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Annual Report and Accounts

Nottingham Community Housing Association Limited



for the year ended 31 March 2023

Nottingham Community Housing Association (NCHA) is a group of companies providing housing and Care and Support throughout the East Midlands.

Leading our group is Nottingham Community Housing Association – which is registered as a Community Benefit Society with charitable purpose. Founded with assistance from the charity Shelter in 1973, we remain committed to providing and managing housing for people in need and offering vital care and support services.

Our group also includes a commercial housing developer subsidiary (Pelham Homes) and almshouses. Through our joint venture partnerships we develop housing for sale and deliver training.

Whilst we have a clear commercial focus, providing care and support is an intrinsic part of what we do, through both our affordable homes and community services. Our Homes and Wellbeing team work across the region to help a diverse range of people build better lives.

We pride ourselves on being a different kind of housing association, one that has no ambition to be the biggest, but always aspires to be the best. At the heart of this philosophy are strong partnerships and a commitment to customer engagement and participation.

Our vision

More homes,
great services,
better lives

Our mission

Homes and support
by people who care

Our culture

Being the best we can
be for our customers and
colleagues by always listening
and striving to improve,
in an environment that is
supportive, inclusive and
wellbeing focused.

Our values

Caring **L**earning **E**nthusiastic **A**ccountable **R**esilient

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Board of Management



Callum Gillespie (Chair)

BSc (Hons)

Appointed to the Board in 2016, Callum chaired the Audit and Risk Committee during the year and is a member of the Governance Committee. He brings skills and experience in housing regulation, risk management and assurance, and ICT and digitisation. Callum was appointed Chair of NCHA on 1 September 2022. **Shareholder.**



Claire Winfield (Former Chair)

BA (Hons) – Retired, 31 August 2022

Appointed to the Board in 2013, Claire is also a member of the Care Committee and the Governance Committee. She brings skills and experience in risk management and assurance, governance, care and support, and human resources. **Shareholder.**



David Harrison

BA MCIH

Appointed to the Board in 2015, David also chairs the Care Committee and the Governance Committee. He brings skills and experience in housing regulation, property development and sales, and governance. **Shareholder.**



Andrew Kilby

FCCA

Appointed to the Board on 15 September 2021, Andrew is a qualified accountant and served as a member of the Audit and Risk Committee during the year. Andrew was appointed as Chair for the Audit and Risk Committee from 1 September 2022. He brings experience in social housing finance, treasury and ICT. **Shareholder.**



Donna Edwards

BA, CPFA – Retired, 20 September 2023

Appointed to the Board in 2016, Donna is also an NCHA representative on Pelham Homes Board. Donna is a qualified accountant. She brings skills and experience in housing regulation, finance and governance. **Shareholder.**



Chris Blackburn

Retired, 20 September 2023

Appointed to the Board in 2016, Chris is also an involved customer and member of the Customer Committee. He brings skills and experience in housing regulation, governance, ICT and digitisation. **Shareholder.**



Lorelei Jarvis

BSc (Hons)

Appointed to the Board in 2018, Lorelei is also a member of the Care Committee and the Customer Committee. Lorelei brings skills and experience in risk and assurance, care and support, and health and safety. **Shareholder.**



Michael Finister-Smith

Appointed to the Board in 2019, Michael is a qualified accountant and a member of the Audit and Risk Committee. He brings skills and experience in housing regulation, finance, risk and assurance, and governance. **Shareholder.**



Pradeep Khuti

Retired, 20 September 2023

Appointed to the Board in 2019, Pradeep is a member of the Care Committee. He brings legal skills and experience in housing regulation, equality and diversity, ICT and digitisation. **Shareholder.**



Paul Parkinson

BA (Hons) Dip.RSA FCIH

Appointed to the Board in 2020, Paul is also a member of the Customer Committee. Paul brings experience in housing services, performance and digital service improvements as well as aspects of compliance and safety and governance. **Shareholder.**



Leanne Monger

MPA, BA Hons, CIHCM

Appointed to the Board on 15 September 2021, Leanne is also a member of the Audit and Risk Committee. Leanne brings experience of strategic management, business continuity planning, care and support, and customer involvement. **Shareholder.**



Mohammed Habib

FCIH MCIQB

Appointed to the Board on 15 September 2021, Mohammed is also an NCHA representative on Pelham Homes Board. Mohammed brings experience in housing services, asset investment and regeneration. **Shareholder.**



Gill Callingham

Appointed to the Board on 27 September 2022, Gill is also a member of the Audit and Risk Committee. Gill brings experience of delivery in housing, economic and physical regeneration, sustainability and partnership working for the benefit of communities and business. **Shareholder.**

All Board Members served for the whole year except Claire Winfield and Gill Callingham, as noted. Three Board members retired on 20 September 2023, as noted.

Executive team



Paul Moat
DMS, MBA, MRICS,
BSc (Hons)
Chief Executive

- The NCHA Group Leadership
- Corporate Governance
- Risk
- Health and Safety



Allan Fisher
BSc (Hons), PG
(DIP), MSc
Director of
Development
and Assets

- Development
- Sales
- Property Services
- Environmental Sustainability



Holly Dagnall
BA (Hons), PG
(DIP), MSc
Director of
Homes and
Wellbeing

- Affordable Social Housing
- Sub Market Rent
- Shared Ownership
- Care and Support
- Almshouse Charities
- Equality, Diversity and Inclusion
- Social Impact



Naomi Dobraszczyc
BA (Hons) ACA
Director of
Finance and
Resources

- Finance
- People
- Technology
- Transformation
- Marketing Communications
- Procurement
- Information and Intelligence
- Value for Money

Secretary:

Sylvia Hart BA(Hons) CPFA ACG

Registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014, Number 7104.

Registered with the Regulator of Social Housing, Number 4817.

Principal Solicitors:

Freeths LLP, Cumberland Court, 80 Mount Street, Nottingham, NG1 6HH

Principal Bankers:

Lloyds Bank plc, 25 Gresham Street, London, EC2V 7HN

Treasury Advisors:

Link Group, 65 Gresham Street, London, EC2V 7NQ

Chair's Statement



Callum Gillespie
(Chair)



I am pleased to be able to introduce our annual report and accounts at the end of my first year as Chair of NCHA.

The last year has undoubtedly been a time of significant political and economic change, both in the UK and globally. This changing environment has meant that we now face increased financial and operational pressures linked to a range of factors. These pressures include continued high inflation, increased borrowing costs and labour shortages affecting ourselves, our customers and many of the partner organisations we work alongside. To ensure we use our resources as effectively as possible, we are prioritising value for money. We've also decided to reduce, pause or discontinue some activities so that we can focus on our core mission and the things which matter most to our customers: high quality support and a decent, safe home.

We strongly believe in the 'more homes' part of our vision and we remain committed to our Strategic Partnership with Homes England. Through this partnership we will develop 1850 new homes across the East Midlands over the coming years. To help us achieve this, we raised £55m with Saltire Finance this year under the government's Affordable Homes Guarantee Scheme and a further £20m with Natwest.

We also remain committed to the bold ambitions within our Environmental Sustainability and Social Impact Strategies.

In support of our environmental aims, we have reconfirmed our goal to improve NCHA's homes to EPC C (Energy Performance Certificate C) by 2028. We started delivery of our SHDF (Social Housing Decarbonisation Fund) wave 1 programme in the year and were successfully awarded increased funding under wave 2.1. We see this work as an important part of our asset management plans and a vital priority to reduce fuel poverty for our customers.

We have furthered our social impact plans, including the delivery of over 900,000 hours of care and support during the year, which remains key to our social purpose. We have worked with advisors from the charity HACT to develop our recording of social impact and to consider how we use social impact calculations to drive investment decisions.

We have launched our new responsive repairs contract and worked through our Homes and Neighbourhood panel to ensure the procurement of this service involved customers and their views. Our new Scrutiny Panel completed its first full report, making a range of recommendations to support the ongoing development of complaints management.

