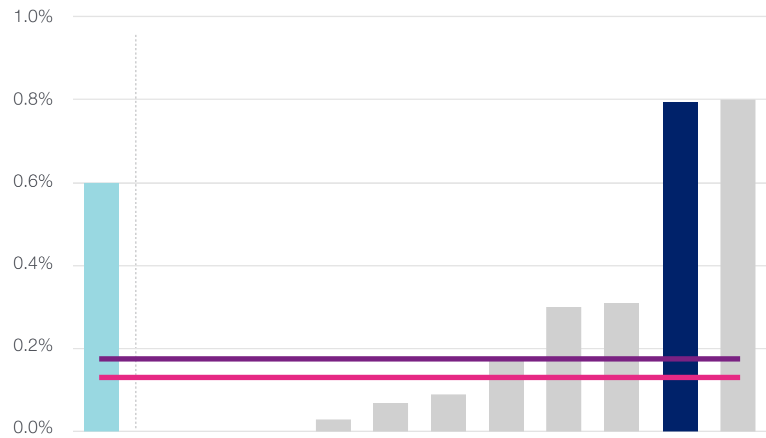
Value Chain Alignment	Key:	Orbit 2022: 1.7%	Orbit 2023: 2.1%	Orbit 2024 Target:
Economy	Peers 2022	Peer Average: 2.1%	Benchmark: 1.6%	1.8%

Orbit has delivered a New Supply Social percentage of 2.1% against a target of 2.4%, which is an increase of 0.4% against prior year, in line with our peer group average and 0.5% higher than the benchmark for housing associations with 30,000+ units.

900 new properties were added to our property portfolio this year through new development and acquisition, an increase of 196 on the prior year, 452 units for affordable/social rent and 448 shared ownership properties. We are continuing our commitment to building thriving communities and our 2024 target reflects this whilst also acknowlegding the current economic challenges. Orbit's primary focus is to deliver good quality affordable homes to meet a range of customer needs.

New Supply (Non-Social) (%)

Number of new non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.



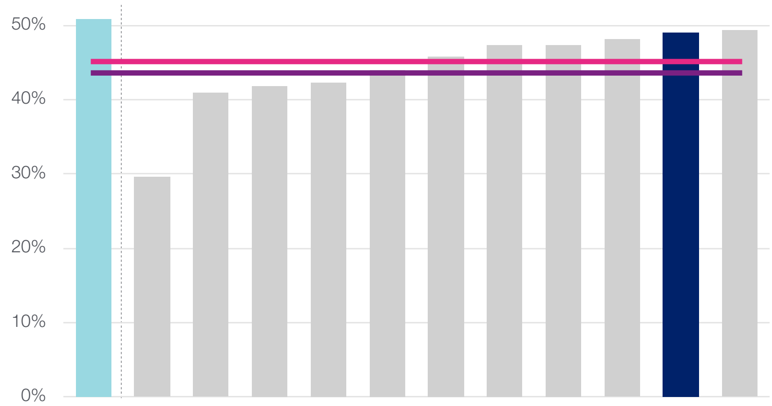
Value Chain Alignment	Key:	Orbit 2022: 0.6%	Orbit 2023: 0.8%	Orbit 2024 Target:
Economy	Peers 2022	Peer Average: 0.2%	Benchmark: 0.1%	0.4%

Orbit has achieved a New Supply Non-Social percentage of 0.8% which is an increase of 0.2% against the prior year and target. This is 0.6% above our peer group average and 0.7% above the benchmark for housing associations with 30,000+ units.

This year Orbit has delivered 335 non-social homes (2022: 264). These profits will be reinvested into new affordable homes, as can be seen in our New Supply Social metric or existing homes. Our target for non-social development for 2024 is reduced slightly to reflect the macro-economic environment but still higher than our peer average, as we continue to build homes that meet a variety of needs.

Gearing (%)

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.



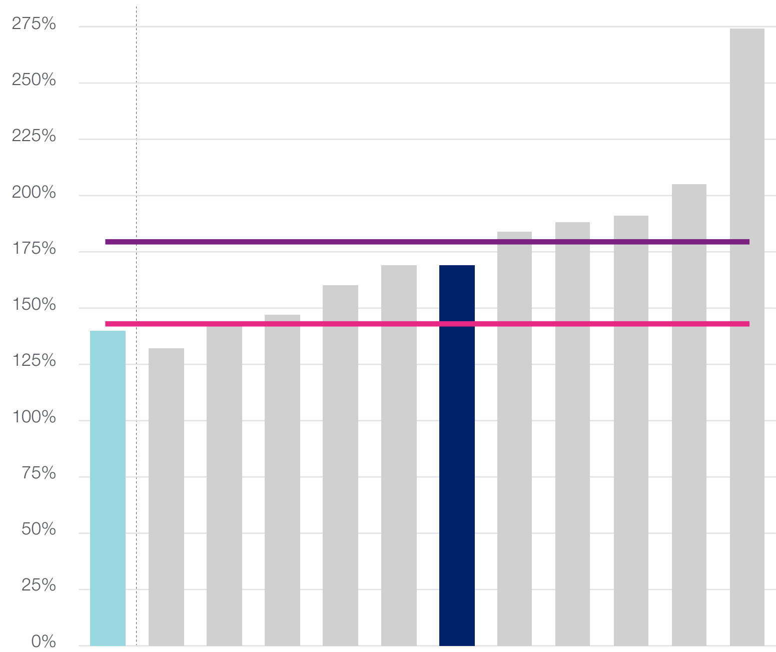
Value Chain Alignment	Key:	Orbit 2022: 50.9%	Orbit 2023: 49.1%	Orbit 2024 Target:
Economy	Peers 2022	Peer Average: 43.7%	Benchmark: 45.2%	50.4%

Orbit's continued strategic commitment to playing its part in addressing the national housing crisis through developing new homes and creating thriving communities is reflected in this gearing metric through a growth in our housing asset portfolio. Furthermore, we continue to invest significantly in our existing stock to provide, good quality and safe homes for our customers.

As a result, we have leveraged our balance sheet to support our strategic objectives resulting in a gearing metric of 49.1%, which is a reduction of 1.8% against the prior year due to a flat debt position and growing asset values. This is 5.4% above our peer group average and 3.9% above the benchmark for housing associations with 30,000+ units.

EBITDA MRI (%)

Key indicator for liquidity and investment capacity. Measures the level of surplus (excluding asset sales) that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.



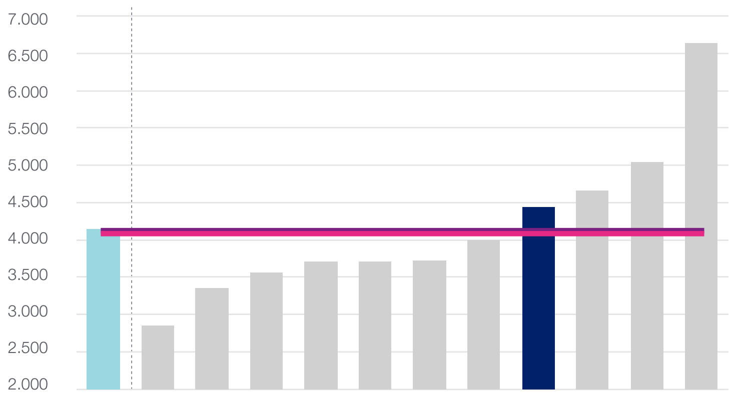
Value Chain Alignment	Key:	Orbit 2022: 139.6%	Orbit 2023: 169.2%	Orbit 2024 Target:
Economy	Peers 2022	Peer Average: 179.4%	Benchmark: 143%	100.9%

Our EBITDA MRI metric has increased this year, by 29.6% to 169.2% due to improvements in earning's delivery whilst interest charges have remained flat due to our largely fixed rate debt. This has moved our performance towards the middle of our peer group and above the benchmark for housing providers with more than 30,000 units. Whilst doing so we have still invested in excess of £88 million into our existing stock ensuring we continue to meet Decent Homes Standards. This delivery is significantly above our target metric for 2023 primarily due to a lower capital programme.

Our 2024 target reflects our ambition to significantly increase investment in our existing assets to improve quality. In addition, Orbit remains committed to delivering new housing stock, whilst enhancing the homes of current customers, which will lead to lower overall operating margin. As a result, significant improvments in EBITDA metrics remain unlikely, however, Orbit will continue to demonstrate the efficiency of its operations through close monitoring of the Social Housing Lettings operating margin.

Headline Social Housing Cost Per Unit (£000s)

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator.



Value Chain Alignment	Key:	Orbit 2022:	Orbit 2023:	Orbit 2024 Target:
		£4.141	£4.436	
Economy	Peers 2022	Peer Average: £4.125	Benchmark: £4.080	£5.312

This year, Orbit has achieved a Headline Social Housing Cost Per Unit of £4.436, which is a £295 increase from the prior year, £311 above our peer group and £356 above the benchmark for housing associations with 30,000+ units. However, this is below prior year expectations due to the lower capital programme.

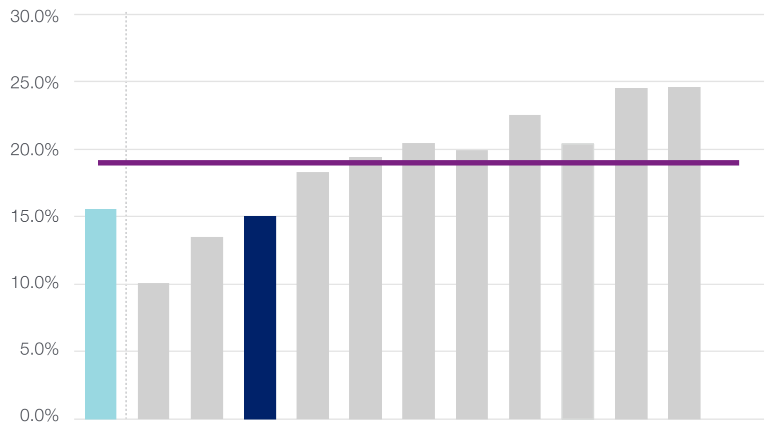
Increases in service charge costs due to higher utility bills have been offset by lower management and other costs. However, higher levels of revenue repairs costs in voids, property repair and damp, mould and condensation, coupled with inflationary pressures have seen our cost per unit rise.

Our 2024 target will see an increase versus our 2023 position as we continue to deliver our commitment to delivering good quality homes to our customers.

Cost per unit (CPU)	Orbit 2023 (£000)	Orbit 2022 (£000)	Peer Average 2022 (£000)
Management cost per unit	£0.810	£0.844	£1.027
Service charge cost per unit	£0.781	£0.625	£0.620
Maintenance cost per unit	£1.448	£1.217	£1.287
Major repairs cost per unit	£1.049	£1.043	£0.831
Other social housing costs per unit	£0.348	£0.412	£0.359
Total	£4.436	£4.141	£4.124

Orbit has seen an increase in year-on-year expenditure regarding maintenance and service charge costs per unit. Service charge costs have increased as a result of rising utility bills. Maintenance costs include additional spend on damp, mould and condensation.

Staff costs as a percentage of turnover (%)



Value Chain Alignment	Key:	Orbit 2022:	Orbit 2023:	Orbit 2024 Target:
		15.6%	15%	
Economy	Peers 2022	Peer Average: 19%		14.7%

Orbit staff costs as a percentage of turnover are 15% in line with our anticipated target, which is a 0.6% decrease from the prior year and 4% below our peer group average.

Our continued focus on value for money ensures that we are utilising our resources efficiently to maximise the returns achieved and ensure that we continue to generate profits to be reinvested back into building thriving communities. Whilst achieving this result we have increased the level of investment in our existing staff through training year on year.

Treasury Management Report

The Group's treasury function is responsible for the treasury management activities, which consist of its borrowings, banking, money market and capital market transactions, along with the effective management of the risk-return trade-offs associated with these activities and review of the Group's cash flows.

The Group adopts a risk-averse approach to treasury management and identifies the following key treasury risks to which it is exposed: liquidity risk, interest rate/inflation risk, counterparty credit risk, refinancing risk, legal/regulatory risk, and treasury operational risk.

All treasury activities are subject to the oversight of the Orbit Treasury Limited Board. All treasury risks are continuously monitored through rigorous scenario analysis and regular reporting, whilst funding risk and financial covenants are stress-tested in the Group's annual Financial Plan.

The Group was fully compliant with all of its financial covenants throughout the period. The financial covenants are primarily in respect of interest cover, gearing and asset cover.

The Group maintains a robust risk management framework, which defines the Group's appetite for risk. The treasury function is responsible to operate within the set risk parameters of this framework. The treasury parameters in the framework are:

- Net debt per unit below £60,000
- Available liquidity sufficient to cover at least 24 months of expenditure
- Interest cover exceeding 1.5x

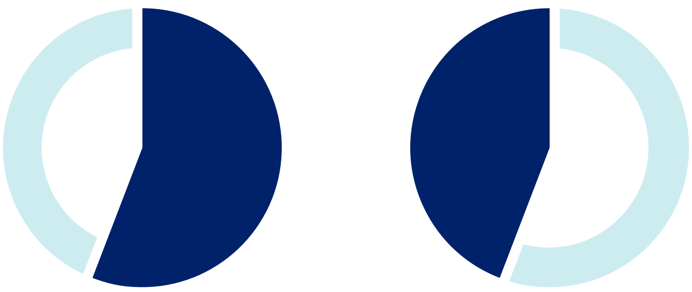
The Group was compliant with all its treasury risk parameters as at 31 March 2023

Capital Structure

As at 31 March 2023, the Group had £2,034 million (2022: £2,022 million) of committed debt funding. Drawn funding totalled £1,579 million, a decrease from 2022 (£1,582 million). The Group seeks to maintain diversification in its funding sources with 43% coming from seven banks and building societies and 57% from capital markets. During the year, the Group extended £100 million of its revolving credit facilities which included a £25 million increase.

As at 31 March 2023, the weighted average debt portfolio duration was 14.2 years (2022: 15.1 years).

Bank vs Other Debt

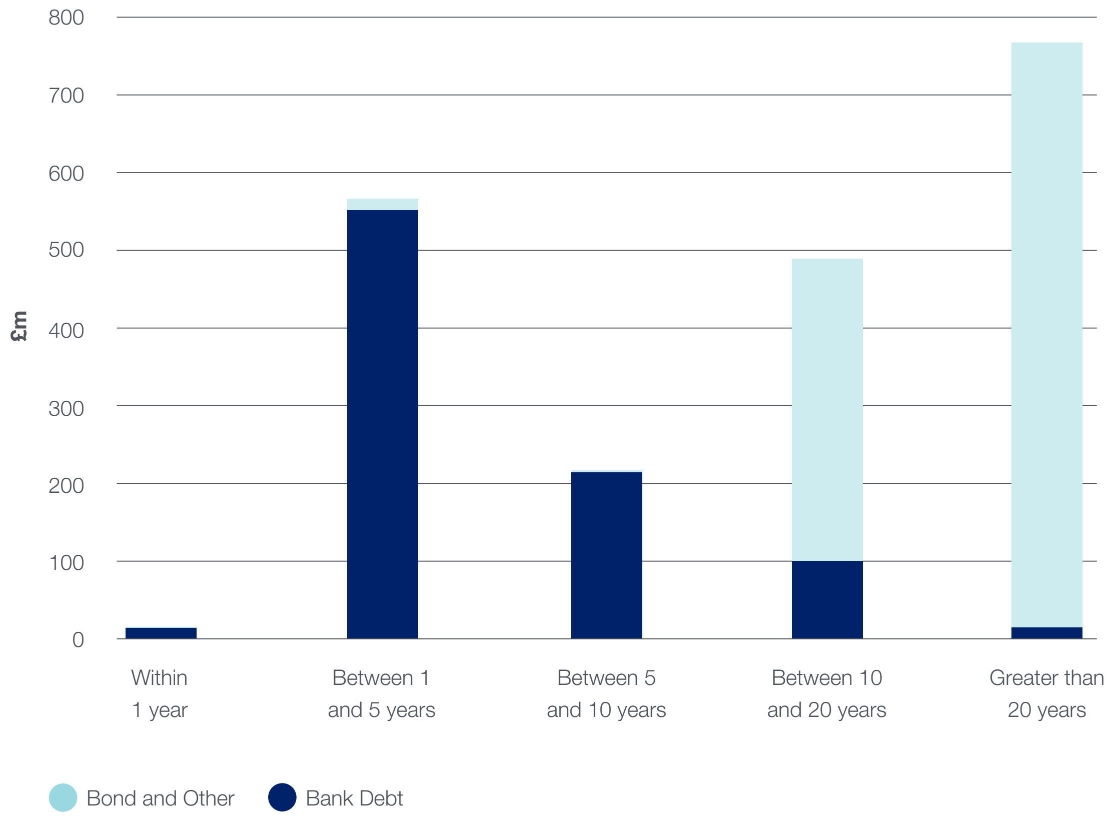


57%
Bond and Other Debt

43%
Bank Debt

The Group has limited re-financing risk in the next five years of 28% of loan facilities (£575 million), with 72% of the Group's debt maturing after five years and 6% maturing after 10 years.

