

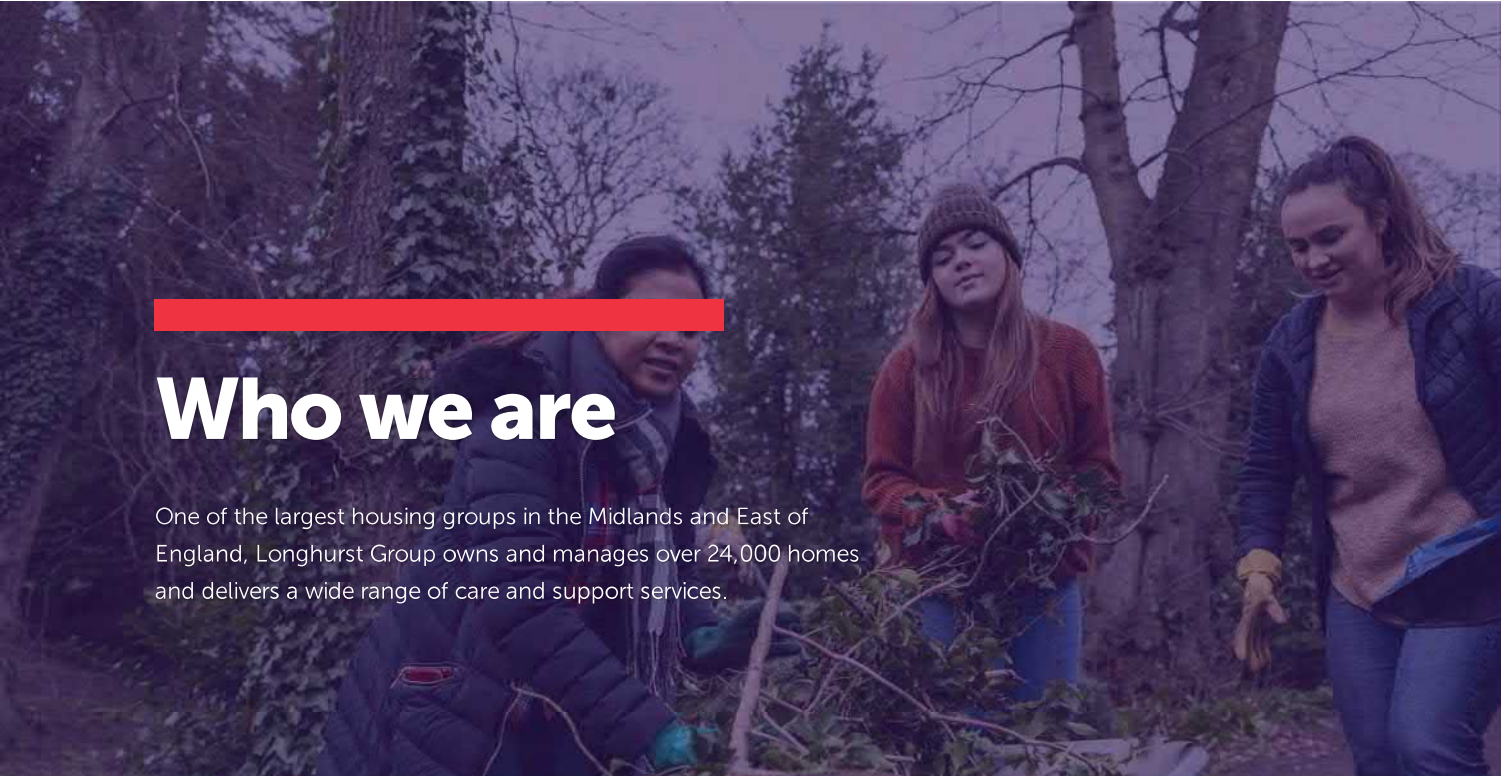
**Longhurst Group
Annual Report and
Financial Statements 2021–22**

Moving Forward

Longhurst Group Ltd is a charitable housing association registered in England as a community benefit society (Reg. No. 8009) and registered with the Regulator of Social Housing (No. L4277).

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Who we are

One of the largest housing groups in the Midlands and East of England, Longhurst Group owns and manages over 24,000 homes and delivers a wide range of care and support services.

Our purpose

Our purpose is to provide great homes and services and deliver an integrated solution to the housing and social care crises.

Our people

We operate in over 45 local authority areas, we have over 1,200 colleagues, three office bases and over 80 care and support locations.

Our vision

With our customers at the centre of everything we do, our vision is to improve their lives and enhance the communities we serve.

The Group already makes a positive difference to thousands of people's lives, but we want to do even more, as outlined in our ambitious Improving Lives 2025 strategy; a long-term business plan that will guide the work we do until 2025 and beyond.

Focusing our strengths and resources into two clear areas of supporting people with their health and wellbeing and enhancing people's economic resilience, we're driven by delivering homes and services that provide real social value.



Our values

At the heart of everything we do and created by our colleagues, our values help us to realise our ambitions and deliver for our customers and our communities.



In it together

We stand together as one team with one vision to make a difference to people's lives



Heartfelt service

We stand together as one team with one vision to make a difference to people's lives



Pushing the boundaries

We strive for excellence constantly looking for fresh ways of doing things



Own it

We do what we say we do to the best of our ability with pride and passion



Fun and fair

We work hard, enjoy it and treat everybody equally with respect and honesty

Our year in numbers

Our regulatory judgements on governance and viability have been consistently of the highest possible level, with a retained G1/V1 status from the Regulator for Social Housing and an A3 stable rating from Moody's

 Longhurst
Group

Date: 22nd Apr

Pay: Friendship at Home

Four Thorns, St. Mary's, Walsby

Sevenham Road, Walsby

£1,717.11

Signed: Longhurst Group



Rob Griffiths

Chief Financial Officer and Deputy CEO



Introduction

Rob Griffiths, Deputy Chief Executive

You can hear more about our key financial results in this short video with our Deputy CEO and Chief Financial Officer, Rob Griffiths. Rob summarises where we've enjoyed strong performance, covers the challenges we've faced and outlines where we've invested and why.



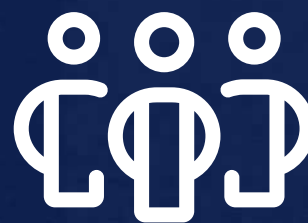
24342

Houses owned and managed



48

Local authorities we work in



1207

Number of colleagues



£156.13m

Our turnover



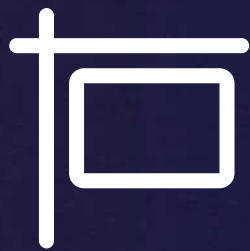
£1.26bn

Our portfolio value



£79.5m

Investment in new homes



679

Completed developments



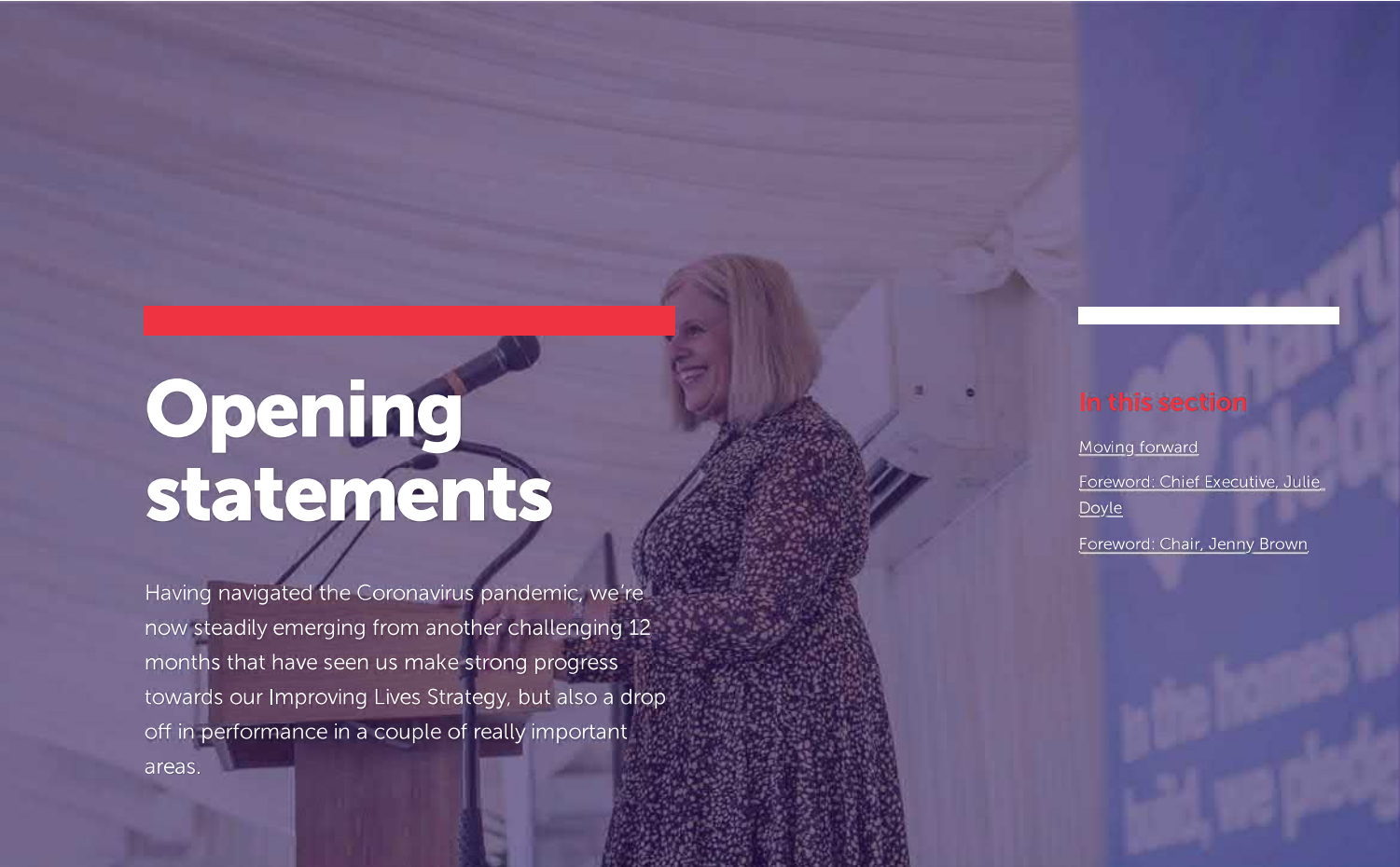
848

Other new homes started



75%

Customer satisfaction with
overall service provided



Opening statements

Having navigated the Coronavirus pandemic, we're now steadily emerging from another challenging 12 months that have seen us make strong progress towards our Improving Lives Strategy, but also a drop off in performance in a couple of really important areas.

In this section

[Moving forward](#)

[Foreword: Chief Executive, Julie Doyle](#)

[Foreword: Chair, Jenny Brown](#)

Moving forward

As you'll see throughout this report, there are many things we can be proud of as we continue to live our values, deliver our strategic aims and double down on our purpose to be part of the solution to the housing and social care crises.

With consistently strong performance in key areas such as income recovery, development and sales, as well as our community investment activity and the overall care and support we provide to our customers, we have plenty of reasons to take pride in the last 12 months.

We can also look forward, with optimism, to the year ahead as we innovate and work more closely with our customers to improve in the areas we need to.

We've been working extremely hard this year to clear a substantial number of outstanding repairs that built up during the pandemic while moving quickly to reshape the way we listen and respond to our customers.

Our overall operating margin remains consistent, but operating margin on social housing lettings is below the targets we've set.

This is due to increased management costs and the challenges we've faced with our repairs contract, but we're taking steps to address these concerns, as you'll see throughout this report.

The issues we've faced have been accentuated by ongoing difficulties with sourcing labour and materials as we feel the full impact of Brexit and other external market factors that have affected our business and the wider UK economy.

We also need to resolve complaints more quickly, building on the improvements we've made in the last 12 months.

By taking on board customer feedback, showing greater transparency about how we're performing and embracing a customer first culture, we're determined to collaborate with our customers to improve the services they receive and drive efficiency.

This includes the introduction of a dedicated Complaints Team, setting up a dedicated in-house contact centre for customers to report repairs and the introduction of our new Improving Lives Forum, which comprises members of our Board and our Customer Forum.

We hope that these changes, as well as improvements to our repairs service will help us enhance customer satisfaction. Although this has slightly increased during the year, there remains further room for improvement.

We're confident that the work we've done to address these challenges leaves us well-placed to enhance our performance, improve customer experience and satisfaction and, ultimately, keep us on track to realise the aims of our Improving Lives ambitions.

With three new regional repairs contractors in place, as well as dedicated call centres and a laser-like focus on performance, efficiency and innovation, we believe we've laid the foundations for real improvement.

Continuing to embrace a more agile, digital-first approach to work, our colleagues are well-placed to overcome the challenges we've faced and to provide the best possible service to our customers.

Useful links

[Our Improving Lives 2025 strategy](#)

[Our performance](#)

[New repairs contractors](#)



Foreword

Julie Doyle, Chief Executive

"Although we've faced a series of challenges this year and haven't consistently reached the high standards we've set and that our customers deserve, there are still many reasons for optimism and plenty of things to celebrate."

Statement-CEO

[Read Julie's statement](#)



Foreword

Jenny Brown, Chair

"We understand the frustrations our customers and colleagues have faced along the way. Implementing real change and improvement takes time but we can look forward to the future with real optimism."

Statement-Chair

[Read Jenny's statement](#)

Julie Doyle, Chief Executive

Although we've faced a series of challenges this year and haven't consistently reached the high standards we've set and that our customers deserve, there are still many reasons for optimism and plenty of things to celebrate.



We remain on course to make our Improving Lives vision a reality. With strong foundations in place, we've enjoyed excellent progress providing 679 new homes where they are needed the most.

The ongoing demand for shared ownership properties and new affordable rent homes, alongside innovative work by our Sales and Marketing Teams has contributed to the Group delivering a record number of new homes this year.

We're confident that we're well placed to continue to deliver on the development aims set out in our strategy and play our part in solving the housing crisis.

We've also continued to provide excellent support to our customers and communities with their health and wellbeing and economic resilience thanks to the dedicated work of our Income Recovery, Money Advice, Employment and Skills and Community Investment colleagues.

Our Care and Support services continue to deliver compassion, dignity and independence to our customers. Colleagues working in these vital departments have continued to make a positive difference to so many people and provide reassurance and respite to their families.



On the care front, I'm also delighted to report our continued success with the Harry's Pledge campaign, which demonstrates our commitment to paid and unpaid carers, as we try to improve pay and conditions for those that provide care and those who receive it.

The campaign is now beginning to influence MPs and following a hugely successful briefing event at the Houses of Parliament, Harry's Pledge has informed a Private Members Bill that could see its key aims written into law.

While we can be extremely proud of the work we've done to support people, we can't escape the fact that some of our key services have fallen short of the high standards we've set.

Although the challenges we've faced may make it harder to realise our aims, it doesn't mean we'll shy away from our vision and our responsibilities.

The attitudes and productivity of our people are critical to keeping us on track, to achieve our purpose of providing great homes and services and delivering an integrated solution to the housing and social care crises.

"To realise our ambitions, we need to recognise and celebrate progress and success but also scrutinise and address where our performance needs to improve. The challenges we've faced around repairs and customer contact and satisfaction have been and remain a cause for concern, but I'm encouraged by the way we've responded."

To realise these ambitions, we need to recognise and celebrate progress and success, but also scrutinise and address where our performance needs to improve. The challenges we've faced around repairs and customer contact and satisfaction have been and remain a cause for concern, but I'm encouraged by the way we've responded.

Colleagues across the Group have demonstrated a real in it together spirit, working extremely hard to mobilise our new repairs contract and to address complaints. I'm extremely proud of the commitment people have shown, taking real ownership and pushing the boundaries in terms of innovation and working around the clock to find and deliver solutions. It's critical now that this significant effort, commitment and resource isn't wasted. We've given ourselves a great opportunity to turn things around and now we need to take it.

We're very pleased to have retained one star accreditation from Best Companies, following a survey to measure colleague engagement, and to have been awarded full accreditation by the Investors in Diversity for our approach to equality, diversity and inclusion.

Celebrating the success of our colleagues during our inaugural Living Our Values staff awards was one of the highlights of the year. Listening to the stories of how our colleagues have gone the extra mile for our customers reminded us all why we do, what we do.

We're making progress in other crucial areas, including equality, diversity and inclusion, as well as reducing our impact on the environment. However, we need to do more to achieve our carbon zero targets and have clear plans in place to do just that.

It's been a pleasure to work with our new Chair, Jenny Brown, and other Board Members this year, including some excellent new recruits. Together, we continue to deliver on our Improving Lives Strategy while focusing on improving performance where we need to.

We're doing well, we're making a positive difference, but we need to do more. And we will.

Jenny Brown, Chair

Looking back on the past 12 months, I'm proud of what the Group has continued to achieve during a challenging period for our colleagues and our customers.



Taking up the reins following Bob Wilson's retirement in December 2021, the Board and I have been focused on the forthcoming challenges, ensuring we're prepared to meet them head on, while also providing oversight of the Group's activities. Bob did a great job leading the Group and I intend to carry on, Improving Lives.

We acknowledge there's room for improvement in many areas and remain focused on ensuring our customers receive the services they deserve and rely upon us to provide, but the Board also recognised that colleagues have been working extremely hard to implement the improvements we need.

We understand the frustrations our customers and colleagues have faced along the way. Implementing real change and improvement takes time but we can look forward to the future with real optimism. We have the foundations in place to enable success and it's imperative that we build on these to enhance customer experience.



The Board has continued to support the Executive Team, ensuring we focus our efforts in the right places. Performance needs to improve. It's at the top of the Board's agenda and we're starting to see real progress being made. There's still a long way to go but we will get there, while acknowledging and supporting our customers and colleagues through the cost-of-living crisis.

With financial resilience being one of the pillars of the Group's strategy, the implication of the rent review and the financial impact upon customers is already high on the Board's agenda. We'll be meeting later this year to focus on this, considering the financial implications of our decision making and the broader impact on our customers and our communities.

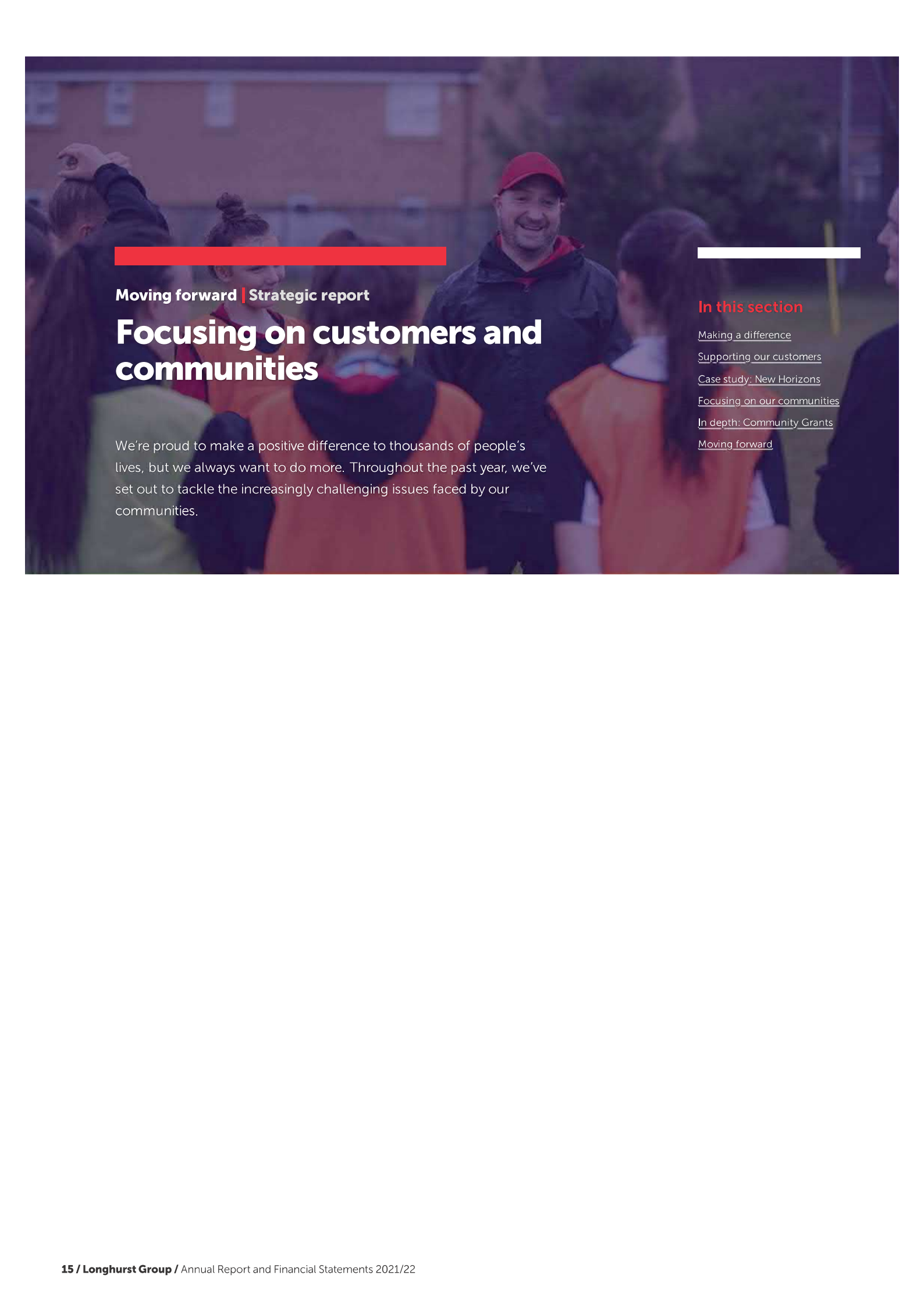
"We acknowledge there's room for improvement in many areas and remain focused on ensuring our customers receive the services they deserve and rely upon us to provide, but the Board also recognised that colleagues have been working extremely hard to implement the improvements we need."

In early 2022, the Board spent time looking at how effectively we work together and challenge each other. We're also working to improve already strong relationships to ensure the Board and the Executive Team have a constructive, supportive alliance that sets the tone and the culture for the rest of the organisation.

I'm delighted with the new appointments we've made, with Peter Hay, Philip Morris and Damien Régent joining the Board within the last financial year. They bring a wealth of knowledge and experience. Damien, as Chair of the Audit and Risk Committee, takes the lead in providing robust scrutiny over the Group's activities.

I'm passionate about equality, diversity and inclusion and, while the Group's philosophy is fully aligned with my own, there is room for improvement to ensure we're walking the walk in this area. The same applies to our commitment to lessen our impact on the environment, as we continue to embrace green and sustainable design and construction methods and reduce our carbon footprint through working in a more agile and efficient way.

I've been proud to see how the Group's profile and reputation have been enhanced in the last 12 months, as we've developed our stakeholder engagement and external affairs activities, started to influence key decision makers, and continued to build and maintain great partnerships. By working in tandem with like-minded people, we can do even more to enhance the communities we serve and improve the lives of our customers.



Moving forward | Strategic report

Focusing on customers and communities

We're proud to make a positive difference to thousands of people's lives, but we always want to do more. Throughout the past year, we've set out to tackle the increasingly challenging issues faced by our communities.

In this section

[Making a difference](#)

[Supporting our customers](#)

[Case study: New Horizons](#)

[Focusing on our communities](#)

[In depth: Community Grants](#)

[Moving forward](#)

Making a difference



Customers satisfied with our overall service

2057

Number of formal complaints received

Throughout the past year, we've set out to tackle the increasingly challenging issues faced by our communities by focusing on delivering value for money to invest in homes and services that make a difference to our customers and the places they live.

Our customers are at the heart of everything we do and improving the services that they receive from us continues to be our top priority.

Three quarters of our customers (75 percent) told us that they were satisfied with the overall service they receive from us. This represents a slight increase on last year's figure (74 percent) and underlines our continued commitment to delivering a better experience for our customers.

Improving our repairs service

The last 12 months have been another period of significant challenge and change for the Group.

In April 2021, recognising that the level of our repairs service had fallen below the standard we expect and our customers deserve, we announced the start of a procurement exercise to appoint three new contractors, each responsible for delivering the service in their respective region.

"We know we still have a lot of work to do and it'll take time to fully realise the benefits of reshaping our repairs service but we're confident that things will improve."

Following a significant amount of work, we're delighted to have appointed Morgan Sindall Property Services (east region), Ian Williams Limited (west region) and Fortem Solutions (south region) from July 1, 2022.

As part of this initiative, and based on feedback from our customers, we've created a dedicated, in-house repairs call centre, which is based at our Boston office. The team fields all repairs calls and schedules appointments dynamically, ensuring greater efficiency and, most importantly, a better overall experience for our customers.

We know we still have a lot of work to do and it'll take time to fully realise the benefits of reshaping our repairs service but we're confident that things will improve.

Our performance

As part of our commitment to openness and transparency, this year, we began sharing quarterly performance statistics with our customers and stakeholders.

Our website now features [details of overall performance in key areas of customer satisfaction, repairs and complaints](#). These reports highlight where we have performed well, as well as areas where improvement is required.

Working smarter together

The last 12 months have also seen our colleagues adapt to a [new, more flexible way of working that we believe will enable them to achieve even more for our customers](#).

More of our colleagues are now working remotely, based within the communities we serve. This means they're travelling much less than before, helping us to work with greater efficiency while lessening our impact on the environment.

Useful links

[Our customer charters](#)

[Our Voice - customer newsletter](#)

[Case study: Afghan family resettled](#)

Supporting our customers

Our customers are at the heart of everything we do and improving the services they receive from us continues to be our top priority.

Our Community Investment initiative was established in 2019 to support the delivery of our Improving Lives vision and our commitment to supporting customers with their mental and physical wellbeing and economic resilience.

Over the last 12 months, we're proud to report that we achieved 6,125 positive outcomes for the individuals we've supported across our services, representing over £4 million* in social value.

The outcomes include supporting people in employment, enhancing their skills and making donations to customers and communities through the funds we provide.

*£4,088,899 – calculated using a blended and proportionate approach to identify social value, which has included HACTs, UK Social Value Bank and Insight tools, alongside unit cost data bases and a range of publicly available financial proxies.

Employment and skills

Social impact

£820,691

Number of outcomes

357

Health and Wellbeing

Social impact

£1,858,692

Number of outcomes

2,627

Garden support fund

Social impact

£554,880

Number of outcomes

120

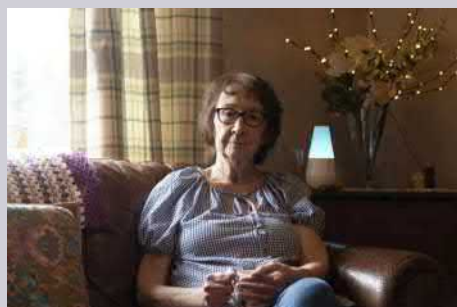
Economic resilience

Social impact

£854,636

Number of outcomes

3,021



Money advice service

Our team of Money Advisors is here to support customers in claiming the benefits they're entitled to, maximising their income and paying their rent.

Money-advice
[Read more](#)



Employment and Skills

Our Employment and Skills service supports customers to pursue careers, further education, and attain qualifications equipping them to enter the workplace.

Employment-and-skills
[Read more](#)



Independent living

This service aims to support customers to continue living independently in their homes, free from risks to their health and wellbeing.

Independent-living
[Read more](#)



Tenancy Sustainment

Our Tenancy Sustainment Officers (TSOs) work with customers across the Group to provide a holistic service, helping them to reduce the risk of tenancy-related issues.

Tenancy-sustainment
Read more



Garden Support Fund

Our Garden Support Fund is designed to support customers who are unable to maintain their gardens due to age, illness, mobility issues or vulnerability.

Garden-support
Read more



The Hardship Fund

Our Hardship Support Fund provides practical, one-off support to those customers most in need, to alleviate the stress caused by financial hardship.

Hardship-fund
Read more



Case study

New Horizons

'Without their help, I don't think I'd be here'. That's the honest admission of Steven Walker, 63, from Peterborough, who credits the help and support he's received through the New Horizons programme with helping him turn his life around.

Employment-and-skills

Money advice service

Money-advice

Key figures

Number of customers helped

1213

Income gained

£1099536

Backdated benefits claimed

£92048

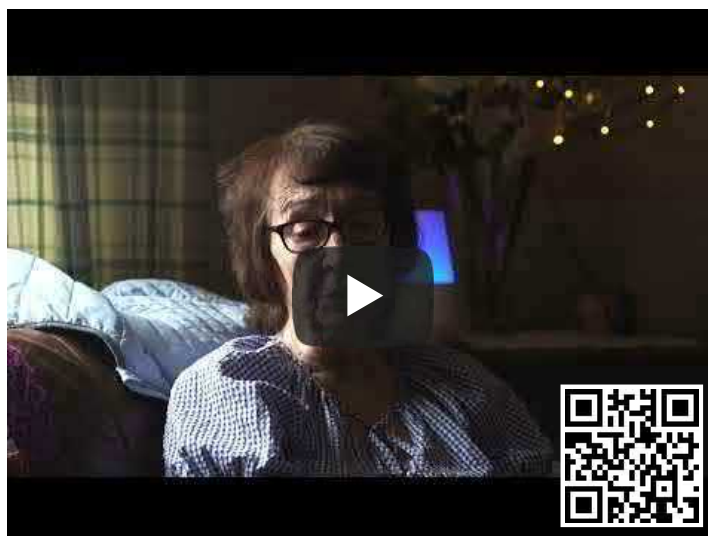
Service overview

Our team of Money Advisors is here to support customers in claiming the benefits they're entitled to, maximising their income and paying their rent.

The team worked with a total of 1,213 customers over the last 12 months, helping them to gain £1,099,536 in income, through either previously unclaimed benefits or improved budgeting. The team also sourced £92,048 in backdated benefits.

Case study

One of the customers supported by the Money Advice Team this year is Pauline Howard, who turned to the team for help to maximise her income and help make everyday life that little bit easier.



[Read more about the Money Advice service](#)

Employment and skills

Employment-and-skills

Key figures

Number of customers supported
186

Social value created
£820691

Service overview

Our Employment and Skills service exists to support customers to pursue careers, further education, and attain qualifications. Through upskilling and targeted support, we can equip them to re-enter the workplace or take initial steps towards a new career.

Over the course of the last year, the team supported a total of 186 customers.