At this time, as we celebrate our 50th anniversary, we are proud to be rated G1/V1 by the Regulator of Social Housing. Our strong governance and sound financial footing, alongside the input of our exceptional colleagues, are key to us delivering on our vision of more homes, great services and better lives both now and in the years to come.



Strategic Board Report

The Board presents its report and consolidated audited financial statements for the year ended 31 March 2023.

Principal activities

Nottingham Community Housing Association Limited (NCHA) is registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing. It was first registered on the 22 March 1973 for the benefit of the community. NCHA operates mainly within the East Midlands and has three regional offices and a number of satellite offices. Its head office is in Nottingham.

We operate in 32 local authority areas within six counties across the East Midlands.

County	General needs	Market rent	Housing with care and support	Shared ownership and leasehold	Almshouses
Derbyshire	✓	✓	✓	✓	✗
Leicestershire	✓	✓	✓	✓	✓
Lincolnshire	✓	✗	✓	✓	✓
Northamptonshire	✓	✓	✓	✓	✗
Nottinghamshire	✓	✓	✓	✓	✓
Rutland	✓	✓	✓	✓	✗
East Midlands	✓	✓	✓	✓	✓

NCHA's principal activities are the management, maintenance, improvement and development of social housing together with the provision of care and support services for those people within communities across the East Midlands with additional needs.

The Group structure is detailed overleaf. Details of Group entities are included in note 26 of the accounts.

Group structure



Almshouses
NCHA is the sole corporate trustee of Nottingham Community Almshouse Charity. Over the next five years NCAC will continue to look for merger and acquisition opportunities to protect and grow the oldest form of social housing for the benefit of the homeless and poorly housed.

Pelham Homes Ltd
Our commercial subsidiary has the strategic objective of creating profit for reinvestment in the group's vision. Generating income from housing sales, architectural services, maintenance services and from a shareholding in Access Training (East Midlands). Pelham Homes develops properties to sell.

Value for Money (VFM) Standard

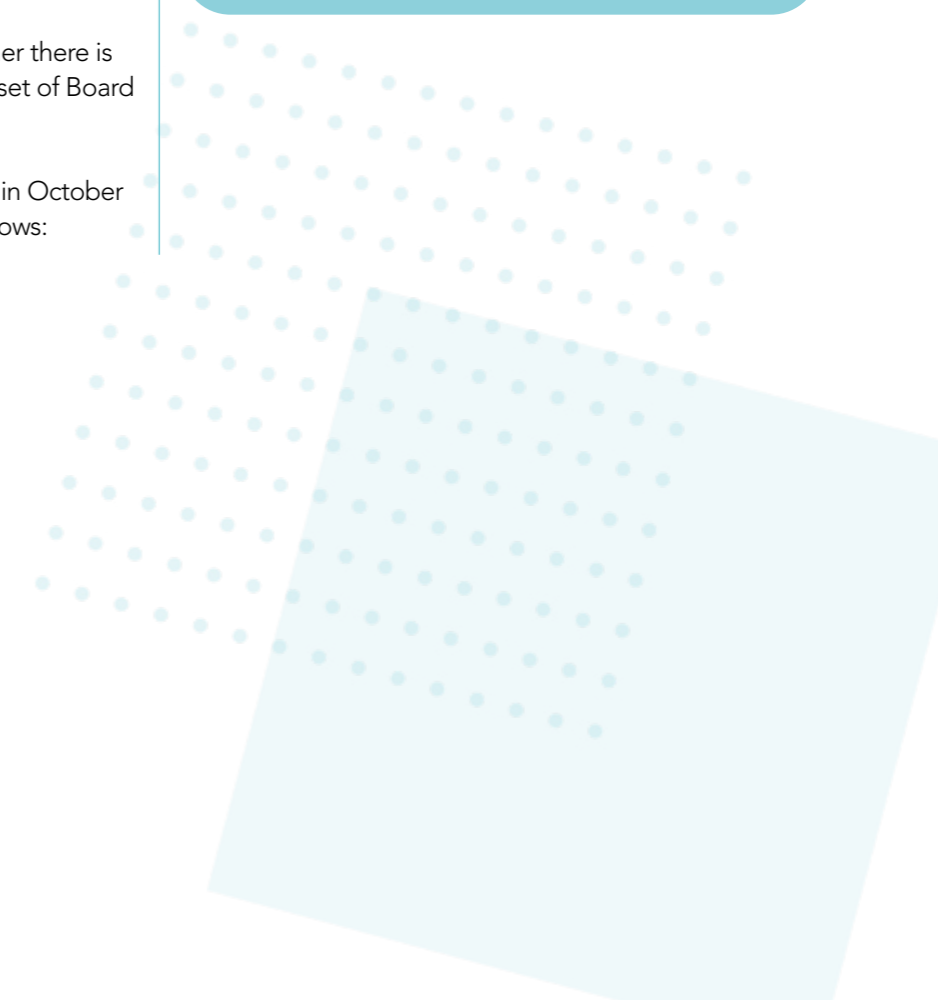
The Regulator of Social Housing has published a Value for Money (VFM) Standard. This includes a requirement for Registered Providers to fully consider the costs and benefits of alternative commercial, organisational and delivery structures. Following a group structure review by NCHA Board in 2020, the structure has been rationalised and simplified over the last three years. On 1 April 2022 Nottingham Community (Second) Housing Association, a subsidiary of NCHA, was merged with NCHA. On 20 August 2022, Nottingham Annuity Charity, a charitable trust with NCHA as the sole corporate trustee, was amalgamated with Nottingham Community Almshouse Charity. On 28 March 2023 the Blyth Cottages Charity, a charitable almshouse trust with NCHA as the sole corporate trustee, was merged with Nottingham Community Almshouse Charity. PITCH, an associated entity of the Group was also wound up in 2022/23.

Looking ahead, we plan to achieve further simplification by the closure of our development joint venture companies once they have successfully achieved their development plans. The planned closure of Pelham Waterside LLP is scheduled to take place next year.

In addition, NCHA annually considers whether there is any case for merger by evaluation against a set of Board approved 'merger indicators'.

The most recent evaluation was undertaken in October 2022, with the key conclusions set out as follows:

1. The Board has not identified any urgent issue or driver which would require NCHA to seek a merger partner in the short term.
2. Based on this evaluation, NCHA is in a strong position to continue to prosper as an independent entity.
3. Should NCHA be approached by a third party with a merger agenda or proposal, NCHA Board would apply a set of key questions which will form a reference point for initial dialogue.
4. NCHA will monitor the continued performance against merger indicators on an annual basis, in line with the biennial refresh of the five year Corporate Plan and the commitments of our Value for Money Strategy.
5. Where the evaluation of any merger indicators result in a red light, a set of mitigations will be agreed with the Board. It may be considered that specific indicators being amber in the short, medium or long term is an acceptable position.



Performance for the year

The NCHA Group turnover has decreased slightly from £91.7m to £90.3m. This is mainly as a result of slippage in NCHA's development programme affecting first tranche shared ownership sales with a number of sales targeted in 2022/23 now occurring in 2023/24 due to delays in the development of some schemes. These schemes support our mission to provide **"More Homes"**.

The operating surplus (before disposals of property, plant and equipment and before exceptional items) has fallen from £17.3m to £15.4m. This reflects a much reduced surplus on shared ownership sales and the impact of inflation and market price increases on expenditure costs, but the surplus still represents a strong result for the Group overall.

The Group has experienced increased gains on the disposal of property, plant and equipment in 2022/23 which increased from £4.4m to £4.6m. Taking these into account, the operating surplus (including disposals of property, plant and equipment) moved from £21.6m to £20.0m, before exceptional items.

An exceptional building safety provision has been recognised in 2022/23 which results in an overall surplus of £18.3m for the Group. Further details of operating performance across the Group are as shown below.

During the year we spent £26.7m (2022 £20.1m) on maintaining and improving our existing housing stock in line with the Group's objective of meeting the Decent Homes Standard, providing **"Great Services"** and contributing to **"Better Lives"** for our customers. Of this expenditure, £7.8m (2022 £3.7m) was invested in capitalised improvements to our customers' homes.