Debt Repayment Profile



All committed facilities are secured by fixed charges. At the year-end the Group held approximately 12,300 unencumbered properties available for use for new loans. These properties are conservatively estimated to provide potential security for a further £1,067 million of new loans. This ability to raise new loans may enable us to develop a significant number of new homes in the future.

Investment and Liquidity

The Group will ensure it has adequate cash resources, committed borrowing arrangements, overdrafts, or standby facilities to enable it to have the level of funds available to it at all times which are prudent in relation to the achievement of its business and service objectives.

The adequacy of future funding and liquidity is controlled via policy limits as follows:

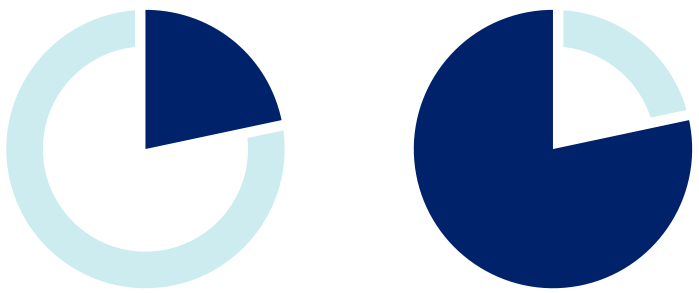
i. Sufficient cash to cover the next three months' forecast net cash requirements;

ii. Sufficient cash and secured loan facilities to cover the next 12 months' forecast net cash requirement; and

iii. Sufficient cash and committed loan facilities (secured and unsecured) to cover the next 24 months' forecast net cash requirement.

As at 31 March, the Group maintained £446 million of committed undrawn facilities available for immediate drawing and £67 million of cash in hand, representing total available liquidity of £513 million. The Group also had £8.5 million of committed facilities which were not yet secured. These resources are considered more than sufficient to comply with the Group's liquidity risk parameter of 24 months.

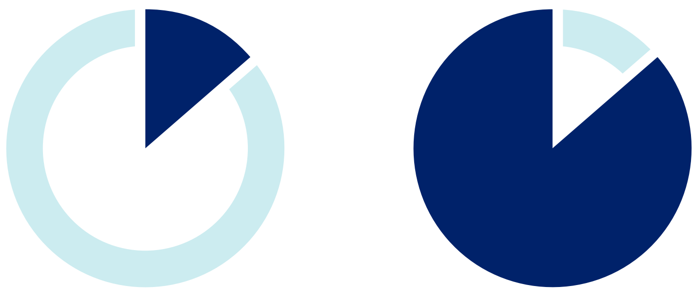
Total Committed Funding



£455 million
Undrawn debt

£1,579 million
Drawn debt

Available Liquidity



£67 million
Cash

£446 million
Undrawn committed

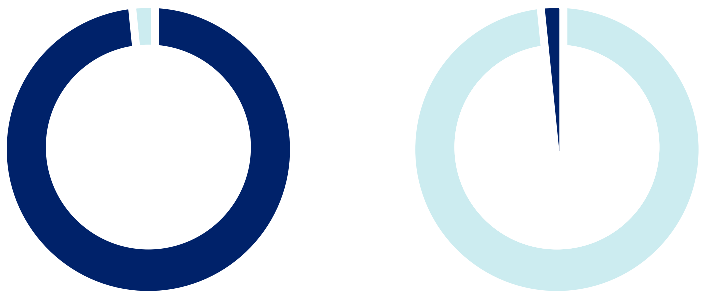
Interest rate management

The Group continues to be risk averse in its approach to interest rate management. The Group targets a flexible policy of hedging 65% to 90% of its total debt portfolio with predominantly fixed rate instruments and a small proportion of index linked instruments, with flexibility to depart from these parameters if circumstances make this appropriate.

The Board regularly monitors interest rate risk and at the year-end this resulted in a total debt portfolio that was 77% fixed, and in a total drawn debt position that was 99% fixed.

The Group's average interest cost for the year is 3.68% reflecting the fixed rate hedging noted above.

Hedging Mix %



99%
Fixed loans, Embedded and Standalone

1%
RPI

The Group maintains a desired interest rate profile through a mixture of embedded instruments (including fixed rate bank loans and bonds) and standalone swaps (including fixed and index linked derivatives with bank counterparties). As at the year-end, 99% of the Group's hedged activities were undertaken through fixed loans/bonds, embedded instruments and standalone swaps.

The Group's weighted average duration of its fixed rate debt is just above 18.1 years, limiting the impact of an increase in interest rates.

All of the Group's hedge arrangements allow social housing assets to be used as collateral to cover mark to market positions.

The Group maintains a formal conservative counterparty policy in respect of those organisations from which it will borrow or with which it will enter into other finance arrangements and derivative transactions. Similarly, on investments, the Group regards the primary objective of its treasury management activity to be the security of the principal sums invested. Short-term investments are well diversified and all cash investments are held with counterparties that meet the criteria agreed by the Board.

The Group's treasury strategy is reviewed and approved at least annually, to ensure it underpins the budget and longer term financial plan. Detailed cash flow forecasts, key ratios and limits are all monitored regularly by either Executive Team and/or Orbit Treasury Limited Board.

Sustainability

During the year, the Group launched its Sustainable Finance Framework, setting out a clear link between its financial and funding strategy and its sustainable priorities for the future. The Framework demonstrates how Orbit's borrowing will be used to make positive social and environmental sustainability impact in the short, medium and long term. A second-party opinion on the Framework was provided by Sustainanalytics.

BUSINESS OVERVIEW

The Group structure is illustrated below; Orbit Group Limited is the parent organisation of the Group. Orbit Housing Association Limited is our housing management business. Orbit Homes (2020) Limited is our development and sales organisation, building new homes. Orbit Treasury Limited is our main funding vehicle, whilst Orbit Capital plc was set up to issue bonds. Other entities in the Group structure (not shown below) are two non-trading companies, Orbit New Homes Limited and Orbit Gateway Limited.

Orbit Group Ltd

- The parent company of the Orbit Group
- Registered Provider
- Owns the majority of the Group's shared ownership properties

Orbit Homes

- Provides design and build services, homes across a range of tenures, including market sale, shared ownership and rent, to Orbit Group Limited and its subsidiaries
- Incorporated 20 August 2009

Orbit Housing Association

- Registered Provider
- Owns and manages Orbit's properties in the Midlands, East and South East
- Incorporated 31 March 2021

Orbit Capital

- Issues asset backed securities
- Issuing entity of existing £250 million 3.500% due 2045, £450 million 3.375% due 2048, and £300m 2.000% due 2038
- Incorporated 22 January 2015

Orbit Treasury

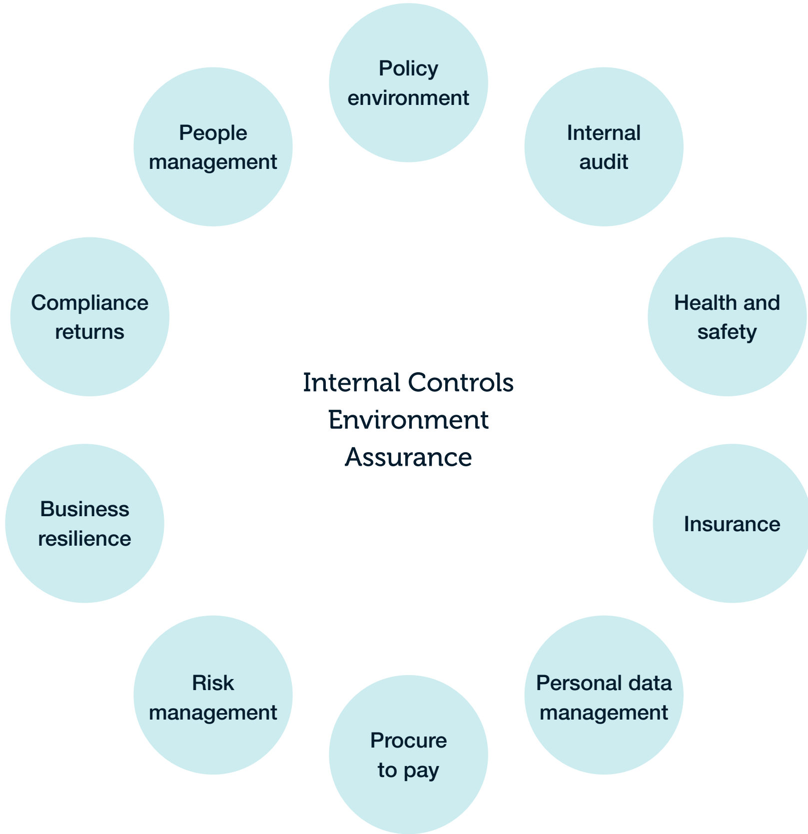
- Provides cost-effective treasury management to operating associations
- Incorporated 31 May 2007

Risk Management

The Group Board maintains overall responsibility for strategic risk management. There are systems in place to ensure the Board and the Executive Team can analyse, understand, manage and mitigate strategic and business critical risks.

Our overall approach to Risk Management is based on good practice and our internal control environment is continually reviewed and monitored by the Audit and Risk Assurance Committee on behalf of the Board. All subsidiaries are required to implement our risk management framework and provide reports to their respective Boards.

Risk Management is a fundamental element of our Internal Control Environment (ICE) and Assurance Strategy, which feeds into our annual statement of internal controls (see diagram below).



Our approach to risk management encompasses all areas of our business and is underpinned by six key elements:

1) Clear understanding of our risk environment, incorporating internal and external factors;

2) Robust approach to identifying and monitoring key risks;

3) Putting in place early warning measures and risk triggers so that we can act before a risk materialises;

4) Close monitoring of our Strategic Business Critical Risks;

5) Regular stress testing of our Financial Plan in line with the appetite set by the Board;

6) Clearly defined appetite for risk approved by the Board.

Risk Analysis

Orbit has a Risk Management Policy that contains the following Risk Management Policy Statement.

Risk Management Policy Statement

Orbit, its Board and Executive Team are committed to the provision of high standards of risk management and recognise their duty to protect the assets and strategic objectives of Orbit.

Orbit's goal to lead in building thriving communities is linked to a commitment to ensuring the health of the business including all those involved in our work or living or working in our properties or communities.

The risk management performance of Orbit will be measured against objectives that are set to be both clear and quantifiable.

The aim will be to achieve a progressive improvement in the overall standards of risk management.

Orbit provide adequate resources to develop and maintain policies and procedures, embedding risk management and an effective culture that achieves adequate control over risk to minimise adverse impact upon the business. Where appropriate, our approach is to manage risks at an acceptable level rather than to eliminate them. Risk Management is an integral part of the management function. However, all personnel are responsible for the implementation of this policy and every person has a role to play in its success. Orbit recognises the important role that is played by staff and actively seeks their co-operation by maintenance of effective systems of consultation and communication. In this way, Orbit enables and encourages all employees to make a positive contribution towards Orbit being a successful business within an environment in which to live and work.

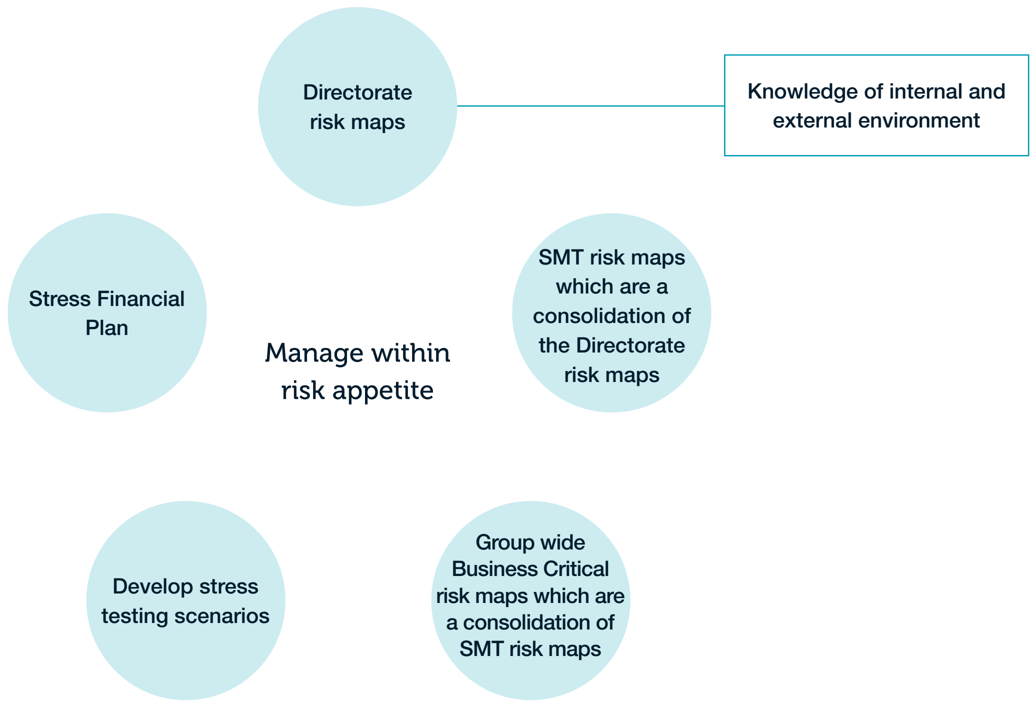
The Risk Management Policy recognises and adopts the essential principles, core actions and good practice set out in relevant guidance within which Orbit operates. These include areas of financial management and robust governance covering regulatory and legal obligations whilst delivering to agreed customer standards.

Roles and responsibilities

Within the overall governance and reporting structures, there are key roles and responsibilities for the following:

- Group Board
- Subsidiary Boards
- The Audit and Risk Assurance Committee
- Group Chief Executive
- Executive Team
- Executive Director Corporate Services
- Director of Business Assurance
- Senior Management Teams

The risk management policy is underpinned by a robust framework, supporting the delivery of 2025 Corporate Strategy.



There are two distinct levels of risk management within Orbit:

- Operational Risk Management and Delivery of the Policy

  1) SMT risk registers are coordinated by Risk Champions.

  2) LT directorate risk registers.

- Strategic Risk Management

  1) Subsidiary Board risk reports.

  2) Business Critical Risks at a Group level.

  3) Stress testing and scenario planning.

Both of these distinct levels are underpinned by the need for management to understand its internal and external environment.

The policy has been formulated in line with the following principles:

- strong and active leadership from the top
- effective 'downward' communication systems and management structures
- visible and active commitment from the Board
- the integration of good risk management with business decisions
- employee involvement – engaging the workforce in the promotion and achievement of effective risk management
- effective 'upward' communication
- providing high quality training
- assessment and review – identifying and managing risks
- seeking (and following) the guidance of competent advisers
- monitoring, reporting and reviewing performance.

Business Critical Risk	Key mitigations strategies
1) Material change (internal and external) adversely impacting upon the key assumptions within the Financial Plan:	• Monitoring of operating margin and managing with risk parameters. • Risk and opportunities analysis within monthly management accounts. • Stress testing with key mitigations in place. • Regular review of the external economic environment. • Weekly Universal Credit income reporting. • Service planning to allow scale up/down related to financial position and cost. • Monthly reviews of all development cash flows. • Land acquisition and approval process with agreed tenure mix. • Monthly monitoring of work in progress levels. • Monthly review of unsold stock by development. • Weekly Reservations Report / Quarterly sales price review. • Exception report produced by the Finance Director tracking reservations over 12 weeks, to focus Sales and Marketing Directors on plots that require attention. • Weekly monitoring of individual development reservation and cancellation rates. • Pre-Start on Site Tracker reviewed by Homes Senior Management Team to address any risk to delivery due to planning delays. • Investment Appraisal Hurdle rates reviewed every 6 months.
2) Condition of existing stock in a poor state leading to a material impact on the financial plan and growth aspiration.	• Asset management strategy in place underpinned by a programme of capital works. • Programme of condition surveys in place. • There are a set of Early Warning Indicators in place. • Data strategy is in place across the Group to improve the accuracy of key asset / customer data. • A procurement plan is being developed to secure suppliers long term. • A task force has been established to address the damp, mould and condensation issues.
3) Negligence / poor practices leading to an unsafe working environment for our employees and customers within our portfolio leading to regulatory intervention and legal action.	• Clear policies and procedures for all areas of Health and Safety risk. • Detailed training programme which focusses on roles. • Separation of duties from the Property Safety team and Health and Safety team to ensure oversight of performance. • All live sites are reviewed by Heath and Safety and third party specialist each month. • Clear reporting to management on Health and Safety risk and performance.
4) Unable to properly respond to a cyber-attack in an effective manner leading to a business interruption and data security breaches.	• Orbit's security strategy follows a 'defence in depth' approach with multiple layers of security tools and technologies which seek to prevent, protect, respond and monitor attacks. • The security tools used are from leading trusted vendors to protect our infrastructure and data. 'Intrusion prevention technology' operates at the network perimeter to not only monitor alerts and attacks but also prevent them. • Firewalls for network and web application to allow only approved traffic on our network and filter any unwanted traffic to our websites and web applications. • Email hygiene solutions, cloud-based end point detection and response systems on all laptops / desktops to prevent malware, USB drives blocked, hard disk encryption, Multi-factor Authentication to protect unauthorised access of user account. Azure Sentinel for enhanced monitoring.