- Six customers were supported into full-time employment
- 10 into part-time employment
- One into self-employment
- One enrolled onto a kickstart scheme
- Two secured work placements
- Eight were helped into further education
- 24 were given job-related training and support
- 46 were supported into accredited training
- 88 were supported by the New Horizons programme.

Through our partnership with Good Things Foundation and Charities Connected, we donated:

- 50 tablets
- 10 mobile phones
- 150 additional sim cards

In total, the service created £820,691 worth of social value.

Case study

'Without their help, I don't think I'd be here'. That's the honest admission of Steven Walker, 63, from Peterborough, who credits the help and support he's received through the New Horizons programme with helping him turn his life around.

Longhurst Group is a founding partner of the programme, which provides coaching for people out of work in Cambridgeshire and Peterborough to help them access the job market.



[Read more about the Employment and Skills service](#)

Tenancy-sustainment **stomers**

Tenancy sustainment

Tenancy-sustainment

Key figures

Number of customers supported

180

Health and wellbeing improved

70%

Economic resilience improved

72%

Service overview

Our Tenancy Sustainment Officers (TSOs) work with customers across the Group to provide a time-limited, holistic service to customers, helping them to avoid or reduce the risk of tenancy-related issues and even homelessness.

This year, the team has extended its support to people who have previously spent time in the care and support system and those customers whose homes are affected by hoarding.

Since April 2021, we've had 180 referrals to the service, with 70 percent of the customers who've received support saying that the service has improved their health and 72 percent saying they can manage their finances better as a result.

Over the year, 35 of our TSOs' interventions prevented a customer from becoming homeless.

[Read more about the Tenancy Sustainment service](#)

Garden-support our customers

Garden support fund

Garden-support

Key figures

Number of customers supported

120

Social value created

£554880

Service overview

Launched in April 2021, our Garden Support Fund is designed to support customers who are unable to maintain their gardens due to age, illness, mobility issues or vulnerability.

In its first operational year, the Garden Support Fund has transformed 120 gardens and opened up access to more than 100 private green spaces – creating £554,880 worth of social value in the process.

[Read more about the Garden Support Fund](#)

Hardship fund

Hardship-fund

Key figures

Applications approved
391

Support awarded
£86000

Service overview

Launched following the Coronavirus pandemic, our Hardship Support Fund provides practical, one-off support to those customers most in need of help to alleviate the stress caused by financial hardship.

Since April 2021, the Community Investment team has approved 391 hardship fund applications, awarding more than £86,000 worth of support.

[Read more about the Hardship Fund](#)

Independent Living Service

Independent-living

Key figures

Referrals received

489

Adaptations completed

479

Service overview

This service aims to support customers to continue living independently in her homes, free from health and wellbeing risks.

Between April 2021 and March 2022, the service has had a total of 489 referrals and completed 479 minor and major adaptations to our customers' homes.

Case study

One customer to benefit from the service was Gary Spratt from Brixworth, who suffers from progressive multiple sclerosis (MS) and uses a wheelchair.

An occupational therapy assessment recommended that Mr Spratt's bathroom should be adapted into a level access shower, allowing him to remain independent and able to wash safely not only now, but in the future, too.



However, as he was working full-time, Mr Spratt was ineligible for Disabled Facilities Grant (DFG) funding through his local authority and couldn't afford to pay for the work himself.

Thankfully, through our Independent Living Service, we were able to help complete an adaptation that Mr Spratt has called 'lifechanging'.

[Read Gary's story in full](#)

Focusing on our communities

£3000

Donated to foodbanks

14

Community Heroes recognised

673

Customers supported in social isolation pilot

Community Heroes

Once again, the last 12 months have seen our customers go above and beyond to help others in their communities.

We've recognised those incredible efforts once again this year through our Community Heroes campaign, which saw 14 awards given out to truly deserving nominees.

[Read more](#)

Foodbank donations

Amid the skyrocketing cost-of-living and as people continue to grapple with the economic after-effects of the Coronavirus pandemic, we've again supported foodbanks across our regions to help them meet the growing demand for their services.

Over the last financial year, we've made donations totalling £3,000, which equates to around 200 families.

Customer Wellbeing Hub

Over the last 12 months, we've also strengthened our offering to customers through our Wellbeing Hub.

The Hub includes details of our partners who offer directly commissioned services such as PayPlan, which provides free and impartial debt advice and access to mental health support through Vita HealthCare.

[Read more](#)

Social isolation pilot

During the penultimate quarter of the last year, in partnership with our Care and Support service, we launched a pilot programme to tackle social isolation.

The pilot has enabled us to support 19 projects that support a total of 673 of our customers, all aged over 55 and living in our care and support schemes.



In depth

Community Grants

Our first ever Community Grants programme was launched to support charities, social enterprises and not-for-profit organisations in our communities that align with our vision to improve people's health, wellbeing and economic resilience.

Community-
Investment

Community Grants Programme

One of the Group's highlights this year has been the launch and success of our first ever Community Grants programme.

Community-investment

The initiative was launched to support charities, social enterprises and not-for-profit organisations in our communities that align with our vision to improve people's health, wellbeing and economic resilience.

Over the last 12 months, we've distributed 10 grants of £5,000 each to support the delivery of projects across our geography from April 2021 through to March 2022.

This investment has seen 2,913 people supported to achieve positive outcomes.

Awards granted

- Two grants to carers support organisations
- A grant to a group supporting adults with learning disabilities
- Two to organisations supporting those affected by domestic abuse
- One to a community centre that provides activities, advice and support for the local community
- One to an organisation offering food and guidance to help prevent food poverty and has donated over 1,300 food parcels
- Two to organisations providing support and training for homeless individuals
- One to an organisation that provides support to families with disabled children.



One of the organisations to benefit from the programme was the Walsall Carers Centre, which supports young carers across the region.

The Centre has used the grant to help carers with benefits claims, ensuring they were receiving everything they were entitled to as well as organising events and day trips to help restore some normality to their young carers' lives.

Moving forward

Related KPIs

KPI-5-Customer-Satisfaction
Customer satisfaction

KPI-10-Complaints-Received
Formal complaints received

KPI-11-Complaints-Response
Formal complaints responded to within target

Following another year of transition and change for the Group, we're confident that we'll soon begin to see the benefits of the incredible amount of work we've done over the last 12 months.

In the year ahead, we're hopeful that customers will see the effect of our efforts to reshape our repairs service; with our three new regional contractors delivering a better level of service and our new 'in-house' repairs call centre providing a more efficient customer experience.

We understand that there is a significant amount of work still to be done to return to the level of service we expect and our customers deserve. This won't be an overnight improvement, but we're confident in the work that's been done so far and the platform it's given us to build on in the coming months.

With customer satisfaction our absolute priority, we're looking closely at our complaints procedure and making continuous improvements. As well as looking to resolve complaints more quickly, we'll continue to learn from our mistakes and use our customers' feedback to better shape our services in the future.

Over the next 12 months, we'll also continue to improve the quality of the data that we hold – and the insight we can gain from it – helping to ensure we're making informed decisions on the services that our customers receive.

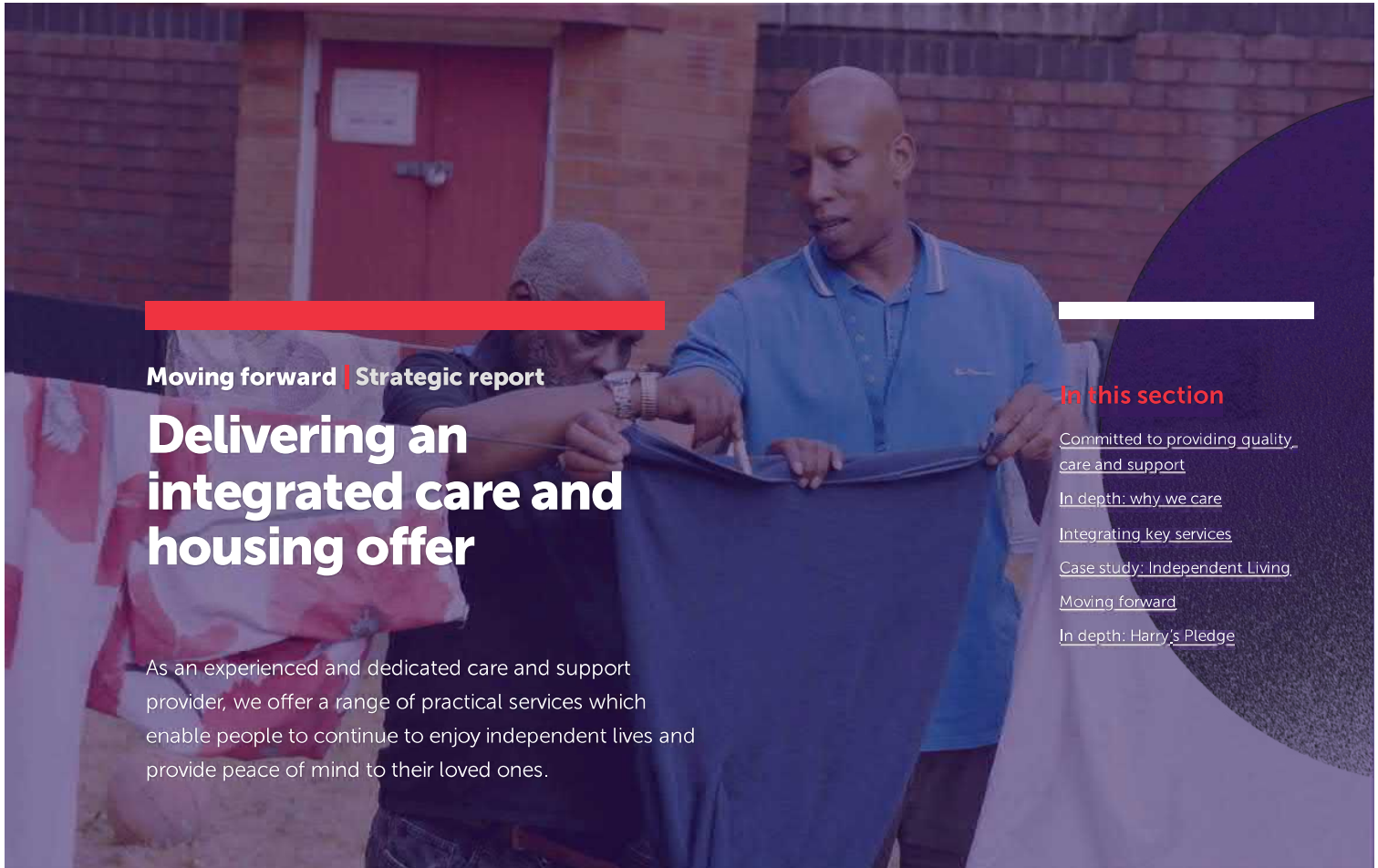
We'll continue to create sustainable communities that our customers can be proud of, supporting customers to fully resolve any problems and disputes, ensuring they enjoy living in their homes in peaceful neighbourhoods.

We will step up our efforts to help customers better engage with us using more effective digital services, while retaining the ability to meet with our colleagues face-to-face and over the phone.

"As well as looking to resolve complaints more quickly, we'll continue to learn from our mistakes and use our customers' feedback to better shape our services in the future."

As ever, we'll initiate early interventions with any issues to help our customers to successfully manage and sustain their tenancies, while also supporting their health, wellbeing and economic resilience through our range of additional services.

We remain committed to taking our responsibilities to the planet seriously, and our communities will also be clear on our decarbonisation plans, having been engaged with and consulted on our work to transition to low-carbon throughout 2022/23 and beyond.



Moving forward | Strategic report

Delivering an integrated care and housing offer

As an experienced and dedicated care and support provider, we offer a range of practical services which enable people to continue to enjoy independent lives and provide peace of mind to their loved ones.

In this section

[Committed to providing quality care and support](#)

[In depth: why we care](#)

[Integrating key services](#)

[Case study: Independent Living](#)

[Moving forward](#)

[In depth: Harry's Pledge](#)

Committed to providing quality care and support



Care and support schemes rated 'good' or 'outstanding' by CQC

Useful links

[Care and support](#)

[Case study: homelessness in Sleaford](#)

[Case study: accessible homes](#)

Building on decades of experience providing dedicated care and support, we're passionate about ensuring we understand our customers' needs so that we can continue to provide the best quality service.

With a committed team of care and support workers, who receive regular professional training, we're committed to continually developing the way we do things, working hard to integrate our housing and care and support services to provide the best possible service as and when life changes for our customers.

Integrating care and housing services

We've made further progress following a thorough review of our accessibility offer, introducing an integrated aids and adaptations service and early phases of an invisible-by-design approach with our new build homes.

We continue to work hard to rollout the digitisation of our processes for colleagues across the organisation. This will ensure quicker access to data and the ability for information to be shared and actioned upon in a more agile way.

Although we've taken the difficult decision to exit from some key care and support services, particularly in the West Midlands, we remain committed to this part of the country and to delivering the best possible service to our customers and residents.

"We continue to work hard to integrate our housing and care offer in pursuit of delivering a more personalised services for our customers to ensure that when life changes for them, we're able to respond and adjust in an agile way to provide the support they need."

Working hard behind the scenes, we've professionalised the way we bid for new care and support contracts as we continue to focus on business streams and areas that align with our growth ambitions.

As a result, despite strong competition, we're delighted to have recently been awarded two contracts with a combined income of approximately £1m a year to deliver support to people with learning disability and mental health needs in Birmingham. A proportion of this will be delivered in partnership with the charity MIND.



In depth

Why we care

You can see how and why we care in this video which summarises the variety of care and support services we provide to our customers. Longhurst Group colleagues and the people who receive these services who explain how we make a positive difference to their lives.

Integrating key services

Customers supported with assistive technology

1600

Independent Living Service referrals

750

We've reorganised how our later living services are managed and transferred the oversight of our leasehold management services into our Care and Support division.

Planning and coordinating services to these homes alongside our traditional sheltered housing will help us optimise operational synergies and provide integrated access our assisted technology, independent living and care services as and when needed.

Assistive technology

Our Assistive Technology Team continues to install, monitor and test new products in this fast-moving sector and have supported approximately 1,600 customers this year to live independently and remain in the communities they wish to live.

Independent living

Our [Independent Living Advice Service](#), which provides advice, information and support to our customers and their families and carers to help them address their needs and live independently in their homes, has also expanded following its launch last May, receiving 750 referrals up until the end of March.

Tenancy sustainment

The [Tenancy Sustainment Service](#) that we introduced last year has seen a reduction in the percentage of tenancies sustained to 89 percent following an increase in movement following the removal of restrictions during the Coronavirus pandemic. However, it remains a valued support to those that are referred and provides crucial support to customers struggling to maintain their tenancies.



Case study

Independent living

Since May, the Independent Living Advisors in our south and east regions have completed 160 home assessments, resulting in 481 interventions – ranging from the installation of minor adaptations to referrals to other support agencies.

Case-study-
Independent-living

Independent Living Service

Key figures

Home assessments completed

160

Interventions completed

481

Since May, the Independent Living Advisors in the south and east regions have completed 160 home assessments, resulting in 481 interventions – ranging from the installation of minor adaptations to referrals to other support agencies.

Louise Compton, Independent Living Service Manager, said: "The support we offer is preventative, aiming to assist with independent living and to promote health and wellbeing.

"Care and Support colleagues have been working closely with Property Services and the Community Investment Team on the new Independent Living Service, which we launched in May.

"By providing preventative support, we aim to reduce the need for more intensive health and social care provision and potentially hospital admissions."

"Our Independent Living Advisors carry out a person-centred holistic assessment at the customer's home and discuss how we or other agencies can help them to retain or improve their independence and safety at home.

"We're then able to agree interventions with them which can include referrals to other statutory or voluntary organisations, our own internal services and teams or to arrange for minor adaptations to be provided at the property.

"By providing preventative support, we aim to reduce the need for more intensive health and social care provision and potentially hospital admissions."

The Housing MOT service that we currently deliver under this contract has also become part of this new Independent Living Service.

The new service has also been included as an exemplar case study by the University of the West of England.

Moving forward

Related KPIs

KPI-7-Tenancies-Sustained

Tenancies sustained

KPI-8-CQC-Ratings

Care and Support schemes rated 'good' or 'outstanding' by CQC

Looking to the future, the Older Persons Commissioning Strategy estimates that by 2036, the over 65 population will increase by 48 percent and the over 85 population by 110 percent.

The work we're doing now to gain greater insight about our customers to inform a more integrated approach will help us prepare for these changing demographics and the challenges we'll face as people develop more complex health and social care needs.

By gaining greater insight about our customers and communities, we'll deliver more personalised services, including accommodation and technology that adapts to and supports their needs.

Further research is being undertaken as we review our Customer Insight strategy and our data to ensure we're able to make informed decisions about aids and adaptations that may be required to make our homes as accessible as possible.

With the Government acknowledging importance of social care and introducing the Health and Social Care Levy in April 2022, we're optimistic that the required resource will be invested to help the nation cope with the additional demands it already faces as well as prepare for the future.

It's crucial that we remain proactive ourselves and we're working hard to further professionalise care and support roles through more engaging recruitment campaigning and marketing, and by ensuring our employment offer is as generous as possible, this includes our commitment to paying the real living wage to our frontline care and support colleagues from April 2022.

"We're working hard to further professionalise care and support roles through more engaging recruitment campaigning and marketing, and by ensuring our employment offer is as generous as possible."

We continue to engage with local authorities and key contacts at Westminster and Whitehall to help influence policy around pay and conditions for paid carers. Through the Harry's Pledge campaign that we've spearheaded we've seen multiple MPs engage with the aims set out and share our commitment to create parity of esteem for carers.

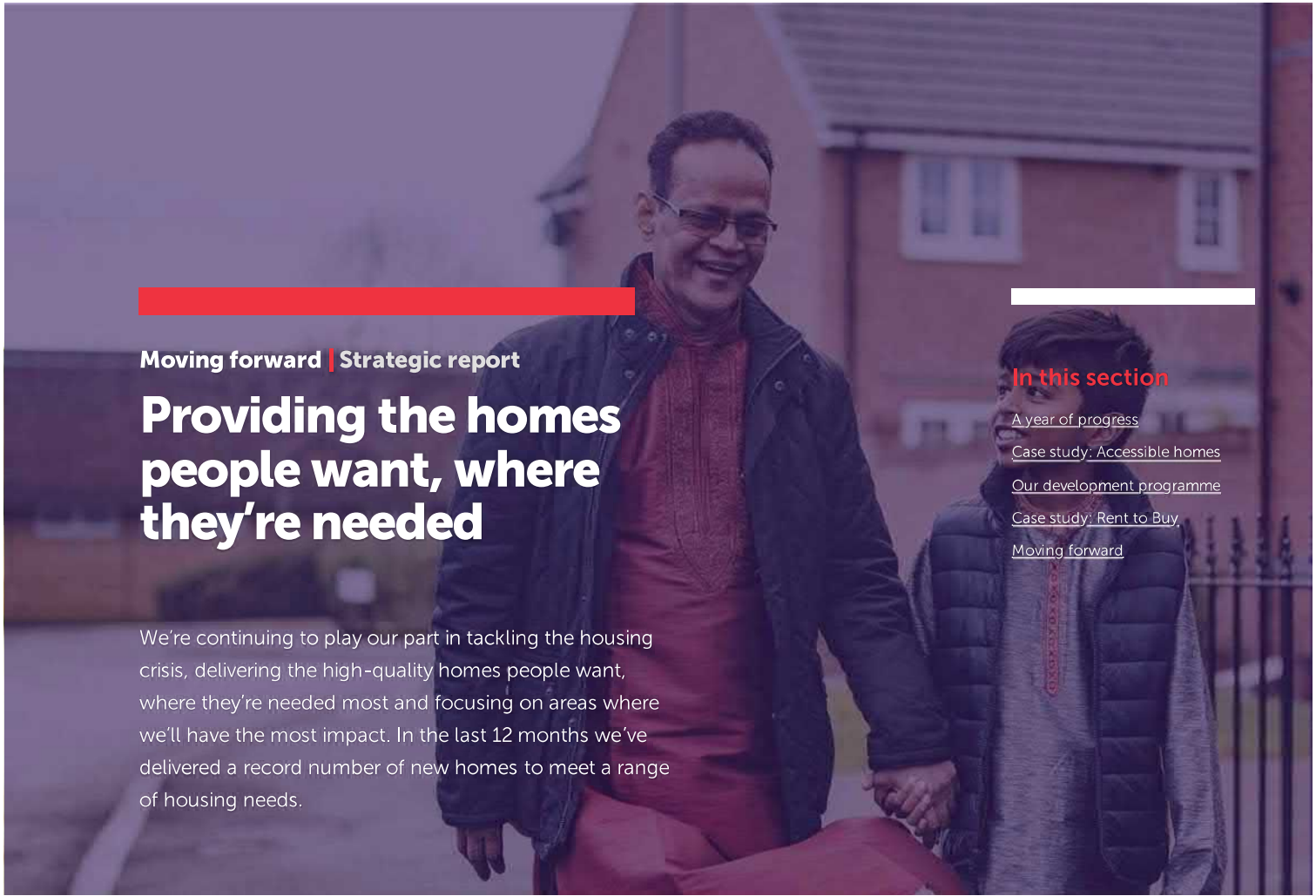
You can find more about our [campaigning progress with Harry's Pledge on on the Longhurst Group website](#), including a recent [briefing event we hosted with key partners at the Houses of Parliament](#) during Carers Week.



In depth

Harry's Pledge

Emily Holzhausen OBE, Director of Policy and Public Affairs at Carers UK, talks about Harry's Pledge and why it's so important that organisations like Longhurst Group support the campaign.



Moving forward | Strategic report

Providing the homes people want, where they're needed

We're continuing to play our part in tackling the housing crisis, delivering the high-quality homes people want, where they're needed most and focusing on areas where we'll have the most impact. In the last 12 months we've delivered a record number of new homes to meet a range of housing needs.

In this section

[A year of progress](#)

[Case study: Accessible homes](#)

[Our development programme](#)

[Case study: Rent to Buy](#)

[Moving forward](#)

A year of progress

679

New homes delivered in 2021/22

£79.5m

invested in development activity

100%

New homes achieving EPC rating B or above

£13.2m

invested in major works to existing stock

This year, we've started to build 848 homes and completed 679 homes. Ranked by Inside Housing's Biggest Builder's survey as one of the sector's leading providers, we invested £79.5 million to deliver these much-needed new homes.

Most of these properties were available for social, affordable or intermediate rent or low-cost ownership options, such as shared ownership or Rent to Home Buy.

Our development progress in the last year ensures that we're on track to realise our aim of increasing the number of homes we manage year-on-year. This, alongside our appetite for pursuing the right merger and acquisition opportunities when they arise, leaves us well placed to realise our ambition of being able to grow to 35,000 homes by 2025, while remaining locally responsive to our customers and communities.

You can find out more about how we've achieved this in the dedicated [Growth and Development section of the Longhurst Group website](#).

Accessibility

We've continued to review the house designs of our land-led developments to ensure our homes are as accessible for customers as possible.

Affordable homes

Our level of reinvestment in the provision of new affordable homes has slightly increased to six percent and reflects our £79.5m investment in new homes.

A further £13.2m has been invested in major works to our existing homes.

Investing in existing homes

We've continued to invest in our homes to improve their energy efficiency with 94 percent of our homes being EPC D and above, and 63 percent above C. All of our new homes (100 percent) have achieved EPC level B or above.



Case study

Accessible homes

We've continued to review the house designs of our land-led developments to ensure our homes are as accessible for customers as possible. One Longhurst Group customer, who has terminal cancer, thanked Longhurst Group for helping 'make his life easier' after moving into his new home in early April 2022.

[Read more](#)

Our development programme

This year, we've started to build 848 homes and completed 679 homes. You can find out more about this in the [Growth and Development section of the Longhurst Group website](#).

Building safety

The safety of our existing homes and those that we're developing remains a key area of focus for the Board and Executive Leadership Team. The profile of our stock doesn't include any flats or houses with cladding that will need replacing. We only have one scheme with flats over six stories high and this is of a standard brick construction.

We annually review the policy and procedures we have in place around building safety, engaging with our contractors to provide specialist services.

Stock investment

We remain committed to ensuring our existing homes are maintained to a high standard.

Despite the difficulties in progressing with a stock investment programme during a year when we've faced so many external challenges, such as the delays to sourcing materials and the sparsity of skilled works encountered due the Coronavirus pandemic and Brexit, we've still been able to reinvest £13.2m in major improvement works to our existing properties.



Case study

Rent to Buy

Craig and Sophie Davis have moved into one of the homes at Ashvale Place, Tuxford, on a Rent to Buy basis. They believe it's provided them with the perfect opportunity to get on the property ladder.

[Read more](#)

Moving forward

Related KPIs



In addition to our exceptional development and sales performance, we've been appointed to Homes England's new £20bn procurement framework.

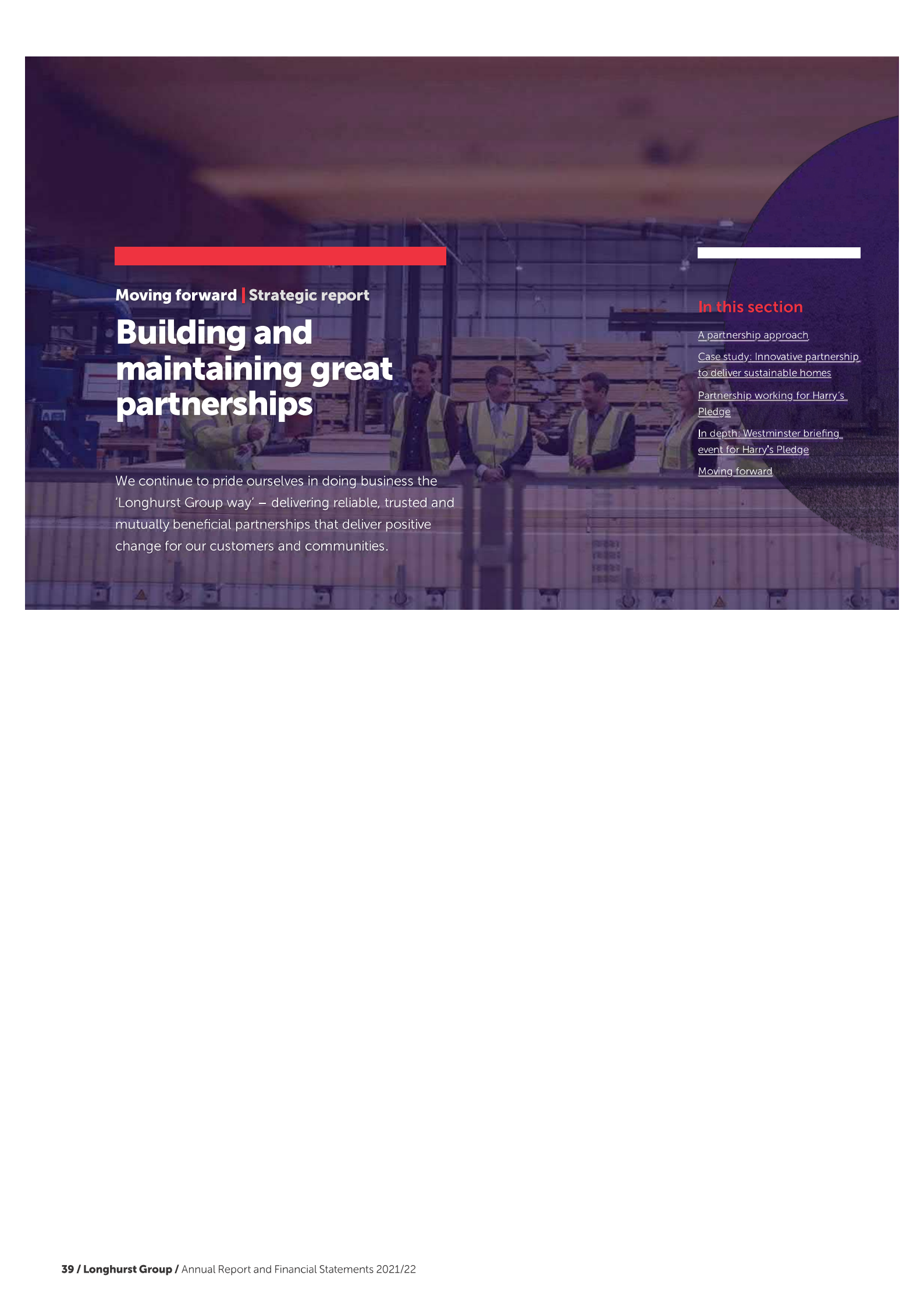
The new Dynamic Purchasing System (DPS) makes it easier for organisations like ours to access land owned by Homes England.

In a further boost, we've been appointed to the DPS for both large and small sites, meaning we can bid on a broad range of opportunities. We're joined on the list by fellow housing associations and major housebuilders as well as national and SME contractors.

We're developing an active asset management strategy to help us make better informed decisions about how to manage our stock and when to seize opportunities to rationalise our stock.

"When we invest in our properties, we'll upgrade and future proof them to support people to live independently for as long as possible."

When we invest in our properties, we'll upgrade and future proof them to support people to live independently for as long as possible while also combating fuel poverty and reducing our environmental impact.



Moving forward | Strategic report

Building and maintaining great partnerships

We continue to pride ourselves in doing business the 'Longhurst Group way' – delivering reliable, trusted and mutually beneficial partnerships that deliver positive change for our customers and communities.

In this section

[A partnership approach](#)

[Case study: Innovative partnership to deliver sustainable homes](#)

[Partnership working for Harry's Pledge](#)

[In depth: Westminster briefing event for Harry's Pledge](#)

[Moving forward](#)

A partnership approach

As a developer of circa 750 new homes each year, we fully understand the challenges and opportunities involved in creating new communities across the East Midlands and East of England.

Our revised development strategy targets growth in around 20 local authorities across Leicestershire, Nottinghamshire, Northamptonshire, Lincolnshire and Cambridgeshire to deliver new homes for rent, intermediate home ownership and market sale, with an ambition to increase our annual output to 1,000 new homes by 2025.

Strengthening communities

With a demonstrable track record of flexible partnership working and an unwavering commitment to high quality design and improved environmental standards to every development opportunity, our principal driver is providing a long-lasting legacy in local communities.

We enable this by ensuring local people are given opportunity to benefit from our developments, together with a focus on long-term sustainability.