Investment in the provision of new homes amounted to £48.6m (2022 £58.3m). This was funded by £10.7m of Social Housing Grant (SHG) (2022 £20.9m), proceeds from property sales £14.2m (2022 £21.6m), financing from newly secured loans of £55.0m (2022 £5.2m) with the balance held as cash for future investment.

Group entity	Operating surplus/ (before exceptional item) £'000s	Operating surplus/ (after exceptional item) £'000s
Nottingham Community Housing Association	19,851	18,184
Pelham Homes Limited	32	32
Nottingham Community Almshouse Charity	250	250

During the year the Charity Commission scheme for Nottingham Community Almshouse Charity (NCAC) was amended to incorporate the Charity Commission scheme for Blyth Cottages Charity. This resulted in the acquisition of the assets and liabilities of Blyth Cottages Charity. No consideration was paid for the acquisition, which has resulted in a donation of £193k being received by NCAC in the year. Further details are set out in note 26a.

Review of the year NCHA Group overall

The Group has had a very successful year taking a further step forward under the five year Corporate Plan. We have retained the highest viability and governance ratings that the Regulator of Social Housing can give of V1 and G1.

The 2022 STAR (Survey of Tenants And Residents) survey showed high levels of customer satisfaction with the **"Great Services"** NCHA provides. 84% of customers were satisfied with the services offered by NCHA. 83% were satisfied with the quality of their homes and 82% were satisfied with their neighbourhood as a place to live.

Fire safety

This year saw the introduction of new fire safety regulations - The Fire Safety (England) Regulations, which created a range of new duties arising from recommendations following the Grenfell Inquiry. This included improved information for fire rescue services and residents, additional checks of fire safety equipment in tall buildings, and fire door inspections in buildings over 11m tall. All of the requirements within the Regulations have been complied with, or are in progress and will be completed before the due date. In addition, the Building Safety Act is now in force, with due dates for compliance with certain in-occupation requirements approaching in 2023.

To this end, an advisory review was carried out by our internal auditors in 2022, and we are on track with our Building Safety Act action plan. All buildings under our ownership falling within the remit of the Act have been extensively surveyed, and remedial works programmed where necessary. With the support of a DLUHC (Department for Levelling-Up Housing and Communities) grant, we have completed the remediation of the external cladding at our largest building, the Pinnacle in Northampton, at no cost to any resident.

Our fire risk assessors have visited all flats under our management over 2022/23, updating the risk assessment where one is required, and carrying out a visual appraisal of the external wall construction. We continue to analyse data and plan any follow-on actions but there have been no major surprises and we expect any remediation programme to fall well within budget and have minimal impact on our residents.

Our Care and Support team, following extensive reviews of fire incident data, has put a new process in place to identify potential risks deriving from false fire alarm reports, including providing additional support to service users who are at risk.

Health and Safety

The Board is aware of its responsibilities on all matters relating to Health and Safety (H&S) and receives a number of H&S related papers during the course of the year including an Annual Health and Safety Performance Review and competency framework.

We have continued to implement the measures within our Compliance and Safety Strategy, and in 2022/23 introduced a new lone working system, a new risk assessment process, and reviewed and updated our MMS (Managers Managing Safely) process which identifies H&S risks to individual colleagues, ready for launch in 2023/24.

Our Board reviewed and approved our Corporate Health, Safety and Fire Policy, which has enhanced clarity over delegated responsibility for NCHA managers, and we have consolidated our various gas, heating and electrical safety procedures into single documents, ensuring that they are kept up to date and removing any potential for conflict.

During the year, we set up a Damp, Mould and Condensation (DMC) Working Group with responsibility for completing our DMC Action Plan. A new Damp and Mould Policy was introduced in early 2023, with customer input.

We have continued to develop our mental health and wellbeing offer to colleagues in five key areas – emotional, physical, financial, work and social, and monthly tool box talks are fully embedded within our Property Services teams.

Our Health, Safety and Fire Panel continues to oversee health and safety, reporting on progress quarterly to Audit and Risk Committee, and annually to NCHA Board. Our health and safety and fire risk maps are now in place, and an in-depth review of each is carried out annually by the panel.

Facilities management services across all our office accommodation has this year been consolidated into a single service, managed by our Health and Safety team, in order to ensure consistent service standards and performance, as well as seeking better value for money.

Colleagues in our Executive and Senior Leadership teams attended IOSH (Institute of Occupational Safety and Health) Leading Safety training this year, and follow up work is in progress to ensure that key outcomes from this training are captured and embedded.

Development and Sales

NCHA continues to be a strong developing housing association with a clear strategy for growth and to deliver 'More Homes'. This year however has been set amongst a backdrop of significant challenges in the market. We have seen unprecedented pressures on the development programme from high inflation, with costs rapidly increasing at a rate not seen in the last three decades. Values and rents have, however, also increased which means the financial outputs from development remain healthy. We have reviewed our overall Business Plan targets for the delivery of new homes to consider these challenges. Subsequently Board have approved a reduction in the five year corporate plan target for development from 2,100 to 1,850 homes to reflect the challenging economic environment within which we are operating.

We have continued to deliver against our delivery targets including meeting our Strategic Partnership programme commitments with grant receipts from Homes England and local authority partners, and including RCGF (Recycled Capital Grant Fund), reflecting the mixed subsidy sources in the development programme.

During the year 313 properties started on site and 149 new homes completed across the Group. As a lead member of the Blue Skies Consortium, we continue to assist partners to deliver new homes across the region, enabling these organisations to access Homes England grant funding and providing fee income of £136,900 for NCHA in 2022/23.

The proceeds from property sales and the revenue surpluses made by the Group are a crucial source of funds necessary to enable us to continue a substantial development programme, with the Sales team delivering property sales from a range of sources and bringing in over £18m income into the NCHA Group.

71 new shared ownership properties were sold during the year, nine Right to Acquire sales were made to residents, 72 stock disposals and 36 existing shared owners bought additional equity in their properties.

Property Services

The recent economic challenges have impacted on our performance generally across all areas of the service and continue to do so. Nonetheless, close monitoring and management of the situation have sought to mitigate the impacts.

Our housing stock remains 99.94% compliant with the Decent Homes Standard. For the five properties (out of 8641) which do not meet the standard, identified works are planned in all cases and we continue to work closely with our affected customers.

In the year we completed a total of 218 adaptations to our properties for customers with particular needs. Of the adaptations completed 189 were minor adaptations such as grab-rails and ramps and 29 were major adaptations such as wet rooms and ramps.

Repairs satisfaction remained slightly below our target of 85% at 83.6% across all our contractors, despite the challenges encountered over the past year. During this period, we re-procured and mobilised our responsive repairs and maintenance contract moving to long-term partnership with Fortem and a new price per property contract.

We have also successfully delivered over 93% of our planned programmes of work. Although environmental and sustainability works delivered by external contractors were slightly behind programme, we delivered 135 kitchens and 78 bathrooms, which were above target, and external decoration to 1,533 properties through our Direct Maintenance Service (DMS).

Through our partnership with the Midlands Net Zero Hub we were successful in securing both Wave 1 and Wave 2 funding from the Social Housing Decarbonisation Fund to help support our decarbonisation programme. We have also improved 157 properties to an EPC C or above against our target of 144 through a number of differing property specific approaches.

We ensured overall compliance at 99.9% across the 'Big Six' areas of landlord compliance at 31 March 2023.

Homes and Wellbeing

Homes and Wellbeing consists of Care and Support, Communities, Rents and Leasehold, Customer Experience and the management of Nottingham Community Almshouse Charity and other almshouse services.

Your Money Matters (Income Recovery)

Current customer arrears across NCHA at week 52 were 2.70% at the end of March 2023. This is broken down as follows:

- 2.70% Affordable and social housing customers
- 2.18% Intermediate rent
- 2.40% Leaseholders
- 2.88% Care and support.