5) The delivery of the Development Programme is not managed effectively leading to unacceptable levels of financial and operational risks.	• Land investment carefully targeted. • Robust approval process, maintain agreed tenure mix ratios, consider tenure switching, regular market review and sales activity. • Greater use of land led; direct build schemes gives greater cash control. • Levels of committed expenditure are carefully monitored against forward secured sales. • Nutrient Neutrality and delays caused, engage with House Builders Federation to identify potential solutions. • Any new land purchase / opportunity identified will need to set out within the approval paper how environmental issues will be addressed. • Investment Appraisal Hurdle rates reviewed every six months. • Exception report is produced by the Finance Director to track reservations over 12 weeks, to focus Sales and Marketing Directors on plots that require attention. • Weekly monitoring of individual development reservation and cancellation rates. • Pre-Start on Site Tracker reviewed by Homes SMT to address any risk to delivery due to planning delays. • Closely monitoring interest changes and associated mortgage products to take proactive action, if and when sales interest starts to subside.
6) Inability to deliver core customer services which ensures that regulatory standards are met, and the overall perception of customers is positive.	• All consumer policies are reviewed at least every three years to ensure alignment to any changes in consumer standards. • KPI reporting to Customer and Communities Leadership Team and Orbit Housing Association Limited Board is aligned to the consumer standards with exceptions reported. • New Tenant Satisfaction Measures are being tracked and monitored prior to government implementation. • Research and Insight team review customers' satisfaction through the independent UKCSI survey. • Regular voice of the customer report compiled and reported to Orbit Housing Association Limited Board. • Data quality and reporting improvement activity through Datasphere programme. • The implementation of the repairs transformation programme. • Monitoring the performance of the revised complaints process.

Movement of Risks during the year

The housing regulatory environment and economic climate is challenging and has raised the inherent risk for the sector. As such during the year, there have been a number of changes to the Business Critical Risks (BCR); all of which have been approved by the Executive Team and Audit and Risk Assurance Committee.

- BCR 2 and 3 (stock condition and safety) have seen an increase in their risk profiles. This is due to the difficult supplier and materials market; which has led to challenges to secure suppliers to deliver services in line with agreed standards.
- BCR6 (customer services) has increased due to the increased level of scrutiny across the sector, the focus from the Ombudsman following the serious maladministration, internal audit report on the complaints service which gave limited assurance over controls and the transformation to deliver a revised repairs service. There are action plans in place to manage these areas for improvement, which are monitored by Orbit Housing Association Limited Board.
- BCR7 (potential merger with Swan Housing) was removed.
- During the year the operational appetite for risk was exceeded when Orbit received a severe maladministration from the Housing Ombudsman. This related to complaints handling; a process which has been revised to strengthen this service area.

The end of year profile of the BCRs are detailed in the heat map below. *(It should be noted that the risks below are scored after the mitigations have been considered resulting in the net risk).*

Likelihood

Impact	Unlikely	Possible	Likely	Almost certain
Catastrophic				
Major		3,4,5	6	
Moderate		2		1
Minor				

Risk appetite

At the centre of the risk management framework is our defined appetite for risk, which sets clear parameters within which to deliver our business objectives. As part of the revised Risk Management Policy the risk appetite was amended to take into account the internal and external environment. The financial risk metrics remain the same.

The risk appetite is now structured into an overarching statement, operational risk metrics and financial risk metrics.

As we look forward to Orbit 2030 the Board will be looking to review its risk appetite in order to reflect the changing environment and revised objectives in light of the revised regulatory environment.

Stress testing

We have developed a workbook outlining three stress scenarios, each one identifying the impact on our business and the recovery plans in place to manage these risks back to Board approved financial metrics. These scenarios are:

1) Economic downturn

2) Political pressures

3) The perfect storm

Risk management review

An independent internal audit of Risk Management was undertaken which concluded risk management framework is effective. The review identified that there were practical improvements that could be made to enhance how the framework is used, and how risk information is shared and reported. The recommendations in the report encourage Orbit to build on the risk management foundations already laid.

Orbit Homes colleagues on a site visit at our Hedgerows development

GOVERNANCE

Name	Appointed
David Weaver MBA, Chair	14 September 2016
Helen Gillett	1 February 2019
Mark Hoyland MRICS	26 May 2018 (resigned 6 March 2023)
Massy Larizadeh	1 March 2021
Stephen Howlett CBE, DL	1 November 2018
Stephen Smith	1 February 2021
Stephen Stone	1 April 2019
Phil Andrew	18 July 2023

The Board can comprise up to 12 members but currently there are six. The Board is responsible for governing the affairs of Orbit Group Limited and Orbit as a whole. Board members are drawn from a wide background bringing together professional, commercial and public sector experience. The primary role of the Board is to focus on strategic direction, growth and risk. The Board meets formally at least five times a year for regular business and at other times to discuss strategic issues.

All members of the Group remunerate their Board members for undertaking their duties and responsibilities. The Board members delegate the day-to-day management to the Group Chief Executive and the Executive Directors who form the Executive team.

The Executive team members are listed on pages 14 and 15. The Executive team met at least monthly throughout 2022/23 and the Directors attend meetings of the Group Board and subsidiary boards.

Code of Governance

We have adopted the National Housing Federation's (NHF) 2020 Code of Governance as the Code of Governance for our Registered Providers. Whilst our non-charitable subsidiaries are not required to comply with the Code, they undertake to adhere to the spirit of the Code. We comply with the Code of Governance in all material aspects and with the Regulator of Social Housing's Governance and Financial Viability Standard. We have developed our own Probity and Severance Policy, which picks up the key principles of the NHF's Code of Conduct. In addition to this Policy, we have our own code of conduct for Board members.

Governance and Viability Standard

Orbit complies with the Governance and Viability Standard of the Regulator of Social Housing (RSH). Our governance rating is G1 and our financial viability rating is V2.

General Data Protection Regulation (GDPR)

We have invested in ensuring that Orbit complies with GDPR. This is underpinned by a clear strategy and robust action plan, the performance against which is monitored by senior management.

Shareholding Policy

Under the Association's rules, the Group Board retains discretion over the issuing of shares in the Association and the current policy is that we will operate a closed membership, with shares only issued to individuals who are Board members. This policy will be kept under review.

Committees of the Board

The Group Board is supported by three committees with specific responsibilities.

Governance and Remuneration Committee – responsible for developing and maintaining our governance framework. This includes arrangements for the recruitment, induction, appraisal and development of Board members, the review of the roles and responsibilities of Board members and the structure and policies of Board member remuneration. The Committee also considers our policy on remuneration, contracts of employment and conditions of service generally for executive directors and recommends to Group Board the specific remuneration packages for each of the Directors, including pension rights and any compensation / severance payments.

Audit and Risk Assurance Committee - considers the operations of internal audit and the appointment of external auditors, the scope of their work and their reports. The Committee monitors the implementation of our Risk Management Strategy and internal audit plans. It reports to the Group Board on the effectiveness of the internal control arrangements and considers the financial statements before they are presented to Group Board for approval.

Development Committee - oversees the development and sales activity of the Group and the implementation of the Development Strategy set by the Orbit Group Board. The Committee regularly monitors and reviews development activity against the approved Development Programme, Budget and Group Financial Plan. It also ensures that development risk – notably health and safety – is identified and managed effectively in accordance with the Group's Risk Management Strategy.

Customer Engagement

We are committed to providing customers with an opportunity to feedback on their experiences, hold us to account on our performance, scrutinise and shape the delivery of services, suggest recommendations for improvement and influence future decisions.

Customers are represented on the Orbit Housing Association Board and a range of engagement opportunities have been developed for customers to get involved in our work as part of us embedding Together with Tenants, the National Housing Federation's charter on strengthening relationships between tenants and housing associations. This ensures we meet regulatory requirements and good practice in terms of governance and customer involvement.

Customers can engage with Orbit in a number of different ways including providing individual feedback through complaints, social media and our perception and transactional surveys. This feedback and insights are then used to apply learning and drive service improvements. They can take part in local activities such as estate inspections, scheme meetings and local events in their community to be able to influence decisions and services in their homes, neighbourhoods and communities.

In addition, customers are also invited to take part in workshops on specific areas of service delivery including our repairs, maintenance and estates management servicing, our communications plans and complaint handling. We ask customers to select the areas they most want to explore in depth as well as inviting them to take part in service reviews as they are implemented.

Our performance information is shared with customers on a quarterly basis alongside 'Voice of the Customer' data for them to select a scrutiny topic. Customers can then take an active role in scrutiny by becoming a Scrutiny Champion or just take part in a one-day workshop to address a problem and identify solutions. In addition to this, they can engage with us 24/7 through our digital engagement platform. On this platform they can find out information such as engagement activities, training sessions, view our Board meeting notes and take part in surveys, polls and discussion forums.

The customer engagement programme is overseen by a committee of customers, whose chair also sits on the Orbit Housing Association Board. Progress is reported by customers to our Orbit Housing Association Board annually.

Our key focus currently is encouraging a wider and diverse range of customers to take part in these activities and that the activities are accessible to all. Orbit's Annual Report to Customers summarises performance against the key regulatory standards.

Subsequent events

Management has not identified any subsequent events to report.

Going concern

After making enquiries, the Group Board has a reasonable expectation that the Group and Association have adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in the financial statements.

On behalf of the Orbit Board

David Weaver
CHAIR

23 August 2023

Statement of Internal Control for Orbit Group

Purpose

The statement of internal control provides an opinion to internal and external stakeholders on how effectively Orbit governs its business so as to manage the key risks to the successful delivery of its business and financial plan.

Sources of assurance

A key element of providing this opinion is based upon Orbit's internal control environment (ICE) framework, which combines assurance from a number of sources on a regular basis. This feeds into the annual statement of internal controls. Orbit's standard assurance providers include the following:

- Policy environment
- Internal audit
- Health and safety
- Insurance
- Personal data management
- Procure to pay
- Risk management
- Business resilience
- Compliance returns
- People management

We use a number of external experts to support the delivery of our assurance framework. These include Treasury / development and IT / cyber experts.

Based on the risk and assurance work undertaken in 2022/23, the overall opinion is that Orbit's internal control (financial and non-financial) environment, supported by risk management and governance arrangements, is operating with sufficient effectiveness to provide reasonable assurance to Executive Management, the Audit and Risk Assurance Committee and Group Board.

The delivery of the assurance programme has identified two areas where improvements plans were put in place to strengthen controls. These being: Management of customer complaints and Procuring activities within the operations of the business.

Outcomes

During 2022-23 the outcomes from key areas of assurance have been positive and management continues to recognise that continuous improvement is fundamental, particularly as the operating environment for the sector evolves. It is important to note the following highlights:

- Significant improvement programmes are in train in procurement, repairs and complaints handling to address deficiencies highlighted by the Housing Ombudsman in their severe administration finding.
- Orbit's governance arrangements continue to be robust, confirmed by maintaining our G1 and V2 regulatory rating.
- Our risk management strategy continues to provide insight into Orbit's business critical risks. Stress mitigations have been tested and are effective if key scenarios materialise.
- Unqualified external audit opinion.
- The outcomes from internal audit reviews have concluded that the system of internal control, governance, and risk management, for the scope and areas reviewed, is operating effectively to provide adequate levels of assurance. Where weaknesses are identified they have either been addressed or management is in the process of addressing these.
- The quality of the in-house internal audit team's work is in line with the Institute of Internal Auditors professional standards.
- The annual health and safety report confirmed that there is a robust health and safety management system and there is continuous focus on bedding in a strong safety culture from executive management.
- The strength of the H&S management system has been recognised by RoSPA through their Gold award, this being the 5th consecutive year and achieving 4 out of 5 from a Quality Safety Audit.
- There is effective management of personal data, in line with the requirements of personal data protection. Key areas of activity were:
    - No ICO fines, enforcement notices, or upheld complaints.
    - Bespoke training delivered across a range of teams and topics within the business.
- Business Continuity and Incident Management Plans are in place across all services.
- Full insurance cover for all key risks to the business.
- A Cyber Security review undertaken by Zurich, concluded that IT cyber security controls are robust.

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 has 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's 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.

Annual General Meeting

The Annual General Meeting will be held on 26 September 2023.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this statement confirm, so far as they are each aware, there is no relevant audit information of which our independent auditors are unaware; and each Director has taken all the steps they ought to have taken as a director to make them aware of any relevant audit information and to establish that our independent auditors are aware of that information.

Independent Auditors

KPMG LLP was appointed as the external auditors for the year ending 31 March 2023. A resolution to re-appoint the Group's auditors will be proposed at the Annual General Meeting.

The report to the Board was approved on 23 August 2023 and signed on its behalf by

Richard Wright
SECRETARY

Independent auditor's report to Orbit Group Limited

Opinion

We have audited the financial statements of Orbit Group Limited ("group and the association") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the group and the association as at 31 March 2023 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease their operations, and as they have concluded that the group's and the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group's and the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, directors and internal audit as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit and risk committee and remuneration committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the limited opportunity and incentives for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual and seldom used accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), distributable profits legislation, taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR, Health and Safety Legislation and Employment and Social Security Legislation, recognising the regulated nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

Other information

The Association's Board is responsible for the other information, which comprises Overview of the Group, Our Strategy, Our Environmental Social Governance Strategy, Five Year Summary of Financial Highlights, Group Chair's Introduction, Chief Executive Report, the Strategic Report and Board Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Independent auditor's report to Orbit Group Limited (continued)

Board's responsibilities

As explained more fully in their statement set out on page 93, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; 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; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 for our audit work, for this report, or for the opinions we have formed.

Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

23 August 2023

Statement of Comprehensive Income
For the year ended 31 March 2023

	Note	Group 2023 £m	Group 2022 £m	Association 2023 £m	Association 2022 £m
Turnover	2	**418.3**	374.0	**122.8**	96.7
Cost of sales	2	**(126.9)**	(109.5)	**(54.0)**	(34.7)
Operating costs	2	**(186.3)**	(170.4)	**(44.9)**	(42.6)
Surplus on sale of housing properties	7	**30.1**	37.3	**22.6**	8.2
Operating surplus	2&5	**135.2**	131.4	**46.5**	27.6
Income from shares in Group undertakings		**-**	-	**1.7**	1.7
Interest receivable	8	**3.1**	0.7	**7.2**	2.3
Interest payable	9	**(49.5)**	(49.4)	**(4.8)**	(9.0)
Other financing costs	9	**(2.6)**	(3.6)	**(0.1)**	(0.6)
Movement in fair value of financial instruments		**3.8**	3.3	**-**	-
Surplus before taxation		**90.0**	82.4	**50.5**	22.0
Taxation	10	**(0.4)**	(1.0)	**-**	-
Surplus for the year		**89.6**	81.4	**50.5**	22.0
Actuarial (loss) / gain in respect of pension schemes	36	**(5.3)**	5.4	**(7.1)**	5.0
Change in fair value of hedged financial instrument		**44.1**	24.6	**-**	-
Total comprehensive income		**128.4**	111.4	**43.4**	27.0

All amounts derive from continuing operations.

The accompanying notes form part of these financial statements.