Achieving the best possible value for money

Our procurement strategy, launched last year, has helped deliver operational savings and high-quality products and services to ensure we're getting the best possible value for money and working with partners who share our vision and values.

Working with like-minded contractors and developers, we've continued to push the boundaries of what can be delivered and, more importantly, what's expected in terms of performance, added value and social benefit.

Strong, established partnerships

Our partnership approach is integral to our growth and development success, with our [strategic partner status with Homes England](#), helping us to deliver one of the largest affordable programmes across the Midlands and East of England as we progress our ambitions to build 4,000 new homes by 2028/29, with a mix of grant and non-grant funded opportunities.

Evera Homes LLP, our partnership with Cross Keys Homes, Hyde Group and Flagship Group, enjoyed its first completion during the last 12 months, with 60 homes completed, sold and occupied at the historic RAF Upwood site in Cambridgeshire.

We've continued to work closely with other valued partners, including [Countryside and Vistry](#), as well as successfully managing the [Blue Skies Consortium](#) alongside Nottingham Community Housing Association.

Strong and established relationships with our local authorities see us as partner of choice across 13 potential developments in Huntingdonshire, where we'll help regenerate brownfield sites to provide in-demand affordable homes.



Case study

Innovative partnership to deliver sustainable homes

Our vision is to provide the homes people need, where they're needing most and, by working with partners like LoCaL Homes and Burmour, utilising modern methods of construction, we're delivering that vision in an innovative and environmentally-responsible way.

[Read more](#)

Partnership working for Harry's Pledge

Outside of providing the homes people need, we also have established partnerships with a multitude of local agencies and community projects that help us enhance the communities we serve and improve the lives of the people living there. This includes close working relationships with local authorities, community projects and charitable organisations.

Our approach to working in partnership with other organisations through the Harry's Pledge campaign has continued to help us raise the profile of the valuable work provided by carers, both paid and unpaid, across the country as well as the need for providing more accessible homes.

The campaign has gone from strength to strength in the last 12 months, with over 100 organisations providing their support and showing their commitment to careers in several ways, including making changes to policy, introducing greater support for unpaid carers, committing to paying carers the real living wage and building more accessible homes.

Through successful stakeholder engagement and influencing, the campaign has also inspired MPs to take action, including Peter Bone MP for Wellingborough who has introduced a Private Members' Bill to Parliament and the tabling of Harry's Bill: a bill to make provision about meeting the needs of people providing care and of people receiving care; and for connected purposes.



In depth

Westminster briefing event for Harry's Pledge

A Private Members' Bill is to be introduced in parliament following the success of the first ever Harry's Pledge breakfast briefing in Westminster. Supporters of the Pledge, along with MPs and key stakeholders came together to discuss the importance of supporting carers and those they care for.

Moving forward

Useful links

[Stakeholder-perception-survey](#)
[Stakeholder perception survey](#)

Leveraging our size and regional importance, we'll continue to ensure that Growth and Development helps deliver the core objectives of the Group's Improving Lives strategy.

With a 60-strong team spanning new business, land, development, construction and sales, Longhurst Group is well placed to support organisations to deliver their development plans through initial appraisal, planning, pre- and post-contract, through to delivery on site and marketing for sale.

Maximising all of this experience and expertise, we'll continue to build partnerships to benefit and customers and communities to support health, wellbeing and economic resilience

We'll also remain proactive in establishing new relationships and maximising further opportunities, partnerships and joint ventures with local authorities, developers and other registered providers.

"We'll continue to build partnerships to benefit and customers and communities to support health, wellbeing and economic resilience"

In the last 12 months we carried out a [stakeholder perception survey with key partners and contacts across the housing sector and beyond](#). We received positive feedback about the way we do business and how the profile and influence is continuing to grow.

Other key themes that emerged included an ask for us to review the quality of some services, clarify our ambitions for growth and our geography while continuing to position ourselves as an attractive and realistic option for organisations looking to merge.

Stakeholder perception survey

In the last 12 months, an independent consultant conducted a stakeholder perception survey with 42 of our key partners and contacts across the housing sector and beyond.

Those interviewed included auditors, care and support commissioners, developers, investors and local authorities.

After close to 24 hours of conversations, with each stakeholder taking 34 minutes on average to share their views of Longhurst Group, we received positive feedback about the way we do business and how our profile and influence is continuing to grow.

Main strengths

- 12 people cited our approach to partnerships
- 11 people mentioned our social purpose and focus on people and care
- Eight people referenced the quality of named colleagues
- Five people praised the way the Group communicates.

The Group also received praise for consolidating its structure, partnership working and the aims of the Improving Lives Strategy.

Key themes

The three statements describing the Group that received the highest scores were:

1. I trust Longhurst Group colleagues to do what they say they will.
2. Longhurst Group is financially robust and well placed to grow.
3. Longhurst Group immediately springs to mind when I'm looking for a good partner to do business with or recommend.

Main weaknesses

- Six people mentioned the quality of some services
- Five people cited the speed and pace at which we work
- One person referenced a loss of local focus.

Other key themes that emerged included the need for us to clarify our ambitions for growth and our geography while continuing to position ourselves as an attractive and realistic option for organisations looking to merge.



Moving forward | Strategic report

Our people and culture

By working smarter together as one team with one vision, and continuing to live our values, our colleagues are focused on performing to their very best and doing everything we can for our customers.

In this section

[One team, one vision](#)

[Living our values](#)

[In depth: Living our Values Awards 2022](#)

[Caring for our carers](#)

[Moving forward](#)

One team, one vision

Motivated by their passion to improve the lives our customers and enhance their communities, our colleagues are inspired by strong leaders who provide a supportive environment that ensures they can flourish.

Recognising that we need to do more in some areas, our people are taking personal ownership to get things back on track, looking to improve how they work together and with our customers, by enhancing communication, listening, understanding and demonstrating empathy.

Working Smarter Together

In the last 12 months, we've continued to adapt to a more flexible approach to work, with colleagues embracing home working and many teams using new technology that enables them to work smarter. Although we're seeing the benefits of this work, we recognise we're still on a journey to transforming our approach and become more digitally focused.

To help us progress more quickly, we've conducted a detailed digital skills assessment across the organisation and identified where and how we need to deliver learning and development activity.

Our Employment Offer

We've continued to review our employment offer to ensure it's as attractive as possible to existing and new colleagues while remaining sustainable to the business.

Highlights include our decision to pay all frontline Care and Support colleagues the real living wage, significant salary increases to support people with the cost-of-living crisis, and the introduction of a new health cash plan through Westfield Health.

Paid for by Longhurst Group, the health cash plan allows colleagues to claim money back on a range of health and wellbeing costs, including optical, dental, chiropody, sports massage and acupuncture.

Engaging with colleagues

Colleague engagement has remained strong as indicated by our Best Companies results which saw colleagues rate the Group as a one-star, good organisation to work for. We're pleased with these results, particularly during what has been a challenging time for our people, but we acknowledge we have work to do to realise our ambitions of becoming a three-star company by 2025.

A diverse workforce

Continuing our work with the National Centre for Diversity, we've retained the Investors in Diversity award and, having been benchmarked against other organisations, remain one of the National Centre's top 50 most inclusive places to work.

We're in the process of modernising our approach to recruitment, taking a more insight-led approach to recruitment marketing and proactively searching for and appointing the best possible talent.

Useful links

[Careers at Longhurst Group](#)

[Gender Pay Gap report 2021](#)

[Women in Housing Awards](#)

Living our values



We've had many reasons to celebrate this year, with our inaugural colleague awards ceremony, our Living Our Values Awards, taking place in Nottingham in April.

Featuring over 75 colleagues on the day, the awards recognised how teams and individuals across the organisation truly embraced and lived our values during the last two years.

As colleagues rose to the challenge of the pandemic, dozens were recognised with weekly or monthly accolades, but April's in-person ceremony was a great chance to celebrate the best of the best and hear, in person, the lengths people had gone to.

Board Members, the Executive Leadership and Directors were joined by shortlisted colleagues and their guests at the ceremony, which also featured a drinks reception and a three-course meal. You can see the highlights from the day [here](#).

We took immense pride in seeing our [Director of Customer Experience and Communities, Charmaine Sime, crowned Housing Professional of the Year at the 2021 Women in Housing Awards](#). The Group also enjoyed national recognition at two industry leading award ceremonies with our Procurement Team shortlisted at the 2021 GO Awards and our Communications Team shortlisted at the Corporate Communications Awards.



Case study

Living our Values Awards 2022

We've had many reasons to celebrate this year, with our inaugural colleague awards ceremony, our Living Our Values Awards, taking place in Nottingham in April 2022. Featuring over 75 colleagues on the day, the awards recognised how teams and individuals across the organisation [truly embraced and lived our values](#) during the last two years.

Caring for our carers

Useful links

[Harry's Pledge: our commitment to carers](#)

[24 Peaks fundraising challenge](#)

As part of our ongoing commitment to the Harry's Pledge campaign, our carers network provides support for colleagues caring for a relative or friend who, due to ill health, physical or mental illness, disability, frailty or addiction, can't manage without support.

Colleagues and customers have continued to enjoy free access to Carers UK's Employers for Carers Network, which includes a range of advice and resources for people juggling work and care.

One year on from the launch of Harry's Pledge, more than 100 organisations are supporting the campaign, with 53 signed up to the Pledge, and this shows we've made real strides with enhancing the profile and reach of the campaign in the last 12 months.

Working with colleagues at Grand Union Housing Group and Greatwell Homes, we've also raised tens of thousands of pounds for two worthwhile charities. Our fundraising efforts for MIND and Harry's Pals have included a [24 Peaks challenge](#), marathon running challenges and charity auctions.

Moving forward

Related KPIs

KPI-9-Best-Companies
Sunday Times Best Companies rating

By investing in our people and improving our business processes and the systems we use, we're confident that we'll be able to deliver efficiencies and make it easier for our colleagues to make a real difference.

We're implementing and embracing digital services and bringing customer contacts back in-house to deliver faster, better, more joined-up services to our customers.

We'll continue to invest in technology and platforms, while improving the way we work and upskilling our colleagues to enhance the customer journey and provide seamless integration between our teams, our contractors and the services our customers receive.

Our community-based teams will continue to provide face-to-face services to support customers, which will be enhanced through our new digital capabilities.

Our Care and Support colleagues will also continue to embrace technology, utilising digital solutions that improve the delivery of our service without de-humanising it.

We'll continue to develop a Group-wide Environmental, Social and Governance Strategy, which will draw a clear link with some of the issues already identified within the work done on ensuring Value for Money (VfM).

Our work on a diversity and inclusion strategy will also continue, helping ensure we're an inclusive organisation that values the contribution that diversity brings.

By further strengthening stakeholder relationships, and campaigning and influencing for positive change, we'll pioneer partnership approaches and solutions that contribute to improving the lives of our customers, communities and colleagues.

"We'll continue to invest in technology and platforms, while improving the way we work to enhance the customer journey and provide seamless integration between our teams, our contractors and our services."

Our Business Plan incorporates the work needed to bring all existing homes up to EPC level C and we're part way through a detailed review that assesses the level of works needed to decarbonise our existing homes. Our future development plans already incorporate a move away from gas boilers and a gradual move to off-site, modular building new homes, as demonstrated at our [California Road development](#).

The external environment

The second half of 2021/22 has seen a significant change in several external market factors affecting our business and the wider UK economy, which will continue into 2022/23 and beyond.

In this section

[External market trends](#)

[In depth: Solving the housing crisis](#)

[Our stakeholders](#)

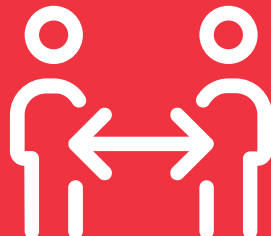
External market trends



Increased inflation

The rise in inflation since the summer of 2021 has gone from being a transitory issue to one that looks likely to be around for some time.

Market-trend-inflation
[Read more](#)



Buoyant employment market

Linked to a more buoyant jobs market, we've seen an increase in colleague turnover which we expect to continue during 2022/23.

Market-trend-employment



Demand for new homes

There remains a strong demand for the shared ownership properties we're selling and, in the short-term, we don't expect this to change.

Market-trend-new-homes



Building safety

The Building Safety Bill will ensure a much greater focus in building safety, with a new regulator created to monitor compliance.

Market-trend-
building-safety



Health and social care

The 2022 Health and Social Care Act will be key to delivering a more joined up and integrated approach between health and social care.

Market-trend-health-
social



Environmental focus

The increased cost of gas and electricity in the last year highlights the need for homes across the country to be more energy efficient.

Market-trend-
environment



In depth

Solving the housing crisis

Longhurst Group is proud to have worked with the CIH and ITN Productions to produce 'Solving the Housing Crisis', a film exploring the issues around the housing crisis and featuring the organisations, people and communities tackling the problem.

Our stakeholders

Increased inflation

The rise in inflation since the summer of 2021 has gone from being a transitory issue to one that looks likely to be around for some time to come. The increase in food, fuel and utility costs is already presenting a significant challenge for some of the most vulnerable people in society – including our customers.

While the package of support measures announced by the Chancellor on 24 May 2022 will undoubtedly help, it won't be sufficient to cover the expected increases in living costs over the months and years ahead.

During the last year we've seen the impact of high inflation across the business with notable increases in the cost of building materials impacting on our development programme and our repairs and maintenance programme. Alongside the increase in the cost of building materials, challenges with accessing some materials remain and we expect this to continue in the year ahead.

Buoyant employment market

Changes to the employment market in the last year are having an impact on all parts of the business. Linked to a more buoyant jobs market, we've seen an increase in colleague turnover across the business.

We expect this to continue during 2022/23 as working habits change and there's greater demand for some roles and skills. The availability of labour remains a key challenge in the construction and building maintenance sector and we expect this to continue into next year.

Demand for new homes

There remains a strong demand for the shared ownership properties we're selling and, in the short-term, we don't expect this to change. This is an area we're closely monitoring to check for any signs of a change that could be driven by higher inflation and rising borrowing costs.

More broadly, there continues to be strong demand for new affordable homes, including social rent, shared ownership and outright sale. However, the announcement by Homes England on 27 May 2022 that the Help to Buy scheme will stop accepting new applications in October 2022 could have a negative impact on the outright sale market and lead to increased demand for shared ownership properties.

We're confident that we're well placed to continue to deliver on the development aims set out in our [improving lives strategy](#) and on course to continue to play our part in [solving the housing crisis](#).

Building safety

The Building Safety Bill published in July 2021 received Royal Assent in April 2022. It will ensure a much greater focus in building safety by developers with a new Building Safety regulator being created to monitor compliance.

A New Homes Ombudsman is also being established through provisions in the Bill to develop a code of practice with developers, setting standards on workmanship, sales and marketing, with all developers required to join. We're confident that we'll remain compliant in each of the areas by continuing to work in the way we do and following our normal processes, but we'll be ready to make any adjustments if required.

Alongside the new Building Safety Act, the Government is also progressing with changes to the regulation of social tenancies and private renters. We welcome the provisions in the Social Housing Regulation Bill to increase tenants' rights and their ability to hold their landlord to account in relation to the services they provide and the maintenance of their home.

Health and social care

The 2022 Health and Social Care Act will be key to improving services for patients and delivering a more joined up and integrated approach between health and social care.

It will take time to see any changes and, in the short-term, won't help with some of the more immediate challenges we're experiencing within the social care sector.

The low pay generally associated with social care roles makes it incredibly difficult to recruit and train colleagues in this area of work. This challenge is exacerbated by the current buoyant jobs market.

As a responsible employer, we recognise the value of the work of carers and the incredible contribution they make, and with effect from 1 April 2022, we began paying all our carers at least the real living wage.

Environmental focus

The increased cost of gas and electricity in the last year highlights the need for homes across the country to be more energy efficient. The built environment accounts for roughly 40 percent of UK greenhouse gas emissions, with around 14 percent of this coming from 28 million homes across the UK.

The Future Homes and Buildings Standard, launched in June 2022, is designed to reduce the impact of housing on the environment. Our new build development programme is being adapted to incorporate the required changes with all land-led developments achieving at least EPC level B. We're also investing in new technology with two schemes approved in the last year to incorporate ground source heat pumps.

Alongside the work we're doing on development, we've also evaluated what investment will be required to our existing homes to achieve net zero by 2050. In conjunction with Savills, we've updated our survey data and will be putting in place a new environmental strategy during 2022.

Building and maintaining strong and effective working relationships is key to the delivery of our strategic objectives.

We're committed to working collaboratively and openly with all our stakeholder groups.

Here we show who our stakeholders are, why they are important to us and what they can expect from us.



Customers and communities

Our customers are our tenants, leaseholders and home purchasers.

Stakeholders-
customers-
communities



Our people

Our people includes existing colleagues, pensioners and future recruits.

Stakeholders-our-
people



Partners

Our partners include Homes England, other housing associations, local authorities, MPs, joint venture partners and other community organisations and charities.

Stakeholders-partners
[Read more](#)



Suppliers and contractors

Our suppliers and contractors include development contractors, repairs contracts, service providers and supply chain.

Stakeholders-
suppliers-contractors



Trade bodies

Includes the NHF representing all Registered Providers, Confederation of British Industry (CBI) and National Care Forum (NCF).

Stakeholders-trade
[Read more](#)



Banks, investors and rating agencies

Includes banks, Moody's and institutional investors.

Stakeholders-
investors



Regulators

Includes the Regulator of Social Housing, Housing Ombudsman, the Care Quality Commission, MPs and local authorities.

Stakeholders-
regulators



Customers and communities

Who they are

Our customers are our tenants, leaseholders and home purchasers. We also provide a range of care and support services, including residential care and floating support.

Our customers are at the heart of everything we do. We strive to provide the services and support that they need.

How we engage with them

- A new Customer Forum with direct contact with our Group Board.
- An online wellbeing hub the customers can access via our website, which signposts them to a range of resources and agencies they can communicate with.
- Regular, two-way digital communication via email and social media and a printed and digital customer newsletter which is produced with the help of our Customer Editorial Panel and features contributions from customers across our geography.

Issues raised

- Concerns raised about quality of repairs service and how quickly we've responded to some customer enquiries.
- Benefits advice sought through our Money Advisors.
- Advice sought on employment and training.

Outcomes and actions taken

- Three new regional repairs contracts go live from 1 July 2022.
- Call handling for all repairs brought back in house from 1 July 2022.
- A total of 946 referrals to our Money Advisors, securing £1.19 million of benefit support.
- The establishment of a new Director of Customer Experience and Communities role in December 2021.



Our people

Who they are

Our people include existing colleagues, pensioners and future recruits.

Our people are our most important asset and are responsible for delivering high- quality services to our customers.

How we engage with them

- Sunday Times Best Companies survey conducted.
- Regular team and divisional meetings as well as the introduction of a new one-to-one process.
- 'Coffee & Chat' sessions hosted by members of the Executive Leadership Team with colleagues across the Group.
- A range of internal communications channels, including Workplace Facebook.
- A comprehensive rewards and benefits package that includes access to private health care, through Westfield Health, and financial support, through CFED.

Issues raised

- Flexible working arrangements.
- Health and safety for 'frontline' colleagues.

Outcomes and actions taken

- New hybrid model of working launched with most of our colleagues working from home some of the time. We've been able to save money and lessen our impact on the environment by closing eight offices and travelling less.
- Following a review of our terms and conditions, we've aligned sick and holiday pay for Care and Support colleagues with the rest of business.
- As part of our commitment to carers and the Harry's Pledge campaign, we started paying the minimum of the real living wage to Care and Support colleagues from 1 April, 2022.

Stakeholders-partners



Our stakeholders

Partners

Stakeholders-partners

Who they are

Our partners include Homes England, other housing associations, local authorities, MPs, joint venture partners and other community organisations and charities.

Our partners are important to us as, collectively, we're able to deliver more through a partnership approach.

How we engage with them

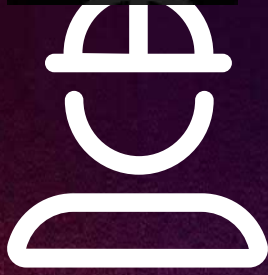
- Work with other housing associations through National Housing Federation (NHF) working groups and the Vantage benchmarking group.
- Regular corporate communication with all stakeholders through the Improving Lives ezine and our development focused ezine. As well as ongoing engagement using business to business social media platforms, such as Twitter and LinkedIn.
- Independent stakeholder perception survey undertaken in 2021.

Issues raised

- Environmental challenges around development and existing homes.
- Review of opportunities to continue and expand our development partnerships.

Outcomes and actions taken

- We'll be making a bid for funding from the Social Housing Decarbonisation fund during 2022.
- Joint strategic partnership with Nottingham Community Housing Association for Homes England grant funding.



Suppliers and contractors

Who they are

Includes development contractors, repairs contractors, service providers and supply chain.

Our contractors and suppliers supply goods and services that enable us to provide new homes and high-quality services to our customers.

How we engage with them

- The pre-tender process is crucial for building effective relationships and clarity over what is needed.
- Regular contractor and supplier review meetings.

Issues raised

- Sustainable supply chain.
- Environmental challenges.
- Increasing costs affecting viability for contractors on fixed-term contracts.

Outcomes and actions taken

- Focus on quality and value for money.
- Increase in contract price where there's clear evidence of increases in costs on development schemes.
- Social and environmental factors to be included in scoring in future procurement programmes.



Trade bodies

Who they are

Includes the NHF representing all Registered Providers, Confederation of British Industry (CBI) and National Care Forum (NCF).

The trade bodies we work with provide a national voice to the Government on the work we do and help shape future policy.

How we engage with them

- Member of CBI East Midlands Regional Council.
- Various colleagues are engaged with the NHF through regional and national working groups.

Issues raised

- Working groups looking at future investment needs for new and existing homes.
- The Harry's Pledge campaign for carers, which was launched in June 2020.
- Guidance around visits to care homes and testing.

Outcomes and actions taken

- Feedback provided for NHF and CBI submissions for spending review.
- Harry's Pledge Carers pledge adopted by NHF and 48 RPs.
- Westminster breakfast briefing on 7 June 2022, during National Carers Week, to engage with and influence MPs and Peers about the aims of Harry's Pledge.

Stakeholders-investors



Our stakeholders

Banks, investors and rating agencies

Stakeholders-investors

Who they are

Includes banks, Moody's and institutional investors.

Our banks, investors and Moody's are incredibly important in supporting us to deliver the new homes outlined in our business plan.

How we engage with them

- Regular review meetings with banks and Moody's.
- Annual Investor update undertaken via video calls.
- Quarterly trading update.

Issues raised

- Discussions around ESG linked funding and environmental works.
- Transition to SONIA from LIBOR.

Outcomes and actions taken

- Adopted Good Economy ESG reporting framework.
- LIBOR to SONIA transition completed in December 2021.

Stakeholders-regulators



Our stakeholders

Regulators

Stakeholders-regulators

Who they are

Includes the Regulator of Social Housing, Housing Ombudsman, the Care Quality Commission, MPs and local authorities.

The strong regulatory framework provides confidence to our customers, funders and other stakeholders.

How we engage with them

- Engagement with Regulator through annual review meetings and quarterly credit returns.
- Targeted engagement with MPs and local authorities relating to housing and care across the Midlands and East of England.

Issues raised

- Funding for decarbonisation works to existing homes.
- Customer complaints.
- Housing need in local authority areas.

Outcomes and actions taken

- Modelling undertaken with Savills on a range of options and costs to achieve net zero.
- Confirmation of G1/V1 rating from the Regulator for Social Housing.
- Action plan to improve customer satisfaction.

Our performance and Value for Money

Closely monitoring our performance through a range of key indicators is critical to our ability to provide the best possible homes and services to our customers. As well as providing reassurance that we remain on track to realise our strategic ambitions, it means we can identify when things aren't on track and act quickly to resolve them.

In this section

[Value for Money \(VfM\)](#)

[Portfolio KPIs](#)

Value for Money (VfM)

We've been working hard to ensure that Value for Money (VfM) is a key consideration in everything we do. Our Improving Lives strategy is underpinned by our approach to VfM, enabling us to deliver more new homes and provide excellent services to our customers.

[View all VfM metrics](#)

Portfolio KPIs

We have clear set of KPIs that cover the areas that matter most to our customers and produce a quarterly report on customer satisfaction, repairs and complaints, which includes targets and actual figures.

[View all Portfolio KPIs](#)

Value for Money

[Back to introduction](#)

[View Portfolio KPIs](#)

We've been working hard to ensure that Value for Money (VfM) is a key consideration in everything we do. Our Improving Lives strategy is underpinned by our approach to VfM, enabling us to deliver more new homes and provide excellent services to our customers.

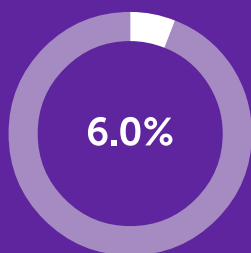
Alongside the metrics defined by the Regulator of Social Housing, we've also incorporated other key indicators and measures linked to our [Improving Lives Strategy](#). The additional VfM indicators adopted by our Group Board are grouped under our Strategic Pillars and are reported on separately.

Monitoring VfM

Our Board and committees receive quarterly updates on performance against our VfM objectives as part of our normal reporting cycle. We also compare our performance with our peers through a benchmarking group. The organisations we benchmark against have been selected because they're comparable to our business.

Our performance against each of the Regulator of Social Housing's Value for Money (VfM) metrics is outlined below. A definition of each of the VfM indicators is provided under Note 37 in our Consolidated Financial Statements.

Metric 1

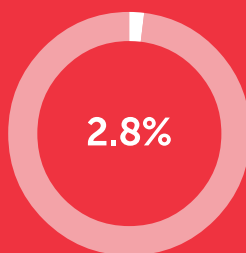


Reinvestment %

The Group's investment in the provision of new affordable homes and the maintenance of its existing homes to a high standard.

VfM-1-Reinvestment
[Read more](#)

Metric 2A



New supply delivered (social housing) %

Development and delivery of affordable social housing units.

VfM-2A-Supply-SH
[Read more](#)

Metric 2B

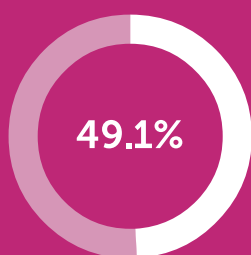


New supply delivered (non-social housing) %

Development and delivery of market-value private housing units.

VfM-2B-Supply-NSH
[Read more](#)

Metric 3



Gearing %

The Group's level of gearing has reduced due to its increasing assets and a £15.6m reduction in loans and borrowings since the prior year-end.

VIM-3-Gearing
Read more

Metric 4



EBITDA MRI interest cover %

The Group's EBITDA MRI interest cover has improved compared to the previous year, as a result of growth in the operating surplus while interest payable remained consistent.

VIM-4-EBITDA-MRI
Read more

Metric 5

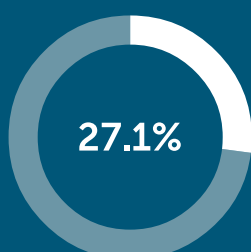
£4159

Headline social housing cost per unit

Our overall social housing cost per unit reduced from £4,215 in 2020/21 to £4,159 in 2021/22.

VIM-5-Social-Housing-Cost
Read more

Metric 6A

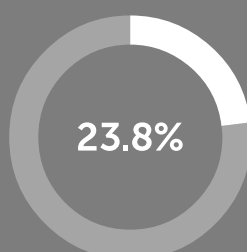


Operating margin (social housing lettings) %

The Group's operating margin on social housing lettings has further dropped to 27.1 percent in 2021/22, down from 28.1 percent in 2020/22.

VIM-6A-OM-Social-Housing
Read more

Metric 6B

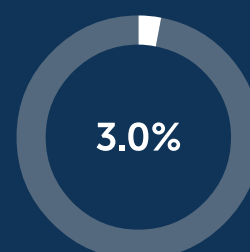


Operating margin (overall) %

Our overall operating margin is being adversely impacted by our strong sales performance.

VIM-6B-OM-Overall
Read more

Metric 7

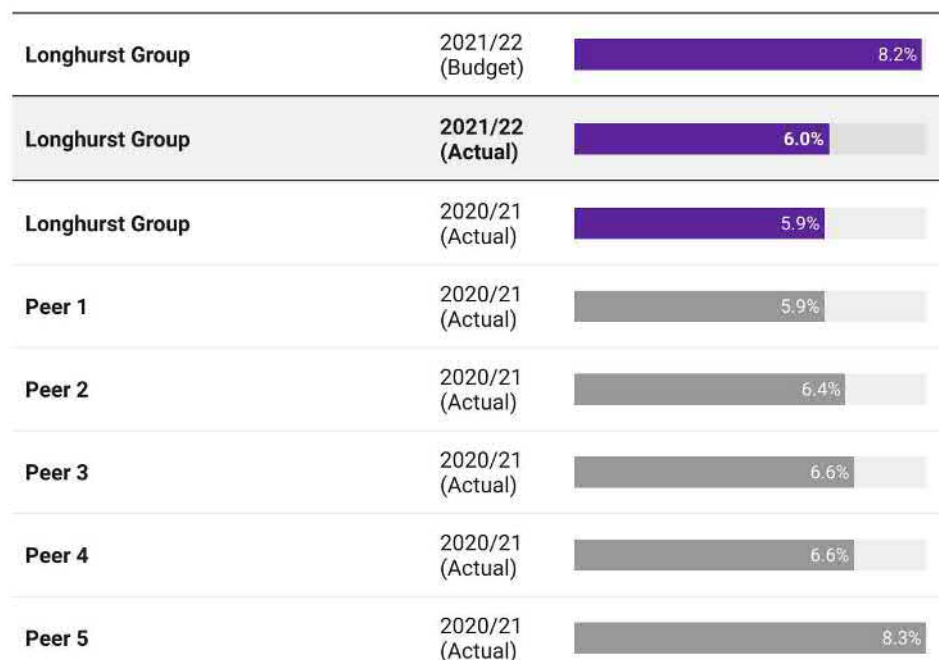


Return on capital employed %

Our overall return on capital has remained consistent with the previous year.