Arrears management for all tenures is now undertaken by one team, which has led to a consistency in approach. This change has also seen a noticeable improvement in performance throughout the year within care and support and leasehold tenures. Despite the cost of living and energy price increases, this has not translated into an increase in evictions, which have largely remained for long standing accounts in arrears. Front line colleagues have access to a range of support and advice for customers who are financially vulnerable.

Customer satisfaction with the Your Money Matters team for 2022/23 was 97.5% with data provided from the New Tenancy survey.

Your Home (allocations)

Affordable and social housing allocations for the year decreased from 496 to 376, comprising 106 new builds and 270 relets. Overall the void time for the year was 37.6 days for affordable and social lettings, compared with 37.0 days the previous year.

We allocated 20.6% of our affordable and social allocations to homeless households throughout 2022/23, against target of 25%.

In care and supported housing, void times increased to 53.7 days, with most of the delays being with Local Authority nomination routes. We let 382 care and

support properties in the year. The average days to re-let a sub-market rented property was 22 days. It took longer to re-let Almshouses, which each have their own eligibility criteria: 68 days. We let 196 properties in the year which fell outside ASH (Affordable and Social Housing) and Care and Support, with the largest being leasehold lettings. Customer satisfaction with NCHA's 'Your Home' team for 2022/23 was 98.5% with data provided from the New Tenancy survey.

Customer Experience

We have now completed the Customer Contact project which brings together all of our contact teams under one structure and aims to make contact with NCHA 'effortless'. The improvements to the online customer portal 'My NCHA' have been made and the new portal has been launched to circa 2,000 customers with high user acceptance rates. The portal is now being rolled out to all customers which will enable customers to check rent accounts and make rent payments, report repairs and manage appointments online as well as request a range of housing changes, such as applying to keep a pet.

Customer Experience colleagues are now using a unified communications solution to improve the customer experience with a first contact resolution approach through a variety of communication channels.

Our Assistive Technology team again achieved a successful audit under our Telecare Services Association technology enabled care accreditation.

Customer satisfaction with our Customer Experience team for the year was 100% with data provided from the New Tenancy survey.

We have updated our complaints policy and processes in line with the Housing Ombudsman's Complaint Handling Code. Complaints have increased during 2022/23, with a 35% increase in complaints year on year. These are largely connected to the exit of a principal repairs contractor and the implementation of a new single responsive repairs contractor mid-way through the year, alongside an increased awareness of the complaints process by customers.

The Ombudsman Complaint Handling Code requires NCHA to publish our self assessment against the Code in our annual reports. NCHA's annual self assessment against the complaint handling code is reviewed by the Association's Customer Committee as well as its Board. The current self assessment is available to customers on our website, through the following link:

www.ncha.org.uk/about-ncha/our-performance/

Your Community (Tenancy and Estate Management and Community Safety / Anti-Social Behaviour)

During 2022/23 the number of properties in management increased alongside an increase in the number of reported anti-social behaviour cases from 4.9 cases per month per 1,000 homes at the beginning of the year to 5.8 cases per month per 1,000 homes at 31 March 2023. This increase in case numbers is a result of changes to our management of ASB (Anti-social Behaviour) including all case management being carried out by one team and the introduction of new case management software. We do expect these numbers to reduce as we review the reporting of all alleged cases to ensure consistency with our ASB policy.

We have renewed our commitment to the 'Homes for Cathy' initiative and continue to deliver our action plan to reduce tenancy failure and meet the needs of those homeless or vulnerably housed. Failed tenancies as percentage of all terminated tenancies were within target at year end, for Affordable and Social Housing customers. All failed tenancies are reviewed by our Homes for Cathy group to ensure any lessons are learnt and shared in relation to future tenancy sustainment practice.

The Community Co-ordinator team have a range of funds available to them to support customers, alleviate hardship including fuel poverty and sustain tenancies. The combined budget of £58.5k was slightly overspent at £62.8k.

The Community Support team worked on average with 80 households at any time, providing short term interventions for households in crisis or needing some additional help to keep in their homes and improve their wellbeing.

Customer satisfaction with the Your Communities team for the year was 98.5% with data provided from the New Tenancy survey.

Customer Involvement

The voice of the customer is heard strategically through our Board sub committee – the Customer Committee, which is supported by a Scrutiny Panel to scrutinise areas of activity and performance selected by the Panel and a Homes and Neighbourhood Panel to deliver oversight, challenge and co-production across services that affect the customer experience.

We have launched a new Customer Involvement thematic plan with a focus on developing our 'Community Voices' offer to ensure customers can influence our work at both a local and strategic level. We also have a Virtual Policy Group which consists of our customers who are consulted on all customer facing or high customer impact policies, with all their feedback reviewed and incorporated where possible. Any NCHA customers can apply to be a member of the Group through a simple email enquiry.

We have appointed a new 'expert by experience' member to our Care Committee, which is a Board sub committee that oversees quality and regulatory compliance in our Care and Support offer.

The Board includes a member who was a customer throughout the year.

Care and Support

Our care and support business has delivered a sustained financial performance, delivering a surplus and meeting our golden rule for financial resilience. We responded to business growth opportunities and continued to work proactively on service redesign and development with our commissioners across the East Midlands.

We remain committed to our mission of providing services to those most in need and we continue to deliver the majority of our services to people for whom local authorities have a statutory duty to provide services.

Our quality and regulatory compliance performance was strong with the Care Committee providing oversight and assurance to Board on performance across all regulated and non regulated services.

98.5% of Care and Support Independent Living customers reported that they were happy with the support they received in the annual survey.

Almshouse Services

Nottingham Community Almshouse Charity had a successful year continuing to deliver the stated public benefits of the individual schemes. The Blyth Cottages Charity merged into Nottingham Community Almshouse Charity on 28 March 2023.

This year Nottingham Community Almshouse Charity paid annuities totaling £11k to 23 people in financial hardship (2022 £12k to 23 people).

Resources Directorate

The centralised Resources Directorate delivers a range of core business functions and provides internal services to the teams across NCHA. The directorate comprises three separate departments: Corporate Services, People, and Finance.

Corporate Services

The Corporate Services function is made up of the following teams: Technology Services, Communications and Engagement, Business Transformation, Information and Intelligence, and Procurement and Value.

During the year the Corporate Services teams delivered a number of key objectives and outcomes, summarised below.

Technology Services

- Replaced end-of-life primary storage in our data centre.
- Refreshed IT infrastructure and deployed Teams-integrated Audio-Visual kit at our Edwinstowe and Mountsorrel offices.
- Migrated support of Open Accounts to a new supplier and undertook a health check on our systems.
- Worked with the Information and Intelligence team to build the first phase of our Data Warehouse.
- Undertook a strategic review of Asset and Development systems.
- Commenced migration to a new cloud-based telephony platform, 8x8, to replace the legacy Mitel system.
- Rolled out a pilot VPN to selected colleagues who needed access to applications outside of Citrix.
- Built the second iteration of the VPN service and updated Microsoft 365 / Windows 11 laptop build in preparation for the wider move away from Citrix and to support new hybrid ways of working.
- Supported the move to our new repairs supplier, collaborating with the supplier technical teams and integrating their system into our Housing Management System.
- Supported the development of the new My NCHA portal.

- Completed Exchange Hybrid configuration including Teams calendar integration.
- Moved to a new password manager in response to a cyber security incident at previous supplier.
- Decommissioned legacy Single Sign On platform and migrated SaaS solutions to utilise a single cloud based Single Sign On provider.

Communications and Engagement

- Launched a new departmental structure, introducing specialisms in social media, digital content and stakeholder engagement to complement the broader communications, marketing and digital services offer.
- Supported the delivery of a new customer portal, MyNCHA, offering an improved digital experience for customers looking to self-service.
- Designed and delivered a new 'NCHA' brand, recognising the need for a more modern and cohesive logo.
- Led on the delivery of celebrations to mark our 50th anniversary.
- Delivered two new workspaces in Edwinstowe and Mountsorrel which align with our brand, values and workplace principles.
- Supported the business with implementation and embedding of new key corporate strategies, projects and programmes of work.