The financial statements on pages 105 to160 were approved by the Orbit Board and signed on its behalf by:

David Weaver
CHAIR

Stephen Smith
BOARD MEMBER

Richard Wright
SECRETARY

23 August 2023

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

Group	**Income and expenditure reserve £m**	**Cash flow hedge reserve £m**	**Total reserves £m**
Balance as at 31 March 2021	**739.7**	**(57.8)**	**681.9**
Surplus for the year ended 31 March 2022	81.4	-	81.4
Actuarial gain in respect of pension schemes	5.4	-	5.4
Change in fair value of hedged financial instrument	-	24.6	24.6
Balance as at 31 March 2022	**826.5**	**(33.2)**	**793.3**
Surplus for the year	89.6	-	89.6
Actuarial loss in respect of pension schemes	(5.3)	-	(5.3)
Change in fair value of hedged financial instrument	-	44.1	44.1
Balance as at 31 March 2023	**910.8**	**10.9**	**921.7**

Association	**Income and expenditure reserve £m**	**Cash flow hedge reserve £m**	**Total reserves £m**
Balance as at 31 March 2021	**312.1**	**-**	**312.1**
Surplus for the year ended 31 March 2022	22.0	-	22.0
Actuarial gain in respect of pension scheme	5.0	-	5.0
Balance as at 31 March 2022	**339.1**	**-**	**339.1**
Surplus for the year	50.5	-	50.5
Actuarial loss in respect of pension scheme	(7.1)		(7.1)
Balance as at 31 March 2023	**382.5**	**-**	**382.5**

The Group Income and Expenditure reserve includes £25.4 million (2022: £25.4 million) in respect of the net proceeds from the Voluntary Right to Buy pilot that took place in 2020. This will be reinvested in new properties.

Statement of Financial Position
As at 31 March 2023

		Group		Association	
	Note	**2023 £m**	**2022 £m**	**2023 £m**	**2022 £m**
Fixed assets					
Tangible fixed assets	12&17	**3,043.6**	2,931.3	**524.8**	507.1
Investments - Homebuy loans receivable	16	**9.1**	9.6	**9.1**	9.6
Fixed asset investments	13	**5.5**	2.7	**44.0**	44.0
Intangible assets	14	**19.2**	19.2	**19.2**	19.2
Investment properties	15	**44.4**	42.5	**-**	-
		3,121.8	3,005.3	**597.1**	579.9
Debtors: amounts falling due after more than one year	19	**8.7**	2.9	**84.9**	92.4
Current assets					
Properties for sale and stock	18	**155.7**	168.5	**34.0**	49.4
Trade and other debtors	19	**27.9**	60.0	**33.4**	108.2
Cash and cash equivalents		**66.8**	70.0	**60.0**	54.5
		250.4	298.5	**127.4**	212.1
Creditors:					
Amounts falling due within one year	20	**(149.5)**	(162.5)	**(111.9)**	(255.7)
Net current assets / (liabilities)		**100.9**	136.0	**15.5**	(43.6)
Total assets less current liabilities		**3,231.4**	3,144.2	**697.5**	628.7
Creditors: amounts falling due after more than one year					
Recycled Capital Grants Funds	24	**(37.4)**	(35.4)	**(23.1)**	(20.8)
Derivative liabilities	21	**(12.4)**	(57.7)	**-**	-
Other creditors	21	**(2,251.2)**	(2,251.1)	**(283.2)**	(264.2)
		(2,301.0)	(2,344.2)	**(306.3)**	(285.0)
Provisions for liabilities					
Net pension liability	36	**(8.7)**	(6.3)	**(8.7)**	(4.6)
Other provisions	23	**-**	(0.4)	**-**	-
Total net assets		**921.7**	793.3	**382.5**	339.1
Reserves					
Income and expenditure reserve		**910.8**	826.5	**382.5**	339.1
Cash flow hedge reserve		**10.9**	(33.2)	**-**	-
Total reserves		**921.7**	793.3	**382.5**	339.1

The financial statements on pages 105 to 160 were approved by the Orbit Board and signed on its behalf by:

David Weaver
CHAIR

Stephen Smith
BOARD MEMBER

Richard Wright
SECRETARY

23 August 2023

Statement of Cash Flows
For the year ended 31 March 2023

	Note	Group 2023 £m	Group 2022 £m
Net cash generated from operating activities	29	**179.3**	84.1
Cash flow from investing activities			
Purchase of tangible fixed assets		**(163.3)**	(231.3)
Purchase of investment property		**-**	(3.1)
Proceeds from sale of tangible fixed assets		**45.6**	76.2
Grants (paid) / received		**(0.7)**	22.2
Interest received		**2.5**	0.5
Mortgages redeemed		**0.5**	-
Investment		**(2.9)**	-
Cash flow from financing activities			
Interest paid		**(58.9)**	(61.8)
New secured loans		**25.0**	-
Repayment of borrowings		**(27.8)**	(130.6)
Other financing costs		**(2.5)**	-
Net change in cash and cash equivalents		**(3.2)**	(243.8)
Cash and cash equivalents at beginning of the year	31	**70.0**	313.8
Cash and cash equivalents at end of the year	31	**66.8**	70.0

1. Principal accounting policies

Legal status

Orbit Group Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a not for profit Registered Provider of social housing as defined by the Housing and Regeneration Act 2008. Please refer to note 35 for information on the legal status of the other Group undertakings.

Basis of accounting

These financial statements have been prepared under the historical cost basis of accounting, with the exception of derivative financial instruments and investment property which are stated at fair value, in accordance with the Statement of Recommended Practice for Registered Social Housing Providers (SORP) 2018, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. As a public benefit entity Orbit Group Limited has applied all paragraphs of FRS 102 which relate to public benefit entities in preparing the financial statements.

The presentation currency of these financial statements is sterling.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2023 by the Board. As well as considering the impact of a number of scenarios as part of a stress testing framework against the base plan.

The stress testing impacts were measured against loan covenants and key risk metrics, with potential mitigating actions identified to reduce expenditure. The Group has continued to review and adapt scenario testing including severe but plausible downsides in the worst case assessment.

The Board, after reviewing the Group and Association budgets for 2023/24 and the Group's medium term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board has considered:

- The property market – budget and business plan scenarios have taken into account lower numbers of property sales, reductions in sales values and an increase in development expenditure;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential reductions in rent income from delayed new build properties and potential legislative changes;
- Liquidity – current available cash and unutilised loan facilities of £513 million which gives significant headroom for committed spend and other forecast cash flows that arise;
- The Group's ability to withstand other adverse scenarios such as an increase in the number of void properties and reduced fixed asset sales.

In considering the above downsides the following mitigation actions were identified to reduce expenditure:

- Halting the development of uncommitted market sale properties.
- Halting the development of uncommitted shared ownership properties.
- Halting the development of uncommitted general needs properties.
- Reprofiling committed but controllable spend across all tenures.
- Reviewing operating costs for short term cost savings.
- Rephasing repairs and maintenance programmes.
- Sale of void properties.

The Board believes the Group and Association have sufficient funding in place and expect the Group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Directors are confident that the Group and Association will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1. Principal accounting policies (continued)

Significant management judgements

In the process of applying the Group's and Association's accounting policies management has made certain judgements that have a significant impact on the financial statements. These are detailed below.

Impairment

Reviews for impairment of housing properties are carried out on a twice yearly basis and any impairment in an income generating unit is recognised by a charge to the statement of comprehensive income. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are changed to operating surplus.

Impairment reviews are carried out in accordance with Section 14.6 of the SORP, with consideration of the following potential indicators of impairment:

- Development issues
- Change in legislation or equivalent
- Average void time
- Proportion of properties vacant
- Loss made on property sales
- Schemes being redeveloped / demolished

Segment reporting

Reporting of revenue and profit by segment is a requirement of FRS102 and SORP 2018. Management has determined that the Group's segments are Housing Management and Development. This segment information is however already disclosed in note 2 (development segment), and note 3 (housing management segment) and therefore no additional segment report has been prepared.

Pension liabilities

In determining the valuation of the pension schemes' assets and liabilities a number of assumptions are made around factors that are uncertain. These include life expectancy, inflation rate, discount rates and salary and pension inflation rates.

Orbit Group Limited and its subsidiaries are exposed to risk if the actuarial assumptions differ from actual experience and through volatility in the plan assets. More detail is disclosed in note 36.

Orbit Housing Association Limited participates in the Local Government Pension Scheme (LGPS) which is administered by Kent County Council.

This year's FRS102 LGPS report indicated a net asset position of £2 million. Management has applied an asset ceiling of an equal amount to reduce the FRS102 net asset to £nil since, in accordance with FRS102, management does not believe that the entity will recover this surplus.

1. Principal accounting policies (continued)

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of asset, liabilities, income and expenses is provided below.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on its expected use of assets including any components. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to Decent Homes Standards which may require more frequent replacement of key components.

Grant amortisation

Grant received for the development of social housing, predominantly Social Housing Grant which is receivable from Homes England, is recognised in the statement of comprehensive income through amortisation over the weighted average estimated useful life of the property's structure and components.

Defined benefit obligation

Management's estimation of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality and discount rates. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in note 36).

Work in progress

In determining work in progress management allocates site wide development costs between units built in the current year and those built in future years. An estimate is made of the cost to complete on each development based on build stages on each home together with the stage of infrastructure. Values are assessed based on available market information.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instruments or assets. Management bases its assumption on observational data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from actual prices.

Arrears

Judgement is made around the recoverability of debt and provisions are based on the age and type of debt. Former arrears are provided in full. Current arrears are provided for based on age.

Basis of consolidation

The financial statements for Orbit Group Limited are the result of the consolidation of the financial statements of the Association and its subsidiaries. The subsidiaries consolidated are disclosed in note 35.

Uniform accounting policies have been adopted across the Group, and surpluses/deficits and balances on intra-group transactions have been eliminated on consolidation.

1. Principal accounting policies (continued)

Turnover

Turnover represents rental and service charge income receivable, grants from local authorities and Homes England, income from shared ownership first tranche sales, income from properties developed for sale, grant amortisation and other income, all of which arise in the UK.

Properties for sale

Properties developed for outright sale are included in turnover, cost of sales and operating costs. Properties developed for shared ownership sale are divided into first tranche sales and other sales. First tranche sales are included in turnover, cost of sales and operating costs. Subsequent tranches are not included in turnover and cost of sales, they are shown in surplus on sale of housing properties before operating surplus in the statement of comprehensive income. All other sales of fixed asset properties are shown in surplus on sale of housing properties.

Properties developed for outright sale and shared ownership first tranche proportions are included in current assets as they are intended to be sold. Cost of sales is posted to the statement of comprehensive income for each outright sale property based on the initial appraisal target margin. This target margin is periodically reviewed for appropriateness. Shared ownership subsequent tranche proportions are included in fixed assets.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the services provided net of Value Added Tax (VAT) and customer discounts and incentives.

Operating costs

Direct employee, administration and operating costs are apportioned to either the statement of comprehensive income or capital schemes on the basis of costs of staff or the extent to which they are directly engaged in the operations concerned.

Value Added Tax

Orbit Group Limited is party to a Group Registration for VAT. All amounts disclosed in the financial statements are inclusive of VAT with the exception of those relating to Orbit Homes (2020) Limited, which is separately registered for VAT outside the VAT Group.

Liquid resources

Liquid resources comprise bank deposits that are readily convertible into cash and loans to fund the purchase of housing properties.

Development costs

Initial capitalisation of development costs is based on management judgement that the development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any costs identified as abortive are charged to the statement of comprehensive income.

Housing properties

Housing properties are stated at cost, less accumulated depreciation and impairment provision. Depreciation is charged by component on a straight line basis over the following expected economic useful lives:

Housing property components	Depreciation life
Kitchens	20 years
Bathrooms	30 years
Windows, doors & door entry systems	10 to 30 years
Boilers	15 years
PV panels	25 years
Roof	30 to 60 years
External wall insulation	36 years
Rewiring	30 years
Lifts	20 years
Structure	100 years

1. Principal accounting policies (continued)

Freehold land is not depreciated. Attributable overheads and profit are included in the cost of components.

The useful economic lives of all tangible fixed assets are reviewed annually.

Donated land is included in cost at its valuation on donation, with the donation treated as a capital grant.

Housing properties in the course of construction are stated at cost and not depreciated and are transferred to completed properties when they are ready for letting. When housing properties are to be transferred to another association, the net costs, after grant, are shown within current assets.

Shared ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset, and included in housing properties at cost, less any provisions for depreciation or impairment.

Completed properties for outright sale and work in progress are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and attributable overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Works to existing housing properties

Expenditure on housing properties which increases the net rental stream over the life of the property is capitalised. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property. All other costs are classified as maintenance and are charged to the statement of comprehensive income in the year in which the work is undertaken. No depreciation charge is made during the year in which a new build property comes into management.

Government and other grants

Social Housing Grant is receivable from Homes England. This is recognised within income through the amortisation of the grant as are any other grants received for the development of social housing. Grant is amortised even if there are no related depreciation charges.

Social Housing Grant due from Homes England, or received in advance, is included as a current asset or liability within the statement of financial position.

Social Housing Grant can be recycled by the Association under certain circumstances such as if a property is sold, or if another relevant event takes place. In these cases, the grant can be recycled for use on projects approved by Homes England and is held on the statement of financial position as a liability in the Recycled Capital Grant Fund. However, grant may need to be repaid if certain conditions are not met, and in that event, is a subordinated unsecured repayable debt.

Capitalisation of interest and administration costs

Interest on loans financing non-market development is capitalised at the Group's weighted average cost of capital. Administration costs relating to development activities are capitalised only to the extent they are incremental to the development process and directly attributable to bringing the property into its intended use.

Investment properties

Market rented properties are treated as investment properties. They are valued annually externally after construction / acquisition by a qualified RICS Chartered Surveyor. Changes in the value of market rented properties are taken to the statement of comprehensive income. Market rented properties under construction are stated at cost and all commitments are included as capital commitments.

1. Principal accounting policies (continued)

Other tangible fixed assets and depreciation

Other tangible fixed assets are stated at historic purchase cost, less accumulated depreciation.

Certain Orbit Group Limited offices were valued in February 1997 on the basis of their open market value for existing use. On adoption of Financial Reporting Standard 15 "tangible fixed assets", the Association has followed the transitional provisions to retain the book value of the offices which were revalued in 1997, but not to adopt a policy of revaluation in the future. This policy has been retained with the adoption of FRS 102.

Depreciation is provided to write off the cost on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Freehold offices and commercial premises	2% - 4%
Leasehold offices	Over the life of the lease
Motor vehicles	25%
Computer equipment	17% - 33%
Fixtures, fittings and other equipment	15%- 25%

Freehold land is not depreciated. The useful economic lives of all tangible fixed assets are reviewed annually.

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is charged on a straight line basis of 4-10 years over the expected economic useful life of the asset.

Stock and work in progress

Stock and work in progress are stated at the lower end of cost and net realisable value. Cost includes land, build costs, applicable overheads and interest. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate. Interest on borrowings incurred during the development period is capitalised.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed when there has been an indication of potential impairment.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the statement of comprehensive income using the annuity method. Rentals paid under operating leases are charged to the statement of comprehensive income as incurred.

Pension costs

Orbit Group Limited participates in the Orbit Group Defined Benefit Pension Scheme, administered by The Pensions Trust Retirement Solutions.

More details are given in note 36 to the financial statements.

Orbit Group Limited participates in two defined contribution schemes, the Orbit Group Retirement Plan, a master trust administered by Aviva and the Flexible Retirement Plan, a master trust administered by The Pensions Trust Retirement Solutions.

The cost charged to the statement of comprehensive income for the defined contribution schemes represents the Group's contributions to these schemes in the financial year in which they fall due.

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the financial statements follow the requirements of FRS 102.

Orbit Housing Association Limited is a member of Kent Local Government Pension Scheme. From 30 June 2022 there were no active members in this Scheme. This Scheme is operated by Kent County Council.

1. Principal accounting policies (continued)

The assets of the Kent scheme are held separately from those of the Association in an independently administered fund.

The requirements of FRS102 are fully reflected in the financial statements and associated notes. Note 36 provides more detail. For funding purposes, surpluses or deficits are dealt with as advised by the actuary.

For defined benefit schemes the amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the statement of comprehensive income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs.

Actuarial gains and losses are recognised in the statement of comprehensive income.

The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities, measured on an actuarial basis using the projected unit method, are recognised in the Association's statement of financial position as a pension scheme liability. Changes in the defined benefit pension scheme liability arising from factors other than cash contribution by the association are charged to the statement of comprehensive income in accordance with FRS 102.

Service charge sinking funds

Service charge sinking funds are disclosed within Creditors.

Property managed by agents

Where an Association carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income. Where the agency carries the majority of the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the risk carried by the Association. In both cases, where revenue grants are claimed by the Association, these are included in the statement of comprehensive income.

Taxation

The charge for the year is based on profits arising on activities that are liable to tax. Taxable members of the Group have adopted the accounting standard for deferred tax (FRS 102, section 29).

Deferred tax is provided in full, at the tax rates expected to apply to the period when the asset is realised or the liability is settled, on any timing differences, although deferred tax assets are only recognised to the extent that it is regarded as more likely than not they will be recovered. Timing differences arising from the revaluation of fixed assets are only recognised where there is a binding agreement to sell the revalued assets.

Deferred tax assets and liabilities are not discounted.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Loan classifications and subsequent valuations are the key areas of judgement applied in the financial statements. Fixed rate and variable loans have been classified as basic instruments. Fixed rate loans are stated at amortised cost using the effective interest rate method. Variable rate loans are disclosed at carrying value due to the short term interest period.