VIM-7-ROCE
Read more

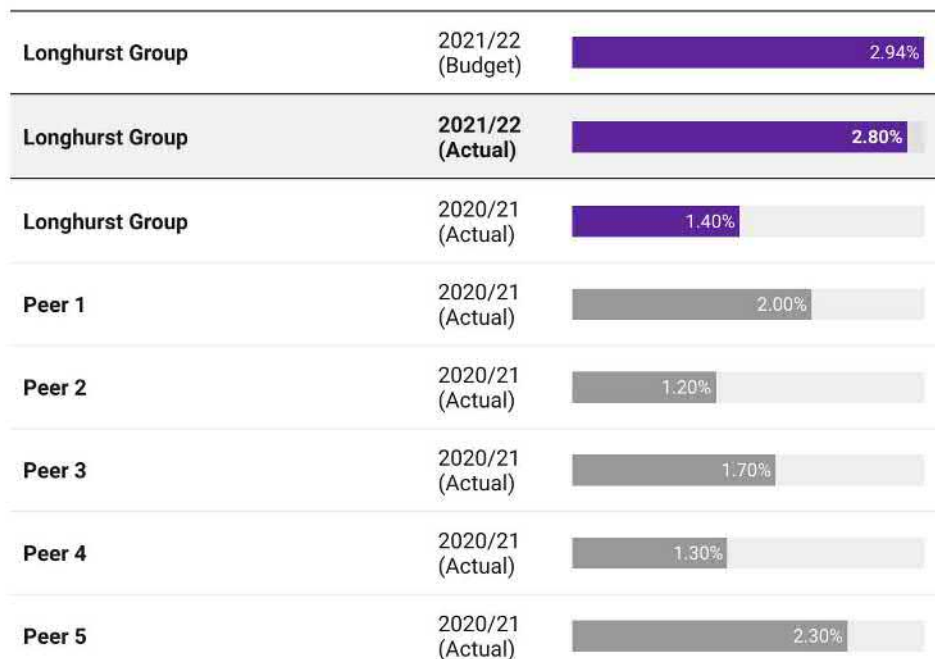
Reinvestment %



Source: Longhurst Group Change and Improvement Team • Created with Datawrapper

The investment in the provision of new affordable homes and maintaining our existing homes to a high standard remains a key priority. The level of reinvestment of 6.0 percent below the budget target of 8.2 per cent but is a slight increase on last year, and reflects the combined investment in delivering 679 new homes, starting on site for 848 new homes, and investing £79.5m in new homes and £13.2m in major works to existing homes. The budget for 2021/22 incorporated a higher level of investment in new homes at £113.6m which wasn't achieved due to delays on the development programme.

New supply delivered (social housing) %



Source: Longhurst Group Change and Improvement Team • Created with Datawrapper

We delivered 679 new affordable homes in the year to 31 March 2022. The rate of 2.8 percent is double the 2020/21 figure of 1.4 percent and reflects the recovery of our development programme following delays during the height of the Coronavirus pandemic. Whilst the 2021/22 results were an improvement on the previous year, they were slightly below the target for the year at 2.94 percent. where labour and material shortages, due to the current economic climate and the implications of Brexit, continue to impact on programme delivery.

New supply delivered (non-social housing) %

Longhurst Group	2021/22 (Budget)	0.0%
Longhurst Group	2021/22 (Actual)	0.0%
Longhurst Group	2020/21 (Actual)	0.1%
Peer 1	2020/21 (Actual)	0.0%
Peer 2	2020/21 (Actual)	0.0%
Peer 3	2020/21 (Actual)	0.6%
Peer 4	2020/21 (Actual)	0.0%
Peer 5	2020/21 (Actual)	0.0%

Source: Longhurst Group Change and Improvement Team • Created with Datawrapper

We didn't deliver any new non-affordable homes during the last year and this is consistent with our business plan target.

Gearing %

Longhurst Group	2021/22 (Budget)	49.64%
Longhurst Group	2021/22 (Actual)	49.10%
Longhurst Group	2020/21 (Actual)	44.80%
Peer 1	2020/21 (Actual)	44.80%
Peer 2	2020/21 (Actual)	28.90%
Peer 3	2020/21 (Actual)	49.50%
Peer 4	2020/21 (Actual)	45.70%
Peer 5	2020/21 (Actual)	46.50%

Source: Longhurst Group Change and Improvement Team • Created with Datawrapper

Our level of gearing for 2021/22 has reduced due to our increasing assets and a £15.6m reduction in loans and borrowings since the prior year-end. Gearing at 49.1 percent was slightly lower than the budget projection at 49.64 percent. Our expectation is that gearing will increase over the coming year with draw downs taking place following the issue of the £100m retained bond via a forward purchase agreement. The rate achieved on the forward purchase agreement in August 2021 is significantly below where long-term rates have now moved to.

Our tightest covenant is at 65 percent, which provides significant headroom and our Business Plan has been, and continues to be, extensively stress tested in relation to key risk areas such as development. The Board is comfortable with the projected increase in gearing as part of our investment in the provision of new homes.

EBITDA MRI interest cover %

Longhurst Group	2021/22 (Budget)	130.31%
Longhurst Group	2021/22 (Actual)	126.90%
Longhurst Group	2020/21 (Actual)	117.90%
Peer 1	2020/21 (Actual)	186.90%
Peer 2	2020/21 (Actual)	214.20%
Peer 3	2020/21 (Actual)	144.00%
Peer 4	2020/21 (Actual)	136.50%
Peer 5	2020/21 (Actual)	215.10%

Source: Longhurst Group Change and Improvement Team • Created with Datawrapper

Our EBITDA MRI interest cover for 2021/22 was 126.9 percent compared to a budget of 130.31 percent, an improvement compared to 117.9 percent in 2020/21. This is a result of growth in the operating surplus while interest payable has remained consistent. The increased surplus follows strong sales performance, offsetting a reduction in our surplus on social housing lettings, which has reduced due to higher management and maintenance costs. The shortfall against budget for 2021/22 is due to higher void losses, reduced rental income due to development delays and an increase in some reactive repair costs.

Headline social housing cost

Longhurst Group	2021/22 (Budget)	£4,016
Longhurst Group	2021/22 (Actual)	£4,159
Longhurst Group	2020/21 (Actual)	£4,212
Peer 1	2020/21 (Actual)	£3,483
Peer 2	2020/21 (Actual)	£3,480
Peer 3	2020/21 (Actual)	£3,742
Peer 4	2020/21 (Actual)	£4,758
Peer 5	2020/21 (Actual)	£2,975

Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

Our overall social housing cost per unit reduced from £4,212 in 2020/21 to £4,159 in 2021/22. This is below the target for the year, which has been impacted due to a reduced number of development completions in the year. While we've experienced increasing management costs and issues with the repairs contract, a reclassification of the release of capitalised development costs has impacted upon the comparability of this metric with the prior year.

Operating margin (social housing lettings) %

Longhurst Group	2021/22 (Budget)	30.28%
Longhurst Group	2021/22 (Actual)	27.10%
Longhurst Group	2020/21 (Actual)	28.10%
Peer 1	2020/21 (Actual)	35.00%
Peer 2	2020/21 (Actual)	32.60%
Peer 3	2020/21 (Actual)	37.70%
Peer 4	2020/21 (Actual)	24.90%
Peer 5	2020/21 (Actual)	33.60%

Source: Longhurst Group Change and Improvement Team • Created with Datawrapper

The Group's operating margin on social housing lettings has further dropped to 27.1 percent in 2021/22, down from 28.1 percent in 2020/21 and below the budget target of 30.28 percent.

The reduction in margin on social housing lettings is due to the reasons already outlined in [Metrics 4](#) and [5](#).

Operating margin (overall) %

Longhurst Group	2021/22 (Budget)	23.85%
Longhurst Group	2021/22 (Actual)	23.80%
Longhurst Group	2020/21 (Actual)	23.50%
Peer 1	2020/21 (Actual)	30.80%
Peer 2	2020/21 (Actual)	30.90%
Peer 3	2020/21 (Actual)	25.40%
Peer 4	2020/21 (Actual)	23.20%
Peer 5	2020/21 (Actual)	32.60%

Source: Longhurst Group Change and Improvement Team • Created with Datawrapper

The overall operating margin is being adversely impacted by the strong sales performance on first tranche sales, with the increased sales activity at a margin of 22 percent diluting the overall operating margin.

Return on capital employed %

Longhurst Group	2021/22 (Budget)	3.06%
Longhurst Group	2021/22 (Actual)	3.00%
Longhurst Group	2020/21 (Actual)	3.00%
Peer 1	2020/21 (Actual)	3.70%
Peer 2	2020/21 (Actual)	3.70%
Peer 3	2020/21 (Actual)	3.50%
Peer 4	2020/21 (Actual)	2.20%
Peer 5	2020/21 (Actual)	3.50%

Source: Longhurst Group Change and Improvement Team • Created with Datawrapper

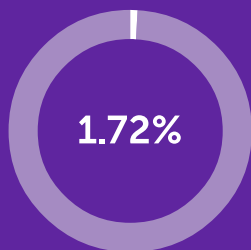
Our overall return on capital has remained consistent at 3.0% due to the proportionate growth in operating surplus and our assets, and we're currently at the lower end of our peer group.

Our Portfolio KPIs

[Back to introduction](#)[View VfM Metrics](#)

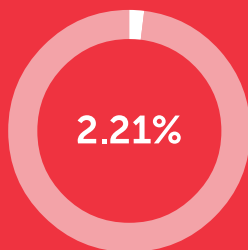
As well as having a clear set of KPIs that cover the areas that matter most to our customers, we're committed to being open and transparent about how we're performing.

We produce a quarterly report on customer satisfaction, repairs and complaints, which includes targets and actual figures. As well as celebrating strong performance, these reports also highlight where we need to improve.



Total rent arrears

KPI-1-Arrears

[Read more](#)

Total rent loss

KPI-2-Rent-Loss

[Read more](#)

679

Property completions

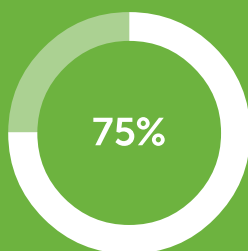
KPI-3-Property-Completions

231

£23.7m

Property sales

KPI-4-Property-Sales

[Read more](#)

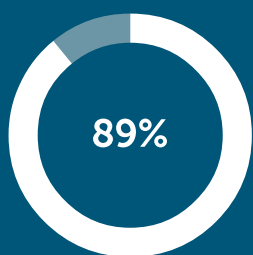
Customer satisfaction

KPI-5-Customer-Satisfaction

6130

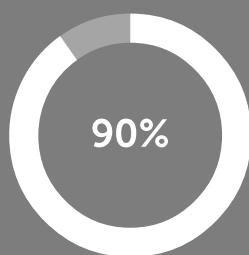
Referrals to Community Investment team

KPI-6-Community-Investment



Tenancies sustained

KPI-7-Tenancies-Sustained



Care and Support schemes rated 'good' or 'outstanding' by CQC

KPI-8-CQC-Ratings
[Read more](#)

1*

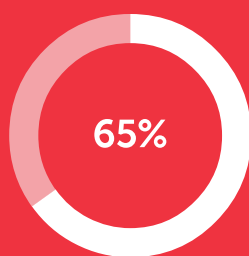
Sunday Times
'Best Companies' rating

KPI-9-Best-Companies

2057

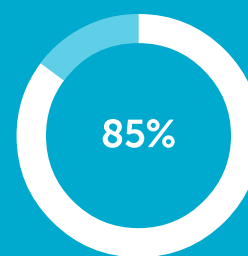
Formal complaints

KPI-10-Complaints-Received



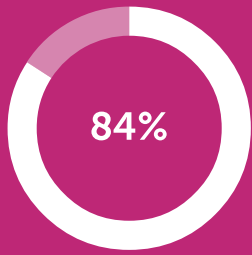
Formal complaints responded to within target

KPI-11-Complaints-Response



Non-emergency repairs completed right first time

KPI-12-Appointed-Repairs



Emergency repairs
completed on time



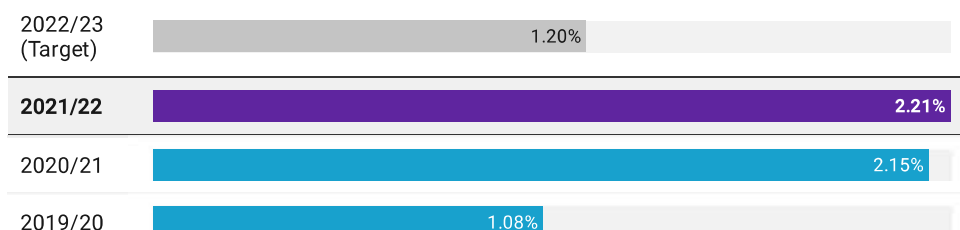
Total arrears of annual rent debit



Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

We maintained strong arrears performance during 2021/22, with our Income Recovery team and Money Advisors supporting customers through the challenges of the cost-of-living crisis and the general economic pressures impacting available household income. While it is hoped that the level of arrears will be maintained and further improved upon, the target for 2022/23 reflects the economic challenges our customers face.

Total rent loss as a percentage of rent debit across all properties

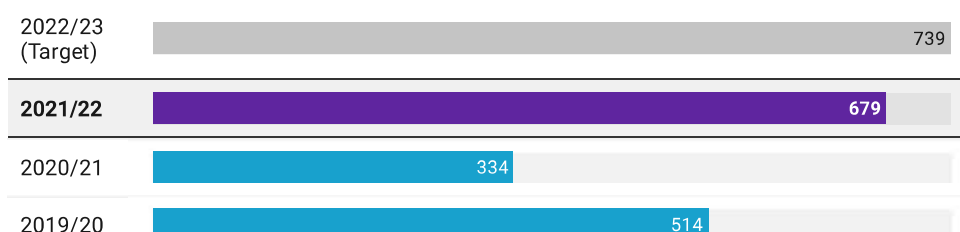


Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

Our rent loss due to void property performance continues to be impacted by the availability and performance of contractors. Once properties are returned, our Lettings Team are regularly letting homes in under 10 days.

Our level of void loss has also been impacted by a delay in referrals for our Extra Care schemes.

Property completions



Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

Despite another challenging year in development, as competition for land intensifies and the sector experiences significant cost increase and skills and material shortage, our Development Team has delivered a record number of new homes to meet a range of housing needs across key areas. Our challenge is to continue delivering our Strategic Partnership programme and build high-quality homes.

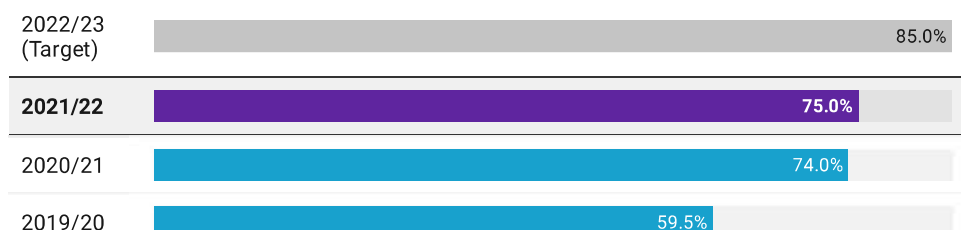
Property sales

Year	First tranche and outright sales	Income
2022/23 (Target)	220	£20.0m
2021/22	231	£23.7m
2020/21	215	£23.3m
2019/20	282	£26.4m

Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

We enjoyed strong sales activity throughout the year, with demand for our homes often exceeding supply. In addition to a high volume of sales transactions, due to buoyant market conditions, our average share on first tranche sales increased while the average void period has significantly reduced.

Customers satisfied with overall service (%)

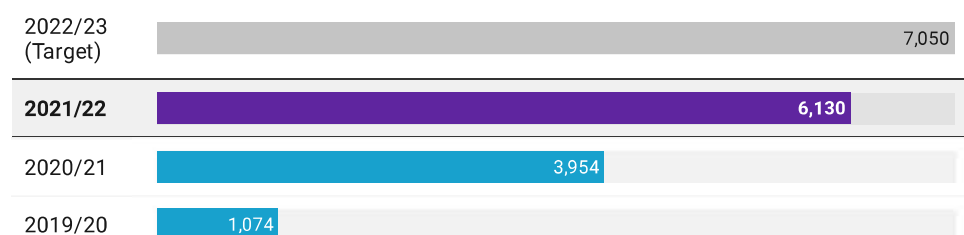


Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

Customer satisfaction has increased slightly from 2021/22, demonstrating our focus on improving our services and delivering a quality customer experience. However, while we've seen an improvement in customer satisfaction the percentage of customers satisfied with our service is still below target and will remain a key area for improvement in the year ahead.

Community Investment referrals

Number of customers referred to our Community Investment team and/or third-party partner organisation



Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

Since being established in 2019, our Community Investment programme's offer, which centres around supporting customers' mental and physical health and economic resilience, has significantly expanded its menu of support.

Using a mix of core and externally funded services and third-party delivery partners, we've increased our reach by 500 percent over the last few years and have achieved successful interventions of 95 percent for health and wellbeing services and 94 percent for economic resilience services.

Tenancies sustained

Tenancies sustained in the year that weren't ended due to abandonment or eviction



Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

The percentage of tenancies sustained during 2021/22 has decreased. This is partly due to customers being able to move more freely now than during the Coronavirus pandemic. By utilising customer insight, we aim to identify trends around why the sustainability of starter tenancies has reduced.

Care and Support schemes rated 'good' or 'outstanding' by CQC

CQC registered schemes subject to independent inspection with overall rating of 'good' or better

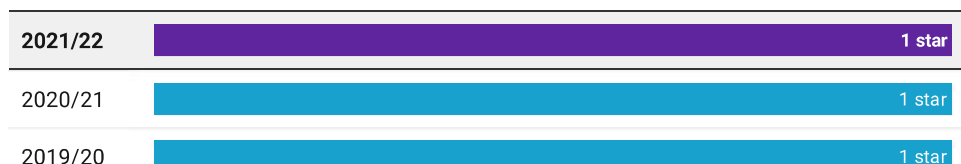


Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

One of our 10 services assessed by the Care Quality Commission was found to be requiring improvement. All Commission findings have been addressed to achieve compliance for the five key areas evaluated.

Sunday Times Best Companies rating

2022/23
(Target) N/A



Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

Our colleague satisfaction has been maintained at the Best Companies 'one star' rating. We aim to improve this when the next survey is undertaken. The next rating assessment will take place in June 2023.

Formal complaints received

2022/23
(Target) N/A

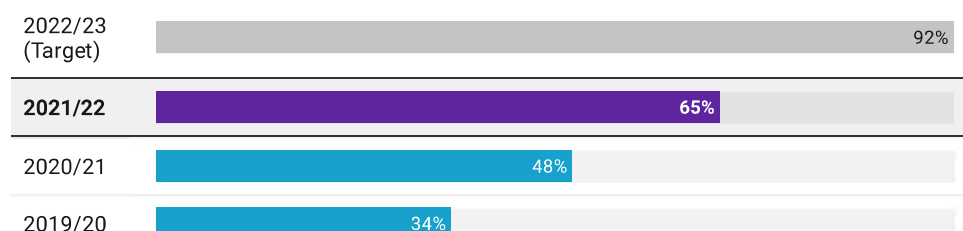


Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

The number of complaints has increased year-on-year. During 2021/22 the main cause for the highest dissatisfaction was our responsive repair service. We expect to address this through the appointment of three new repairs contractors, and introducing an in-house repairs contact centre from July 2022.

Whilst we have not set a specific target for 2022/23, our aim is to significantly reduce the number of formal complaints received.

Formal complaints responded to within target



Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

Our performance in resolving complaints in a timely manner improved considerably during 2021/22. This was driven by a reduction in the length of time complaints were open and an increase in the number of repair appointments made and works undertaken.

Although the annual figure is below our target there has been consistent improvement in the latter months of the financial year.

Customer feedback from the complaint surveys has been incorporated into our complaint service improvement plan. This plan focuses on several areas for improvement, such as communicating in a more responsive way with our customers, reducing complaint resolution timescales and performance monitoring.

Recognising the importance of complaints, we've introduced a new team with dedicated officers and management structure. Our Complaints Team will continue to focus on providing a quality and responsive complaints handling service to our customers and we'll continue to listen to the views of our customers in shaping the services we provide.

Listening to customers and making improvements

We've made the following changes based on customer feedback:

- Setting up a dedicated in-house contact centre where customers can report their repairs.
- Mobilisation workshops with our new contractors to ensure our expectations, timescales and the importance of a high-quality complaints service is understood and agreed from the outset.
- An improvement plan has been set in partnership with our heating contractor to ensure communication is at the forefront of service delivery. This includes the introduction of a revised appointment system for servicing and a new track the operative app.
- We implemented a new process focused on customer care for leaseholder gas servicing.
- An accessible online portal has been introduced for customers to review schedules for communal services at their individual scheme.
- We've reviewed our re-let standard with customers, which fed into the repair and void procurement process in preparation for our new repair service.
- Staging a dedicated 'stop the clock' session to focus on stage two complaints. This session, which involved over 70 colleagues across the business, saw us resolve 26 complaints in a single day.

KPI-12-Appointed-Repairs

Non-emergency repairs completed right first time



Source: Longhurst Group Change and Improvement Team • Created with [Datawrapper](#)

Our performance in completing non-emergency repairs on the first visit continues to improve year-on-year, and we achieved 85 percent for 2021/22.

Our business model

With over 24,000 homes across the Midlands and East of England and employing more than 1,200 people, Longhurst Group also provides care and support services at registered locations and in our customers' homes.

In this section

[Our purpose](#)

[What we do](#)

[How we do it](#)

[The impact we have](#)

Our purpose

Longhurst Group is a charitable housing association, registered as a community benefit society. It's also registered with the Regulator of Social Housing and the Care Quality Commission.

Our purpose is to provide an integrated solution to the housing and social care crises by delivering great homes and services.

Our strategic focus is to improve the health and wellbeing and economic resilience of our customers and colleagues.

Since the launch of our [Improving Lives 2025 strategy](#) in 2019, our main focus has been on:

- Providing high-quality, affordable homes
- Ensuring our homes are safe, well-maintained and fit for the future
- Delivering high standards of customer service
- Delivering high-quality care and support services.

What we do

£119.8m

Turnover from social housing lettings

76.8%

Social housing lettings as % of total income

Social housing lettings

Our social housing lettings business covers a range of different affordable tenure types, including social rent, immediate and affordable rent, shared ownership, sheltered and supported housing and extra care.

Development

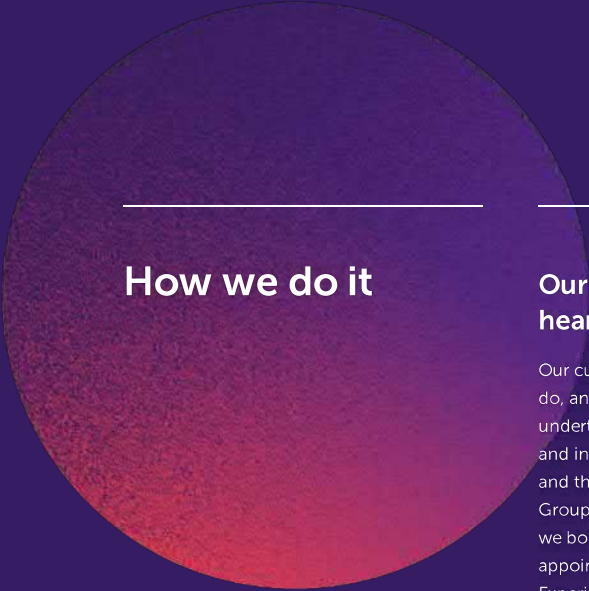
The Group's development programme is delivered through a mix of our own land-led development opportunities and section 106 agreements with private developers. The grant funding received from Homes England is solely for land-led developments.

Other income

Our other business activities include housing sales, which covers both shared ownership and open market property sales.

Our open market sales are mostly delivered through Keystone Developments and include a mix of family and retirement properties.

Other income is derived through floating support care contracts and managing leasehold properties for older customers.



How we do it

Our customers are at the heart of what we do

Our customers are central to everything we do, and this is evident from the work undertaken over the last year, operationally and in the Board room. Customer feedback and the customer experience are key to the Group's governance framework, something we bolstered in 2021/22 with the appointment of the Director of Customer Experience and Communities in December 2021.

Performance

The Group has maintained its high-performing culture although we've faced challenges over the last 12 months, not least due to the Coronavirus pandemic and Brexit. We're gradually starting to see the results of improvement plans that have been put in place in key areas.

Partnership working

We understand that more can be delivered through working collaboratively with partners and we continue to seek working relationships with organisations that share similar values and aims. You can find out more about the way we work with partners [here](#).

Financial management

Our business plan undergoes rigorous reviews and stress testing to ensure that the Group remains financially robust.

Performance in this area is monitored against an agreed set of financial 'golden rules', which are regularly reported to the Group Board and the Finance and Treasury Committee.

The impact we have

Useful links

[Solving the housing crisis](#)

[Longhurst Group growth and development](#)

[Care and Support](#)

Our customers

Our work doesn't stop with providing homes for our customers. Through our Improving Lives Strategy, we seek to support people by offering our own services and by signposting them to our partners for assistance. This ensures we can support people with a wide range of care and support needs.

Our people

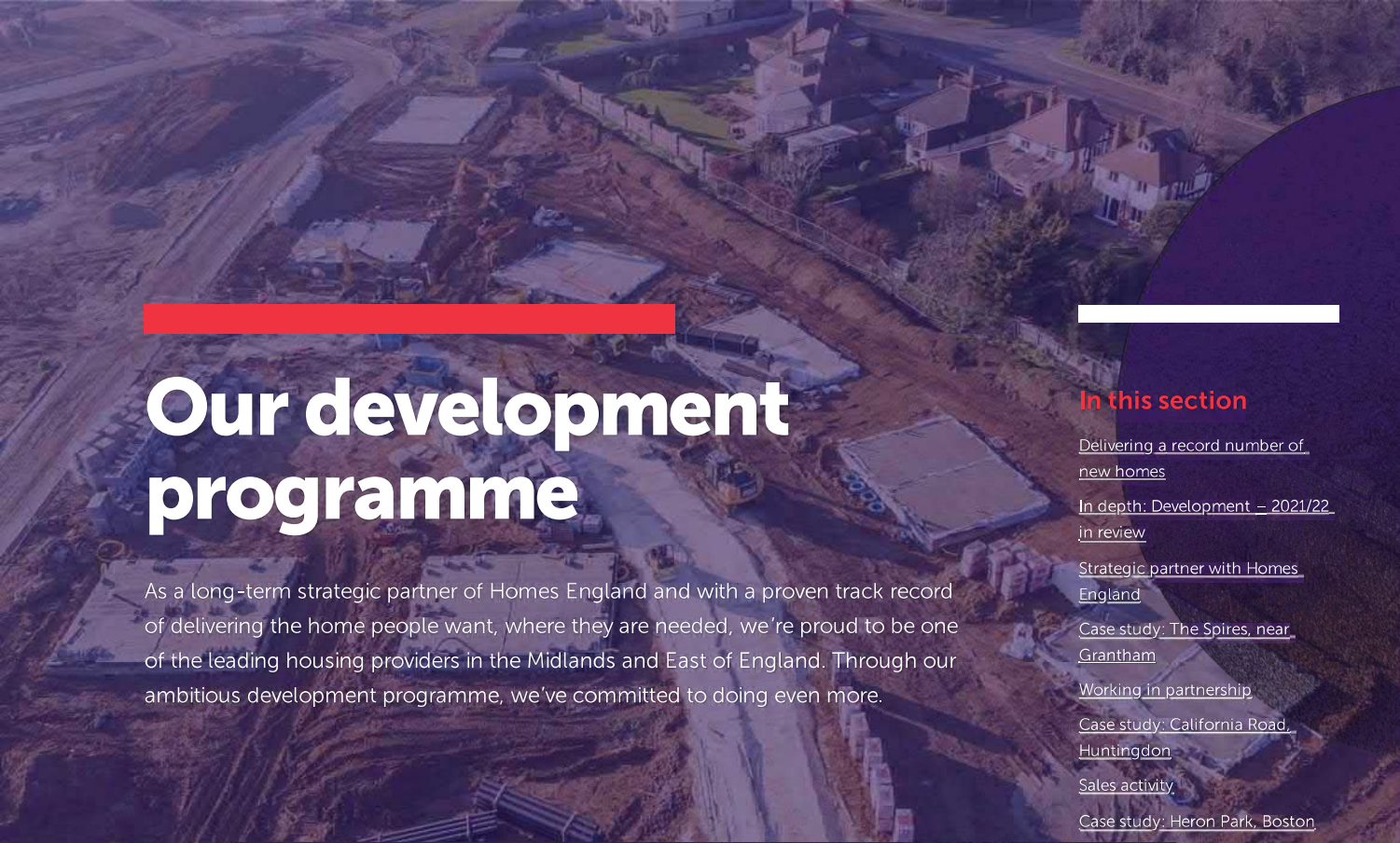
We currently employ over 1,200 people. During 2021, we reviewed our terms and conditions to make them more equitable for colleagues in our Care and Support and Housing teams. Learning and Development is a key part of our offer.

Our communities

More than just building homes, we build communities. Our Community Investment Team continues to provide services through a range of initiatives, such as support with employability and training, access to funding that helps people in crisis or those needing a little extra money to improve their garden.

Our partners and investors

Working with others allows us to deliver more than we can on our own. Our extensive development programme is a great example of what we can achieve with partners, enabling us to raise capital through long-term debt capital funding and shorter-term revolving credit facilities.



Our development programme

As a long-term strategic partner of Homes England and with a proven track record of delivering the home people want, where they are needed, we're proud to be one of the leading housing providers in the Midlands and East of England. Through our ambitious development programme, we've committed to doing even more.

In this section

[Delivering a record number of new homes](#)

[In depth: Development – 2021/22 in review](#)

[Strategic partner with Homes England](#)

[Case study: The Spires, near Grantham](#)

[Working in partnership](#)

[Case study: California Road, Huntingdon](#)

[Sales activity](#)

[Case study: Heron Park, Boston](#)

Delivering a record number of new homes

679

New homes delivered in 2021/22

£79.5m

invested in development activity

Despite another challenging year, we've delivered a record number of new homes to meet a range of housing needs.

As we continue to play our part in tackling the housing crisis, we're delivering the high-quality homes people want, where they are needed most and focusing on areas where we'll have the most impact.

Ranked by Inside Housing as one of the sector's best delivering providers, we invested £79.5m to deliver 679 homes in 2021/22. Most of these properties were available for social, affordable or intermediate rent or low-cost ownership options, such as shared ownership or Rent to Home Buy.

This was achieved despite the unprecedented challenges of the Coronavirus pandemic and the difficulties facing the industry post-Brexit, with escalating material costs and supply shortages, as well as a premium of skilled workers across the sector and real issues around delivery and quality.