Business Transformation

- We have restructured the team under a single Head of Service, to provide VFM and an improved service. This will bring pace and control to project delivery and process improvement work.
- Developed a new Transformation Strategic Delivery Framework. This has implemented governance, resource and processes to ensure the successful delivery of NCHA's corporate strategies.
- Concluded the delivery of NCHA's three year Fit for 50 programme,
 - Established the programme management controls to 'Where we Work' to ensure all associated projects are identified and controlled.
 - Trained four internal secondments to be Business Analysts, to ensure the successful move to the new Capita One System.
 - The Hive innovation has completed its digital inclusion initiative. This has resulted in the employment of a digital inclusion support worker, who has been helping customers become digitally enabled via 121 sessions and digital cafes.

Information and Intelligence

- Information and Intelligence Team fully established.
- Process improvements to the Regulator of Social Housing Statistical Data Return with further improvements ongoing to reduce the workload at the end of the year by regular in-year reviews.
- Data Warehouse and Power BI proof of concept successfully completed with planning for roll-out under development.
- Write Off/Write On process now embedded and business as usual, improving accuracy and improving efficiency of process and enhancing records management.
- Care and Support performance dashboard now in place.
- Improvements to the collection and reporting of KPIs (Key Performance Indicators) have been introduced to deliver a more streamlined process. This will be extended to other KPI reporting throughout NCHA.
- A pilot project to test the effectiveness on Geographical Information Systems has begun. This will continue throughout the coming year.

Procurement and Value

- Recruitment of new position of Trainee Procurement and Value Officer, who will complete an apprenticeship in CIPS (Chartered Institute of Procurement and Supply) Level 3.
- Procurement has been centralised with all procurements going through the procurement team.
- Continued review and updates in relation to compliance and governance.
- Annual Procurement Plan, that is updated monthly and captures future procurement requirements five years in advance, taking into account when current contracts expire.
- Supporting NCHA's three new business delivery strategies through new procurements: Value for Money; Social Impact; and Environmental Sustainability.
- Quarterly Procurement Panel meetings to include reporting of Key Performance Indicators, and details underperforming contracts and actions taken, reviewing all NCHA spend to ensure it is compliant, examining non-compliant spend, discussing hot topics from the previous quarter.
- Dedicated procurement for all areas of NCHA

People

The People team consists of: Learning and Organisational Development; Environmental Sustainability; Human Resources; and Wellbeing.

Learning and Organisational Development

During the year the Learning and Organisational Development team have successfully supported a number of activities including:

- Delivering a planned leadership development programme to a number of business leaders, with a focus on supporting existing and aspiring care and support managers.
- Coordinated the continuation of formal coaching of colleagues to support individual development and performance.
- Effectively supporting bespoke individual and team development solutions across all teams, as part of our business partnering learning approach.
- Designed new e-learning solutions as part of our compliance training programme, as well as developing additional support modules in key areas.
- Maintaining the use of apprentices throughout NCHA, ending the year at 67% usage of our apprenticeship levy funds, despite significant pressures caused by the legacy of covid and national recruitment issues.
- Delivery of core training interventions in order to meet regulatory and team development requirements.

Environmental sustainability

- Finalised and published our Board-approved Environmental Sustainability Strategy. This strategy is one of our core business delivery strategies and this demonstrates our commitment to this important area.
- As well as focusing on improving biodiversity and helping to alleviate fuel poverty at a very difficult time, we are also using our strategy to review our carbon footprint, and have successfully secured funds through the Social Housing Decarbonisation Fund.

Human Resources

Following in the wake of Covid, the impact of which was still being felt at the start of the year, recruitment pressures have meant core HR work remains vital to NCHA. Human Resources team made a number of service developments including:

- We have introduced a managed service provider approach in relation to coordinating agency workers to support our services.
- We have continued our approach of undertaking benchmarking on our benefits, including pay, and introduced a mid-year review and a retention bonus for some roles as a means to help alleviate pressures on recruitment and retention and support colleagues during the cost of living crisis.
- Continued with flexible and hybrid working approaches for office-based colleagues, as a means to ensure we maintain flexibility and attractiveness as an employer. We aim to widen our approaches to flexibility in the coming year, wherever possible.

Wellbeing

- Used our colleague wellbeing hub to embed colleague wellbeing based on five areas – emotional, physical, work, social and financial, with a number of interventions and activities carried out throughout the year.
- Following on from the introduction of wellbeing champions and our in-house counselling service, we have set up peer support groups and also focused on broadening all colleagues' understanding of menopause, and how we can all support each other as necessary.

Finance

The Finance function plays a key role in underpinning the work of each of the directorates. To reflect business need it consists of the following three teams: Treasury Management, Finance Systems and Business Partnership.

Treasury

During the year, we completed on two new financing facilities to support our ongoing development programme. In May 2022 we completed our new 30 year £55m fixed rate loan facility with Saltaire Finance Plc under the Affordable Homes Guarantee Scheme. In March 2023 we completed the restatement of our existing Natwest Revolving Credit Facility (RCF), increasing the amount of the RCF by £20m (to £70m) and extending its term for a further five years.

Environmental, social and governance (ESG) linkage performance

NCHA's restated £70m Natwest Revolving Credit Facility, includes two ESG KPIs. In support of our Environmental KPI, over the last two years since 1 April 2022 NCHA has improved 383 homes to EPC C, exceeding the target of 370 homes. Against our Social KPI, NCHA's managers reported BAME (Black, Asian and Minority Ethnic) diversity of 10.3% at 31 March 2023 which exceeded the target of 9.5%. NCHA will achieve a saving in loan costs as a result of this performance.

Systems and Business Partnership

The Systems team continued to deliver core transactional services and payroll throughout the year. We recognise that the local economy and many of the local businesses would be adversely affected if it were to delay payment and, as part of its social responsibility, endeavours to pay all agreed invoices within thirty days of the invoice date. The Business Partnership team has worked during the year to deliver the 2022 External Audit Action Plan and to ensure budgets and forecasts are updated to reflect the changing economic conditions.

Future developments

NCHA plans to develop 1850 new homes across the Group over the next five years, including 250 for open market sale by Pelham Homes. We intend to maintain and improve key customer satisfaction measures through the delivery of a range of customer-focused projects. We are committed to measuring the social impact of our work and using this to drive decision-making and strategic priorities.

In accordance with our Environmental Sustainability Strategy, we are targeting the upgrade of all existing homes to a minimum of EPC C by 2028.

We are investing in the wellbeing of our colleagues and pursuing initiatives designed to make NCHA a great place to work. We are currently developing a new purpose-built head office scheduled for completion during 2024/25.

Board members and Executive Team

The board members and the Executive team of the Association are set out on pages 4 to 6.

The board members are drawn from a wide background and demonstrate a commitment to equality, diversity and inclusion particularly in relation to gender, sexuality, race, age, disability and religious belief. They are required to bring together professional, commercial and local experience and include a customer member.

NCHA has a board member recruitment and selection policy which requires that all board member vacancies are openly advertised and against which all written applications for board membership are considered.

The Board reviewed its composition in the year and agreed to maintain a target size of twelve members. The Board has identified the priority skill sets outlined below for representation across its membership.

1. Strategic housing including consumer regulation
2. Financial management including third party finance
3. Risk management and assurance
4. Asset management
5. Development and Sales
6. Legal
7. Equality and diversity
8. ICT and digitisation
9. Care and Support
10. Governance
11. Compliance including Health and Safety
12. Sustainability and the Green Agenda

The above skill sets inform the Board's approved succession plan and are used to target recruitment activity. Following a successful 2022 recruitment campaign one new Board Member was recruited during the year who brings experience in environmental sustainability onto the Board.

The Executive team comprises of the Chief Executive, the Director of Development and Assets, the Director of Homes and Wellbeing and the Director of Finance and Resources.

The Executive team act as executives within the authority delegated by the Board. The Executive team complete a skills matrix each year to confirm that they have the skills and/or knowledge and/or experience to carry out their role as lead officers of the Group.

The Group has insurance policies which indemnify its Board members and Executive team against liability when acting for the Group. The insurance cover does not extend to negligent or wrongful acts.