Advice has been sought from external treasury advisors on fair value judgements and estimates.

Derivative financial instruments

Orbit uses derivative financial instruments to reduce exposure to interest rate movements. Orbit does not hold or issue derivative financial instruments for speculative purposes. For an interest rate swap to be treated as a hedge, the instrument must be related to actual assets or liabilities, or a probable commitment, and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts.

1. Principal accounting policies (continued)

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income.

However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the exposure to a fixed interest risk or foreign exchange risk of a debt instrument measured at amortised cost, or the commodity price risk in a firm commitment or of a commodity held, all changes in the fair value of the derivative are recognised immediately in the statement of comprehensive income. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (and any gains or losses on re-measurement are recognised in the statement of comprehensive income).

If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into the statement of comprehensive income using the effective interest method over the remaining life of the hedged item.

Cash flow hedges

Where the hedged risk is the variable interest rate risk in a debt instrument measured at amortised cost; the interest rate risk in a firm commitment or a highly probable forecast transaction, Orbit recognises the effective part of any gain or loss on the derivative financial instrument in other comprehensive income (OCI). Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income.

The hedging gain or loss recognised in OCI is reclassified to the statement of comprehensive income when the hedged item is recognised in the statement of comprehensive income or when the hedging relationship ends.

Orbit Treasury Limited's accounting policy for derivatives is to recognise in the statement of comprehensive income gains and losses on hedges of revenues or operating payments only as they crystallise. The Treasury policy states clearly all transactions will be in sterling or hedged to sterling.

Movement in fair value of financial instruments hedge accounting

The principle of hedge accounting applies only to standalone swaps, which have to be fair valued at each period end.

However, RPI swaps and swaps with cancellable options do not meet the criteria of hedging instruments (FRS 102 section12.17C). The movement in fair value is therefore taken directly to the statement of comprehensive income.

For the remaining vanilla interest rate swaps an assessment must be made of the hedge effectiveness. The mark to market (MTM) movement during the accounting period on each vanilla swap is analysed between effective and ineffective, with the effective element posted to the cash flow hedge reserve and the ineffective element charged / credited to the statement of comprehensive income.

Debt instruments (loan portfolio)

External loans also need to be categorised either as basic or other. The basic approach results in a requirement to report interest costs using the Effective Interest Rate (EIR) method. This necessitates modelling on a loan by loan basis averaging (via an EIR calculation) all elements of income and expenditure relating to the loan (margin, including future step-ups, arrangement fees).

The EIR for fixed rate instruments will be calculated as the rate which exactly discounts the instrument's future cash flows to the carrying amount (FRS 102 Section 11.15). Arrangement fee amortisation will be calculated separately and netted off against the carrying value of the debt liability.

Due to the short term of our floating rate instruments, the carrying amount will be set equal to the nominal loan amount less unamortised fee.

Bond finance

Bonds are shown at their redemption value net of discount and issue costs. The discount on issue of the bonds is written off through the statement of comprehensive income on an actuarial basis over the life of the bond.

1. Principal accounting policies (continued)

HomeBuy

The Association operates the HomeBuy scheme, lending a percentage of the cost to home purchasers, secured against the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentages of the proceeds are repaid. The loans are financed by an equal amount of SHG. On repayment:

(a) The SHG is recycled

(b) The SHG is written off, if a loss occurs

(c) The Association keeps any surplus

Mortgage rescue

The Association operates the mortgage rescue equity loan scheme whereby, in a mortgage rescue case, if the occupier has sufficient equity in the product to not require a full mortgage rescue option, the Association can offer an interest only loan for between 25% and 75% of the outstanding mortgage secured on the property, with interest payable at 1.75% on the loan, increasing by RPI + 0.5%. The loan period will be up to 25 years, usually linked to the remaining period on the mortgage.

The equity loans are financed in part by grants of 73% received from Homes England, which are recycled on repayment of the loan.

The loans and associated grants are disclosed as 'HomeBuy and other equity loans and grants' in note 16 to the financial statements.

2. Turnover, cost of sales, operating costs and operating surplus by class of business

Group	2023				
	Turnover £m	Cost of sales £m	Operating costs £m	Surplus on sale of housing £m	Operating surplus/(deficit) £m
Social housing lettings (note 3)	255.3	-	(166.0)	-	89.3
Other social housing activities					
First tranche low-cost home ownership sales	63.3	(53.1)	-	-	10.2
Other	4.7	-	(14.0)	-	(9.3)
Total	**323.3**	**(53.1)**	**(180.0)**	**-**	**90.2**
Surplus on sale of housing	-	-	-	30.1	30.1
Total social housing activities	**323.3**	**(53.1)**	**(180.0)**	**30.1**	**120.3**
Activities other than social housing	95.0	(73.8)	(6.3)	-	14.9
Total	**418.3**	**(126.9)**	**(186.3)**	**30.1**	**135.2**

Turnover of £86.7 million relating to development activities is included in Activities other than social housing.

Group	2022				
	Turnover £m	Cost of sales £m	Operating costs £m	Surplus on sale of housing £m	Operating surplus/(deficit) £m
Social housing lettings (note 3)	235.9	-	(148.5)	-	87.4
Other social housing activities					
First tranche low-cost home ownership sales	40.9	(34.7)	-	-	6.2
Other	3.6	-	(16.3)	-	(12.7)
Total	**44.5**	**(34.7)**	**(16.3)**	**-**	**(6.5)**
Surplus on sale of housing	-	-	-	37.3	37.3
Total social housing activities	**280.4**	**(34.7)**	**(164.8)**	**37.3**	**118.2**
Activities other than social housing	93.6	(74.8)	(5.6)	-	13.2
Total	**374.0**	**(109.5)**	**(170.4)**	**37.3**	**131.4**

Turnover of £86.7 million relating to development activities is included in Activities other than social housing.

2. Turnover, cost of sales, operating costs and operating surplus by class of business (continued)

Association	2023				
	Turnover £m	Cost of sales £m	Operating costs £m	Surplus on sale of housing £m	Operating surplus/(deficit) £m
Social housing lettings (note 3)	27.8	-	(12.1)	-	15.7
Other social housing activities					
First tranche low-cost home ownership sales	62.9	(52.7)	-	-	10.2
Other	29.6	-	(29.9)	-	(0.3)
Total	**92.5**	**(52.7)**	**(29.9)**	**-**	**9.9**
Surplus on sale of housing	-	-	-	22.6	22.6
Total social housing activities	**120.3**	**(52.7)**	**(42.0)**	**22.6**	**48.2**
Activities other than social housing	2.5	(1.3)	(2.9)	-	(1.7)
Total	**122.8**	**(54.0)**	**(44.9)**	**22.6**	**46.5**

Association	2022				
	Turnover £m	Cost of sales £m	Operating costs £m	Surplus on sale of housing £m	Operating surplus/(deficit) £m
Social housing lettings (note 3)	23.5	-	(10.0)	-	13.5
Other social housing activities					
First tranche low-cost home ownership sales	40.9	(34.7)	-	-	6.2
Other	31.3	-	(31.7)	-	(0.4)
Total	**72.2**	**(34.7)**	**(31.7)**	**-**	**5.8**
Surplus on sale of housing	-	-	-	8.2	8.2
Total social housing activities	**95.7**	**(34.7)**	**(41.7)**	**8.2**	**27.5**
Activities other than social housing	1.0	-	(0.9)	-	0.1
Total	**96.7**	**(34.7)**	**(42.6)**	**8.2**	**27.6**

3. Income and expenditure from social housing lettings

Group	General needs housing £m	Supported housing and housing for older people £m	Low cost home ownership £m	2023 £m	2022 £m
Income					
Rent receivable net of service charges	174.6	16.4	21.5	**212.5**	199.9
Service charge income	12.7	12.1	4.4	**29.2**	23.1
Amortisation of social housing and other capital grants	9.8	1.6	0.9	**12.3**	12.2
Other grants	0.6	-	-	**0.6**	-
Other income from lettings	-	0.2	0.5	**0.7**	0.7
Turnover from social housing lettings	197.7	30.3	27.3	**255.3**	235.9
Expenditure					
Management	(24.1)	(4.8)	(3.9)	**(32.8)**	(33.7)
Service charge costs	(13.8)	(13.1)	(4.6)	**(31.5)**	(24.8)
Routine maintenance	(32.9)	(4.3)	-	**(37.2)**	(32.3)
Planned maintenance	(17.1)	(3.7)	(0.2)	**(21.0)**	(16.1)
Bad debts	(1.0)	(0.1)	(0.1)	**(1.2)**	(0.6)
Depreciation of housing properties	(37.3)	(4.5)	(3.2)	**(45.0)**	(40.9)
Impairment of housing properties	1.8	-	1.0	**2.8**	-
Other costs	-	(0.1)	-	**(0.1)**	(0.1)
Operating expenditure on social housing lettings	(124.4)	(30.6)	(11.0)	**(166.0)**	(148.5)
Operating surplus /(deficit) on social housing lettings	73.3	(0.3)	16.3	**89.3**	87.4
Void losses	(3.7)	(1.5)	(0.1)	**(5.3)**	(5.3)

3. Income and expenditure from social housing lettings (continued)

Association	General needs housing £m	Supported housing and housing for older people £m	Low cost home ownership £m	2023 £m	2022 £m
Income					
Rent receivable net of service charges	0.7	-	21.4	**22.1**	19.1
Service charge income	0.1	-	4.1	**4.2**	3.1
Amortisation of social housing and other capital grants	0.1	-	0.9	**1.0**	0.8
Other income from lettings	-	-	0.5	**0.5**	0.5
Turnover from social housing lettings	0.9	-	26.9	**27.8**	23.5
Expenditure					
Management	(0.1)	-	(3.9)	**(4.0)**	(3.7)
Service charge costs	(0.1)	-	(4.4)	**(4.5)**	(3.3)
Routine maintenance	(0.2)	-	-	**(0.2)**	-
Planned maintenance	(0.7)	-	(0.1)	**(0.8)**	-
Bad debts	-	-	(0.1)	**(0.1)**	-
Depreciation of housing properties	(0.3)	-	(3.2)	**(3.5)**	(3.0)
Impairment of housing properties	-	-	1.0	**1.0**	-
Operating expenditure on social housing lettings	(1.4)	-	(10.7)	**(12.1)**	(10.0)
Operating surplus /(deficit) on social housing lettings	(0.5)	-	16.2	**15.7**	13.5
Void losses	-	-	-	**-**	(0.1)

4. Staff costs

	Group and Association	
	2023 Number	2022 Number
Average number employed		
Office staff	**1,126**	1,104
Scheme staff	**146**	164
	1,272	1,268
Full time	**1,169**	1,136
Part time	**103**	132
	1,272	1,268
Full time equivalents	**1,238**	1,220

A full-time equivalent is 36.25 hours per week; based on Orbit's standard working week.

	Group and Association	
	2023 £m	2022 £m
Staff costs for the above		
Wages and salaries	**53.8**	50.2
Social security costs	**5.9**	5.2
Other pension costs	**3.1**	2.8
	62.8	58.2

	Group and Association	
	2023 Number	2022 Number
Number employed at 31 March		
Office staff	**1,170**	1,093
Scheme staff	**143**	151
	1,313	1,244

4. Staff costs (continued)

Directors and key management personnel emoluments

The full-time equivalent number of staff whose remunerations paid in the year was in excess of £60,000 (including pension):

Salary banding	Group	
	2023 Number	2022 Number
£70,001 - £80,000	**-**	1
£90,001 - £100,000	**1**	-
£100,001 - £110,000	**1**	3
£110,001 - £120,000	**4**	4
£120,001 - £130,000	**4**	6
£130,001 - £140,000	**4**	1
£140,001 - £150,000	**6**	4
£150,001 - £160,000	**2**	1
£180,001 - £190,000	**1**	-
£190,001 - £200,000	**1**	2
£200,001 - £210,000	**2**	2
£210,001 - £220,000	**1**	-
£220,001 - £230,000	**-**	1
£230,001 - £240,000	**1**	-
£240,001 - £250,000	**-**	1
£260,001 - £270,000	**1**	1
£290,001 - £300,000	**1**	-
£380,001 - £390,000	**-**	1
£400,001 - £410,000	**1**	-
Total	**31**	28

5. Operating surplus

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Operating surplus is arrived at after charging/(crediting)				
Depreciation of housing properties	**45.1**	40.9	**3.5**	3.0
Depreciation of other fixed assets	**1.6**	1.5	**1.2**	1.1
Depreciation of intangible fixed assets	**2.8**	2.1	**2.8**	2.1
Amortisation of social housing grant	**(12.3)**	(12.2)	**(0.9)**	(0.8)
Release of impairment provision	**(3.0)**	-	**(1.0)**	-
Operating lease rentals	**0.5**	0.5	**0.3**	0.3
Auditors' remuneration (excluding VAT)				
Fees payable to the Association's auditors for the audit of the financial statements	**0.2**	0.2	**-**	-
Non-audit services				
Fees payable to the Association's auditors for other services	**-**	-	**-**	-
Total non-audit services	**-**	-	**-**	-

The audit fee for the year ended 31 March 2023 was £193,000 (2022: £175,000) excluding VAT

6. Directors' emoluments

The Directors of the Association are its Board Members and the Group Chief Executive.

Aggregate emoluments paid to or received by Directors who are not executive staff members including salaries, honoraria and other benefits:

	Group		Association	
Group Board Members (non-executive)	**2023 £000**	**2022 £000**	**2023 £000**	**2022 £000**
D Weaver (appointed Chair 1 February 2022)	**32**	20	**32**	20
S Howlett	**16**	16	**16**	16
H Gillett	**12**	12	**12**	12
S Stone	**16**	16	**16**	16
S Smith	**16**	16	**16**	16
M Larizadeh	**12**	11	**12**	11
The Rt Hon. Baroness Tessa Blackstone (appointed Chair 1 February 2013, retired 1 February 2022)	**-**	26	**-**	26
Total	**104**	117	**104**	117

	Group		Association	
	2023 £000	**2022 £000**	**2023 £000**	**2022 £000**
Aggregate emoluments (including pension contributions) paid to or received by Directors who are executive staff members including salaries, honoraria and other benefits	**1,828**	1,775	**1,828**	1,775
Aggregate emoluments of the highest paid Director excluding pension contributions / payments in lieu of pension included in aggregate emoluments of Directors who are executive staff members	**374**	364	**374**	364

The Group Chief Executive was a member of the Orbit Group Retirement plan. He was a member on the same terms as all other staff that are also members, no enhanced or special terms apply.

Expenses paid during the year on behalf of Board members amounted to £43,000 (2022: £43,000)

7. Surplus on sale of fixed assets - housing properties

Group			**2023**			**2022**
	Letting £m	**Shared equity £m**	**Total £m**	**Letting £m**	**Shared equity £m**	**Total £m**
Disposal proceeds	15.2	36.7	**51.9**	59.0	22.4	81.4
Carrying value of fixed assets	(10.3)	(18.8)	**(29.1)**	(52.3)	(16.9)	(69.2)
	4.9	17.9	**22.8**	6.7	5.5	12.2
Capital grant recycled	1.0	1.6	**2.6**	1.8	1.7	3.5
Recycled capital grant fund and grant abated	2.4	3.1	**5.5**	21.3	1.0	22.3
Right To Buy clawback	(0.8)	-	**(0.8)**	(0.7)	-	(0.7)
Surplus on disposal	7.5	22.6	**30.1**	29.1	8.2	37.3

Association		**2023**		**2022**
	Shared equity £m	**Total £m**	**Shared equity £m**	**Total £m**
Disposal proceeds	36.6	**36.6**	22.4	22.4
Carrying value of fixed assets	(18.7)	**(18.7)**	(16.9)	(16.9)
	17.9	**17.9**	5.5	5.5
Capital grant recycled	1.6	**1.6**	1.7	1.7
Grant abated	3.1	**3.1**	1.0	1.0
Surplus on disposal	22.6	**22.6**	8.2	8.2

8. Interest receivable and other income

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Interest receivable and other income	**3.1**	0.7	**7.2**	2.3

9. Interest payable

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Loans and bank overdrafts	**56.9**	57.8	**6.2**	11.0
Interest payable capitalised on housing properties under construction	**(8.7)**	(8.4)	**(1.4)**	(2.0)
Loan premium write-off	**1.3**	-	**-**	-
	49.5	49.4	**4.8**	9.0
Capitalisation rate used to determine the finance costs capitalised during the period	**3.68%**	3.71%	**3.68%**	3.71%

Other financing costs				
Loan arrangement fees	**2.5**	2.3	**-**	-
Defined benefit pension charge	**0.1**	0.4	**0.1**	0.3
Finance restructure costs	**-**	0.9	**-**	0.3
	2.6	3.6	**0.1**	0.6

10. Tax on surplus on ordinary activities

The only members of the Group liable to a tax charge or credit throughout the year ended 31 March 2022 were Orbit Homes (2020) Limited, Orbit Treasury Limited and Orbit Capital plc. Orbit Group Limited obtained charitable status with effect from 3 April 2006. From that point, its principal sources of income and gains have been exempt from Corporation Tax and accordingly, no deferred tax assets have been recognised in the statement of financial position of the Association.