Through our new Asset Maximisation Team, we've an overview of how our assets contribute to our strategic objectives, meet long-term customer needs and help us achieve high future standards.

By strategically investing sustainable assets and disposing or remodelling assets that don't meet financial or social standards, our stock portfolio is fully future proof. In the last year we've identified:

- 31 scheme reviews, incorporating 548 homes
- Three large scheme reviews plus one completed and approved for disposal
- 75 garage sites.



In depth

Development – 2021/22 in review

This section and accompanying video detail our achievements in delivering the homes people need, where they're needed the most. You can catch a glimpse of the high-quality affordable housing we deliver and how our colleagues help people find their new home.

Strategic partner with Homes England

792

New units under contract

24

New schemes secured

Through our strategic partner status with Homes England, we're continuing to deliver one of the largest affordable programmes across the Midlands and East of England, building the right mix of quality new homes for rent, shared ownership, rent to buy and market sale to meet local demand.

With a sound track record for delivery, we'll develop an ambitious programme of 4,000 new homes by 2028/29, with a mix of grant and non-grant funded opportunities.

Our Land and New Business Teams offer expertise and innovation, sourcing and securing land and package deals to fully expend our grant ask and deliver our targets.

In the last year, we've secured 24 schemes and entered into contract on 792 units. We're confident we'll continue to meet our strategic partnering commitments and business plan objectives as we source significant greenfield sites, areas of brownfield development, while delivering on our rural target and exploring modular options and alternative heating sources.

The Group's sales programme has gone from strength to strength in a vibrant market. As well as providing a comprehensive sales package, from signage to full site set-up, we've developed new ways of working, marketing and selling completed and off-plan homes via live Facebook events, fully embracing digital technology and multiple social media channels.

Through this approach, we've minimised our sales period, ensured schemes handed over during the pandemic were fully reserved and exceeded our business plan target.



Case study

The Spires, near Grantham

The Spires on Easthorpe Road in Great Gonerby was partly funded through Homes England's Affordable Homes Programme, providing 46 affordable homes with a mix of housing tenures including Shared Ownership, Affordable Rent and Rent to Buy.

[Read more](#)

Working in partnership

We've enjoyed our first completion as part of the Evera Homes LLP with Cross Keys Homes, Hyde Group and Flagship Group.

This saw 60 homes completed, including 24 affordable, with all homes sold and occupied at the historic RAF Upwood site in Cambridgeshire. Further phases have been purchased and will provide a further 490 new homes, along with significant investment in creating and integrating the community.

Other opportunities include a development onsite at Lakenheath, Suffolk for 81 homes and a partnership with Vistry to deliver a large-scale scheme of [680 new homes at Littleport, East Cambridgeshire](#), incorporating 40 percent affordable homes.

The Group has strong and established relationships with local authorities, and we're partner of choice across 13 potential developments in Huntingdonshire, regenerating brownfield sites that have laid dormant for decades.

We're also seen as the key entity to lead on opportunities with other smaller providers, such as local YMCAs and care and rural specialists through the [Blue Skies Consortium](#), Blue Skies, which we continue to manage with Nottingham Community Housing Association, remains highly regarded by Homes England.

Our partnership with Countryside goes from strength to strength as we break ground at [Witham St Hughs, Lincolnshire for 100 new homes](#), continue our [award-winning retirement and family scheme in Humberston, North East Lincolnshire](#) and progress to planning stage on further schemes across our priority geographical areas.



Case study

California Road, Huntingdon

This fully affordable 50-home development in Huntingdon is being built using modern methods of construction. In a first for the Group, sustainably-sourced timber-framed panels are manufactured in factory conditions before being transported to the site and craned into place.

[Read more](#)

Sales activity

We've achieved strong sales performance throughout the year, with demand for our homes often exceeding supply. As a result, during quarter three, we surpassed our business plan projections.

In addition to a high volume of sales transactions, as a result of the buoyant market conditions, our average share on first tranche sales increased while the average void period significantly reduced.

Longhurst Group – units sold

2022/23 target

220

2021/22

221

2020/21

203

2019/20

250

Longhurst Group – sales income

2022/23 target (£20m)

£20m

2021/22 (£22.3m)

£22m

2020/21 (£20.9m)

£21m

2019/20 (£20.6m)

£21m

Keystone – units sold

2021/22

10

2020/21

12

2019/20

32

Keystone – sales income

2021/22 (£2.8m)

£3m

2020/21 (£2.4m)

£2m

2019/20 (£5.8m)

£6m



Case study

Heron Park, Boston

The Shared Ownership options on offer at our Heron Park development in Boston made it possible for sisters Laura Tunnard and Abigail Sutterby to purchase their first homes on the development.

[Read more](#)

Managing risk

Effective risk management ensures Longhurst Group can operate successfully in all circumstances. Recognising and mitigating risks allow the Group to achieve its objectives and overcome any threats to success, posed by both internal and external environments.

In this section

[Risk management framework](#)

[Risk appetite](#)

[Principal risks and uncertainties](#)

[Strategic risk register](#)

Risk management framework

Managing risk is integral to good management practice throughout the organisation, incorporated into strategic and operational planning processes and performance management.

Risk management is the responsibility of the Board, with different committees, such as our Audit and Risk Committee or People and Remuneration Committee, undertaking a more detailed review of risks that may impact the Group's strategy, operations, financial or legislative compliance.

The strategic risk register is reviewed each quarter by the Group Board and Audit and Risk Committee. The Keystone and Libra Boards, along with the Development and Asset Improvement and Finance and Treasury Committees, review the risks within their area of responsibility.

We use the 'three lines of assurance' on controls within the risk system, which forms the basis of the controls assurance reporting mechanism to boards and committees.

Our online risk management database provides real time access to risk reports and key areas of assurance. Our risk system enables relevant and focused board reporting in relation to strategic and operational risks.

Risk appetite

As a not-for-profit business, we must clearly act in ways that minimise the risk of serious financial or other failures.

The Board's decisions are informed by our regulator's requirement that social housing assets shouldn't be placed at undue risk.

The Group is also required by government to operate in a competitive environment, to use substantial amounts of private finance to deliver new homes and to comply with many complex areas of law.

We recognise that we're not able to operate in a 'risk free' environment and that our framework of internal controls can only provide reasonable and not absolute assurance.

We're aware that control weaknesses and compliance issues can still arise. The framework of key controls that we operate is designed to minimise and manage the impact of these risks materialising.

The Group Board and Executive Team regularly review and amend our risk appetite linked to the Group's Improving Lives 2025 strategy and key areas of business.

Principle risks and uncertainties

The following six risks currently represent the greatest potential impact to our business and the achievement of our business plan objectives.



Current high levels of inflation

Risk-inflation

[Read more](#)



Delivery of developments, sales and JVs

Risk-delivery

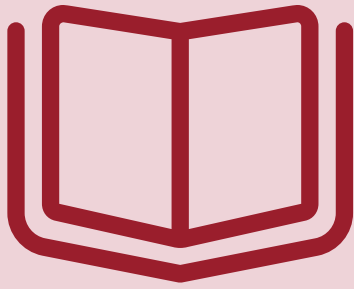
[Read more](#)



Potential health and safety breaches

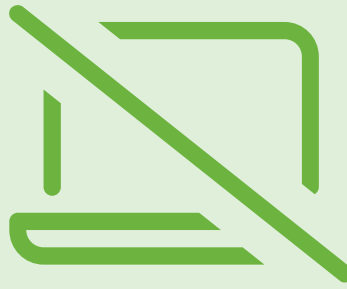
Risk-health-and-safety

[Read more](#)



Impact of Government policy changes

Risk-government-policy



Business continuity issues/cyberattacks

Risk-cyberattacks
[Read more](#)



Repairs performance

Risk-repairs
[Read more](#)

Strategic risk register

In addition to the six principal risks highlighted above, the Group's strategic risk register contains a further 12 risks. The total 18 strategic risks are listed below and plotted on the [heat map](#), with the residual rating displayed following mitigation measures taken by the Group.

Major risk

Probability: Likely

- A: Failure to deliver the development programme, sales and joint ventures
- B: Asset management not meeting required standards and associated issues

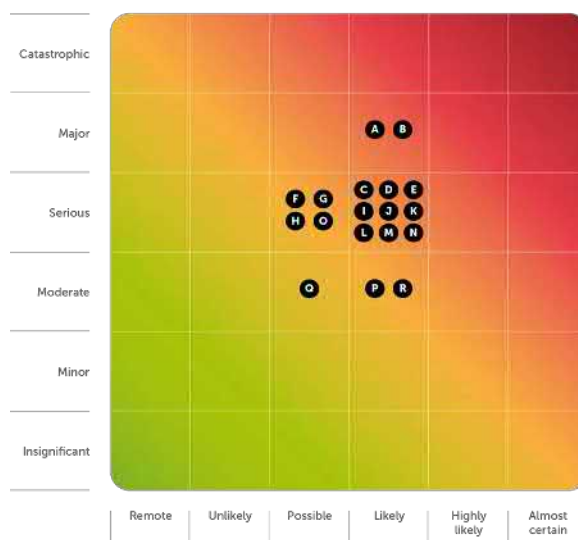
Serious risk

Probability: Likely

- C: Mobilisation of three new repairs contractors, and ensuring service delivers improvements to customers
- D: Care and Support business not delivering results and services (CQC Standards) in line with Business Plan
- E: Not having ICT capacity to meet internal growth and change aspirations and external threats (i.e. cyberattacks)
- I: Failure to have accurate, timely, relevant and assured data and supporting this through consistent IT approach (MS Dynamics)
- J: Current levels of inflation
- K: Government policy changes which impact on our Business Plan goals and reputation
- L: Failure to deliver financial performance in line with BP, investor expectations - impact on our credit rating
- M: Risks from contracts, legal requirements or supplier failure
- N: Failure to adhere to legislation and requirements derived from the Social Housing White Paper

Probability: Possible

- F: Not having effective financial management, affordable funding, and covenant defaults
- G: Failure to comply with legislation and regulatory requirements
- H: Significant health and safety incident (gas/electrical safety, fire, legionella, asbestos)
- O: Risks around board governance, leadership and improving performance



Moderate risk

Probability: Likely

- P: Failure of the Group to protect and enhance its reputation with all stakeholders
- R: Not retaining and recruiting key staff, and failure of succession planning

Probability: Possible

- Q: Potential of fraud to adversely impact on group activities

Current high levels of inflation impacting on financial performance and our customers' financial resilience

Risk-inflation

The global economic environment, including high inflation and interest rates, supply chain and availability and cost of labour and materials.

Impact

Deterioration in financial performance together with an expectation that rent arrears increase with customers requiring greater support and services.

Principal mitigations

- Business Plan, multi-variant scenarios and stress testing the model
- Money Advisors provide invaluable support to customers and sign posting to appropriate agencies for help
- Procurement Team seeking competitive tenders and driving value out of existing contracts.

Key control assurances

- Joint workshop on financial mitigations, stress tests and golden rules with Finance and Committee, Board and Executive Team
- Performance data reviewed monthly and cost per property analysed for potential efficiency savings.

Trend



Risk appetite
Balanced

Delivery of development programme, sales and joint ventures

Risk-delivery

- Developers' prices rising considerably faster than inflation together with build quality and availability of labour challenges.
- Availability and price of land.
- Potential property market downturn.

Impact

- Business Plan targets aren't achieved.
- Efficiencies through growth aren't achieved.
- Homes England Strategic Partnership contracts aren't achieved within timescales.

Principal mitigations

- Development schemes planned with phased contractual commitments.
- Flexibility exists to amend scheme tenure profiles
- A proportion of the schemes already have agreed prices up to 18 months in advance.
- Pipeline opportunities identified over the next 10-year timeline.

Key control assurances

- Development programme performance in line with Business plan targets
- Substantial grant allocation in the AHP 2021/26 programme.
- Strategic Partner with Homes England
- Joint Ventures in place to ensure maximum reach.

Trend



Risk appetite

Open

Potential health and safety breaches

Managing areas such as fire risk, gas and electrical safety, legionella and asbestos.

Risk-health-and-safety

- Failure to comply with legislation, regulations and internal systems and policies
- Contractor fails to deliver required level of service.

Impact

- Injury or fatality to customers and or colleagues
- Criminal proceedings against the Group or an individual
- Reputational damage, financial loss/fines/regulator action.

Principal mitigations

- Annually reviewed policy and procedures in place that provide clear guidance
- Professional contractors engaged to provide specialist services with close management and supervision
- Regular and continuous KPI reporting to the Group Board
- Risk assessments continue to be updated and reviewed in line with best practice.

Key control assurances

- Internal verification of compliance by our Health and Safety team and internal auditors
- Quality assurance undertaken to ensure contractors compliance as defined within service level
- Spot checks on work completed, undertaken by independent third-party professionals.

Trend



Risk appetite

Avoid

Impact of changes to government policy

Risk-government-policy

- Government policy could be changed rapidly in response to the current economic environment.
- Failure to anticipate and respond to changes in government policy.

Impact

- Business plan assumptions and strategies can become outdated or obsolete.
- Managing reputational issues.

Principal mitigations

- Engagement and horizon scanning by the Executive Leadership Team and Group Board to ensure key issues can be anticipated.
- Our business plan is modelled with various scenarios to ensure financial robustness going forward under various strategies and government policies.

Key control assurances

- Regulator representatives are guest speakers at Group Board Strategy days.
- Close working with professional advisors on potential changes.
- Close liaison and support given to NHF on national campaigns etc.
- Qualified colleagues in place with required professional memberships to ensure all guidance and standards are met.

Trend



Risk appetite

Avoid

Interruption to business continuity and risk of cyberattacks

Risk-cyberattacks

- Exceptional events on a national and international scale.
- Local events such as flooding, cyberattacks, hacking, cryptolocking and ransomware.

Impact

- The Group is unable to deliver services.
- Potential harm to customers and colleagues.
- Regulator concern and reputational damage.
- Loss of stakeholder and investor support.
- Financial cost.

Principal mitigations

- Business continuity policies and plans are in place and tested regularly
- Appropriate levels of insurance held for business interruption events and cyber cover
- Firewalls, anti-virus software, passwords, multi-functional authentication and 24-hour system monitoring in place
- Data Controller in place and the work of the Governance Team.

Key control assurances

- Internal audit advisory reports.
- Penetration testing and business continuity testing.
- Cyber Plus accreditation held.

Trend



Risk appetite

Avoid

Repairs performance

Risk-repairs

- Previous contractor's performance and quality issues
- New contractor's mobilisation during a period of material and labour shortages and increased costs
- Internal processes to facilitate in-house repair reporting.

Impact

- Customer dissatisfaction
- Reputational damage and potential regulator interest
- Increasing costs of three new contracts
- Colleague resource and senior management time to resolve previous poor service.

Principal mitigations

- Increased resource in the Property Services Team
- Customer facing teams and a dedicated contract management role to oversee contract delivery and ensure VfM
- Increase in post job inspection numbers
- Task groups and cross-company working to ensure customer expectations are met
- Regular reporting to the Executive Leadership Team and Group Board with actions as required.
- Regular customer feedback gained and acted upon.

Key control assurances

- An internal audit review will be conducted following go-live on the three new contracts.

Trend



Risk appetite

Balanced

Governance

Strong governance provides the foundation that the Group's success and future ambitions are built upon. Alongside robust processes and procedures, our vastly experienced and talented Group Board is complemented by a range of Committees that comprise additional and specialised expertise. All of this means that the organisation is well resourced and has the right structure to enable continued growth and success.

In this section

[Chair's introduction](#)

[Compliance statements](#)

[How we're governed](#)

[Our Board and Leadership](#)

[Board member profiles](#)

[Key Board activities](#)

[Committee update: PREMCO](#)

[Committee update: ARC](#)

Chair's introduction

While the pandemic dominated 2021/22, its effects have continued to have been felt across all areas of the Group over the past 12 months. I am pleased to report that the Group has continued to respond well to further restrictions and lockdowns as well as the knock-on effect on our services, customers and colleagues' mental health.

Although some areas have been more impacted by these challenges, we know where our performance needs to improve. We're working hard to ensure we continue to provide the excellent services our customers deserve, while we'll make the improvements we need in the coming months. We have committed to a clear plan to do this and know that working together has never been more important.

Our approach to excellent governance, high standards of health and safety and a customer first approach continue to be at the heart of what we do.

Statement-Chair

[Hear more from our Chair and read her full statement](#)



Compliance statements

Useful links

[Housing Ombudsman Complaint Handling Code – Self-assessment 2021](#)

Compliance with all relevant law

Each year the Group reviews its compliance with all relevant laws, supported by an independent review of the same. For the year 2021/22, the Group hasn't identified any areas of non-compliance.

Compliance with the Regulatory Standards

As a regulated provider, it's imperative that the Group complies with its regulatory obligations, which are in support of good governance. We review all aspects of the regulatory standards annually. Following a comprehensive assessment of the standards in 2021/22, we can confirm compliance with them.

Compliance with the Group's chosen code of governance

The Group's chosen code of governance is the NHF 2020 code which was adopted in 2020, to take effect from the first of April 2021. In preparation for this, we undertook a gap analysis to ensure that all requirements of the code were met, introducing new policies or reporting where required. The Group is compliant with the requirements of this code of governance.

Compliance with the requirements under Modern Slavery

We take our obligation to tackling modern slavery very seriously. In addition to the publication of our statement, we review our processes and work with supply chains to tackle modern slavery activities.

Compliance with the Housing Ombudsman's Complaint Handling Code

The Group is fully compliant with the Housing Ombudsman's Complaint Handling Code, having submitted [our self-assessment in December 2021](#).

The Complaint Handling Code was revised in March 2022. At the time of writing, the Group is in the process of completing a revised self-assessment, based on the new code. This will be published on our website before October 2022.

How we're governed

The Boards and Committees within the Group's structure are committed to the organisation and the customers it serves. The Board possesses the right balance of leadership and oversight, with members having a wide range of knowledge, skills and experience.



Relationships with the Executive Team are strong, offering robust challenge but also support. The Board and Executive Team work closely together to ensure the highest standards of governance, with rigorous and robust control systems in place.

However, good governance isn't just about the rules and systems we have in place, it's about ensuring the culture of the organisation and the behaviours of those involved is right. The Board leads by example, with members acting as role models for the Group. Members are appraised not just against their skills and experience but also for the way they live our values.

Diversity

Diversity, and having diversity on the Board, is extremely important to the Group as it ensures we make decisions effectively with the thoughts and needs of our customers in mind. With the Group operating over a large geography, covering many types of communities, this diversity is imperative. This is a consideration in our recruitment process when appointing new members to our Boards and Committees.

Board and Committee structure

The Group reviews its structure annually to ensure it remains fit for purpose and provides the most effective way to deliver our strategic objectives. As at the date of this report, the Board has nine Board Members and one Group Board Cooptee.

All Board Members are Non-Executive Directors, with the exception of one, who is the Group Chief Executive. Committees and subsidiary Boards are populated by Group Board Members and independent members, whose skills complement the composition and activities of each of the entities.

The formal governance structure is supported by a number of customer engagement groups, including the Longhurst Group Customer Forum. The Forum is a valuable link enabling the Board to hear the customer voice, providing further insight into the needs of current and future customers.

The Governance Team works closely with the Forum, particularly around our compliance with the Regulator's consumer standards and Health and Safety.

Our Board and Leadership

Useful links

[Our Group Board](#)

[Our Executive Team](#)

The Group Board of Longhurst Group has ultimate responsibility for the governance and performance of the Group and its subsidiaries. Its role is to determine the strategic direction of the organisation and to oversee and control risks and opportunities, thus allowing the Group to meet its objectives.

All entities within the governance structure have clear terms of reference to ensure that roles and responsibilities are clear and decision making is transparent.

There are some aspects of decision making that can never be delegated beyond the Group Board. These are clearly set out as matters reserved for the Board.

The Board and Committee members are provided with an annual development programme. Individual members also receive additional training and development opportunities if required.

This ensures they're clear on their fiduciary duties and stay abreast of the economic and risk environments in which the Group operates.

Members are also encouraged to attend conferences and webinars for this reason.

In addition to the Group Board Chair, the Group has a Senior Independent Director, who operates as a sounding board for the Chair as well as, if needed, acting as an intermediary for all other Directors...

A regular, robust appraisal supports good relationships as well as succession planning and development activities.

All Board and Committee Members undergo an annual appraisal, from which the annual development plan and individual training sessions are agreed.

Each Board and Committee Member is selected for their role based upon merit and the skills and experience they possess.

An important part of the recruitment process is to ensure there's a clear understanding of the communities which the Group serves.

Roles and responsibilities are set out in a role and person specification document.

Longhurst Group Limited and its subsidiaries have indemnified Board Members, Executive Team and Directors and employees with Directors' and Officers' liability insurance cover of £2 million and professional indemnity insurance cover of £5 million for the year ending 31 March 2022.

Group Board

Board member profiles



Jenny Brown

Group Board Chair and previously Chair of ARC

Membership
Group Board, PREMCO and Keystone

Profile-Jenny-Brown
View profile



Julie Doyle

Chief Executive

Membership
Group Board and Keystone

Profile-Julie-Doyle
View profile



Angie Morris

Chair of PREMCO

Membership
Group Board, Treasury and Finance Committee, Libra 1 and 2 and PREMCO

Profile-Angie-Morris
View profile



Damien Régent

Chair of the Audit and Risk Committee (ARC)

Membership
Group Board, D&A and ARC

Profile-Damien-Régent
View profile



Gabriel Behr

Non-executive director

Membership
Due to illness, Gabriel is currently on special absence

Profile-Gabriel-Behr
View profile



Parmjit Dhanda

Chair of Keystone

Membership
Group Board, PREMCO and Keystone

Profile-Parmjit Dhanda
View profile



Pat Brandum

Chair of the Development and Asset Investment (D&A) Committee

Membership
Group Board, D&A, Keystone and ARC

Profile-Pat-Brandum
View profile



Peter Hay CBE
Non-executive director

Membership
**Group Board and
PREMCO**

[Profile-Peter-Hay](#)
[View profile](#)



Chris Tyson
Chair of Libra 192, and
Finance and Treasury
Committee

Membership
**Group Board, Finance and
Treasury Committee,
Libra 1 and 2 and ARC**

[Profile-Chris-Tyson](#)
[View profile](#)



Philip Morris
Non-executive director

Membership
**Due to illness Philip is
currently on special
absence**

[Profile-Philip-Morris](#)
[View profile](#)



Joseph Carr
Non-executive director

Membership
**Joseph left the Group
Board on 8 April, 2022**

[Profile-Joseph-Carr](#)
[View profile](#)

Key board activities

Customer experience

Our focus on the experience of our customers, although always on the Group Board's agenda, has been heightened over the last year with changes to operational structures and governance arrangements.

Since the appointment of Charmaine Simei as Director of Customer Experience in late December 2021, the Board has taken part in several sessions on customer experience, customer voice and ensuring customers who aren't as vocal are heard.

The work continues but exciting and new methods to help the Board collaborate with our involved customer groups are now in place. These support other methods of customer insight that the Board receives, helping inform decision making and providing a clear view of the communities the Boards serve. The Board works hard to ensure the Group improves customer satisfaction by adopting more effective processes and driving value for money while delivering vital services.

Angie Morris

Chair of People, Remuneration and Nominations Committee (PREMCO)



Membership

- Group Board
- Libra 1&2/Finance and Treasury
- PREMCO

Attendance

Group Board
100%

Finance and Treasury/Libra
100%

PREMCO
100%

Profile

Tenure: Three years

Background: Professional

With passion and a significant understanding of the role housing can play in the health and wellbeing of individuals and the community, Angie joined the Board in July 2019 having served in a similar role at Axiom since 2016.

She chairs the People, Remuneration and Nominations Committee.

[Read Angie's full profile](#)

Jenny Brown

Group Board Chair and previously Chair of ARC



Membership

- Group Board
- PREMCO
- Keystone

Attendance

Group Board
100%

PREMCO
100%

Keystone
100%

Profile

Tenure: Two years and 11 months

Background: Professional

Jenny joined the Board in 2019, bringing with her a passion for the housing sector and diversity and inclusion. She was appointed as the Board's Chair in early 2022, having previously been Chair of the Audit and Risk Committee.

Roles and responsibilities

The role of the Chair is to lead the Board, ensuring that the Group operates within a robust framework from which the Board carries out its functions to the highest levels of probity, performance and conduct. Jenny is also responsible for maintaining an open and constructive working relationship with the Executive Team, in particular the Chief Executive. Jenny is focused on the voice of the customer and ensuring that this is heard by the Board to help inform its decision making.

[Read Jenny's full profile](#)

Julie Doyle

Chief Executive



Membership

- Group Board
- Keystone

Attendance

Group Board
100%

Keystone
40%

Profile

Tenure: *de facto* role

Background: **Executive**

Since taking on the role of Chief Executive, Julie Doyle has ensured there's a strong platform for future success by reshaping the organisation, achieving considerable value for money savings and delivering substantial growth.

Roles and responsibilities

As the Group Chief Executive, Julie's role is to lead the organisation through change while ensuring the Group remains on track to deliver its operational and strategic objectives. Julie heads up the Executive Leadership Team to ensure that as well as meeting its financial and governance results, its organisational culture and behaviours mirror those desired throughout the organisation.

[Read Julie's full profile](#)

Damien Régent

Chair of Audit and Risk Committee (ARC)



Membership

- Group Board
- D&AI
- ARC

Attendance

Group Board
0%



D&AI
100%



ARC
100%



Profile

Tenure: Four months

Background: Professional

Damien joined the Board in February 2022. After a first career as a financial analyst specialising in credit markets and financial institutions, he now works at board level with multiple organisations.

[Read Damien's full profile](#)

Gabriel Behr

Chair of Audit and Risk Committee (ARC)



Membership

Due to illness, Gabriel is currently on special absence.

Attendance

Due to illness, Gabriel is currently on special absence

Profile

Tenure: Two years and 11 months

Background: Finance professional

A chartered accountant with more than 20 years' experience in senior finance roles – 15 of which have been spent in Chief Financial Officer roles – Gabriel joined the Board in 2019, following the Group's consolidation.

[Read Gabriel's full profile](#)

Parmjit Dhanda

Chair of Keystone



Membership

- Group Board
- PREMCO
- Keystone

Attendance

Group Board

100%

PREMCO

100%

Keystone

100%

Profile

Tenure: Five years and 10 months

Background: Professional

Parmjit joined the Board in September 2016. He's a former Government Minister with departmental responsibility for the Department of Education, Department of Trade and Industry, and the Department for Communities and Local Government – where his responsibilities encompassed local government, planning and the fire service.

[Read Parmjit's full profile](#)

Pat Brandum

Chair of Development and Asset Investment (D&AI)
Committee



Membership

- Group Board
- D&AI
- Keystone
- ARC

Attendance

Group Board

100%

D&AI

100%

Keystone

100%

ARC

80%

Profile

Tenure: Five years and eight months

Background: Professional

With more than 30 years' experience working within the housing sector and local authorities across the Midlands, Pat, the former Chief Executive of WM Housing Group, brings a wealth of knowledge to the Board.

[Read Pat's full profile](#)

Profile-Peter-Hay

Peter Hay CBE

Non-executive director



Membership

- Group Board
- PREMCO

Profile-Peter-Hay

Attendance

Group Board

100%

PREMCO

100%

Profile

Tenure: Four months

Background: Professional

Peter is a highly experienced social care and public-sector services leader with a track record of service improvement and influence upon national policy. A proven executive leader and non-executive director with the ability to work successfully in highly political environments at both a national and local level, Peter joined the Board in early 2022.

[Read Peter's full profile](#)

Chris Tyson

Chair of Libra / Finance & Treasury



Membership

- Group Board
- Libra 1&2/Finance and Treasury
- ARC

Attendance

Group Board

100%

Libra 1&2/Finance and Treasury

75%

ARC

100%

Profile

Tenure: One year and seven months

Background: Professional

Chris Tyson joined the Board in June 2022, having previously served as an independent member of both the Audit and Risk and the Finance and Treasury Committees.

Chris was most recently Group Treasury and Tax Director at FirstGroup plc, the bus and rail operator, where he also had responsibility for procurement, and was heavily involved in the disposal of the North American businesses in 2021. He has worked in senior Treasury roles in a number of businesses over a 30-year career, including Travelport, Enodis plc and Tomkins plc, where his responsibilities have included strategy and insurance.

He also serves as a Trustee Director at First UK Bus Pension Scheme.

[Read Chris' full profile](#)

Philip Morris

Non-executive director



Membership

- Group Board
- PREMCO
- Libra 1&2/Finance and Treasury Committee

Attendance

Due to illness Philip is currently on special absence

Profile

Tenure: Five months

Background: Professional

A KPMG-trained chartered accountant with over 30 years' post-qualification experience, Philip was appointed to the Board in early 2022. He's spent the last 20 years running his own specialist procurement business, as well as taking on a variety of non-executive director roles in a number of sectors.

[Read Philip's full profile](#)

Joseph Carr

Non-executive director



Membership

- Group Board

Attendance

Joseph left the Group Board
on 8 April, 2022

Profile

Tenure: Joseph left the Group Board on 8 April, 2022

Background: Professional

Joseph was appointed to the Group Board in March 2020. He was previously a director at Altair Consultancy Services and spent a considerable amount of his career working as policy leader for the National Housing Federation. As well as being a director and owner of his own consultancy firm, Joseph is a relationship director for MorHomes plc.



Committee update

People, Remuneration and Nominations Committee (PREMCO)

Angie Morris, Chair

"As Chair of PREMCO, it's great to see all of the good work going on within the organisation, not only for customers but also for colleagues across the Group..."

Report-PREMCO

Read full report



Committee update

Audit and Risk Committee (ARC)

Damien Régent, Chair

"The role of a good audit and risk committee is to provide assurance to the Board by reviewing the reliability of the organisation's governance, risk and control environment..."

Report-ARC

Read full report

People, Remuneration and Nominations Committee (PREMCO)

Angie Morris, Chair



Report-PRESCO

As Chair of PREMCO, it's great to see all of the good work going on within the organisation, not only for customers but also for colleagues across the Group.

The People Strategy has been a key part of the Committee's focus over the last 12 months, ensuring that the Group offers a competitive and fair 'offer' to its colleagues, as well as ensuring the culture and behaviours in the organisation reflect the Group's direction.