Remuneration policy

The Governance Committee reviews the level of payment to Board and Committee members every year. To inform this process, the Committee commissions a biennial market review of member remuneration from an independent consultant. The Committee takes account of NHF (National Housing Federation) guidance, published surveys and salary settlements negotiated with staff before making a recommendation to Board on any changes to the package. The most recent review was undertaken in December 2021 for implementation from 1 April 2022. This identified that remuneration for the NCHA Board Chair and Chief Executive, in particular, were below the average for associations of equivalent size and complexity. However, the Board agreed not to implement the full extent of the recommended increases, which were capped at the same increase as employees (3.5%). This was applied to all Board and Committee positions to ensure consistency. Since then, further generalised pay awards have been made (3.5% from October 2022, and 3.5% from April 2023), plus higher awards targeted to the lowest paid.

The Executive team has delegated authority to set pay, benefits and terms and conditions for NCHA employees. Pay is determined using a job evaluation scheme, which references market data to ensure salaries support recruitment and retention objectives. Changes to terms and conditions are dealt with via the Association's Joint Union Negotiating Group which meets regularly.

The differential between the salaries of the lowest and highest paid employed on a 35 hours full time equivalent basis 9.0:1 (2022 9.2:1).

Pensions

NCHA participates in the Social Housing Pension Scheme (SHPS) on a Defined Contribution (DC) basis. At the end of 2022/2023, NCHA had 1139 current employees participating in the DC section, after closing the Defined Benefits section in April 2022. All existing colleagues, regardless of position, receive access to the same pension benefits, with the maximum matched contribution under NCHA's DC scheme being 10%.

Executive team members participate in the SHPS schemes on the same terms as all other eligible employees. The Association contributes to this scheme as well as to the National Health Service (NHS) Pension Scheme.

The NHS Pension Scheme is provided to seven employees under TUPE (Transfer of Undertakings Protection of Employment) arrangements. The Association has previously participated in the Local Government Pension Scheme due to historic TUPE arrangements. This is no longer the case.

Members of the Executive team have permanent contracts of employment.

Employees

The strength of the Group and the Association lies in the quality and commitment of its employees which is reflected in our biennial full employee engagement survey, last undertaken in 2022, which recorded 77% engagement. This saw a drop when compared to our previous survey conducted in 2019, although this was expected because of the difficult working conditions experienced at that time because of the coronavirus pandemic. The next full survey is due to be completed in July 2023. This outturn is still upper quartile, when compared to our benchmarked group. The Group's ability to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution of employees throughout the organisation. We take this additional opportunity to thank them for their efforts in making this another successful year.

NCHA provides information on its objectives, progress and activities through regular office and departmental meetings and a monthly team brief. A performance management framework is in place and monitored through our HR system.

A Joint Union Negotiating Group comprised of the Executive team and colleague representatives and officers of the two recognised trade unions Unite and UNISON meets formally to consult with colleagues and discuss issues relevant to employees approximately six times a year.

NCHA is committed to equal opportunities for all its employees. It has an Equality, Diversity and Inclusion Strategy and associated objectives are integrated into annual team plans which are designed to encourage progress against a number of targets including employment workforce statistics and allocations etc. Progress targets are reported to Board on an annual basis.

People with disabilities

The Group's policy is to give full and fair consideration to applications for employment made by people with disabilities, having regard to their particular aptitudes and abilities. We are proud to be signed up to the Government's Disability Confident Employer scheme. Reasonable adjustments are made for people who are or become disabled during their employment to allow them to continue working, including necessary retraining.

In addition to our stated commitment to the employment of people with disabilities, where local authority support can be secured, the organisation endeavours to include a number of properties that meet mobility space standards on new build schemes, and carries out a range of adaptations to its existing homes to enable customers with disabilities to continue living in their homes.

The Care and Support Strategy will improve our homes for people with disabilities and for older people, as well as ensuring pathways to support for customers as needed. NCHA's Care and Support teams deliver a range of housing and care and support services to people with disabilities across the East Midlands, typically under local authority or NHS contracts.

Social responsibility

Throughout our 50 year history NCHA has brought national resources into local housing provision. During the year, we brought £17.1m (2022 £25.6m) of grants including revenue grants, Social Housing Grant and other capital grants into the local economy. We are very pleased to be able to combine these monies with the support of local authorities and statutory agencies to achieve a significant impact on local housing, social and community issues.

Volunteering

Board continued to show their commitment to supporting volunteering. We have expanded this approach with the appointment of a Volunteering Coordinator, to support colleagues to volunteer in different parts of the business, with release supported by the business. Board see the initiative as both an appropriate use of the resources to assist people in need and to provide valuable personal development for colleagues involved. The past year has seen a significant expansion of colleague volunteering. Board remain committed to this charitable initiative and look forward to continuing the commitment in future years.

Housing properties

Movement on housing properties are detailed in notes 13 to 13f and a summary of housing properties owned and managed is disclosed in note 28.

Over 50% of these properties are in Nottinghamshire, the Group owns properties in a total of 32 local authority areas across the East Midlands.

Nottingham Community Housing Association provides housing properties for shared ownership with first tranche sales leading to management until the properties are fully staircased. Additionally, it sells a small number of general needs stock based on an investment re-appraisal model and also sells a small number of Rent to Homebuy properties, repossessed shared ownership properties, sales under Right to Acquire and voluntary sales of submarket rent stock.

Other fixed assets

Details of additions to other fixed assets are set out in note 14 of the Financial Statements.

Governance

The Association agreed in January 2021 to adopt the new NHF Code of Governance (2020) from 1 April 2021, having previously adopted the NHF Code of Governance (2015) up to 31 March 2021. Compliance with the code is assessed annually by the Governance Committee. The Association has a policy on terms of office for Board Members which reflects the tenure required by the NHF Code of Governance (2020). In compliance with this policy, no current members have served more than the maximum tenure of nine years, comprising of two terms of office plus three single year extensions. When individual members retire by rotation they are required, if seeking re-election, to identify their particular skills, knowledge and experience which are considered alongside the requirements of the Board as a whole. The current Chair was appointed as Chair in September 2022 and is re-elected annually.

The Board undertakes a self-evaluation of its own performance each year. The latest evaluation was in late 2022 and reported to Governance Committee and Board in early 2023; this review gave good results. The Governance Committee will oversee a full external governance review in 2023, the results will be reported to Committee and Board and any weaknesses will be followed up in a Governance Action Plan.

The last independent review of governance was undertaken in late 2022. The review assessed NCHA's Board as 'high performing' and identified a few areas for further improvement to secure excellence. This has resulted in improvements to succession planning for board skills, targeted stakeholder engagement for board members and improvements to the structure of board meetings. The second part to the review to assess our governance kitemark took place in late 2022, resulting in us successfully retaining our kitemark.

Board members achieved 90% (2022/23 93%) attendance during the year, on average against a target of 85% for average attendance.

The Board has decided not to formally adopt the NHF Code on Mergers and Partnerships as it does not feel the necessity to adopt a rigid code preferring to respond to opportunities or proposals on the merits of individual situations as it has successfully done over many years.

In 2015, the government passed an act to fight modern slavery, giving support and protection for the victims, and ensuring big businesses take responsibility for creating transparency in their business and supply chains.

NCHA is required to publish a statement that clearly states how we will improve our business activities to combat modern slavery and human trafficking in our corporate activities and supply chains.

As well as publishing our statement, we have also ensured that all our managers across the organisation received additional support to raise their awareness on modern slavery and human trafficking. We are also encouraging our employees to report any concerns they might have about a contractor, supplier or colleague being involved in modern slavery activities.

Read our full statement outlining our response to the new modern slavery legislation.
NCHA
Modern Day Slavery Statement.

Transparency

NCHA carries out its work in an open, transparent and accountable manner. In order to be accountable to our customers and stakeholders we have set up sections on our website to help interested parties to see how we manage NCHA and deliver our services.