No deferred tax asset has been provided in respect of trading losses carried forward due to the uncertainty as to when the benefit of this asset would be obtained.

The charge for the year is based on the surpluses/deficits arising on activities that are liable to tax.

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
(a) Analysis of (credit) / charge in year:				
Current tax:				
UK Corporation Tax on profits of the year	**0.4**	1.0	**-**	-

The current tax charge for the year is lower than the standard rate of Corporation Tax in the UK of 19% (2022: 19%).
The differences are explained below:

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
(b) Factors affecting tax charge for current year:				
Surplus on ordinary activities before taxation	**90.0**	82.4	**50.5**	22.0
Tax charge at 19% (2022: 19%) thereon	**17.1**	15.7	**9.6**	4.2
Non taxable (surpluses) (primarily charitable exemptions)	**(16.9)**	(15.0)	**(9.6)**	(4.2)
Capital allowances less than depreciation	**0.3**	0.3	**-**	-
Deferred tax	**0.1**	-	**-**	-
Other permanent differences (gift aid)	**(0.2)**	-	**-**	-
Current tax charge for the year	**0.4**	1.0	**-**	-

(c) Factors that may affect future tax charges:

In the Spring Budget 2023 the government announced that the Corporation Tax main rate for the year starting 1 April 2023 would increase from 19% to 25%.

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group 2023 £m Assets	Group 2022 £m Assets	Association 2023 £m Assets	Association 2022 £m Assets
Total (assets) as at 1 April and 31 March	**(0.1)**	(0.2)	**-**	-

The adoption of FRS 102 has resulted in certain costs relating to the third party borrowing being recognised using an effective interest rate method rather than on a straight line basis as previously. As a result, the difference between the carrying values at 31 March 2015 using old GAAP accounting and the carrying values at that date as restated applying FRS 102 have been brought into account as a taxable transitional adjustment, spread over a 10-year period.

None of the borrowing which gave rise to the transitional adjustments was fully repaid by 31 March 2016 therefore 10% of the adjustments will be taxed each year starting with the period to 31 March 2016; a loss of £2,882,000 resulting in a deduction of £288,200 per year.

Deferred tax should be recognised in respect of the taxable transitional adjustments.

The deferred tax asset relates to a 10-year transitional adjustment that arose on adoption of FRS102 in Orbit Treasury Limited. The timing difference giving rise to this deferred tax asset will continue to reverse evenly over the next four accounting periods.

12. Housing properties

Group	Housing properties for letting Complete £m	Housing properties for letting In development £m	Supported housing Complete £m	Low cost home ownership Complete £m	Low cost home ownership In development £m	Non-social housing Complete £m	Total £m
Cost							
At 1 April 2022 restated	2,505.7	224.5	72.9	396.1	116.0	3.3	3,318.5
Additions	38.5	92.0	8.9	2.6	65.5	-	207.5
Transfer on completion	72.6	(72.6)	-	64.9	(64.9)	-	-
Transfer to stock/WIP	-	-	-	(22.4)	(9.7)	-	(32.1)
Reclassifications	(0.3)	-	-	0.3	-	-	-
Disposals	(11.7)	-	(0.6)	(16.8)	-	-	(29.1)
At 31 March 2023	**2,604.8**	**243.9**	**81.2**	**424.7**	**106.9**	**3.3**	**3,464.8**
Less: accumulated depreciation							
At 1 April 2022	(342.6)	-	(23.2)	(23.7)	-	(0.2)	(389.7)
Eliminated on disposal	4.8	-	0.2	2.1	-	-	7.1
Depreciation	(34.9)	-	(4.2)	(3.4)	-	-	(42.5)
At 31 March 2023	**(372.7)**	**-**	**(27.2)**	**(25.0)**	**-**	**(0.2)**	**(425.1)**
Less: provisions for impairment							
At 1 April 2022	(3.2)	-	-	(0.1)	(0.9)	-	(4.2)
Release of provision	1.8	-	-	-	0.9	-	2.7
At 31 March 2023	**(1.4)**	**-**	**-**	**(0.1)**	**-**	**-**	**(1.5)**
Net book amount							
At 31 March 2023	**2,230.7**	**243.9**	**54.0**	**399.6**	**106.9**	**3.1**	**3,038.2**
At 31 March 2022	2,159.9	224.5	49.7	372.3	115.1	3.1	2,924.6

The restated opening cost reflects an alignment of balances between housing properties for letting schemes in development and complete.

Additions to properties during the year include capitalised interest and finance costs of £8.7 million (2022: £8.4 million) and development administration costs / project management fees of £5.5 million (2022: £3.7 million).

During the year the total expenditure on works to existing properties was £88.8 million (2022: £81.5 million) of which £42.3 million (2022: £41.5 million) has been capitalised.

The Group reviewed its properties for impairment and impairment provisions totalling £2.7 million have been released relating to properties where the impairment no longer exists. There is no impairment charge for the current year (2022: £nil).

12. Housing properties (continued)

Association	Housing properties for letting	Low cost home ownership		
	Complete £m	Complete £m	In development £m	Total £m
Cost				
At 1 April 2022	17.0	394.4	115.9	527.3
Additions	0.2	2.6	65.5	68.3
Transfer on completion	-	64.8	(64.8)	-
Transfer to other Group members	-	0.3	-	0.3
Transfer to stock/WIP	-	(22.4)	(9.7)	(32.1)
Disposals		(16.8)	-	(16.8)
At 31 March 2023	**17.2**	**422.9**	**106.9**	**547.0**
Less: accumulated depreciation				
At 1 April 2022	(1.9)	(23.3)	-	(25.2)
Eliminated on disposal	-	2.2	-	2.2
Depreciation	(0.1)	(3.3)	-	(3.4)
At 31 March 2023	**(2.0)**	**(24.4)**	**-**	**(26.4)**
Less: provisions for impairment				
At 1 April 2022	-	(0.1)	(1.0)	(1.1)
Release of provision	-	-	1.0	1.0
At 31 March 2023	**-**	**(0.1)**	**-**	**(0.1)**
Net book amount				
At 31 March 2023	**15.2**	**398.4**	**106.9**	**520.5**
At 31 March 2022	15.1	371.0	114.9	501.0

Additions to properties during the year include capitalised interest and finance costs of £1.4 million (2022: £2 million) and development administration costs / project management fees of £0.4 million (2022: £1 million). The Association reviewed its properties for impairment and there was a charge of £Nil to statement of comprehensive income for 2023 (2022: £Nil).

The Association's properties were reviewed for impairment and provisions totalling £1 million have been released relating to properties where the impairment no longer exists. There is no impairment charge for the current year (2022: £nil).

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
The net book value of housing and other properties comprises:				
Freehold land and buildings	**3,034.4**	2,920.1	**519.3**	498.1
Long leasehold land and buildings	**8.3**	9.4	**4.6**	7.8
	3,042.7	2,929.5	**523.9**	505.9

13. Investments

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Monies deposited with Affordable Housing Finance Plc	**5.5**	2.7	**-**	-
Investment in preference shares of Orbit Homes (2020) Limited	**-**	-	**34.0**	34.0
Investment in ordinary shares of Orbit Homes (2020) Limited	**-**	-	**10.0**	10.0
Investment in ordinary shares of Orbit Capital plc*	**-**	-	**-**	-
Total	**5.5**	**2.7**	**44.0**	**44.0**

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

*Investment in ordinary shares of Orbit Capital plc by the Association was £13,000 (2022: £13,000).

14. Intangible assets

	Group and Association £m
Cost	
At 1 April 2022	24.0
Additions	2.2
Disposals	-
Reclassification	0.7
At 31 March 2023	**26.9**
Amortisation	
At 1 April 2022	(4.8)
Charge for the year	(2.8)
Eliminated on disposal	-
Reclassification	(0.1)
At 31 March 2023	**(7.7)**
Net book amount	
At 31 March 2023	**19.2**
At 31 March 2022	19.2

15. Investment properties non-social housing properties held for letting

Group	2023 £m	2022 £m
At 1 April	**42.5**	37.9
Gain in valuation	**1.9**	1.5
Additions during year	**-**	3.1
At 31 March	**44.4**	42.5

The Group has investment properties at Fordham House in Stratford-upon-Avon and at St Anne's Quarter in Norwich.

Valuations of both portfolios were undertaken at the year end by independent professional valuers. The full valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation – Global Standards effective 31 January 2020 and is compliant with the requirements of FRS 102. The assets have been valued using the comparable methods of valuation. The market for the properties were investigated; sales evidence was collated and adjusted to take account of the situation, layout and specification of the properties. The valuers have used a blended equivalent yield of 4.75% for Fordham House and 4.25% for St Anne's Quarter.

16. HomeBuy and other equity loans

Group and Association

	2023			2022		
	HomeBuy loans £m	Other equity loans £m	Total £m	HomeBuy loans £m	Other equity loans £m	Total £m
Loan advanced to borrowers at 1 April	6.7	2.9	**9.6**	7.6	2.9	10.5
Repaid during the year	(0.4)	(0.1)	**(0.5)**	(0.9)	-	(0.9)
Loan advanced to borrowers at 31 March	6.3	2.8	**9.1**	6.7	2.9	9.6

17. Other fixed assets

Group	Freehold offices £m	Leasehold offices £m	Commercial premises £m	Furniture, fixtures & equipment £m	Total £m
Cost					
At 1 April 2022	1.3	12.7	0.5	10.5	25.0
Additions	0.1	-	-	0.3	0.4
Disposals	-	-	-	-	-
Reclassification	(0.6)	0.3	-	0.1	(0.2)
At 31 March 2023	**0.8**	**13.0**	**0.5**	**10.9**	**25.2**
Less: accumulated depreciation					
At 1 April 2022	(0.5)	(7.4)	(0.2)	(8.7)	(16.8)
Charge for year	(0.2)	(0.6)	-	(0.8)	(1.6)
Reclassification	0.3	-	-	(0.5)	(0.2)
At 31 March 2023	**(0.4)**	**(8.0)**	**(0.2)**	**(10.0)**	**(18.6)**
Less: provisions for impairment					
At 1 April 2022	-	(1.5)	-	-	(1.5)
Release of provision	-	0.3	-	-	0.3
At 31 March 2023	-	(1.2)	-	-	**(1.2)**
Net book amount					
At 31 March 2023	**0.4**	**3.8**	**0.3**	**0.9**	**5.4**
At 31 March 2022	0.8	3.8	0.3	1.8	6.7

The Group reviewed its properties for impairment and released £0.3 million against one of its offices. There is no impairment charge for the current year (2022 £nil).

17. Other fixed assets (continued)

Association	Freehold offices £m	Leasehold offices £m	Furniture, fixtures & equipment £m	Total £m
Cost				
At 1 April 2022	0.3	8.5	6.0	14.8
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification	(0.3)	0.2	-	(0.1)
Write offs	-	-	-	-
At 31 March 2023	**-**	**8.7**	**6.0**	**14.7**
Less: accumulated depreciation				
At 1 April 2022	(0.1)	(4.4)	(3.7)	(8.2)
Charge for year	-	(0.3)	(0.9)	(1.2)
Disposals	-	-	-	-
Reclassification	0.1	(0.1)	(0.5)	(0.5)
Write offs	-	-	-	-
At 31 March 2023	**-**	**(4.8)**	**(5.1)**	**(9.9)**
Less: provisions for impairment				
At 1 April 2022	-	(0.5)	-	(0.5)
Charge for year	-	-	-	-
At 31 March 2023	**-**	**(0.5)**	**-**	**(0.5)**
Net book amount				
At 31 March 2023	**-**	**3.4**	**0.9**	**4.3**
At 31 March 2022	0.2	3.6	2.3	6.1

18. Properties for sale

	Group 2023 £m	Group 2022 £m	Association 2023 £m	Association 2022 £m
Housing properties for sale	**-**	0.1	**-**	-
Housing properties for sale under construction	**1.9**	0.7	**-**	-
Shared ownership - completed properties	**4.6**	5.5	**4.6**	5.5
Shared ownership - under construction	**29.4**	43.9	**29.4**	43.9
Market sale - completed properties	**24.2**	10.5	**-**	-
Market sale - under construction	**95.6**	107.8	**-**	-
	155.7	168.5	**34.0**	49.4

The above figure includes capitalised interest of £0.4m (2022: £0.5m) for the Group and the Association

19. Debtors

	Group 2023 £m	Group 2022 £m	Association 2023 £m	Association 2022 £m
Due within one year:				
Rental debtors	**7.0**	6.4	**1.0**	0.8
Less: provision for doubtful debts	**(2.5)**	(2.3)	**(0.4)**	(0.3)
	4.5	4.1	**0.6**	0.5
Amounts due from subsidiaries	**-**	-	**23.4**	65.6
Prepayments and accrued Income	**9.2**	9.5	**6.1**	3.4
Taxation and social security	**6.5**	2.2	**-**	-
Other debtors	**7.7**	44.2	**3.3**	38.7
	27.9	60.0	**33.4**	108.2
Due after more than one year:				
Other debtors	**8.7**	2.9	**-**	-
Amounts due from subsidiaries	**-**	-	**84.9**	92.4
	8.7	2.9	**84.9**	92.4

20. Creditors: amounts falling due within one year

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Housing loans (note 25)	**12.9**	12.8	**2.0**	1.4
Trade creditors	**31.5**	25.8	**10.1**	4.4
Amounts due to Group undertakings	**-**	-	**42.6**	170.9
Other creditors including taxation and social security	**23.1**	21.9	**6.3**	8.3
Accruals and deferred income	**11.6**	12.7	**-**	0.1
Rents received in advance	**8.9**	8.1	**1.1**	1.0
Grants received in advance	**48.6**	68.3	**48.6**	68.3
RCGF and DPF within one year (note 24)	**0.6**	0.8	**0.3**	0.5
Deferred capital grant (note 22)	**12.3**	12.1	**0.9**	0.8
Total	**149.5**	162.5	**111.9**	255.7

21. Other creditors: amounts falling due after more than one year

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Housing loans (note 25)	**559.0**	561.1	**180.8**	166.8
Derivatives financial liabilities	**12.4**	57.7	**-**	-
Deferred capital grant (note 22)	**668.1**	666.3	**88.6**	83.5
Deferred income for renewals and maintenance contributions	**16.3**	15.2	**5.5**	5.1
HomeBuy and other equity grants	**8.3**	8.8	**8.3**	8.8
Bond finance (note 25)	**986.7**	986.1	**-**	-
Other creditors	**5.7**	6.2	**-**	-
RCGF more than one year (note 24)	**37.4**	35.4	**23.1**	20.8
Loan premium Affordable Homes Plc	**7.1**	7.4	**-**	-
Total	**2,301.0**	2,344.2	**306.3**	285.0

Housing loans shown above are net of £3.9 million loan arrangement fees carried forward (2022: £4.4 million) and finance restructure costs of £3.7 million (2022: £4 million).

Bond finance shown above is net of £4.6 million arrangement fees carried forward (2022: £4.8 million), discount costs of £11.7 million (2022: £12.3 million) and issue price premium of £3 million (2022: £3.2 million).

22. Deferred capital grant

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
At 1 April	**678.4**	701.0	**84.3**	85.3
Grant received and utilised in the year	**20.1**	9.5	**9.4**	1.8
Transfer to RCGF	**(2.6)**	(3.6)	**(1.6)**	(1.7)
Transfer from intercompany	**-**	-	**0.1**	0.3
Elimination on the disposal of assets	**2.3**	6.0	**1.3**	0.4
Grant abated	**(5.5)**	(22.3)	**(3.1)**	(1.0)
Released to income in the year	**(12.3)**	(12.2)	**(0.9)**	(0.8)
At 31 March	**680.4**	678.4	**89.5**	84.3
Analysed as:				
Amounts to be released within 1 year	**12.3**	12.1	**0.9**	0.8
Amounts to be released in more than 1 year	**668.1**	666.3	**88.6**	83.5
Total	**680.4**	678.4	**89.5**	84.3

23. Provisions for liabilities

Group	1 April 2022 £m	Provided in year £m	Released in year £m	31 March 2023 £m
Water rates	0.4	-	(0.4)	**-**
Total	**0.4**	**-**	**(0.4)**	**-**

	Group		Association	
Analysed as:	2023 £m	2022 £m	2023 £m	2022 £m
Amounts to be released in more than 1 year	**-**	0.4	**-**	-
	-	0.4	**-**	-

24. Recycled capital grant funds (RCGF)

Group	RCGF £m
At 1 April 2022	36.2
Grants recycled	3.3
Interest accrued	-
Utilised in the year	(1.5)
At 31 March 2023	**38.0**

Analysed as:

Group	RCGF £m
Within one year	0.6
After more than one year	37.4
At 31 March 2023	**38.0**

Association	RCGF £m
At 1 April 2022	21.3
Grants recycled	2.4
Interest accrued	-
Utilised in the year	-
Repayment of grant	(0.3)
At 31 March 2023	**23.4**

Analysed as:

Association	RCGF £m
Within one year	0.3
After more than one year	23.1
At 31 March 2023	**23.4**

The amount utilised in the year related to new developments and one off purchase of housing assets.