I feel passionately about the role of carers, not just those who work in the care industry, but those who provide care to family and loved ones, often in addition to a full-time job. Given the Group's commitment to its care and support services, and the number of colleagues who have additional care responsibilities at home, I was so pleased to see the recognition of our 'offer' to care colleagues being held in the same regard as the rest of the business.

The Committee has been instrumental in making sure that changes to terms and conditions, pay and the cost-of-living, are as equitable as possible to Care and Support roles.

Equality, Diversity and Inclusion has also been a prominent topic, with the Group introducing lots of initiatives to ensure inclusion as well as raising awareness.

As with care, the Group has worked hard to promote diversity and inclusion across the business for colleagues and customers.

One of my most enjoyable experiences in the last 12 months has been seeing the great work of our Care and Support teams.

It was a real privilege to join a video call with a series of frontline colleagues to hear about their experiences and to thank them for their incredible commitment.

Audit and Risk Committee (ARC)

Damien Régent, Chair



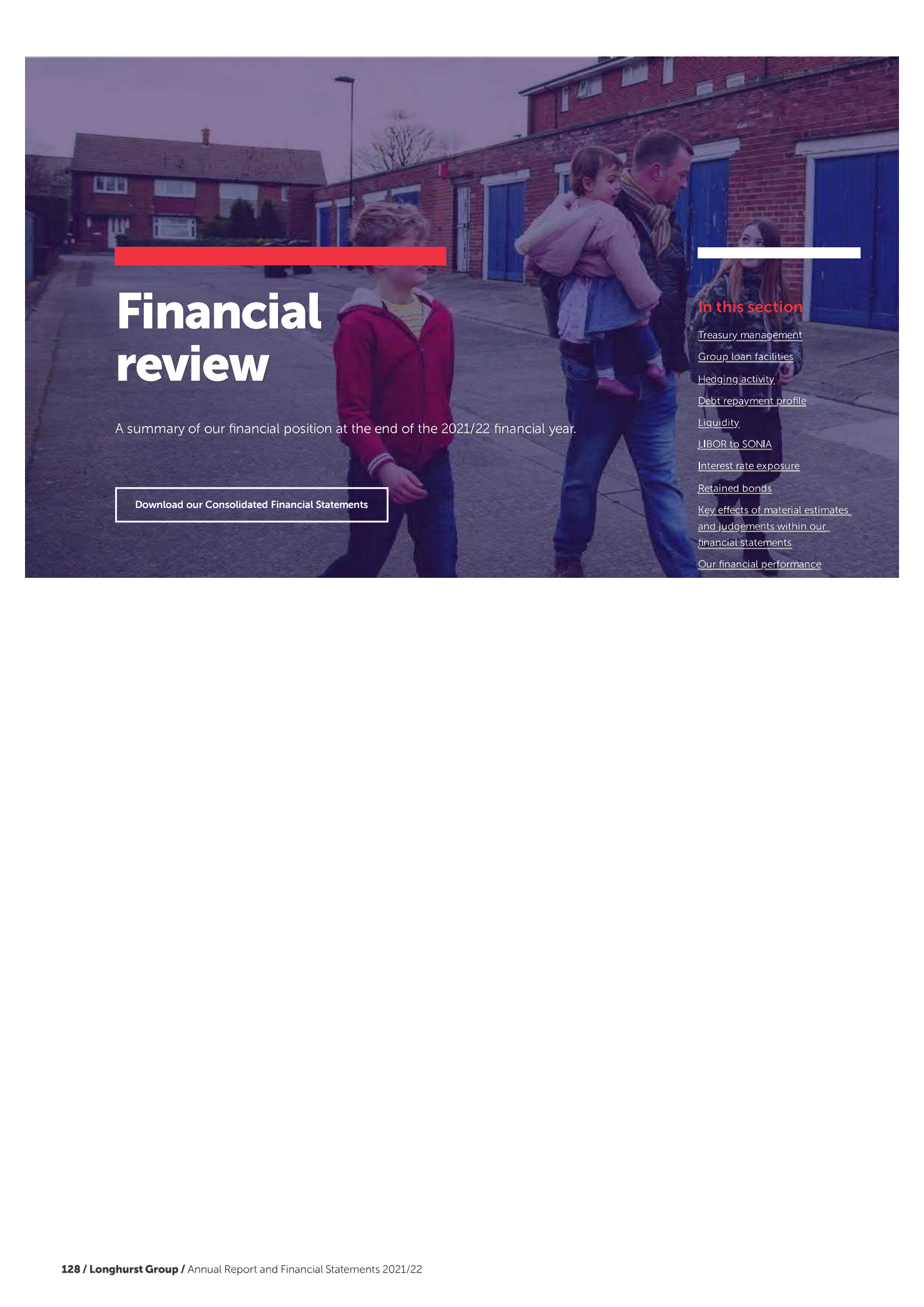
Report-ARC

The role of a good audit and risk committee is to provide assurance to the Board by reviewing the reliability of the organisation's governance, risk and control environment. It also provides scrutiny of the integrity of the organisation's financial statements and annual report.

On joining Longhurst Group as the Chair of the ARC in early 2022, I was pleased to see not only the controls and measures in place to provide assurance across the governance structure, but also the transparency and openness evident between Committee Members, the Group Board and the Executive Team.

Looking over the time I've been in post, and the previous 12 months, the focus of the Committee has been very much on scrutinising areas of compliance such as health and safety, data assurance and the processes that sit behind the Group's critical activities.

Following the procurement of new repairs contractors in May 2022, we're now focused on the successful delivery of our repairs services. Ensuring the effective delivery of these services is essential for the wellbeing and safety of our customers.



Financial review

A summary of our financial position at the end of the 2021/22 financial year.

[Download our Consolidated Financial Statements](#)

In this section

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[Group loan facilities](#)

[Hedging activity](#)

[Debt repayment profile](#)

[Liquidity](#)

[LIBOR to SONIA](#)

[Interest rate exposure](#)

[Retained bonds](#)

[Key effects of material estimates and judgements within our financial statements](#)

[Our financial performance](#)

Treasury management

At 31 March 2022, the Group has agreed loan facilities totalling £911.0m of which, £668.2m was drawn. Loans totalling £810.6m are managed through the Group's special purpose vehicles: Libra (Longhurst Group) Treasury plc and Libra (Longhurst Group) Treasury No 2 plc, with the balance of £100.4m being held directly within the Group. In line with the Group's approved treasury strategy, all new funding is arranged through one of our special purpose funding vehicles.

Group loan facilities

At 31 March 2022, the Group had total loan facilities available of £911.0m of which, £242.8m remained undrawn at the balance sheet date. The increase in agreed facilities is due to the issue of £100m of retained bonds, which have been pre-sold through a forward purchase agreement. £50m of sales are occurring in 2022/23 and the remaining £50m is completing at the start of the 2023/24 financial year.

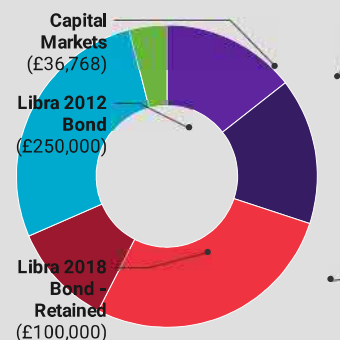
Contractual capital repayments were made during 2021/22 and the Group's development programme was funded during the year via free cash reserves.

The forward sale of £100m retained bonds, together with existing undrawn revolving facilities, provide ample liquidity as determined within the Group's treasury management policy.

In total, £460.6m of total committed facilities has either been issued or is managed under Group loan facilities by Libra (Longhurst Group) Treasury plc and £350m by Libra (Longhurst Group) Treasury No 2 plc.

Our treasury management strategy is to maintain our hedging activity within flexible parameters, as defined within the treasury management policy.

Total committed funding 2021/22



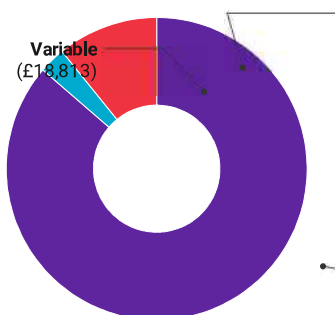
Source: Longhurst Group Finance Team

The exact proportion of fixed rate borrowings (where the rate is fixed for 12 months or more) is set each year when the Board agrees the Group's annual treasury strategy.

The level of fixed rate debt is determined by analysing how sensitive the Group's cashflow forecast is to fluctuations in prevailing market interest rates, but subject always to the Group having at least 70 percent of its net position subject to fixed rates of interest, on a rolling five-year average basis. The Group ensures that no more than 100 percent of its net exposure is fixed at any time.

Hedging activity

The Group's hedging activity is within the treasury management policy's agreed parameters, with a total of 97.18 percent fixed through a combination of embedded fixed rates and standalone derivatives. The ratio of fixed rate debt has remained consistent during 2021/22 because of a reduction in the notional value of standalone derivatives and maturity of embedded fixed rates, offset by a reduction in variable debt due to contractual capital repayments related to amortising facilities.



Source: Longhurst Group Finance Team •

Debt repayment profile

The majority of the Group's loans have been arranged under long-term facilities with 87 percent of drawn facilities being for five years and beyond. The balance of 13 percent are short-term facilities with a final repayment date of between two and five years. The repayment profile for the drawn and undrawn debt held across the Group is summarised in the chart below. In total, 75 percent of committed facilities mature in more than five years, a majority of which relates to the two bonds maturing in 2038 (£250m) and 2043 (£350m).



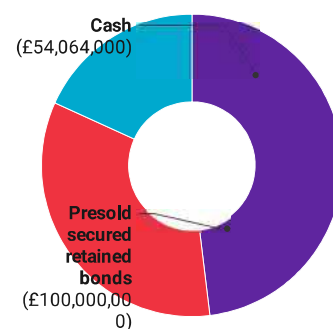
Source: Longhurst Group Finance Team •

Liquidity

At 31 March 2022, the Group has available cash of £54.1m and £142.8m of undrawn secured facilities available to draw with two days' notice.

There are also £100.0m of pre-sold retained bonds, £25m agreed to be sold in April 2022, £25m in August 2022 and a further £50m in April 2023.

The Group has £25.0m ring-fenced security to provide collateral (in excess of agreed unsecured thresholds) to cover any mark to market positions.



Source: Longhurst Group Finance Team •

LIBOR to SONIA

During the year, the Group transitioned from LIBOR to SONIA in respect of variable rate loans and standalone derivatives. The lender discussions and legal amendments were completed to enable the transition to successfully complete from 1 January 2022.

Interest rate exposure

At 31 March 2022, the Group had a negative standalone interest swap exposure of £12.3m (2021: £19.9m), based on £72.5m (2021: £75.5m) of notional paying fixed rate/receiving three-month SONIA swaps. All of the Group's interest rate swaps allow for the mark to market (M2M) position to be covered by either property assets or cash.

At 31 March 2022, the Group's position was covered by property security of £2.3m for the M2M position in excess of the agreed threshold. The Group's treasury management policy approved annually and reviewed, incorporates our objectives, relating to treasury management activities, together with policies and practices.

Retained bonds

During the year, the Group issued and retained a further £100m of bonds as part of the 2043 bonds held within Libra (Longhurst Group) Treasury No 2 plc. The Group entered into a forward purchase agreement in August 2021 to sell the bonds over three intervals.

The agreed deferred sales are £25m in April 2022, £25m in August 2022 and £50m in April 2023. At 31 March 2022, the bonds are fully secured, ready to proceed.

Key effects of material estimates and judgements within our financial statements

Impairment

We have reviewed the carrying value of housing properties and other fixed assets and assessed these against potential indicators of impairment at the Balance Sheet date.

Where there has been an indicator of a potential impairment, a detailed assessment of the carrying value and associated cash generating units is compared to the recoverable amount of the asset.

Where the recoverable amount of an asset is lower than its carrying value, an impairment is recorded through a charge to Statement of Comprehensive Income.

Provision for bad and doubtful debts

We have made a provision for bad and doubtful debts based on an assessment of the different levels of customer arrears at the Balance Sheet date.

Defined Benefit Pension Scheme

The assumptions used in the defined benefit pension scheme valuation have been reviewed by management to ensure the assumptions used on inflation, salary growth and discount rate are appropriate for our business.

Capitalisation of development costs

Costs associated with the construction of new homes under our development programme have been capitalised. This includes the cost of acquiring land, constructions costs, interest incurred during the development period and administration costs directly incurred during the development period.

Further details on our key judgements and material estimates can be found in our Accounting Policies on pages 150-157 of our [Consolidated Financial Statements](#).

Review of Group financial performance

Downloads

[Consolidated Financial Statements](#)

The consolidated Group surplus for the year ended 31 March 2022 was £11.7m after tax, compared to a surplus of £8.5m for the same period in 2020/21.

The Group's total turnover for the year increased from £152.8m in 2020/21 to £156.1m in 2021/22 because of first tranche sales income exceeding budget significantly. The increased sales activity was a result of catching up, following delays during the height of the Coronavirus pandemic, and increased demand for property, with an increasing number of sales being made 'off-plan'.

The turnover from social housing lettings has increased year-on-year and, as a percentage of turnover, social housing lettings increased from 75.0% to 76.8% with increased rental and care contract income contributing to this. Overall, our turnover from social housing lettings was down when compared to budget with handover delays impacting upon rental income, increased voids continuing to be impacted upon by the repairs contract issues discussed earlier in this report and delays in receiving nominations from local authorities in matching potential Care and Support customers with suitable homes.

The increase in operating costs, and lack of improvement in the operating margin since the prior year, is due to several factors. While the main challenge faced in 2021/22 is around the repairs contract issues, increasing management costs have also had a significant impact particularly around staffing costs, due to departmental restructures and agency costs incurred to cover vacancies and illness.

Total interest costs for the year were £29.8m down from £30.2m the previous year. The decrease in interest costs reflects a reduction in the cost of borrowing during the year due to embedded fixed rate loans maturing and reduction in the Group's Swap portfolio.

The net book value of the Group's fixed assets grew by £53.5m in the year to £1.29bn at the end of March 2022. The increase in the recorded value of the fixed assets was realised through the increased investment in the provision of 679 new homes.

Total debt at the end of March 2021 reduced to £672.3m from £687.9m the previous year due to the repayment of revolving credit facilities and contractual loan repayments. This will increase over the coming year with draw downs taking place following the issue of the £100m retained bond via forward purchase agreement.

The pension liability has decreased to £20.3m from £21.6m due to the impact of market movements; with the impact of a higher discount rate and growth of scheme assets, netting off against higher inflation rate assumptions.

The cash flow hedge reserve reduced by £8.2m to £13.8m at the end of March 2022. The decrease is due to a combination of a reduction in the Group's swap portfolio and an increase in swap rates at the end of March 2022 resulting in a reduction in the Group's Mark to Market position.



Board Members, Executive Officers, Principal Advisors and Bankers

Board Members

Jenny Brown	Chair (appointed to Board 25 Jul 2019, appointed Chair 1 Jan 2022)
Robert Wilson	Chair (resigned 31 Dec 2021)
Gabriel Behr	Non-executive director (currently on special leave due to illness)
Pat Brandum	Chair of the Development and Asset Investment Committee
Joseph Carr	Chair of the Finance and Treasury Committee and Libra 1&2 (resigned 8 Apr 2022)
Parmjit Dhanda	Chair of Keystone (LG) Developments (appointed to Board 1 Sep 2019, appointed Chair of Keystone 1 Jul 2022)
Julie Doyle	Chief Executive
Peter Hay CBE	Non-executive director (appointed 14 Feb 2022)
Angie Morris	Chair of the People, Remuneration and Nominations Committee (appointed to Board 26 May 2016, appointed Chair of PREMCO 14 Feb 2022)
Philip Morris	Non-executive director (appointed 14 Jan 2022, currently on special leave due to illness)
Damien Régent	Chair of the Audit and Risk Committee (appointed 14 Feb 2022)
Chris Tyson	Chair of Finance and Treasury Committee and Libra 1&2 (appointed to Board and Chair of Finance and Treasury Committee and Libra 1&2 25 May 2022)
Stephen Wenham	Chair of People, Remuneration and Nominations Committee (resigned 13 Feb 2022)

Executive Officers

Julie Doyle	Chief Executive
Rob Griffiths	Deputy Chief Executive and Chief Financial Officer
Lynn Stubbs	Executive Director of People and Performance
Marcus Keys	Executive Director of Growth and Development
Sharon Guest	Executive Director of Housing Services
Louise Platt	Executive Director of Care and Business Partnerships

Company Secretary

Rachel Challinor	Director of Governance and Compliance
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Registered head office

1 Crown Court,
Crown Way,
Rushden,
Northamptonshire
NN10 6BS

Principal bankers

Lloyds Banking Group,
Third Floor,
25 Gresham Street,
London EC2V 7HN

Auditors

BDO LLP,
2 City Place,
Beehive Ring Road,
Gatwick,
West Sussex RH6 0PA

Solicitors

Wright Hassall LLP,
Olympus Avenue,
Leamington Spa,
Warwickshire CV34 6BF

Trowers & Hamblins LLP,
3 Bunhill Row,
London EC1Y 8YZ

Winckworth Sherwood LLP,
Minerva House,
5 Montague Close,
London SE1

Directors' Report

Introduction

The Board presents its report and audited consolidated financial statements for Longhurst Group and its subsidiary undertakings for the year ended 31 March 2022.

Principal Activities

The principal activity of Longhurst Group is as a leading provider of affordable housing, care and support in the Midlands and surrounding areas.

Directors

See page 134 for listing of Board Members and Executive Officers.

Charitable and Political Donations

The Group has made donations of £1,250 during the year (2021: £16,650).

Statement of the Board's Responsibilities in Respect of the Accounts

The Board is required to prepare financial statements for each financial year that give a true and fair view of the Group's state of affairs and of its income and expenditure 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 accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

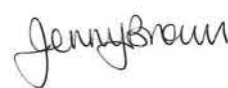
The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Board is also responsible for safeguarding the Group assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, by establishing, and maintaining a satisfactory system of control over the Group's accounting records, cash holdings and all its receipts and remittances.

As far as the Directors are aware:

- There is no relevant audit information of which the Company's auditors are unaware;
- The Directors have taken all steps that they ought to have to make themselves aware of any relevant audit information and to establish that the Company's auditor are aware of that information.

By order of the Board,



Jenny Brown, Chair

Independent auditor's report to the members of Longhurst Group Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Longhurst Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2022 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated statement of cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide

a basis for our opinion. Our audit opinion is consistent with the additional report to the Group Audit and Risk Committee.

Independence

Following the recommendation of the Group Audit and Risk Committee, we were appointed by the Board on 25 November 2019 to audit the financial statements for the year ending 31 March 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 3 years, covering the years ending 31 March 2020 to 31 March 2022.

We remain independent of the Group and the Parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's assessment of the going concern status of the Group and the Association which included forecasts and stress-testing covering a period of 12 months from the date of sign off of the financial statements;
- Obtaining and assessing the availability of financing facilities, including the nature of facilities, repayment terms and financial covenants. We considered management's financial covenant compliance calculations through to March 2024 and concluded

Independent auditor’s report to the members of Longhurst Group Limited (continued)

- on the consistency of such calculations with the ratios stated in the relevant lender agreements;
- Considering the appropriateness of the Board’s forecasts by testing their mathematical accuracy, assessing historical forecasting accuracy and understanding the Directors’ consideration of downside sensitivity analysis and reverse stress testing;
- Re-performing sensitivities on the Board’s base case and stressed case scenarios, considering the likelihood of these occurring and understanding and challenging the mitigating actions the Board would take under these scenarios;

– Assessing the going concern disclosures against the requirements of the accounting standards and assessing the consistency of the disclosures with the Board’s forecasts.

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

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

Overview

Coverage	100% (2021: 100%) of Group surplus before tax 100% (2021: 100%) of Group revenue 100% (2021: 100%) of Group total assets
Key audit matters	Net realisable value of property developed for sale ✔ 2022 ✔ 2021
Materiality	Group financial statements as a whole £2.1m (2021: £2.5m) based on 5.0% (2021: 5.0%) of adjusted operating surplus (2021 – adjusted operating surplus).

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’s system of internal control, and assessing the risks of material misstatement in the financial statements.

We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

We identified three components which, in our view required an audit of their complete

financial information due to their size or risk characteristics and were therefore considered to be significant components.

Longhurst Group Limited, Libra (Longhurst Group) Treasury PLC and Libra (Longhurst Group) Treasury No.2 PLC were identified as significant components due to size.

A full scope statutory audit was carried out for each component of the group.

Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

Independent auditor's report to the members of Longhurst Group Limited (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had

the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Net realisable value of property held for sale As explained in the accounting policies on page 133, properties developed for sale, which are disclosed in Note 19 of the financial statements and include shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £20,238,000 (2021 - £21,416,000). For all schemes developed for sale at the balance sheet date, management has performed an assessment of their recoverable amount using external valuations, including an assessment of the actual costs incurred against budget. Due to the level of judgement involved in estimating both selling price and costs to complete we considered there to be a significant risk over the recoverable amount of property developed for sale and therefore considered this to be a key audit matter.	For a sample of property developed for sale, we have: - For sales price: - compared anticipated selling prices to sales prices achieved after the year end, sales prices achieved for similar units in the year, valuation of properties for marketing purposes and other selling prices of similar properties in the locality. - where valuations were used, we assessed the expertise of the valuers and confirmed their work was appropriate for our use. - For costs to complete: - obtained the latest valuers report and review the construction costs against the total contract value taking into account contract variations. - obtained details of the expected costs to complete from the scheme budget for that development and agree the budgeted contracted cost of the development to the latest contract documentation. - considered Development and Asset Investment Committee minutes and made enquiries of Scheme Project Managers for indications of cost overruns, contractor disputes or solvency issues in relation to the schemes tested. - compared the incurred expenditure (including costs incurred after the reporting date) to the estimated amount to ensure that the cost to complete estimate reflects actual costs. - assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year. - For costs to sell we: - considered computations of selling costs and compared against known selling costs that have been incurred in the year. Key observations Based on our procedures we noted no exceptions.

Independent auditor's report to the members of Longhurst Group Limited (continued)

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine

the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

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

	Group financial statements		Parent financial statements	
	2022	2021	2022	2021
	£m	£m	£m	£m
Materiality	2.1	2.5	1.9	2.2
Basis for determining materiality	2022 and 2021: 5% of adjusted operating surplus as defined by the entities lending covenants.			
Rationale for the benchmark applied	Management reports its performance to key stakeholders and monitors the business based on adjusted operating surplus as defined by the loan covenants. It is therefore appropriate to adjust materiality in order to respond to the risk of covenant breach.			
Performance materiality	1.4	1.6	1.2	1.4
Performance materiality	65% of materiality (2021: 65% of materiality)			
	We considered a number of factors including the expected total value of known and likely misstatements (based on past experience and other factors) and management's attitude towards proposed adjustments.			

Component materiality

A full scope statutory audit was carried out for each subsidiary. We set materiality for each component of the Group based on their size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1,500 to £1,900,000. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding

component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Group Audit and Risk Committee that we would report to them all individual audit differences in excess of £38,000 (2020: £48,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Independent auditor's report to the members of Longhurst Group Limited (continued)

Other information

The board is responsible for the other information. Other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the Association;
- a satisfactory system of control has not been maintained over transactions;
- the Association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report to the members of Longhurst Group Limited (continued)

which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding and accumulated knowledge of the Group and the sector in which it operates we considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud, and whether such actions or non-compliance might have a material effect on the financial statements.

We gained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (United Kingdom Generally Accepted Accounting Practice, the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019).

In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being those laws and regulations relating to fire safety, environmental, occupational health and safety and data protection.

All team members were briefed to ensure they were aware of any relevant regulations in relation to their work.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries and management bias in accounting estimates. Our audit procedures included:

- Agreement of the financial statement disclosures to underlying supporting documentation;
- Challenging assumptions and judgements

made by management in their significant accounting estimates, in particular in relation to impairment, useful lives of depreciable assets, fair value measurement of investment properties, shared ownership anticipated first tranche percentage, recoverable amount of properties developed for sale (see Key Audit Matter above) and defined benefit pension scheme obligations;

- Identifying and testing journal entries to supporting documentation, in particular any journal entries posted with unusual account combinations and specific user postings;
- Discussions with management and those charged with governance, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Review of minutes of Board meetings and papers provided to the Group Audit and Risk Committee throughout the period and to the date of approval of the financial statements for instances of non-compliance with laws and regulation and fraud; and
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Group Audit and Risk Committee and any correspondence received from regulatory bodies.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions

Independent auditor's report to the members of Longhurst Group Limited (continued)

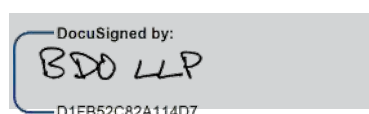
reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's

report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.



BDO LLP
Statutory Auditor
Gatwick
Date **23 September 2022**

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



Consolidated Financial Statements

Statement of comprehensive income

	Notes	Group		Parent	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Turnover	4	156,134	152,775	153,271	149,918
Cost of sales	4	(20,323)	(21,113)	(17,432)	(18,373)
Operating costs	4	(98,579)	(95,802)	(98,201)	(95,487)
Surplus on disposal of housing properties	11	3,106	2,098	3,106	2,098
Operating surplus	7	40,338	37,958	40,744	38,156
Surplus on disposal of other fixed assets	11	334	—	334	—
Share of (deficit)/surplus in joint ventures	18	(225)	457	—	—
Interest receivable	12	274	311	596	807
Interest and financing costs	13	(29,758)	(30,200)	(30,104)	(30,751)
Changes in fair value of investments		2	4	—	—
Movement in fair value of investment properties	17	585	44	585	44
Surplus before taxation		11,550	8,574	12,155	8,256
Taxation on surplus	14	133	(91)	61	(91)
Surplus for the financial year		11,683	8,483	12,216	8,165
Other comprehensive income					
Actuarial losses on defined benefit pension scheme	28	(69)	(11,524)	(69)	(11,524)
Cash flow hedge reserve recycled to Other Comprehensive Income	12	3,321	3,618	—	—
Movement in fair value of hedged financial instruments	12	4,928	2,082	—	—
Total comprehensive income/(expenditure) for the year		19,863	2,659	12,147	(3,359)

The notes on pages 150 to 189 form part of these financial statements.

Statement of financial position

	Notes	Group		Parent	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible fixed assets – housing properties	15	1,259,428	1,206,185	1,267,503	1,213,679
Tangible fixed assets – other	16	16,983	17,091	16,983	17,091
Investment properties	17	8,830	8,245	8,830	8,245
Investment – subsidiaries	18	—	—	100	100
Investment – joint ventures	18	—	185	—	—
		1,285,241	1,231,706	1,293,416	1,239,115
Current assets					
Property developed for sale	19	20,465	21,416	12,861	11,632
Investments	18	18	16	—	—
Debtors – receivable within one year	20	10,608	10,729	10,264	9,994
Cash and cash equivalents		54,064	87,069	52,729	86,145
		85,155	119,230	75,854	107,771
Less: Creditors					
Amounts falling due within one year	21	(44,743)	(51,015)	(43,460)	(51,428)
		40,412	68,215	32,394	56,343
Net current assets					
Total assets less current liabilities		1,325,653	1,299,921	1,325,810	1,295,458
Creditors					
Amounts falling due after more than one year	22	(1,007,522)	(1,000,265)	(986,637)	(967,044)
Net assets excluding pension liability		318,131	299,656	339,173	328,414
Pension liability	28	(20,253)	(21,641)	(20,253)	(21,641)
Net assets		297,878	278,015	318,920	306,773
Capital and reserves					
Cash flow hedge reserve		(13,774)	(22,023)	—	—
Income and expenditure reserve		177,598	164,782	184,866	171,517
Revaluation reserve		134,054	135,256	134,054	135,256
Total reserves		297,878	278,015	318,920	306,773

The financial statements on pages 144 to 148 were approved and authorised for issue by the Board on 20 July 2022 and were signed on its behalf by:

Board member



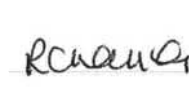
Jenny Brown

Board member



Damien Régent

Secretary



Rachel Challinor

The notes on pages 150 to 189 form part of these financial statements.

Consolidated statement of changes in reserves

	Notes	Cash flow hedge reserve	Income and expenditure reserve	Revaluation reserve	Total
		£'000	£'000	£'000	£'000
Balance at 31 March 2020		(27,723)	166,780	136,299	275,356
Surplus for the year		—	8,483	—	8,483
Actuarial losses on defined benefit pension scheme	28	—	(11,524)	—	(11,524)
Cash flow hedge reserve recycled to Other Comprehensive Income	26	3,618	—	—	3,618
Movement in fair value of hedged financial instrument	26	2,082	—	—	2,082
Other comprehensive income/ (expenditure) for the year		5,700	(3,041)	—	2,659
Reserve transfers:					
Transfer from revaluation reserve to income and expenditure reserve		—	1,043	(1,043)	—
Balance at 31 March 2021		(22,023)	164,782	135,256	278,015
Surplus for the year		—	11,683	—	11,683
Actuarial losses on defined benefit pension scheme	28	—	(69)	—	(69)
Cash flow hedge reserve recycled to Other Comprehensive Income	26	3,321	—	—	3,321
Movement in fair value of hedged financial instrument	26	4,928	—	—	4,928
Other comprehensive income for the year		8,249	11,614	—	19,863
Reserve transfers:					
Transfer from revaluation reserve to income and expenditure reserve		—	1,202	(1,202)	—
Balance at 31 March 2022		(13,774)	177,598	134,054	297,878

Parent entity statement of changes in reserves

	Notes	Income and expenditure reserve	Revaluation reserve	Total
		£'000	£'000	£'000
Balance at 31 March 2020		174,043	136,299	310,342
Transfer of Engagements from Beechdale Community Development Limited		(210)	—	(210)
Surplus for the year		8,165	—	8,165
Actuarial losses on defined benefit pension scheme	28	(11,524)	—	(11,524)
Total comprehensive income/expenditure for the year		(3,359)	—	(3,359)
Reserve transfers:				
Transfer from revaluation reserve to income and expenditure reserve		1,043	(1,043)	—
Balance at 31 March 2021		171,517	135,256	306,773
Surplus for the year		12,216	—	12,216
Actuarial losses on defined benefit pension scheme	28	(69)	—	(69)
Total comprehensive income/expenditure for the year		12,147	—	12,147
Reserve transfers:				
Transfer from revaluation reserve to income and expenditure reserve		1,202	(1,202)	—
Balance at 31 March 2022		184,866	134,054	318,920

Consolidated statement of cashflows

	2022 £'000	2021 £'000
Cash flow from operating activities		
Surplus for the financial year	11,683	8,483
Adjustments for:		
Depreciation of fixed assets – housing properties	17,821	16,655
Depreciation of fixed assets – other	1,532	1,380
Amortised grant	(2,870)	(2,810)
Share of loss/(surplus) in joint ventures	60	(457)
Distributions from joint ventures	125	—
Movement in fair value of investments	(2)	(4)
Interest payable and finance costs	29,758	30,200
Interest received	(274)	(311)
Taxation (credit)/expense	(133)	91
Movement in fair value of investment properties	(585)	(44)
Impairment charge	—	1,515
Surplus on disposal of fixed assets – housing properties	(3,106)	(2,098)
Surplus on disposal of fixed assets – other	(1,849)	—
Proceeds from sale of fixed assets net of selling cost	11,735	6,078
Difference in net pension expense and employer contributions	(1,980)	(2,379)
Movement in trade and other debtors	121	(293)
Movement in stock	951	2,320
Movement in trade and other creditors	(992)	5,157
Cash from operations	61,995	63,483
Taxation paid	72	(354)
Net cash generated from operating activities	62,067	63,129
Cash flow from investing activities		
Purchase of fixed assets – housing properties	(73,506)	(68,843)
Purchases of fixed assets – other	(3,141)	(2,690)
Grant received	28,836	15,850
Interest received	274	311
Net cash used in investing activities	(47,537)	(55,372)
Cash flow from financing activities		
Interest paid	(30,396)	(32,122)
New loans – other	—	4,650
Costs associated with financing	(1,547)	(1,565)
Repayment of loans	(15,592)	(11,567)
Net cash used in financing activities	(47,535)	(40,604)
Cash movement in the year	(33,005)	(32,847)
Cash and cash equivalents at beginning of period	87,069	119,916
Cash and cash equivalents at end of period	54,064	87,069

The notes on pages 150 to 189 form part of these financial statements.