Responsibilities of the Board and its Committees

The Board meets formally at least six times a year and has conducted its meetings face to face since March 2022. It is responsible for setting the mission, vision, values culture and aims for the Group, directing strategy and approving budgets and long term financial plans. The Board monitors performance and the delivery of the Group's Corporate Plans and strategies. The Board is also responsible for establishing and maintaining a system of internal control. The Board has delegated authority in particular areas to its Committees, as set out below.

The Group Audit and Risk Committee comprises a minimum of at least three NCHA board members, supported by one independent member co-opted on the basis of their skills and experience. The Committee meets at least four times each year, face to face meetings resumed in March 2022. It is responsible for overseeing external audit and the production of statutory accounts, the internal control framework, the internal audit function, the high level risk framework and other areas relating to regulation, governance and confidential reporting.

The Governance Committee comprises three NCHA board members and meets three times a year. The purpose of the Committee is to oversee all board and committee member remuneration, to oversee remuneration of the Chief Executive, to manage all Board and Committee nominations and succession planning, and to ensure good governance and compliance in related areas.

The Care Committee comprises four NCHA board members and an independent member with care and support specialist knowledge. The Committee also has two experts by experience as members to provide a lived experience perspective. It meets four times a year to monitor and review the quality of care and support provided by the Association and to ensure the obligations and requirements of the Care Act 2014 are correctly discharged by the Association and the Board.

The Customer Committee is chaired by an Independent Chair and consists of three board members and three customers. It meets four times a year. The Committee supports the work of NCHA's Board through the monitoring of performance relating to customer experience, across the NCHA Group, ensuring compliance with regulatory and other legislative standards, and to review and recommend to NCHA's Board appropriate policies and strategies related to the customer experience.

The Board and its Committees obtain external specialist advice from time to time as necessary.

Annual Compliance Statement on Governance

The Board has undertaken a self-assessment of compliance with the Regulator of Social Housing Regulatory Framework and in particular the Governance and Financial Viability Standard and satisfied itself that the Association was fully compliant for the year ended March 2023. Compliance with the selected Code of Governance is also self-assessed on an annual basis. The Board also confirms that for the year ended March 2023 it was fully compliant with its chosen code: the NHF Code of Governance (2020).

Statement on the system of internal control

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the organisation's assets and interests.

Identification and evaluation of key risks

The Board confirms that there is a long-term ongoing review process for identifying and managing significant risks faced by the Group covering the period up to the annual report. Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The Executive team considers and receives reports on significant risks facing the Group and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. All Board and committee reports include a section detailing the risks arising or identified as a result of any information or recommendations included in the report.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the organisation is exposed. The Compliance and Risk Panel, the Audit and Risk Committee and our Board of Management have continued to work together to assess the quantification of our risk appetite and have produced the following Risk Appetite statement.

“**The Board recognise that the Group's activities involve risk and the taking of appropriately identified, evaluated and controlled risks in pursuit of business objectives is acceptable, particularly in pursuing business opportunities for the benefit of the Group and its customers.**”

The risk based approach is consistent with best practice across the sector.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

The annual review of the Risk Management Framework, and biannual review of strategic risk maps is an ongoing process for identifying and managing significant risks faced by the organisation. This process has been in place throughout the year under review, up to the date of the annual report and accounts, and is regularly reviewed by the Board.

In addition, the Compliance and Risk Panel annually reviews the Sector Risk Profile, and provides assurance throughout the year on key risks by way of presentations to Audit and Risk Committee.

Over the past five years the NCHA Group has developed and implemented a comprehensive Risk Management System, which clearly evidences how Board obtain assurance that the key risks have been managed and mitigated. Over the past year, this has been reviewed and three new strategic risks have been recognised. These relate to: meeting customer expectations; counterparty and partnership risks; and data quality. Meanwhile the risk of pandemic and epidemic diseases has been removed as a separate strategic risk.

Our risk management processes were awarded a 'substantial assurance' judgement in May 2022 following an independent review by Internal Audit.

NCHA Group strategic risks

Our strategic risk map, reviewed biannually by NCHA's Board, addresses the risks associated with the following objectives, as outlined within our Group Corporate Plan:

- Complying with legal requirements together with environmental and regulatory standards.
- Meeting sales targets.
- Remaining competitive and viable in care and support markets.
- Delivering a development programme via our Strategic Partnership.
- Protecting our rental income.
- Effectively managing loans, loan covenants and cash flows.
- Remaining viable as an organisation.
- Delivering environmental sustainability strategies.
- Delivering our corporate change programme.
- Delivering compliant and effective procurement processes.
- Effectively managing recruitment and retention challenges.
- Adequately protecting NCHA systems and data from malicious attack, data breaches and hardware failure.
- Ensuring that the data we keep is accurate and of good quality.
- Managing partnership and counterparty risks.
- Ensuring that our services meet our customers' needs and expectations.

Environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and material new investment projects. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead, detailed management accounts produced monthly and forecasts for the remainder of the financial year and for subsequent years. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring and corrective action

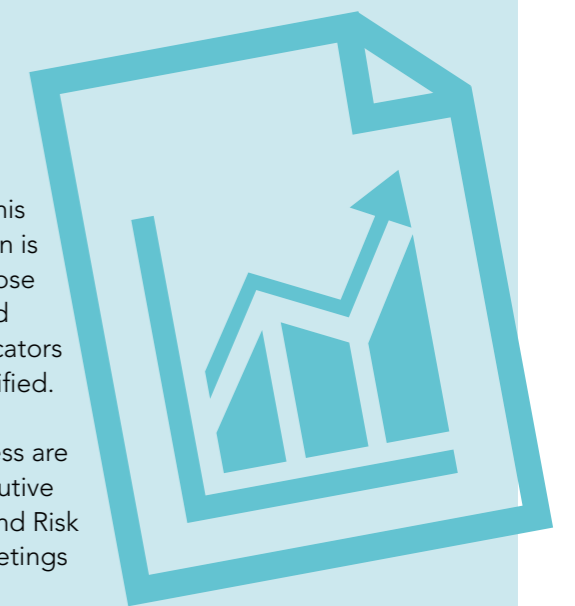
A process of regular management reporting on control issues provides assurance to senior management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services. A detailed system of performance indicators is monitored by the Executive team and corrective action identified.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the Executive team and report to the Audit and Risk Committee. The Audit and Risk Committee considers internal control and risk at each of its meetings during the year.

The Audit and Risk Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process. The Audit and Risk Committee makes an annual report to the Board. The Board has received this report.

In the 2022/23 year, the annual report on internal audit concluded that a substantial level of assurance was provided on the effectiveness of the framework of governance, risk management and controls.

The Board considers an annual self-assessment against the Regulator of Social Housing's Regulatory Framework to confirm compliance with regulatory requirements under the RSH economic and consumer standards.



NCHA Value for Money Statement

In delivering NCHA's vision of "More homes, great services, better lives", NCHA needs to ensure its resources are applied as efficiently and cost effectively as possible.

Introduction

The Regulator for Social Housing (RSH) sets out its requirements in relation to Value for Money within the Governance and Financial Viability Standard. This is supported by an associated Code of Practice, also published by the RSH. NCHA's strategic approach seeks to maximise Value for Money (VFM) and to comply with RSH requirements and best practice. NCHA's reporting approach also takes account of the RSH guidance published in February 2022 as an Annex to the 2022 Global Accounts.

NCHA's Strategic Approach

In March 2022, NCHA's Board approved the Group Value for Money Strategy 2022-2027. This strategy contributes to how board members, colleagues and customers understand what VFM means to NCHA, how it will enable the Group to deliver more and better services and embed continuous improvement into the culture of the Group. The strategy looks across a range of indicators and activities to capture VFM performance across NCHA. These include:

- RSH VFM metrics and HouseMark Sector Scorecard
- Corporate structure review
- Benchmarking our performance
- Social value
- Board indicators to drive performance
- Focus areas for 2022-2024.

This report comments on performance during the year, assessed against the 2022-27 strategic areas.