25. Housing loans and bond finance

	Group		Association	
	2023 £m	**2022 £m**	**2023 £m**	**2022 £m**
Due within one year				
Orbit Treasury Limited	**-**	-	**0.8**	0.3
Greenwich NatWest	**1.2**	1.1	**1.2**	1.1
Bank / building society loans	**11.7**	11.7	**-**	-
	12.9	12.8	**2.0**	1.4
Due after more than one year				
Orbit Treasury Limited	**-**	-	**23.0**	7.8
Orbit Capital plc	**-**	-	**153.3**	153.3
Bond finance	**1,000.0**	1,000.0	**-**	-
Bank / building society loans	**462.0**	463.7	**-**	-
Affordable Homes Plc	**100.0**	100.0	**-**	-
Greenwich NatWest	**4.5**	5.7	**4.5**	5.7
	1,566.5	1,569.4	**180.8**	166.8
	1,579.4	1,582.2	**182.8**	168.2

All loans are in sterling. Non-bond finance in the Group is routed through a separate treasury vehicle, Orbit Treasury Limited. All registered providers in the Group have entered into a fully cross-collateralised structure. Orbit Treasury Limited borrows money on behalf of the Group and on-lends these to the individual Associations as required. The benefits of setting up the treasury vehicle include streamlined and efficient treasury procedures and strategy.

Orbit Capital plc was set up during 2014-15 as a funding vehicle for the issue of a £250 million bond and the bond finance is on-lent to the Associations. The entity has subsequently issued a bond for £450 million in 2018 and a further £300 million in 2020.

25. Housing loans and bond finance (continued)

Housing loans are secured by fixed charges on the Association's housing properties and are repayable at varying rates of interest in instalments due as follows:

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
In one year or less, on demand	**12.9**	12.8	**2.0**	1.4
Repayable by instalments:				
- more than one year but not more than two years	**13.1**	12.9	**1.4**	1.5
- in more than two years but not more than five years	**194.4**	184.9	**2.6**	8.3
- in more than five years	**139.0**	161.6	**176.8**	157.0
	346.5	359.4	**180.8**	166.8
Repayable other than by instalments:				
- in one year or less	**-**	-	**-**	-
- in more than one year but not more than two years	**-**	-	**-**	-
- in more than two years but not more than five years	**65.0**	15.0	**-**	-
- in more than five years	**1,155.0**	1,195.0	**-**	-
	1,220.0	1,210.0	**-**	-
	1,579.4	1,582.2	**182.8**	168.2

All loans are secured by fixed charges on individual properties.

25. Housing loans and bond finance (continued)

The interest rate profile at 31 March 2023 was:

	Total £m	Variable rate £m	Fixed rate £m	Weighted average rate over term %	Weighted average term until maturity Years
Group					
Instalment loans	**415.7**	18.7	397.0	3.95%	12
Non-instalment loans	**1,163.7**	-	1,163.7	3.01%	20
	1,579.4	18.7	1,560.7	3.26%	18
Association					
Instalment loans	**182.8**	23.8	159.0	3.55%	21

The Group has various undrawn committed borrowing facilities. The facilities available at 31 March were as follows:

	Group 2023 £m
Expiring in less than one year	**-**
Expiring in more than one year but not more than two years	**-**
Expiring in more than two years	**454.4**
Undrawn committed facilities	**454.4**

25. Housing loans and bond finance (continued)

Hedge Accounting (Group)

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur as required by FRS 102.29(a) for the cash flow hedge accounting models in Group not in the Association.

Note: The interest rate swaps that were not eligible for hedge accounting up to March 2021, due to having options callable by the banks, have now been restructured with the banks' options removed. Therefore, these interest rate swaps are now hedge accounted leading to no future cashflows through the profit or loss, therefore there is no comparable table disclosing cashflows for 2022.

	2023					
	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to < 2 years £m	2 < 5 years £m	5 years and over £m
Interest rate swaps:						
Assets	(2.7)	90.4	10.4	10.1	24.7	45.2
Liabilities	12.4	(104.8)	(9.3)	(9.4)	(28.0)	(58.1)
	9.7	(14.4)	1.1	0.7	(3.3)	(12.9)

	2022					
	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to < 2 years £m	2 < 5 years £m	5 years and over £m
Interest rate swaps:						
Assets	-	49.3	3.1	5.9	14.4	25.9
Liabilities	57.7	(114.2)	(9.4)	(9.3)	(28.0)	(67.5)
	57.7	(64.9)	(6.3)	(3.4)	(13.6)	(41.6)

Fair values

The fair values of all financial assets and financial liabilities by category together with their carrying amounts shown in the statement of financial position are as follows:

	2023		2022	
	Carrying amount £m	Fair value £m	Carrying amount £m	Fair value £m
Loan	**302.7**	**437.3**	304.4	428.7
Bond	**1,150.7**	**928.9**	1,151.8	1,200.2
Embedded swap	**126.0**	**(2.7)**	126.0	33.3
	1,579.4	**1,363.5**	1,582.2	1,662.2

Orbit Treasury Limited has twenty cash flow hedges. The hedge relationships of all twenty meet each condition for hedge accounting, which are consistent with the entity's risk management objectives for undertaking hedges.

Orbit Treasury Limited considers that an economic relationship exists between the hedging instrument (interest rate swap) and the hedged item (floating rate loan) in that the values of the hedged item and hedging instrument move in opposite directions in response to movements in SONIA, the hedged risk, over the life of the hedge.

The objective of the hedge is to mitigate the changes in the future cashflows stemming from the floating rate interest payments related to the floating rate loan entered into by Orbit Treasury Limited.

25. Housing loans and bond finance (continued)

In accordance with chapter 12 of FRS 102, hedge accounting has been applied to the following swap contracts.

	2023 £m	2022 £m
Swap notional value £243m (2022: £234m)	**9.7**	57.7
	9.7	57.7

	2023 £m	2022 £m
Total fair value of derivatives	**9.7**	57.7

	2023 £m	2022 £m
Analysis of fair value movements		
Movement in fair value of derivatives not qualifying for hedge accounting recognised through statement of comprehensive income (SOCI)	**-**	3.1
Movement in ineffective portion of derivatives that qualify for hedge accounting through SOCI	**4.6**	0.5
Release of inception of fair value accounting shown in interest payable	**(0.8)**	(0.3)
Movement through SOCI	**3.8**	3.3
Movement in effective portion of derivatives that qualify for hedge accounting through SOCI	**44.1**	24.6
Release of inception of fair value accounting shown in interest payable (as above)	**0.8**	0.3
Release of cashflow hedge reserve of previously broken swaps in interest payable	**(0.7)**	(1.4)
Settlement of financial liability due to buying out of counterparty options	**-**	0.8
Settlement of financial liability due to cancelling of 6 swaps that were hedge accounted	**-**	-
Settlement of financial liability due to cancelling of 2 swaps that were not hedge accounted	**-**	-
Total fair value movement in derivatives	**48.0**	27.6

Financial risk management

The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company and Group by monitoring levels of debt finance and related finance costs. The key risks are as follows:

Interest rate risk

At 31 March 2023, 99% of the Group's debt was fixed or hedged. The Group has £18.7 million of variable debt funding, of which £18.7 million is held in Orbit Treasury Limited, which could be exposed to rises in SONIA rates. If SONIA were to increase by 0.50%, then the impact would be additional interest costs of £93,500 to the statement of comprehensive income. Any such costs can be recovered from the Associations.

Liquidity risk

Orbit Treasury Limited actively lends the full amount of the loans it has itself borrowed, thus the entity has assets to fully offset its liabilities and interest receivable to offset its interest payable.

Credit risk

The liabilities to funders are secured by a legal charge over property assets owned by the Associations with a value in excess of total borrowings. This includes mark to market liabilities resulting from interest rate hedging instruments. The Associations have entered into a guarantee with Orbit Treasury Limited over future interest payments, including payments due under interest rate hedging instruments and the property security. The carrying amount of the funding liabilities represents the maximum value exposed to credit risk. At the end of the financial year the credit rating of A3 stable from Moody's remained in place.

Intercompany funding arrangements

Orbit Group Limited along with Orbit Housing Association Limited within the Group, has entered into an intra-group loan agreement with Orbit Treasury Limited. The Associations provide security for the loans entered into by Orbit Treasury Limited on their behalf in the form of their social housing assets. The Associations, as part of this arrangement, also agree to cover all costs associated with the funding including any associated hedging arrangements such as interest rate swaps.

26. Called up share capital

	Group		Association	
	2023 £	2022 £	2023 £	2022 £
Issued and fully paid shares of £1 each				
At 1 April	**7.0**	8.0	**7.0**	8.0
Issued	**-**	-	**-**	-
Surrendered	**(1.0)**	(1.0)	**(1.0)**	(1.0)
At 31 March	**6.0**	7.0	**6.0**	7.0

The share capital of Orbit Group Limited, which was formed in 1997, is raised by the issue of shares with a nominal value of £1 each. The Association's Co-operative and Community Benefit Society status means the maximum shareholding permitted per member is 1 share. There is no authorised share capital and the Orbit Board may issue as many £1 shares as it wishes. However, the Board operates a restricted shareholding policy with all shares currently held by serving, or former Orbit Board members only. The Association's shares carry no right to interest, dividend or incentive scheme. Shares are not capable of being withdrawn or transferred and cannot be held jointly. Shareholders have the right to attend (or to vote by proxy) at any general, special general or extraordinary general meeting of the Association.

27. Capital commitments

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Capital expenditure which has been contracted for but has not been provided for in the financial statements	**635.1**	612.4	**195.8**	179.4
Capital expenditure which has been authorised under authority from the Orbit board but has yet to be contracted for	**238.7**	257.5	**93.8**	93.9
	873.8	869.9	**289.6**	273.3

Orbit expects these commitments to be financed with:

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Social Housing Grant	**88.9**	84.6	**33.9**	32.8
Surpluses and borrowings	**784.9**	785.3	**255.7**	240.5
	873.8	869.9	**289.6**	273.3

28. Contingent liabilities

As at 31 March 2023, there were £48 million contingent liabilities within either the Group or the Association (2022: £48 million).

Stock acquisitions previously undertaken include original government grant funding of £48 million (2022: £48 million) which has an obligation to be recycled in accordance with the original grant funding terms and conditions.

Orbit Group Ltd is responsible for the recycling of the grant in the event of the housing properties being disposed.

29. Cash flow from operating activities

	Group	
	2023 £m	2022 £m
Surplus for the year	**89.6**	81.4
Adjustments for non cash items:		
Depreciation, amortisation and release of impairment and other provisions	**34.0**	32.4
Movement in other provisions	**(0.4)**	0.0
Adjustments for investing or financing activities:		
Gain on sale of fixed assets	**(30.1)**	(37.3)
Change in value of investment property	**(1.9)**	(1.5)
Interest payable	**49.5**	49.4
Interest receivable	**(3.1)**	(0.7)
Movement in fair value of financial instruments	**(3.8)**	(3.3)
Adjustment for pension funding	**(3.2)**	(11.1)
Other financing cost	**2.6**	3.6
Add back tax	**0.4**	1.0
	10.4	0.1
Adjustments for working capital movement:		
Movement in provisions	**0.4**	(0.2)
Decrease in stocks	**12.8**	3.5
Decrease / (increase) in debtors	**28.9**	(33.5)
Increase in creditors	**4.2**	1.5
	46.3	(28.7)
Tax paid	**(0.6)**	(1.1)
Net cash inflow from operating activities	**179.3**	84.1

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

	Group	
	2023 £m	2022 £m
Decrease in cash in the year	**(3.2)**	(243.8)
Increase in bank deposits (with a maturity in excess of 24 hours)	**2.8**	0.1
Other changes	**(0.6)**	(1.1)
Loans and bond finance received	**(25.0)**	-
Loans repaid	**27.8**	130.6
Loan arrangement fees	**-**	0.7
Change in net debt	**1.8**	(113.5)
Net debt at 1 April	**(1,499.8)**	(1,386.3)
Net debt at 31 March	**(1,498.0)**	(1,499.8)

31. Analysis of changes in net debt

Group	1 April 2022 £m	**Cash flows £m**	**Other changes £m**	**31 March 2023 £m**
Cash at bank and in hand	-	-	-	**-**
Bank deposits less than 24 hours	70.0	(3.2)	-	**66.8**
	70.0	(3.2)	-	**66.8**
Bank deposits in excess of 7 days	2.7	2.8	-	**5.5**
Housing loans due within one year	(12.8)	(0.1)	-	**(12.9)**
Housing loans due after one year	(569.4)	2.9	-	**(566.5)**
Bond finance	(1,000.0)	-	-	**(1,000.0)**
Bond arrangement fees, discount and price premium	13.9	-	(0.6)	**13.3**
Loan arrangement fees and loan premium	(4.2)	-	-	**(4.2)**
	(1,499.8)	2.4	(0.6)	**(1,498.0)**

32. Financial commitments

Operating leases

Orbit was committed to making total minimum future repayments of leases in respect of operating leases other than land and buildings:

	Group		Association	
	2023 £m	2022 £m	2023 £m	2022 £m
Leases which expire				
Within 1 year	**0.8**	0.8	**0.3**	0.3
Within 2 - 5 years	**2.0**	1.8	**1.1**	1.2
After 5 years	**0.7**	0.4	**0.4**	0.5
Total	**3.5**	3.0	**1.8**	2.0

33. Number of units under development

	Group		Association	
	Total 2023 No.	Restated Total 2022 No.	Total 2023 No.	Restated Total 2022 No.
General needs	**748**	854	**-**	-
Low cost home ownership	**518**	703	**518**	703
Properties for market sale	**149**	173	**-**	-
Total housing units	**1,415**	1,730	**518**	703

Comparatives are restated to reflect a change in metholdogy to show on-site developments only.

34. Property portfolio

	Group		Association	
	2023 Units	2022 Units	2023 Units	2022 Units
Social				
Social Rent General needs	**24,257**	24,199	**125**	125
Affordable rent	**6,310**	6,016	**-**	-
Supported Housing				
- Social Rent Supported Housing	**3,363**	3,329	**-**	-
- Affordable Rent Supported Housing	**167**	167	**-**	-
- Care Homes	**14**	14	**-**	-
Low cost home ownership (LCHO)	**6,228**	6,083	**5,979**	5,837
Total Social Housing Units (excluding Leasehold)	**40,339**	39,808	**6,104**	5,962
Leasehold	**2,353**	2,312	**677**	651
Total Social Housing Units	**42,692**	42,120	**6,781**	6,613
Non-Social				
Market rent	**194**	194	**-**	-
Private retirement schemes	**1,110**	1,110	**-**	-
Non-social Leasehold	**446**	378	**282**	279
Retained Freehold	**2,975**	2,715	**1,134**	1,069
Commercial units	**12**	12	**-**	-
Total non-social housing units	**4,737**	4,409	**1,416**	1,348
Total Social and Non-Social Housing Units	**47,429**	46,529	**8,197**	7,961

Disclosure note:				
Units owned and/or managed	**47,429**	46,529	**8,197**	7,961
Units managed by others	**2,213**	2,257	**8,197**	7,961

The properties owned by Orbit Group Limited are managed by Orbit Housing Association Limited.

35. Subsidiary organisations, associates and related party transactions

The following comprise the subsidiary organisations for incorporation into consolidated financial statements for the Group in accordance with the Co-operative and Community Benefit Societies Act 2014 and Financial Reporting Standard 2 - Accounting for Subsidiary Undertakings.

On 31 March 2021, two of the Group subsidiaries, both registered under the Co-operative and Community Benefit Society Act 2014, Heart of England Housing Association and Orbit South Housing Association merged. The newly merged entity has been renamed Orbit Housing Association Limited, as disclosed below.