Notes to the Financial Statements

1 Legal status

Longhurst Group Limited is incorporated in England under the Co-operative and Community Benefit Society Act 2014 (No. 8009) and is registered with the Regulator for Social Housing ('RSH') as a Private Registered Provider of Social Housing by the Housing and Regeneration Act 2008, (registration number L4277).

The registered office is 1 Crown Court, Rushden, Northamptonshire, NN10 6BS.

The Group has four subsidiaries: Keystone Developments (LG) Limited, Libra (Longhurst Group) Treasury plc and Libra (Longhurst Group) Treasury No 2 plc, which are registered under the Companies Act 2006, along with The Teetotal Homes which is a registered charity.

2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Longhurst Group Limited includes the Cooperative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, "Accounting by registered social housing providers", and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for certain financial instruments and investment properties as specified in the accounting policies below. The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Disclosure exemptions

In preparing the separate financial statements of the Parent association, advantage has been taken of the following disclosure exemptions available in FRS102:

- no cash flow statement has been prepared for the Parent association,
- disclosures in respect of the Parent association's financial instruments have not

been presented as equivalent disclosures have been provided in respect of the Group as a whole,

- no disclosure has been given for the aggregate remuneration of the key management personnel of the Parent association as their remuneration is included in the totals for the Group as a whole,
- no related party transactions disclosed with wholly owned subsidiaries, except those as required by the Accounting Direction.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Longhurst Group Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The Board has assessed the impact of scenarios which would negatively impact

2 Accounting policies (continued)

on the Group's operations and cash flows. Including, but not limited to, an increase in voids, bad debts, repair costs and reduced income from the sale of housing properties. In making their assessment the Board has also considered the potential mitigations available to manage any potential negative impact on its cashflows and liquidity position.

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements.

Associates and joint ventures

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions. An entity is treated as a joint venture where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control. In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in joint ventures are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition. Where the share of losses for the year exceeds the opening investment value, losses are no longer recognised and, the amounts owed by that entity are reduced by the extent for which the Group is committed to funding the losses.

Income

Income is measured at the fair value of the consideration received or receivable. The

Group generates the following material income streams:

- rental income receivable,
- service charges receivable,
- care contract income receivable,
- floating support income receivable,
- amortised capital grants,
- revenue grants from local authorities and Homes England,
- income from the sale of shared ownership,
- other property sales,
- other income.

Income is recognised in relation to the period when the goods or services have been supplied and grants receivable. Rental income is recognised when the property is formally let, net of voids. Income from property sales is recognised at the point of legal completion of the sale.

Floating support income and costs

Floating support contract income received from administering authorities under contractual arrangements is accounted for as supporting people income in the turnover within note 4 and the related support costs are matched against this income in the same note. Support charges included in the rent are included in note 5 and matched against the relevant costs.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the statement of financial position. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the statement of financial position within creditors.

2 Accounting policies (continued)

Loan interest costs

Loan interest costs are recognised over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Loan finance issue costs

Loan finance issue costs are amortised over the life of the related loan. Loans are stated in the statement of financial position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the statement of comprehensive income account in the year in which the redemption took place.

Current taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group's subsidiaries operate and generate taxable income.

Deferred taxation

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met,
- where timing differences relate to interests in subsidiaries, associates, and joint ventures and the Group can control their reversal and such

reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Pension costs

On 31 March 2022 the Group closed the defined benefit Social Housing Pension Scheme ('SHPS') to future accrual, with existing members retaining a final salary link. The net liability accounted for (or asset, to the extent it is recoverable) is calculated by estimating the amount of future benefit that employees have earned to date, discounted to present value, and deducting the fair value of the Scheme's assets. Changes in this net defined benefit liability arising from employee service, introductions, benefit changes, curtailments and settlements during the period are recognised in operating costs. The net interest expense (or income) on the net liability (or asset) for the period is recognised as other finance cost (or income). Re-measurement of the net liability (or asset) is recognised as actuarial gains/(losses) in Other Comprehensive Income.

The Group also participates in the defined contribution section of the SHPS which is a defined contribution post-employment benefit plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are

2 Accounting policies (continued)

shown as an operating expense in the surplus for the year during which the services are rendered by employees.

The Group also participates in the Growth Plan which is a multi-employer defined benefit scheme. Sufficient information is not available to account for the Group's share of the defined benefit obligation, plan assets and costs associated using defined benefit accounting and so defined contribution accounting is instead followed. As this scheme is in deficit the Group recognised a liability for the net present value of the agreed deficit funding contributions.

Tangible fixed assets – housing properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable). The cost of housing land and property includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Directly attributable administration costs includes capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the statement of comprehensive income.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties

expected to be sold in first tranche, are included 'under construction' and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Deemed cost on transition to FRS 102

On transition to FRS 102 the Group took the option of carrying out a one-off valuation exercise of selected items of housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the Group engaged independent valuation specialist, Jones Lang Lasalle, to value housing properties on an EUV-SH basis. Housing properties will subsequently be measured at cost less depreciation.

Any difference between historic cost depreciation and depreciation calculated on deemed cost is transferred between the revaluation reserve and income and expenditure reserve.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time with substantially different economic lives. Land is not depreciated on account of its indefinite useful economic life. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed. Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight-line basis as follows:

Description	Years
Structure	120
Roofs	60
Heating	15
External windows	30
External doors	30
Electrics	30
Kitchen	20
Bathrooms	30
Lifts	15

2 Accounting policies (continued)

The Group depreciates housing properties held on long-term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category. Any difference between the historic annual depreciation charge and the annual depreciation charge on assets carried at deemed cost is transferred to the revaluation reserve for the asset concerned until that reserve is depleted. Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last reporting date in the pattern by which the Group expects to consume an asset's future economic benefit.

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home 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 included in turnover. The remaining element, "staircasing element", is classed as a fixed asset and included in housing property at cost less any provision for impairment.

Sales of subsequent tranches are treated as a part disposal. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Tangible fixed assets – other

Other tangible fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation and any accumulated depreciation and any accumulated impairment losses. Historic

cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which at rates as follows:

Description	Annual depreciation rate
Freehold offices	1%
Fixtures and fittings	15%
Office equipment	20%
Motor vehicles	20%
Computer equipment	25%
Computer software	10%–25%
Scheme equipment	15%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating income in the statement of comprehensive income.

Government grants

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing housing

2 Accounting policies (continued)

properties is accounted for using the accrual model. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. Where Social Housing Grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account. Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met. Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. They are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary

for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure. Rental income from these properties is accounted for within note 4.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the statement of comprehensive income for the period.

Impairment

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value, an impairment is recorded through a charge to income and expenditure.

Property developed for sale

Property developed for sale is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs. An assessment of whether there is any impairment is made at each reporting date. Where an impairment loss is identified, it is immediately recognised in the statement of comprehensive income.

On disposal, sales proceeds are included in turnover and the costs of sales, including costs incurred in the development of the properties, marketing and other incidental costs are included in operating expenses.

2 Accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. After initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts.

Rent and service charge agreements

The Group has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, investments and short-term deposits

All loans, investments and short-term deposits held by the Group are classified as basic financial instruments. These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial

instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the Group's statement of financial position consists of cash at bank, in hand and deposits.

Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk; to mitigate against this risk the Group uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt. To the extent the hedge is effective movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve.

Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk are recognised in income and expenditure.

Leased assets: lessee

Where assets are financed by leasing agreements that give rights approximate to ownership, the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases

2 Accounting policies (continued)

are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Provision for liabilities

The Group has recognised provisions for liabilities of uncertain timing or amounts including those for defined benefit pension obligations. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

Reserves

The revaluation reserve is created from the difference on transition between the fair value of social housing properties and the historical cost carrying value, where deemed cost transitional relief was taken.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

Pension liability

The calculation of the net pension liability to be accounted for is based upon accounting, financial and demographic assumptions. The fair value of plan assets, present value

of defined benefit obligation and defined benefit liability is calculated by a qualified actuary and audited. The Group then review the assumptions included by the actuary to assess their reasonableness. An analysis of the sensitivity to the principal assumptions of the present value of the defined benefit obligation, considering each change in isolation, is included below.

	Change in assumption	Change in liabilities	
		%	£'000
Discount rate	Increase of 0.1% p.a.	Decrease by 2.2%	Decrease by £2,606k
Rate of inflation	Increase of 0.1% p.a.	Increase by 2.1%	Increase by £2,487k
Rate of salary growth	Increase of 0.1% p.a.	Increase by 0.1%	Increase by £118k
Rate of mortality	Probability of surviving each year increased by 10%	Increase by 2.4%	Increase by £2,843k

Investment properties

Properties are categorised as investment properties or tangible fixed assets based on the use of the asset. Investment properties

are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Chartered Surveyors' Appraisal and Valuation Manual. The assumptions applied are included in note 17.

Impairment

As part of the Group's continuous review of the performance of their assets management identify any homes, or schemes, that have increasing void losses, are impacted by policy changes or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment. The Group has identified a cash generating unit for impairment assessment purposes at a property scheme level. Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to the operating surplus.

Net realisable value of property under construction

The forecast first tranche sales percentage is considered on a scheme by scheme basis and allocated to stock accordingly. A review of the expected sales price, taking in to account costs to complete, is also performed and impairment considered. The latest sales forecast is used to determine if there any potential impairments; this is referenced to the latest valuation and prices included within the original appraisal. Much of the completed stock held at year-end has since sold at expected selling prices which further supports the Board's view that there is no indication of impairment.

Useful economic lives of housing properties

The annual depreciation on housing properties is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reviewed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets. See note 15 for the carrying amount of housing properties.

Development expenditure

The Group capitalises development expenditure

in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that development is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Grant amortisation

Grants are held as deferred income within creditors and amortised to the statement of comprehensive income through turnover, over the life of the structure of the properties to which it relates when they are ready to let. Social Housing Grant becomes recyclable at the point the related property is sold and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income in the statement of comprehensive income. Grants which cannot be recycled are returned to the funder.

Useful economic life of other fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Housing property cost allocation

Costs are allocated between units on a scheme using bedroom numbers and property type as a basis for the weighting. On mixed tenure schemes costs are largely separate and invoiced by scheme type, where costs are incurred across multiple tenures these are apportioned. Allocation methods are assessed by management to ensure that they are appropriate and reflective of where costs are incurred.

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Shared ownership first tranche percentage

Income from first tranche sales is recognised at the point of legal completion of the sale. The allocation of shared ownership costs between current and fixed assets is calculated based on the estimated first tranche sales percentage from the scheme's investment appraisal. For schemes partially sold the current average first tranche sales percentage is used and, for schemes where no sales have yet completed, the appraisal percentage. The average first tranche percentage used in the current asset calculation is 42.01%; this is consistent with the actual average during the year ended 31 March 2021 which was 44.05%.

Valuation of interest rate swap derivatives

The interest rate swap derivatives are measured at fair value at each reporting date and are carried within debtors when the fair value is positive and creditors when the fair value is negative. Management use a third-party valuation to minimise the risk of uncertainty in valuation.

Assessment of hedge ineffectiveness

Hedge effectiveness is assessed against the full derivative and loan portfolio, where swaps are designated against existing loans with floating interest rates, at both Group and subsidiary level. To the extent the hedge is effective movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve.

Any movements in fair value relating to ineffectiveness and adjustments for our own or counterparty credit risk are recognised in income and expenditure.

Bad debt provisions

The arrears of current tenants are provided at 50% for balances greater than £500 and former tenants at 100%, with the exception of leaseholders where only specific provisions are made where required. No provision is made against cash-in-transit (payments made but not yet received by the Group) or for Housing

Benefit owed by Local Authorities.

Allocation of costs for disclosures

Costs are allocated based on the classification of each transaction within the accounting system. The allocation of overheads is reviewed by management alongside the relevant stakeholders, with consideration given to output and use of resource. The split of service charge and support costs is performed by cost type; allocating costs based on the operations in which they're incurred.

Recoverability of investments and intercompany debts

There is a pooled investment vehicle held within The Teetotal Homes that is measured at fair value at each reporting date. Management use a third-party valuation to minimise the risk of uncertainty in valuation. Intercompany debts are assessed by management and deemed to be fully recoverable; there are no going concern issues that would call into question the recoverability of the debts.

Going concern

Going concern is assessed at both Group and subsidiary level. Sufficient, appropriate information is provided to Board to enable them to consider the ability of each entity to continue as a going concern for the foreseeable future. Judgement is exercised in assessing the existence of any material uncertainties, of which none were identified.

4a Particulars of turnover, cost of sales, operating costs and operating surplus – Group

	Turnover	Cost of sales	Operating costs	Operating surplus/(deficit)
2022	£'000	£'000	£'000	£'000
Social housing lettings (note 5a)	119,837	—	(87,357)	32,480
Other social housing activities				
Development property sales – shared ownership first tranche sales	22,308	(17,417)	—	4,891
Charges for support services	547	—	(398)	149
Supporting people	2,873	—	(2,949)	(76)
Development services	—	—	(512)	(512)
Managed operations	4,595	—	(4,985)	(390)
Other activities	2,133	—	(1,993)	140
Activities other than social housing activities				
Market sales	2,845	(2,906)	—	(61)
Lettings	676	—	(216)	460
Other	320	—	(169)	151
	156,134	(20,323)	(98,579)	37,232
Surplus on disposal of fixed assets (note 11)				3,106
Total				40,338
2021				
Social housing lettings (note 5a)	114,579	—	(82,435)	32,144
Other social housing activities				
Development property sales – shared ownership first tranche sales	16,872	(13,367)	—	3,505
Charges for support services	532	—	(440)	92
Supporting people	3,457	—	(3,589)	(132)
Development services	1,903	—	(3,458)	(1,555)
Managed operations	4,673	—	(4,323)	350
Other activities	2,845	—	(1,400)	1,445
Activities other than social housing activities				
Market sales	6,853	(6,231)	—	622
Lettings	669	—	(153)	516
Other	392	—	(4)	388
Impairment of other tangible fixed assets	—	(1,515)	—	(1,515)
	152,775	(21,113)	(95,802)	35,860
Surplus on disposal of fixed assets (note 11)				2,098
Total				37,958

4b Particulars of turnover, cost of sales, operating costs and operating surplus – Parent

	Turnover	Cost of sales	Operating costs	Operating surplus/(deficit)
2022	£'000	£'000	£'000	£'000
Social housing lettings (note 5b)	119,819	—	(87,044)	32,775
Other social housing activities				
Development property sales – shared ownership first tranche sales	22,308	(17,417)	—	4,891
Charges for support services	547	—	(398)	149
Supporting people	2,873	—	(2,949)	(76)
Development services	—	—	(512)	(512)
Managed operations	4,595	—	(4,985)	(390)
Other activities	2,133	—	(1,993)	140
Activities other than social housing activities				
Market sales	—	(15)	—	(15)
Lettings	676	—	(216)	460
Other	320	—	(104)	216
	153,271	(17,432)	(98,201)	37,638
Surplus on disposal of fixed assets (note 11)				3,106
Total				40,744
2021	£'000	£'000	£'000	£'000
Social housing lettings (note 5b)	114,560	—	(82,124)	32,436
Other social housing activities				
Development property sales – shared ownership first tranche sales	16,872	(13,367)	—	3,505
Charges for support services	532	—	(440)	92
Supporting people	3,457	—	(3,589)	(132)
Development services	1,903	—	(3,458)	(1,555)
Managed operations	4,673	—	(4,323)	350
Other activities	2,845	—	(1,400)	1,445
Activities other than social housing activities				
Market sales	4,045	(3,491)	—	554
Lettings	669	—	(153)	516
Other	362	—	—	362
Impairment of other tangible fixed assets	—	(1,515)	—	(1,515)
	149,918	(18,373)	(95,487)	36,058
Surplus on disposal of fixed assets (note 11)				2,098
Total				38,156

5a Income and expenditure from social housing lettings – Group

	General housing	Supported housing and housing for older people	Low cost home ownership	Care and supported living	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable net of identifiable service charge and voids	84,124	6,174	5,999	1,213	97,510	93,904
Service charge income	4,100	3,785	1,063	1,708	10,656	10,445
Amortised government grants	2,349	234	161	126	2,870	2,810
Other income from social housing lettings	57	2,171	—	6,573	8,801	7,420
Turnover from social housing lettings	90,630	12,364	7,223	9,620	119,837	114,579
Expenditure						
Management	(18,241)	(2,658)	(732)	(1,852)	(23,483)	(22,714)
Service charge costs	(4,779)	(2,864)	(541)	(2,790)	(10,974)	(10,292)
Supporting people	(633)	(3,011)	(14)	(6,283)	(9,941)	(9,384)
Routine maintenance	(14,414)	(1,074)	(22)	(162)	(15,672)	(13,078)
Planned maintenance	(6,692)	(914)	(44)	(207)	(7,857)	(7,169)
Major repairs expenditure	(855)	—	—	—	(855)	(2,202)
Bad debts	(464)	(210)	(38)	(19)	(731)	230
Depreciation of housing properties	(15,449)	(1,685)	(59)	(610)	(17,803)	(17,763)
Other costs	(41)	—	—	—	(41)	(63)
Operating expenditure on social housing lettings	(61,568)	(12,416)	(1,450)	(11,923)	(87,357)	(82,435)
Operating surplus/(deficit) on social housing lettings	29,062	(52)	5,773	(2,303)	32,480	32,144
Void losses	(1,515)	(676)	(17)	(591)	(2,799)	(2,583)

Other income from social housing lettings includes £8.1m (2021 – £7.3m) of care contract income, £0.6m (2021 – £0.43m) of Infection Control Fund monies receivable with the primary purpose of reducing the rate of COVID-19 transmission, and £0.1m of other income.

5b Income and expenditure from social housing lettings – Parent

	General housing	Supported housing and housing for older people	Low cost home ownership	Care and supported living	Total 2022	Total 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Rent receivable net of identifiable service charge and voids	84,107	6,174	5,999	1,213	97,493	93,887
Service charge income	4,099	3,785	1,063	1,708	10,655	10,444
Amortised government grants	2,349	234	161	126	2,870	2,810
Other income from social housing lettings	57	2,171	—	6,573	8,801	7,419
Turnover from social housing lettings	90,612	12,364	7,223	9,620	119,819	114,560
Expenditure						
Management	(17,938)	(2,658)	(732)	(1,852)	(23,180)	(22,411)
Service charge costs	(4,778)	(2,864)	(541)	(2,790)	(10,973)	(10,291)
Supporting people	(633)	(3,011)	(14)	(6,283)	(9,941)	(9,384)
Routine maintenance	(14,410)	(1,074)	(22)	(162)	(15,668)	(13,076)
Planned maintenance	(6,692)	(914)	(44)	(207)	(7,857)	(7,169)
Major repairs expenditure	(855)	—	—	—	(855)	(2,202)
Bad debts	(464)	(210)	(38)	(19)	(731)	230
Depreciation of housing properties	(15,447)	(1,685)	(59)	(610)	(17,801)	(17,761)
Other costs	(38)	—	—	—	(38)	(60)
Operating expenditure on social housing lettings	(61,255)	(12,416)	(1,450)	(11,923)	(87,044)	(82,124)
Operating surplus/(deficit) on social housing lettings	29,357	(52)	5,773	(2,303)	32,775	32,436
Void losses	(1,515)	(676)	(17)	(591)	(2,799)	(2,583)

6 Units of housing stock – Group

	Units at 1 April 2021	Developed in the year	Sold in the year	Tenure switch	Other	Units at 31 March 2022
General needs housing						
▸ social	15,335	72	(32)	(26)	(3)	15,346
▸ affordable	1,303	290	(2)	24	—	1,615
Low cost home ownership	2,150	245	(50)	—	2	2,347
Supported housing	441	—	—	1	3	445
Housing for older people						
▸ social	1,278	—	—	1	—	1,279
▸ affordable	60	—	—	—	—	60
Intermediate rent	779	72	(2)	—	—	849
Total social housing units	21,346	679	(86)	—	2	21,941
Shared ownership 100% leaseholders	390	—	—	—	5	395
Leasehold schemes	1,469	—	—	—	33	1,502
Residential care home bed spaces	35	—	—	—	—	35
Market rent	5	—	—	—	—	5
Total owned	23,245	679	(86)	—	40	23,878
Accommodation managed for others	413	7	—	—	(149)	271
Total managed accommodation	23,658	686	(86)	—	(109)	24,149
Accommodation managed by others	180	—	—	—	13	193
Total owned and managed accommodation	23,838	686	(86)	—	(96)	24,342
Units under construction	952	(679)	—	—	836	1,109

Included within 'general needs housing - social' are the four properties owned by The Teetotal Homes. All other units of housing stock included in the above table relate to the association. The addition of 836 'units under construction' relates to 848 new developments started during the year, and 12 aborted developments.

7 Operating surplus

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
This is arrived after charging/(crediting):				
Depreciation of housing properties				
▶ annual charge	16,642	16,655	16,640	16,653
▶ accelerated on disposal of components	1,179	1,131	1,179	1,131
Depreciation of other tangible fixed assets	1,532	1,380	1,532	1,380
Impairment charge	—	1,515	—	1,515
Amortisation of government grants	2,870	2,810	2,870	2,810
Operating lease charges				
▶ land and buildings	112	116	112	116
▶ other	568	624	568	624
Auditors' remuneration:				
▶ audit of Group financial statements	90	94	90	94
▶ audit of subsidiaries	41	32	—	—
▶ non-audit services	7	3	—	—
Cost of pension schemes	1,264	1,200	1,264	1,200

8 Employees

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	32,375	30,965	32,375	30,965
Social security costs	2,900	2,771	2,900	2,771
Cost of pension schemes	1,264	1,200	1,264	1,200
	36,539	34,936	36,539	34,936

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 36.25 hours with an adjustment for colleagues whose standard full-time hours differ to this) during the year was as follows:

	Group		Parent	
	2022	2021	2022	2021
Office based	511	489	511	489
Site based	502	520	502	520
	1,013	1,009	1,013	1,009

8 Employees (continued)

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards:

	Group		Parent	
	2022	2021	2022	2021
£60,000–£69,999	18	23	18	23
£70,000–£79,999	14	12	14	12
£80,000–£89,999	10	7	10	7
£90,000–£99,999	4	4	4	4
£100,000–£109,999	3	3	3	3
£110,000–£119,999	1	3	1	3
£120,000–£129,999	—	—	—	—
£130,000–£139,999	1	—	1	—
£140,000–£149,999	1	1	1	1
£150,000–£159,999	—	2	—	2
£160,000–£169,999	1	—	1	—
£170,000–£179,999	—	1	—	1
£180,000–£189,999	1	—	1	—
£190,000–£199,999	2	—	2	—
£200,000–£209,999	—	1	—	1
£210,000–£219,999	—	—	—	—
£220,000–£229,999	—	—	—	—
£230,000–£239,999	—	—	—	—
£240,000–£250,000	1	1	1	1
	57	58	57	58

9 Directors' and senior executives' remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 134.

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Aggregate executive directors' emoluments	1,079	1,078	1,079	1,078
Aggregate non—executive directors' emoluments	154	156	154	156
	1,233	1,234	1,233	1,234

The total amount payable to the Chief Executive, who was also the highest paid director, in respect of emoluments was £245,647 (2021: £248,412).

The pension entitlement of the Chief Executive is identical to those of other members. There were six directors accruing benefits under the Group's defined benefit pension scheme during the year (2021: 5).

10 Board and Committee members

	Remuneration (£'000)	Committee membership					
		Group Board	Libra/Finance and Treasury Committee	Keystone Board	Development and Asset Investment Committee	Audit and Risk Committee	Remuneration & Nominations Committee
Jenny Brown	19	✓		✓			✓
Gabriel Behr*	16						
Pat Brandum	16	✓		✓	✓	✓	
Angie Morris	13	✓	✓				✓
Parmjit Dhanda	12	✓		✓			✓
Chris Tyson	8	✓	✓			✓	
Clive Barnett	4		✓				
Jim Patman	4			✓	✓		
Garry Wiles	4					✓	
Philip Morris*	3						
David Thompson	3				✓		
Damien Régent	2	✓			✓	✓	
Peter Hay CBE	2	✓					✓
Julie Doyle	—	✓		✓			
Rob Griffiths	—		✓				
Retired							
Robert Wilson	20	✓		✓			✓
Stephen Wenham	14	✓			✓		✓
Joseph Carr	15	✓	✓		✓		

* Due to illness, these Board Members are currently on special absence.

11 Surplus on disposal of fixed assets – Group and Parent

	Right to buy and voluntary sales	Shared ownership staircasing sales	Total 2022	Total 2021
Surplus on disposal of housing properties	£'000	£'000	£'000	£'000
Proceeds of sales	3,454	6,086	9,540	6,078
Costs of sales	(2,538)	(4,079)	(6,617)	(4,054)
Grant abated	132	51	183	74
Surplus on disposal	1,048	2,058	3,106	2,098
Grant recycled (note 24)	458	642	1,100	494

Surplus on disposal of other fixed assets	2022	2021
	£'000	£'000
Proceeds of sales	2,195	—
Costs of sales	(1,861)	—
Surplus on disposal	334	—

12 Interest receivable and income from investments

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest receivable and similar income	274	311	77	155
Interest receivable from group undertakings	—	—	519	652
	274	311	596	807
Other income through other comprehensive income				
Cash flow hedge reserve recycled to Other Comprehensive Income	3,321	3,618	—	—
Movement in fair value of hedged financial instruments	4,928	2,082	—	—
	8,249	5,700	—	—

13 Interest payable and similar charges

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans repayable within five years	3,918	1,730	3,819	1,596
Loans wholly or partly repayable in more than five years	26,772	29,911	26,772	29,911
Costs associated with financing				
▶ loan issue costs	702	680	702	680
▶ non-utilisation fees	618	716	618	716
▶ funding costs	227	169	227	169
Net interest on net defined benefit liability	523	264	523	264
Interest on RCGF (note 24)	9	4	9	4
	32,769	33,474	32,670	33,340
Interest capitalised on construction of housing properties	(3,011)	(3,274)	(2,566)	(2,589)
	29,758	30,200	30,104	30,751

14 Taxation on surplus on ordinary activities

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
UK corporation tax				
Current tax on surplus for the year	—	61	—	61
Adjustment in respect of previous periods	(133)	30	(61)	30
	(133)	91	(61)	91
Deferred tax	—	—	—	—
Taxation on surplus on ordinary activities	(133)	91	(61)	91

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	11,550	8,574	12,155	8,256
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2021: 19%)	2,194	1,629	2,309	1,569
Profits arising in non-taxable charitable entities	(2,194)	(1,568)	(2,309)	(1,508)
Movement on deferred tax and other fixed assets and short term timing differences	—	—	—	—
Adjustment to tax charge in respect of previous periods	(133)	30	(61)	30
Total tax charge for period	(133)	91	(61)	91

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of nil (2021: nil).

15 Tangible fixed assets – housing properties

Group	Social housing properties for letting		Low cost home ownership properties		Total
	Completed	Under construction	Completed	Under construction	
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2021	1,191,341	57,543	114,476	23,708	1,387,068
Additions:					
▸ construction costs	—	43,876	—	19,904	63,780
▸ replaced components	9,738	—	—	—	9,738
▸ enhanced repairs	2,656	—	—	—	2,656
▸ buy backs	343	—	—	—	343
Completed schemes	30,789	(30,789)	13,999	(13,999)	—
Disposals:					
▸ shared ownership staircasing sales	—	—	(3,266)	—	(3,266)
▸ right to buy and voluntary sales	(2,680)	—	—	—	(2,680)
▸ replaced components	(3,612)	—	—	—	(3,612)
At 31 March 2022	1,228,575	70,630	125,209	29,613	1,454,027
Depreciation					
At 1 April 2021	176,222	—	4,661	—	180,883
Charge for the year	16,642	—	—	—	16,642
Eliminated on disposals:					
▸ replaced components	(2,433)	—	—	—	(2,433)
▸ other	(357)	—	(136)	—	(493)
At 31 March 2022	190,074	—	4,525	—	194,599
Net book value at 31 March 2022	1,038,501	70,630	120,684	29,613	1,259,428
Net book value at 31 March 2021	1,015,119	57,543	109,815	23,708	1,206,185

15 Tangible fixed assets – housing properties (continued)

Parent	Social housing properties for letting		Low cost home ownership properties		Total
	Completed	Under construction	Completed	Under construction	
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2021	1,199,197	58,162	113,178	23,995	1,394,532
Additions:					
▸ construction costs	—	44,106	—	20,253	64,359
▸ replaced components	9,738	—	—	—	9,738
▸ enhanced repairs	2,656	—	—	—	2,656
▸ buy backs	343	—	—	—	343
Completed schemes	30,789	(30,789)	13,999	(13,999)	—
Disposals:					
▸ shared ownership staircasing sales	—	—	(3,266)	—	(3,266)
▸ right to buy and voluntary sales	(2,680)	—	—	—	(2,680)
▸ replaced components	(3,612)	—	—	—	(3,612)
At 31 March 2022	1,236,431	71,479	123,911	30,249	1,462,070
Depreciation					
At 1 April 2021	176,192	—	4,661	—	180,853
Charge for the year	16,640	—	—	—	16,640
Eliminated on disposals:					
▸ replaced components	(2,433)	—	—	—	(2,433)
▸ other	(357)	—	(136)	—	(493)
At 31 March 2022	190,042	—	4,525	—	194,567
Net book value at 31 March 2022	1,046,389	71,479	119,386	30,249	1,267,503
Net book value at 31 March 2021	1,023,005	58,162	108,517	23,995	1,213,679

The net book value of housing properties may be further analysed as:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Freehold	1,259,428	1,206,185	1,267,503	1,213,679
	1,259,428	1,206,185	1,267,503	1,213,679

Cost of properties includes £2,378k (2021: £1,625k) for direct administrative costs capitalised during the year.

15 Tangible fixed assets – housing properties (continued)

Interest capitalisation	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Interest capitalised in the year (note 13)	3,011	3,274	2,566	2,589
Cumulative interest capitalised	29,176	25,902	22,794	20,205
	32,187	29,176	25,360	22,794

Works to properties	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Improvements to existing properties capitalised	12,394	13,050	12,394	13,050
Major repairs expenditure to income and expenditure account	855	2,202	855	2,202
	13,249	15,252	13,249	15,252

Impairment

The Group considers each scheme to represent separate cash generating units when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018.

During the current year, the Group has recognised an impairment loss of nil (2021: nil) in respect of social housing properties for letting.

Valuation

On transition to FRS102, the Group took the option of carrying out a one off valuation on a number of its housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the Group engaged independent valuation specialist Jones Lang Lasalle to value housing properties on an EUV-SH basis. Housing properties have subsequently been measured at cost less depreciation.

16 Other tangible fixed assets – Group and Parent

	Offices		Furniture and office equipment	Total
	Freehold	Long leasehold		
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2021	14,155	3,550	10,542	28,247
Additions	71	16	3,054	3,141
Disposals	(3,683)	—	(3)	(3,686)
At 31 March 2022	10,543	3,566	13,593	27,702
Depreciation				
At 1 April 2021	2,013	710	6,918	9,641
Charge for the year	70	91	1,371	1,532
Disposals	(452)	—	(2)	(454)
At 31 March 2022	1,631	801	8,287	10,719
Impairment				
At 1 April 2021	1,515	—	—	1,515
Realised on disposal	(1,515)	—	—	(1,515)
At 31 March 2022	—	—	—	—
Net book value at 31 March 2022	8,912	2,765	5,306	16,983
Net book value at 31 March 2021	10,627	2,840	3,624	17,091

Impairment

During the current year, the Group has realised an impairment loss of £1,515k on the disposal of office premises (2021: impairment charge of £1,515k).

17 Investment properties – Group and Parent

Investment properties	2022 £'000	2021 £'000
At 1 April	8,245	8,201
Additions	—	—
Revaluations	585	44
At 31 March	8,830	8,245

The Group's investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer, Jones Lang LaSalle Ltd. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

Methodology

A desktop valuation of the investment property portfolio on the basis of 'Market Value subject to the existing assured shorthold Tenancies'. The valuer carried out research into the recent sale and current marketing of comparable properties to establish appropriate comparable evidence and benchmarks for both market rents and market values in the same areas as those properties managed by Longhurst Group.

The valuations have been prepared using discounted cashflow models, over a holding period of 10 years with the net income in the final year then capitalised into perpetuity by an appropriate exit yield.

Assumptions

The schemes have been valued individually, with assumptions applied as follows:

Exit yield	5.25%–5.50%
Discount rate (income)	6.50%
Management costs	9.00%
Bad debt and voids	3.00%
Repairs and maintenance	12.00%

The following assumptions were applied across each of the cash flow models:

Insurance	2.00% gross income
Furnishings	3.00% gross income
Annual rental growth (nominal)	1.00% (year 1); 2.00% (year 2+)
Stamp Duty Land Tax	At prevailing rates
Acquisition costs	1.80% of the SDLT

The surplus on revaluation of investment property arising of £585k (2021: £44k) has been credited to the Statement of Comprehensive Income for the year.

18 Fixed asset investments

Group	Joint ventures	Total
	£'000	£'000
Cost		
At 1 April 2021	—	—
At 31 March 2022	—	—
Share of losses		
At 1 April 2021	185	185
Loss for the year	(225)	(225)
Capital withdrawal	(125)	(125)
Reducing amounts owed by joint ventures (note 20)	165	165
At 31 March 2022	—	—
Net book value at 31 March 2022	—	—
Net book value at 31 March 2021	185	185

There was no premium on acquisition relating to the joint ventures.

Parent	Subsidiaries	Total
	£'000	£'000
Cost		
At 1 April 2021	100	100
At 31 March 2022	100	100

Details of subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which an interest is held is as follows:

Name	Country of incorporation or registration	Proportion of voting rights/ordinary share capital held	Nature of business	Nature of entity	Registered address
Evera Homes LLP	England	25%	Development company	Limited Liability Partnership	31 King Street, Norwich, NR1 1PD
Keystone Developments (LG) Limited	England	100%	Development company	Company Limited by Guarantee	Leverett House, Boston, PE21 7TQ
Libra (Longhurst Group) Treasury plc	England	100%	Raises finance for the Group	Public Company Limited by Shares	Leverett House, Boston, PE21 7TQ
Libra (Longhurst Group) Treasury N° 2 plc	England	100%	Raises finance for the Group	Public Company Limited by Shares	Leverett House, Boston, PE21 7TQ
Littleport Developments LLP	England	12.5%	Development company	Limited Liability Partnership	11 Tower View, Kings Hill, West Malling, ME19 4UY
Pitch Development Services LLP	England	50%	Provision of development and other housing consultancy services	Limited Liability Partnership	14 Pelham Road, Nottingham, NG5 1AP
Pondersbridge Management Limited	England	36%	Property maintenance services	Company Limited by Shares	Axiom House, Peterborough, PE3 9TP
The Teetotal Homes	England	100%	Provides social housing for rent	Charity	Leverett House, Boston, PE21 7TQ

19 Properties developed for sale

Group	First tranche shared ownership properties	Outright market sales	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
Completed	3,951	1,100	5,051	3,380
Work in progress	7,549	7,865	15,414	18,036
	11,500	8,965	20,465	21,416

Parent	First tranche shared ownership properties	Outright market sales	Total 2022	Total 2021
	£'000	£'000	£'000	£'000
Completed	3,951	—	3,951	747
Work in progress	7,549	1,361	8,910	10,885
	11,500	1,361	12,861	11,632

Properties developed for sale include capitalised interest of £2,178k (2021: £4,436k).

£2,739k of impairment was recognised in 2019/20 on Keystone's share of the Humberston scheme under a joint venture with Countryside Developments. Whilst the scheme

does still project a profit if fully developed out, the impairment has been assessed on the basis of the carrying value of the land compared to a RICS red book valuation on the remaining un-developed phases. Impairment is reassessed by the Board annually.

20 Debtors

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge arrears	3,719	3,333	3,719	3,333
Less: Provision for doubtful debts	(2,360)	(2,021)	(2,360)	(2,021)
	1,359	1,312	1,359	1,312
Trade debtors	—	19	—	—
Amounts owed by group undertakings	—	—	4,522	3,879
Amounts owed by joint ventures and associated undertakings	47	225	89	26
Other debtors	2,669	6,183	1,511	1,839
Prepayments and accrued income	6,533	2,990	2,783	2,938
	10,608	10,729	10,264	9,994

21 Creditors: amounts falling due within one year

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans and borrowings (note 25)	6,127	11,574	6,127	11,574
Derivatives – interest rate swaps (note 25)	225	—	—	—
Trade creditors	6,276	7,244	4,465	3,742
Rent and service charges received in advance	4,702	4,050	4,701	4,049
Amounts owed to group undertakings	—	—	8,627	10,749
Amounts owed to joint ventures and associated undertakings	46	148	46	148
Taxation and social security	880	964	880	964
Other creditors	1,061	1,010	1,051	1,010
Deferred capital grant (note 23)	2,875	2,814	2,875	2,814
Recycled capital grant fund (note 24)	280	623	280	623
Accruals and deferred income	9,887	10,897	7,549	9,111
Accrued interest	6,355	6,061	830	1,014
Service charge balances held on behalf of leaseholders	6,029	5,630	6,029	5,630
	44,743	51,015	43,460	51,428

£6,029k (2021: £5,630k) relating to service charge balances held on behalf of leaseholders is also included in the cash and cash equivalents balance of £54,064k (2021: £87,069k) on the face of the statement of financial position.

22 Creditors: amounts falling due after more than one year

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Loans and borrowings (note 25)	666,323	676,829	658,987	665,631
Derivatives – interest rate swaps (note 25)	13,549	22,023	—	—
Deferred capital grant (note 23)	323,835	297,998	323,835	297,998
Recycled capital grant fund (note 24)	3,815	3,415	3,815	3,415
	1,007,522	1,000,265	986,637	967,044

23 Deferred capital grant

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1 April	300,812	287,684	300,812	287,684
Grants received during the year	28,836	15,850	28,836	15,850
Grants recycled from the recycled capital grant fund	1,052	567	1,052	567
Released to income during the year	(2,875)	(2,814)	(2,875)	(2,814)
Grants disposed of during the year	(1,283)	(568)	(1,283)	(568)
Amortised grant written back on sale	168	93	168	93
At 31 March	326,710	300,812	326,710	300,812
Amount due to be released <1 year	2,875	2,814	2,875	2,814
Amount due to be released >1 year	323,835	297,998	323,835	297,998
	326,710	300,812	326,710	300,812

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

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Held as deferred capital grant	326,710	300,812	326,710	300,812
Recognised as income in Statement of Comprehensive Income	68,991	67,875	68,991	67,875
	395,701	368,687	395,701	368,687

24 Recycled capital grant fund

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
At 1 April	4,038	4,107	4,038	4,107
Inputs to fund:				
▸ grants recycled from deferred capital grant	1,100	494	1,100	494
▸ interest accrued	9	4	9	4
Recycling of grant:				
▸ grants recycled to deferred capital grant	(1,052)	(567)	(1,052)	(567)
▸ major repairs	—	—	—	—
At 31 March	4,095	4,038	4,095	4,038
Amounts 3 years or older where repayment may be required	—	—	—	—
Amount due to be released < 1 year	280	623	280	623
Amount due to be released > 1 year	3,815	3,415	3,815	3,415
	4,095	4,038	4,095	4,038

25 Loans and borrowings

	Group		Parent	
	2022	2021	2022	2021
Maturity of debt	£'000	£'000	£'000	£'000
Loans repayable by instalments				
Within one year	6,127	6,074	6,127	6,074
In one year or more but less than two years	5,732	6,159	5,732	6,159
In two years or more and less than five years	28,161	19,335	28,161	19,335
In five years or more	72,094	87,138	72,094	87,138
Loans not repayable by instalments				
Within one year	—	5,500	—	5,500
In one year or more but less than two years	12,450	—	9,000	—
In two years or more and less than five years	30,750	46,700	27,000	36,000
In five years or more	517,000	517,000	517,000	517,000
	672,314	687,906	665,114	677,206

During the year, £3.5m of revolving credit facilities were repaid plus £11.8m contractual loan repayments.

The Group has two listed bonds totalling £250.0m maturing in 2038 with a carrying value of £320.8m and coupon rate of 5.125%, and £250.0m maturing in 2043 with a carrying value of £261.8m and coupon rate of 3.250%. The maturity of debt above includes £668.2 loans outstanding less loan issue costs of £8.3m, plus amortised bond discount and premiums totalling £12.4m.

From 1 January 2022, due to the cessation of LIBOR, variable loans accrue interest at a variable rate equivalent to SONIA (Sterling

Overnight Interest Average) plus an agreed credit adjustment spread and margin as determined in each loan agreement.

Loans are secured by specific charges to the Group's housing properties and are repayable at varying rates of interest. In order to minimise the Group's exposure to variable interest rate risk, £576.9m of the above debt is payable at a fixed rate, with a weighted average maturity of 17.5 years. The average rate at 31 March 2022 was 4.50% (2021: 4.60%).

At 31 March 2022 the Group had undrawn loan facilities and retained bonds of £242.8m (2021: £164.3m).

Interest Rate Swap Creditor Profile	2022	2021
	£'000	£'000
Within one year	225	—
In one year or more but less than two years	193	833
In two years or more and less than five years	1,393	496
In five years or more	11,963	20,694
Total	13,774	22,023

The Group has entered into floating to fixed interest rate swaps with fixed legs of between 4.42% and 5.43% and a variable rate leg equal to SONIA plus credit adjustment spread. These are accounted for as a cash flow hedge. The fair value measurement of these swaps has been categorised as level 2 and the valuation techniques include discounted cash flow pricing models with observable inputs. The most significant inputs into those models are interest rate yield curves, developed from publicly quoted rates and available market information.

26 Financial instruments

Group		Parent	
2022	2021	2022	2021
£'000	£'000	£'000	£'000

Financial liabilities

Financial liabilities measured at fair value through profit or loss

► Derivative financial instruments

Total financial liabilities

13,774	22,023	—	—
13,774	22,023	—	—

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

Hedge of variable interest rate risk arising from bank loan liabilities

At 31 March 2022, the Group had bank loan liabilities totalling £131.4m of which £91.3m pays interest at SONIA plus credit adjustment and margin with an average maturity of 8 years and £40.1m pays fixed rates of interest.

To hedge the potential volatility in future interest cash flows arising from movements in SONIA, the Group has entered into floating to fixed rate stand-alone interest swaps with a nominal value of £72,500,000 paying a fixed rate between 4.42% and 5.43% with an average maturity of 6 years, through the Libra (Longhurst Group) Treasury Plc subsidiary company. These interest rate swaps receive SONIA plus credit adjustment spread

(though cash flows are settled on a net basis) and effectively fix the total interest cost on £72,500,000 of variable bank debt and stand-alone interest rate swaps at 4.74%.

In addition, the Group is party to a £5,000,000 embedded fixed rate of 4.35% where the bank has the option to cancel at quarterly intervals.

The total fixed rate for both stand-alone and embedded financial instruments is 4.72%.

The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102 and had a fair value of £13,774k (2021: £22,023k) at the balance sheet date. The cash flows arising from the interest rate swaps will continue until their maturity in coincidence with the repayment of the term loans. The change in fair value in the period was £8,249k with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

27 Provisions

The Board is not aware of any material future liabilities that require inclusion in the financial statements.

28 Pensions

Social Housing Pension Scheme (SHPS)

Up to 31 March 2022 the Group participated in the SHPS, which is a multi-employer, "last-man standing", defined benefit scheme which is contracted out of the state scheme. This was closed to future accrual on 31 March 2022, with members retaining a final salary link.

Longhurst Group previously operated a final salary with a 1/60th accrual rate and the career average re-valued earning with a 1/60th accrual rate benefit for active members as at 1 April 2007 and, for new entrants to the scheme from 1 April 2007, the career average re-valued earnings structure was the only option available.

From 1 July 2019, staff were moved to a new

career average defined benefit scheme through SHPS based on a 1/80th accrual rate; with no future benefit being accrued under the career average 1/60th or final salary 1/60th.

During the year under review, the Group paid employer contributions at the rate of 6.65% and members paid contributions at a rate of 10.05%. At the balance sheet date there were no (2021: 265) active members of the scheme employed by Longhurst Group.

A comprehensive actuarial valuation of the scheme, using the projected unit method, was carried out at 30 September 2020 by Mercer. Adjustments to the valuation at that date were based on the following assumptions:

	2022	2021
Discount rate	2.70%	2.20%
RPI inflation	3.79%	3.15%
CPI inflation	3.45%	2.65%
Salary growth	4.15%	3.15%
Allowance for commutation of pension for cash at retirement	75% max allowance	75% max allowance
	2022 (years)	2021 (years)
Longevity at age 65 for current pensioners		
▶ Men	21.1	21.6
▶ Women	23.7	23.5
Longevity at age 65 for future pensioners		
▶ Men	22.4	22.9
▶ Women	25.2	25.1

The Board has reviewed the principal actuarial assumptions used by the scheme actuary and made necessary amendments to bring in to line with the business plan and to ensure the assumptions are neither too optimistic nor

too prudent. The Board believes these are appropriate. The value of technical provisions and value of assets available to meet technical provisions for SHPS is included below.

	30 Sep 2022	30 Sep 2017
	£bn	£bn
Value of technical provisions	6.71	6.08
Value of assets available to meet technical provisions	5.15	4.55
▶ As a percentage of technical provisions	77%	75%

In order to eliminate the deficit a recovery plan was approved by the SHPS trustee, effective from 1 April 2022 and running until 2026, which required annual deficit funding contributions of £175m. The next actuarial valuation is due to be performed at 30 September 2023.

28 Pensions (continued)

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Analysis of the amount charged to operating costs in the Statement of Comprehensive Income				
Current service cost	2,033	1,477	2,033	1,477
Expenses	90	90	90	90
Total operating charge	2,123	1,567	2,123	1,567
Amount of gains and losses recognised in the Statement of Comprehensive Income				
Actuarial gains on pension scheme assets	5,270	6,121	5,270	6,121
Actuarial losses on scheme liabilities	(5,368)	(17,642)	(5,368)	(17,642)
Actuarial loss recognised	(98)	(11,521)	(98)	(11,521)
Movement in scheme surplus/(deficit) during the year				
Fair value of plan assets	98,215	88,973	98,215	88,973
Present value of defined benefit obligation	(118,457)	(110,561)	(118,457)	(110,561)
Deficit in plan	(20,242)	(21,588)	(20,242)	(21,588)
Reconciliation of assets and liabilities				
	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Reconciliation of liabilities				
Liabilities at 1 April	110,561	90,959	110,561	90,959
Service cost	2,033	1,477	2,033	1,477
Expenses	90	90	90	90
Interest cost	2,322	2,179	2,322	2,179
Member contributions	159	165	159	165
Re-measurement	5,368	17,642	5,368	17,642
Benefits paid	(2,076)	(1,951)	(2,076)	(1,951)
Liabilities at 31 March	118,457	110,561	118,457	110,561
Reconciliation of assets				
Assets at 1 April	88,973	78,790	88,973	78,790
Return on plan assets	5,270	6,121	5,270	6,121
Interest	1,889	1,915	1,889	1,915
Employer contributions	4,000	3,933	4,000	3,933
Member contribution	159	165	159	165
Benefits paid	(2,076)	(1,951)	(2,076)	(1,951)
Assets at 31 March	98,215	88,973	98,215	88,973

28 Pensions (continued)

The fair value of scheme assets was:

Assets	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Global Equity	18,847	14,180	18,847	14,180
Absolute Return	3,940	4,911	3,940	4,911
Distressed Opportunities	3,515	2,569	3,515	2,569
Credit Relative Value	3,264	2,800	3,264	2,800
Alternative Risk Premia	3,239	3,351	3,239	3,351
Fund of Hedge Funds	—	10	—	10
Emerging Markets Debt	2,858	3,592	2,858	3,592
Risk Sharing	3,234	3,239	3,234	3,239
Insurance-Linked Securities	2,290	2,137	2,290	2,137
Property	2,652	1,848	2,652	1,848
Infrastructure	6,996	5,932	6,996	5,932
Private Debt	2,518	2,122	2,518	2,122
Opportunistic Illiquid Credit	3,300	2,262	3,300	2,262
High Yield	846	2,664	846	2,664
Opportunistic Credit	349	2,439	349	2,439
Cash	334	1	334	1
Corporate Bond Fund	6,552	5,257	6,552	5,257
Liquid Credit	1	1,062	1	1,062
Long Lease Property	2,527	1,744	2,527	1,744
Secured Income	3,659	3,700	3,659	3,700
Liability Driven Investment	27,405	22,612	27,405	22,612
Currency Hedging	(384)	—	(384)	—
Net Current Assets	273	541	273	541
Total Assets	98,215	88,973	98,215	88,973

Growth Plan

The Group participates in the Growth Plan, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme, therefore it accounts for the scheme as a defined contribution scheme. The present value of the provision required for the Growth Plan has been brought on to the statement of financial position in full. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by

the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK. The scheme is classified as a 'last-man standing arrangement'. Therefore the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme. A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020.

28 Pensions (continued)

Adjustments to the valuation at that date were based on the following assumption:

	2022	2021
Discount rate	2.35%	0.66%

The actuarial valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the trustees and the participating employers have agreed a new Recovery Plan and from 1 April 2022 to 31 January 2025 the Group have agreed to pay deficit contributions of £4k per annum.

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Reconciliation of provision				
Provision at 1 April	53	63	53	63
Unwinding of the discount factor (interest expense)	—	1	—	1
Deficit contribution paid	(13)	(13)	(2)	(13)
Actuarial gain	(35)	—	(46)	—
Remeasurements – amendments to the contribution schedule	6	2	6	2
Provision at 31 March	11	53	11	53

Overall deficit from defined benefit obligations recognised in the statement of financial position:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Combined deficit	(20,253)	(21,641)	(20,253)	(21,641)

29 Share capital

Longhurst Group Limited is limited by guarantee and has no equity or non-equity shared capital. Members guarantee to contribute a maximum of £1 should there be a call upon their guarantee.

30 Contingent liabilities

Longhurst Group Limited does not guarantee any of the bank borrowings of its subsidiaries.

The SHPS trustee, TPT Retirement Solutions, is currently seeking clarification from the High Court following a review of historic benefit changes whereby from 2011, pre-2003 benefits

were increased by CPI rather than RPI (capped at 5% per annum). Until guidance is received from the court, which is not expected until 2024, we do not know whether an additional liability will arise, or the magnitude of that liability.

31 Operating leases

The Group and the association had minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as Lessee	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Not later than one year	589	438	589	438
Later than one year and not later than five years	1,567	264	1,567	264
Later than five years	2,701	38	2,701	38
	4,857	740	4,857	740

During the year, the Group entered into a 10-year operating lease with Man GPM to manage homes at Alconbury Weald in Cambridgeshire, for which the future lease payments are disclosed above.

32 Capital commitments

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Commitments contracted but not provided for				
▶ Maintenance	—	—	—	—
▶ Construction	121,641	96,390	121,641	96,390
Commitments approved by the Board but not contracted for				
▶ Maintenance	63,869	49,358	63,869	49,358
▶ Construction	47,969	61,241	47,969	61,241
	233,479	206,989	233,479	206,989

Capital commitments for the Group and association will be funded as follows:

	Group		Parent	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Social housing grant	3,896	25,837	3,896	25,837
Sales of properties	55,897	53,634	55,897	51,738
Committed loan facilities	173,686	127,518	173,686	129,414
	233,479	206,989	233,479	206,989

Joint venture commitments

Evera Homes LLP, our joint venture partnership with three other Registered Providers, is liable to provide half of the debt funding for its own joint venture, Littleport Developments LLP. Evera is liable to provide £5,520k of debt which has been approved by the Board.

33 Related party disclosures

The ultimate controlling party of the Group is Longhurst Group Limited. There is no ultimate controlling party.

Joint venture and associated companies

The following transactions took place between the Group, joint ventures and associated companies during the year:

	Evera Homes LLP		Pitch Development Services LLP		Littleport Developments LLP	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Net loan movement advances/ (repayment)	(500)	(800)	—	—	(625)	—
Net sales and purchases of goods and services	(69)	(1,516)	—	—	(29)	—
Management fees received	152	161	21	62	—	—
Interest received	196	160	—	—	342	—
	(221)	(1,995)	21	62	(312)	—

At 31 March, the balances were as follows:

	Evera Homes LLP		Pitch Development Services LLP		Littleport Developments LLP	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Loans	3,750	4,250	—	—	6,354	6,950
Trading balances	45	185	—	1	—	—
Fees and interest	122	199	—	6	391	—
Goods and services	84	8	—	—	—	—
	4,001	4,642	—	7	6,745	6,950

There were no transactions during the year with any entity that key management personnel have control, joint control or significant influence over.

Conflicts of interest are declared in the Board meetings and Board members are required to withhold their vote when decision making involves an entity for which they have control or influence over.

Transactions with non-regulated entities

Longhurst Group Limited provides management services, other services and loans to its subsidiaries. The association also receives charges from its subsidiaries.

The quantum and basis of those charges is set out below.

33 Related party disclosures (continued)

Payable by subsidiaries	Management charges		Other charges		Interest charges	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Payable by subsidiaries						
Keystone Developments (LG) Limited	452	496	—	—	519	652
Libra (Longhurst Group) Treasury plc	—	—	—	—	—	—
Libra (Longhurst Group) Treasury No 2 plc	—	—	—	—	—	—
The Teetotal Homes	3	3	—	—	—	—
	455	499	—	—	519	652
Payable to subsidiaries						
Keystone Developments (LG) Limited	—	—	579	496	—	—
Libra (Longhurst Group) Treasury plc	—	—	1,319	7,784	17,600	18,106
Libra (Longhurst Group) Treasury No 2 plc	—	—	138	2,052	7,644	7,715
The Teetotal Homes	—	—	—	—	—	—
	—	—	2,036	10,332	25,244	25,821

At 31 March 2022, the closing intercompany balances are £5,298k payable to Libra (Longhurst Group) Treasury plc, £3,406k payable to Libra (Longhurst Group) Treasury No 2 plc, £2,218k payable by Keystone Developments (LG) Limited and £6k payable to The Teetotal Homes.

Intra-group management fees

Intra-group management fees are receivable from subsidiaries to cover the running costs incurred through managing its subsidiaries. The management fee is calculated based on staff time and direct costs.

Other intra-group charges

The Libra (Longhurst Group) Treasury plc and Libra (Longhurst Group) Treasury No 2 plc other intra-group charges relate to funding and issue costs incurred by the subsidiary companies on

behalf of the Group when arranging finance

The Keystone Developments (LG) Limited other intra-group charges relate to the design and build service provided by the subsidiary to the Group.

At 31 March 2022 there is closing intercompany balance of £3,996k owed from Keystone Developments (LG) Limited to Libra (Longhurst Group) Treasury plc.

Loans

Libra (Longhurst Group) Treasury plc and Libra (Longhurst Group) No 2 Treasury plc act as the Group's loan manager; managing and arranging all new funding. At the year-end, facilities arranged through the subsidiaries and re-distributed to Group members amounted to £672m (2021: £688m).

34 Events after the end of the reporting period

The increase in undrawn loan facilities is due to the issue of £100m of pre-sold retained bonds. Funds of £25.0m were received on completion of the sale in April 2022, and a further £25.0m and £50.0m has been agreed to be sold in August 2022 and April 2023 respectively.

On 17 June 2022, the four respective partners of Evera Homes LLP made the decision not to extend the partnership beyond

the original five-year period which ends in July 2023.

The decision to disband the partnership and cease trading is due to changing priorities for the four partners and a more challenging operating environment. Evera will be disbanded and cease trading during 2022/23, members are expected to receive all amounts owed through the sale of Evera's assets.

35 Capital and reserves

The Revaluation Reserve movement of £1,202k (2021: £1,043k) represents the difference on transition between the fair value of the social housing properties and the historical cost carrying value, where deemed cost transitional relief was taken.

36 Net debt reconciliation

	At 1 April 2021	Cash flows	Other non-cash changes	At 31 March 2022
	£'000	£'000	£'000	£'000
Cash at bank and in hand	87,069	(33,005)	—	54,064
Bank loans	(687,906)	15,592	—	(672,314)
Interest rate swaps	(22,023)	—	8,249	(13,774)
Net debt	(622,860)	(17,168)	8,249	(632,024)

37 Value for Money definitions and calculations

1 Reinvestment %		2B New supply delivered (non-social housing units)%	
Development of new housing properties	£61,214k	Total non-social units developed/ acquired in year	—
+ Works to existing housing properties	£12,394k	÷ Total social and non-social housing and leasehold units owned	24,071
+ Capitalised interest	£2,566k		
÷ Housing properties at cost	£1,259,428k		
	= 6.0%		= 0.0%
2A New supply delivered (social housing units)%		3 Gearing %	
Total social units developed in year	679	Short-term loans	£6,127k
÷ Total social housing and leasehold units owned	23,993	+ Long-term loans	£666,323k
	= 2.8%	– Cash and cash equivalents	£54,064k
		÷ Housing properties at cost	£1,259,428k
			= 49.1%

37 Value for Money definitions and calculations (continued)

4 EBITDA MRI Interest Cover %

Operating surplus	£40,338k
– Gain on disposal of fixed assets	£3,106k
– Amortised government grant	£2,870k
+ Interest receivable	£274k
– Capitalised major repairs expenditure	£12,394k
+ Depreciation charge	£19,353k
÷ Interest capitalised	£3,011k
+ Interest payable and financing costs	£29,758k
	= 126.9%

5 Headline social housing cost per unit

Management costs	£23,483k
+ Service charge costs	£10,974k
+ Routine maintenance costs	£15,672k
+ Planned maintenance costs	£7,857k
+ Major repairs expenditure	£855k
+ Capitalised major repairs expenditure for period	£12,394k
+ Lease costs	£41k
+ Other social housing letting costs	£9,941k
+ Development services	£512k
+ Other social housing activities	£10,325k
÷ Total social housing units owned and/or managed at period end	22,133
	= £4,159

6A Operating Margin (social housing lettings) %

Operating surplus (social housing lettings)	£32,480k
÷ Turnover from social housing lettings	£119,837k
	= 27.1%

6B Operating Margin (overall) %

Operating surplus	£40,338k
– Gain on disposal of fixed assets	£3,106k
÷ Turnover	£156,134k
	= 23.8%

7 Return on capital employed %

Operating surplus	£40,338k
+ Share of surplus in joint ventures or associates	£225k
÷ Total assets less current liabilities	£1,325,653k
	= 3.0%



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