Organisation	Status	Principal activity	Country of incorporation	Basis of control by parent undertaking
Registered under the Co-operative and Community Benefit Societies Act 2014				
Orbit Housing Association Limited	Registered Housing Association and a Registered Society under the Co-operative and Community Benefit Societies Act 2014	Provision of rented housing	England and Wales	Control of membership of the Board plus nominal shareholding
Incorporated under the Companies Act 2006				
Orbit Treasury Limited	Private Limited Company	Group treasury vehicle	England and Wales	Ownership of all issued share capital
Orbit New Homes Limited	Private Limited Company	Development of housing for sale	England and Wales	Ownership of all issued share capital
Orbit Gateway Limited	Private Limited Company	Buying and selling of real estate	England and Wales	Ownership of all issued share capital
Orbit Homes (2020) Limited	Private Limited Company	Design and build company and development of housing for sale	England and Wales	Ownership of all issued share capital
Orbit Capital plc	Public Limited Company	Group bond finance vehicle	England and Wales	Ownership of all issued share capital
First Campbell Park Property Management Company Limited	Private Limited Company	Property management company (dormant)	England and Wales	Ownership of the majority of issued share capital and sole director
Second Campbell Park Property Management Company Limited	Private Limited Company	Property management company (dormant)	England and Wales	Ownership of the majority of issued share capital and sole director

35. Subsidiary organisations and related party transactions (continued)

Transactions with non-regulated Group members

During the year the Association has transacted with three fellow group subsidiaries not regulated by the Regulator of Social Housing, Orbit Homes (2020) Ltd, Orbit Treasury Ltd and Orbit Capital plc. Orbit Homes (2020) Ltd provides design and build services to the Group.

Orbit Group Limited provides loans to its subsidiary Orbit Homes (2020) Limited and the amount outstanding at 31 March 2023 is £84.9 million (2022: £92.4 million). The total amount available under these facilities at 31st March 2023 is £200 million.

During the year the Association received interest of £4.6 million from Orbit Homes (2020) Limited (2022: £1.8 million).

During the year the Association made payments totalling £15.2 million (2022: £19 million) to Orbit Homes (2020) Ltd for the purchase of housing property assets and has an outstanding creditor balance with Orbit Homes (2020) Ltd of £10.7 million (2022: £13.7 million) and outstanding debtors of £36.4 million (2022: £36.2 million).

Orbit Treasury Ltd and Orbit Capital plc provide a funding on lending service to Group members. During the year the Association paid interest costs to Orbit Treasury plc totalling £1.4 million (2022: £5.1 million) and fees of £0.2 million (2022: £0.5 million). The Association also paid interest costs and fees of £3.6 million (2022: £4.6 million) to Orbit Capital plc and fees of £0.1 million (2022: £0.1 million). The allocation of these costs is based upon the level of debt required and secured by the housing properties held by the Association.

Orbit Group Limited exited from a 25% interest in the Community Impact Partnership (CIC) on the 22 March 2022 and incurred expenditure of £76,364 in 2022 on its behalf.

Non-controlling interests

On the 22 March 2022 Orbit Gateway exited from a 25% interest in the Community Impact Partnership CIC, a community interest company set up with a consortium of other housing associations; Peabody, Clarion Group and L and Q.

Related party transactions

The Orbit Group Limited Board includes a member who is a Non Executive Director of the National House-Building Council (NHBC). During the year Orbit made payments of £0.8 million to NHBC (2022: £0.8 million). An amount outstanding at 31 March 2023 of £nil (2022: £nil).

The Orbit Group Limited and Orbit Homes (2020) Limited Boards include a member who is a Non Executive Director of Ilke Homes. During the year Orbit made payments of £1.2 million to Ilke Homes (2022: £0.6 million). An amount outstanding at 31 March 2023 of £nil (2022: £nil).

A number of the Board members are tenants / leaseholders of the Association or Group. Their tenancies / leases are on normal commercial terms and the members cannot use their position to their advantage. In the current year payments in aggregate to Orbit totalled £17,000 (2022: £20,000). The outstanding amount owed at 31 March 2023 was £1,000 (2022: £nil).

The Association is exempt from the requirements of Financial Reporting Standard FRS 102 'Related Party Disclosures' to disclose transactions between Group undertakings as all companies are under the control of the Board of the parent company. Included with debtors (note 19) and creditors (note 21) are the amounts owed to and owed by other Group members.

The Pension Trust, as administrator of the Orbit Defined Benefit Pension Scheme and Kent County Council as administrators of the Local Government Pension Scheme, are considered to be related parties. Transactions with these entities are as set out in note 36.

36. Pension costs

Movement in net pension liabilities during the year

	Group 2023 £m	Group 2022 £m	Association 2023 £m	Association 2022 £m
Net deficit at 1 April	**(6.3)**	(22.5)	**(4.6)**	(20.4)
Contributions	**3.4**	11.2	**3.4**	11.2
Expenses	**(0.3)**	(0.1)	**(0.3)**	(0.1)
Other financing costs	**(0.2)**	(0.4)	**(0.1)**	(0.3)
Remeasurements included in Other Comprehensive Income	**(3.3)**	5.5	**(7.1)**	0.5
Implementation of asset ceiling	**(2.0)**	-	**-**	4.5
Deficit in pension scheme at 31 March	**(8.7)**	(6.3)	**(8.7)**	(4.6)

Orbit Group participates in two defined benefit pension schemes. The Orbit Group Defined Benefit Pension Scheme, and Kent County Council Local Government Pension Scheme. Details are set out below. An asset ceiling has been applied this year of £2 million in order to remove the net pension asset in the Kent County Council Local Government Pension Scheme since this asset is unlikely to be realised.

Orbit Group Defined Benefit Pension Scheme

From 1 October 2019 the company operated a defined benefit scheme in the UK. This is a separate trustee administered fund set up on 1 October 2019 following the transfer of assets and obligations from the Social Housing Pension Scheme (SHPS). The scheme holds the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on data provided by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below. These assumptions take account of the ongoing reform of the RPI, resulting in a change of estimate this year in setting the CPI assumption relative to the RPI.

The Pensions Trust Retirement Solutions is undertaking a review of historic scheme benefit changes. The figures shown below do not reflect the potential outcome of that review.

Present values of Orbit defined benefit obligation, fair value of assets and defined benefit asset (liability) (Group and Association)

	31 March 2023 £m	31 March 2022 £m
Fair value of plan assets	**73.2**	108.9
Present value of defined benefit obligation	**(81.9)**	(113.5)
Defined benefit liability to be recognised	**(8.7)**	(4.6)

36. Pension costs (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	31 March 2023 £m
Defined benefit obligation at the start of the year	113.5
Expenses	-
Interest expense	3.1
Actuarial gains due to changes in financial assumptions	(30.9)
Benefits paid and expenses	(3.8)
Defined benefit obligation at the end of the year	**81.9**

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

	31 March 2023 £m
Fair value of plan assets at the start of the year	108.9
Interest income	3.0
Actuarial gains due to changes in financial assumptions	(38.1)
Contributions by the employer	3.4
Benefits paid and expenses	(4.0)
Fair value of plan assets at the end of the year	**73.2**

The actual return on the plan assets (including any changes in share of assets) over the year ended 31 March 2023 was £35,071,000.

Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)

	31 March 2023 £m	31 March 2022 £m
Expenses	**0.3**	0.1
Other financing costs	**0.1**	0.3
Total expense recognised in the SoCI	**0.4**	0.4

36. Pension costs (continued)

Defined benefit costs recognised in Other Comprehensive Income

	31 March 2023 £m	31 March 2022 £m
Experience on plan assets (excluding amounts included in net interest cost)-gain	**(38.1)**	3.6
Experience gains and losses arising on the plan liabilities	**(7.1)**	(3.0)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	**38.1**	4.4
Total amount recognised in other comprehensive income – (loss) / gain	**(7.1)**	5.0

Assets

	31 March 2023 £m	31 March 2022 £m
Equity	**0.7**	12.3
Bonds	**5.6**	16.7
Property	**6.3**	7.2
Cash	**1.9**	9.0
Other	**10.3**	11.5
Liability Driven Investments	**34.9**	34.2
Liquid alternatives	**6.5**	12.0
Private Credit	**7.0**	6.0
Total assets	**73.2**	108.9

36. Pension costs (continued)

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

Key assumptions

	31 March 2023 % per annum	31 March 2022 % per annum
Discount Rate	**4.7**	2.8
Inflation (RPI)	**3.2**	3.5
Inflation (CPI)	**2.8**	3.0
Salary Growth		-
Allowance for commutation of pension for cash at retirement	**90% of maximum allowance**	**90% of maximum allowance**

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	2023 Number	2022 Number
Male retiring in 2023	**21.3**	21.6
Female retiring in 2023	**23.6**	23.8
Male retiring in 2043	**22.6**	22.8
Female retiring in 2043	**24.7**	24.9

36. Pension costs (continued)

Other pension scheme operated by Orbit South Housing Association Limited

Local Government Pension Scheme – Kent County Council

The Association participates in The Local Government Pension Scheme (LGPS defined benefit statutory scheme) which is administered by Kent County Council (KCC). In June 2022 the last active member left the Scheme and Orbit Housing Association entered into a Deferred Debt Agreement with the Scheme for a term of 10 years. These figures have been prepared in accordance with Financial Reporting Standard 102 (FRS102). Total employer contributions paid to the scheme for the year were £51,000 (2022: £10,000).

An asset ceiling of £2 million has been applied this year to reduce the net assets of the Scheme to £nil since, in accordance with FR102, this asset is unlikely to be realised.

Triennial actuarial valuation

Triennial actuarial valuations of the LGPS are performed by an independent, professionally-qualified actuary. The most recent valuation of KCC's scheme was completed as at 31 March 2022.

In accordance with the terms of the Deferred Debt Agreement the scheme was valued on a projected cessation basis giving rise to a net asset position of £0.5m and a funding level of 105%.

Actuarial assumptions used for the Kent County Council LGPS scheme

The major financial assumptions used by the actuary in the FRS 102 valuation are:

	2023	2022
Rate of increase in salaries	**3.90**	4.30
Rate of increase in pensions in payment and deferred pensions	**2.90**	3.30
Discount rate applied to scheme liabilities	**4.80**	2.60
Inflation assumption - CPI	**2.90**	3.30
Inflation assumption - RPI	**N/A**	N/A

The estimate of the duration of the employer liabilities is 18 years.

36. Pension costs (continued)

Life Expectancy from age 65 (years)

		2023 Number	2022 Number
Retiring today	Males	**21.1**	21.6
	Females	**23.5**	23.7
Retiring in 20 years	Males	**22.3**	23.0
	Females	**25.0**	25.1

Scheme Assets

	31 March 2023 £m	31 March 2022 £m
Equities	**6.3**	6.5
Gilts	**0.1**	-
Other bonds	**1.3**	1.4
Property	**0.9**	1.2
Other – cash	**0.2**	0.2
Absolute return fund	**0.7**	0.7
Infrastructure	**0.3**	-
Total fair value of assets	**9.8**	10.0
Present value of scheme liabilities	**(7.8)**	(11.8)
Implementation of asset ceiling	**(2.0)**	-
Net pension liability	**-**	(1.8)

36. Pension costs (continued)

Statement of financial position as at 31 March 2023

	31 March 2023 £m	31 March 2022 £m
Present value of the defined benefit obligation	**7.8**	11.8
Fair value of fund assets (bid value)	**(9.8)**	(10.0)
Implementation of asset ceiling	**2.0**	-
Net defined benefit liability	**-**	1.8

Scheme liabilities

	2023 £m
Opening defined benefit obligation	11.8
Interest cost	0.3
Change in financial assumptions	(4.0)
Change in demographic assumptions	(0.3)
Experience loss / (gain) on defined benefit obligation	0.3
Estimated benefits paid net of transfers in	(0.3)
Closing defined benefit obligation	**7.8**

Reconciliation of opening and closing balances of fair value scheme assets

	2023 £m
Opening fair value of scheme assets	10.0
Interest on assets	0.3
Return on assets less interest	(0.1)
Other actuarial gains	(0.1)
Estimated benefits paid net of transfers in and including unfunded	(0.3)
Fair value of scheme assets at the end of the year	**9.8**

36. Pension costs (continued)

Analysis of amounts charged to income and expenditure

	2023 £m	2022 £m
Net interest on the defined liability	**0.1**	0.1

Defined benefit costs recognised in Other Comprehensive Income

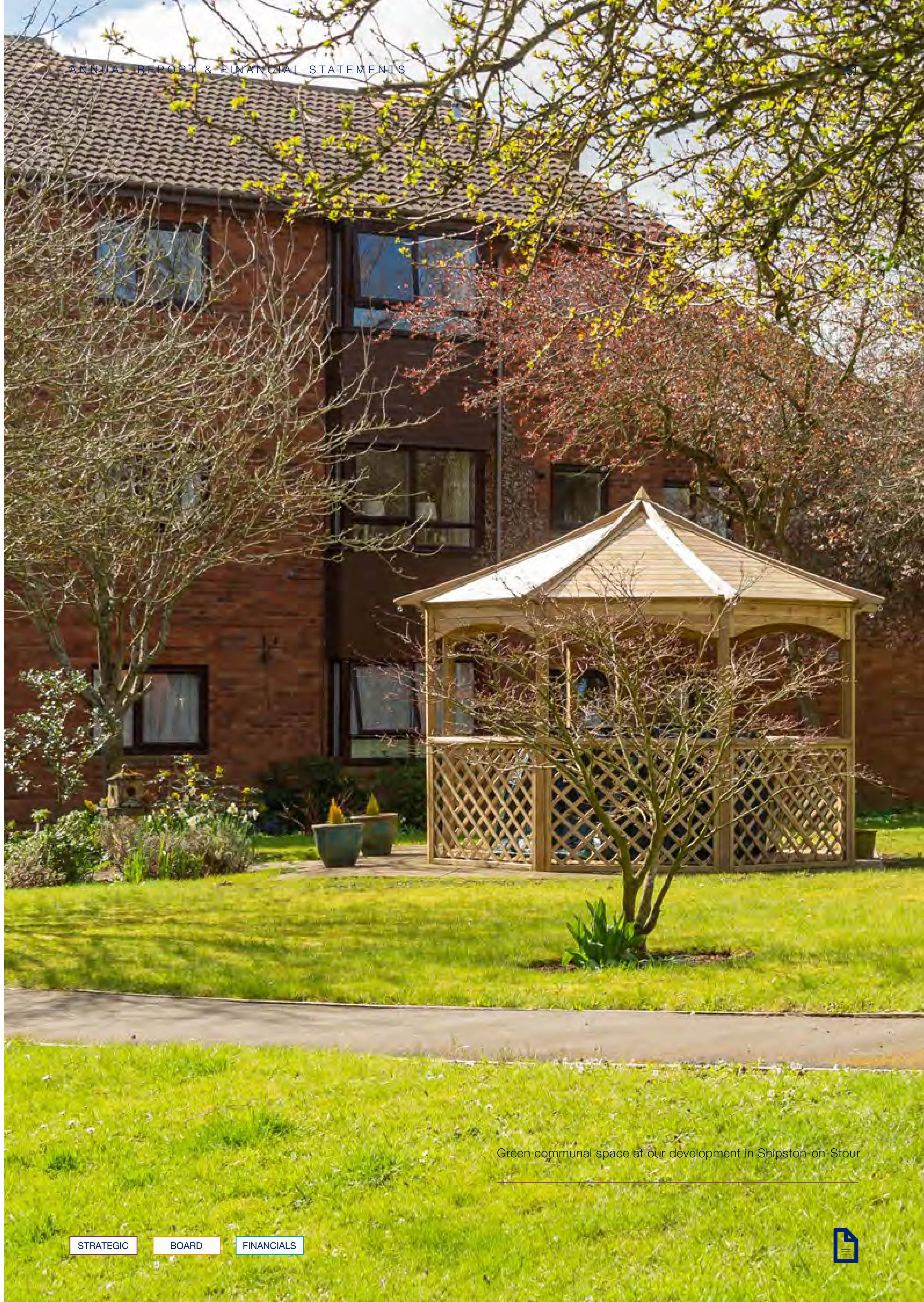
	2023 £m	2022 £m
Return on fund assets	**(0.1)**	-
Other actuarial gains / (losses) on assets	**(0.1)**	-
Experience gains and losses arising on the plan liabilities	**(0.4)**	-
Effects of changes in assumptions underlying the present value of the defined benefit obligation	**4.0**	0.4
Effects of change in demographic assumptions	**0.3**	-
Implementation of asset ceiling	**(2.0)**	-
Total amount recognised in Other Comprehensive Income - (loss) / gain	**1.7**	0.4

37. Non-consolidated management arrangements

Across the Group, associations have entered into arrangements with a number of other organisations in connection with the management of some of the properties. The financial transactions affecting those managing agents are not consolidated where the risk rests with these agents.

38. Post balance sheet events

There are no post balance sheet events to report.



Green communal space at our development in Shipston-on-Stour

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