VFM Standard – RSH Financial Metrics and the HouseMark Sector Scorecard

In accordance with the requirements of the RSH Value for Money Standard, the RSH Financial Metrics are used to measure economy, efficiency and effectiveness and are reported on a consolidated basis for the Group.

The NCHA results for the current year, alongside the forecast for the next year and prior year comparison are shown on the following page benchmarked to sector median and peer median for our selected benchmarking group. A brief commentary on the results is presented. NCHA has forecast its projected Regulatory Financial Metrics for the coming year 2023/24.

Regulatory Financial Metrics

Regulatory VFM Standard Metric	2023 NCHA Actual	2023 NCHA Forecast	2022 NCHA Actual	2022 Peer Median Actual	2022 Sector Median Actual	2024 NCHA Forecast
1 Reinvestment (%)	8.2%	9.8%	9.5%	7.4%	6.5%	12.6%
	NCHA targets high reinvestment, in line with our Group Corporate Plan, vision for 'More Homes' and status as a Homes England Strategic Partner. Development expenditure for the 2023 year was less than originally forecast, with some development expenditure and completions slipping into the following year, 2023/24. However, our actual performance remains very strong and ahead of peer and sector median performance.					
2A New supply delivered: Social housing units (%)	1.5%	2.7%	4.2%	1.7%	1.4%	3.1%
	Due to some development completions moving into the following year, our 2023 actual results were behind forecast. This is due to timing and the forecast for 2023/24 is 3.1% which is more in line with the expectation in the Group Corporate Plan.					
2B New supply delivered: Non-social housing units (%)	0%	0%	0.07%	0.03%	0%	0%
	Development of properties for market sale in Pelham Homes continues but no new properties were completed in 2022/23 and none are anticipated the following year, with the next forecast completions at the beginning of 2024/25. Sector and peer comparisons indicate that most providers do not supply non-social housing.					
3 Gearing (%)	45.2%	42.8%	40.6%	43.9%	44.1%	46.1%
	NCHA's Gearing is higher than the metric forecast as well as performance in 2022/23 and both the peer and sector median scores. One of the reasons why we are more highly geared in 2021/22 is that at the year-end we held £24m in short term investments which are not counted in the metric as cash equivalents. Looking ahead we forecast a slight increase in gearing reflective of a reduction in cash equivalents and an increase in short term loans.					
4 EBITDA(MRI) interest cover (%)	120%	169%	191%	123%	146%	110%
	NCHA's EBITDA(MRI) interest cover was forecast to decrease between 2021/22 and 2022/23 but actual performance has decreased significantly further. This was mainly due to a significant increase in capitalised major repairs incurred during the year which included window replacements at one of NCHA's high rise blocks (Trivett Square) and commencement of work under the new wave 1 SHDF programme (not present in 2021/22). The surplus for the year also fell below expectation. Looking ahead we forecast a decrease in the current year which is also below the previous year's score, the sector median and the peer median. It should be noted that Metric 4 for Your Housing Limited is a negative -82%. With this excluded from the peer group the comparator is 144%.					
5 Headline social housing cost per unit (£)	£6,318	£5,544	£5,413	£4,971	£4,150	£6,143
	NCHA's social housing cost per unit was higher than forecast for 2022/23 which was driven by inflationary and market cost pressures (e.g. material prices rises, utilities) and additional pay costs which both impacted on expenditure last year as well it being the first year of the new repairs contract. NCHA's cost per unit is significantly affected by the operating costs of non-accommodation based support (other social housing activities, contract income). This is a characteristic shared by some but not all of NCHA's selected peer group. Accordingly NCHA's cost per unit is significantly higher than both the sector and peer median, but closer to the latter.					
6A Operating margin: Social housing lettings (%)	23.3%	24.7%	24.3%	22.8%	23.3%	23.3%
	NCHA's operating margin on social housing lettings is below forecast for 2023 but still reflects strong performance given the cost pressures highlighted in Metric 5 above. NCHA's performance is higher than both the peer and sector median scores which is very positive given this metric includes the operating costs of supported housing and residential care homes. This is a characteristic shared by some but not all of NCHA's selected peer group. Forecast performance this year also remains higher than both the peer and sector median scores.					
6B Operating margin overall (%)	17.0%	21.0%	18.8%	20.6%	20.5%	14.2%
	NCHA's operating margin overall falls below that forecast as well as performance in 2021/22 and both the peer and sector median scores. The main reason for this was the slippage in the development programme which led to a reduction in the operating surplus achieved through the sale of properties from our shared ownership programme. These sales are not included in 6A above. We are forecasting that the margin in the current year is below 2022/23 which mainly reflects that the surplus targeted in the Group budget (£8.6m) maintains the level originally set in 2022/23 but turnover has increased. Historically NCHA's overall operating margin is low compared to peers and the sector median, noting that this is based on all activity including Care and Support contracts.					
7 Return on capital employed (%)	2.7%	3.1%	3.2%	3.0%	3.2%	2.6%
	NCHA's return on capital employed falls below that forecast for 2022/23 as well as performance in 2021/22 and both the peer and sector median scores. The main reason for this is the impact of inflationary pressures on expenditure and slippage in the development programme on sales, reducing the level of surplus achieved. It is anticipated that 2022/23 peer and sector median scores may therefore also fall when they are published this autumn.					

More homes, great services, better lives

Sector Scorecard

The sector scorecard includes both the RSH Regulatory Financial metrics (as above) alongside additional measures. The additional measures provide an opportunity to further analyse and benchmark headline social housing cost per unit alongside other key performance drivers. HouseMark carries out analysis of the data and publishes the scorecard annually.

Analysis of the measures within the scorecard is presented below which sets out NCHA's 2022/23 performance and comparative data for 2021/22 along with the 2021/22 scorecard median, which is the latest median published.

For the 2022 scorecard analysis, the benchmark group consists of a group of 317 associations, of varying sizes covering a national geography.

Sector Scorecard		2023 NCHA Actual	2022 NCHA Actual	2022 Scorecard Median Actual
1	Operating margin overall (%)	17.0%	18.8%	20.2%
	The metric definition is consistent with the RSH suite (metric 6B, page 29). The Scorecard median is relatively similar to, and marginally lower than, the sector median (20.2% compared to 20.5%). As noted above, NCHA's overall operating margin is lower, with our Care and Support activity being a significant driver in this area and a lower than budgeted surplus from sales last year.			
2	Operating margin: Social housing lettings (%)	23.3%	24.3%	22.2%
	The metric definition is consistent with the RSH suite (metric 6A, page 29). The Scorecard median is relatively similar to but lower than the sector median (22.2% compared to 23.3%). As noted above, NCHA's operating margin on social housing lettings is above the Scorecard median.			
3	EBITDA(MRI) interest cover (%)	120%	191%	182%
	The metric definition is consistent with the RSH suite (metric 4, page 29). The Scorecard median is 182% which is significantly stronger than the sector median of 146%. NCHA's performance is lower than both the sector and the Scorecard median.			
4	Units developed as a percentage of units owned (%)	1.5%	4.2%	1.2%
	The metric definition is consistent with the RSH suite (metric 2A, page 29). The Scorecard median is 1.2% which is lower than the sector median of 1.4% and indicates that the Scorecard group has an overall lower development programme than the sector as a whole. NCHA's performance falls between the two medians mainly due to development programme slippage as noted above, but subsequently is anticipated to significantly exceed both this year.			
5	Gearing (%)	45.2%	40.6%	35.8%
	The metric definition is consistent with the RSH suite (metric 3, page 29). The Scorecard median is 35.8% which is significantly lower than the sector median of 44.1%. This is linked to the lower development programme within the Scorecard group and as a result NCHA's gearing is higher than this benchmark.			
6	Customers satisfied with service provided (%)	84%	88%	85%
	This Scorecard metric measures satisfaction using the STAR standardised framework. Occupancy rates demonstrate how efficient providers are at turning around void properties and sustaining existing tenancies. HouseMark note in their analysis that landlords have encountered many challenges in the time since the pandemic and the proportion of the sector's homes that are empty has remained comparatively high. This is reflected in the Scorecard median. NCHA's result is based on our September 2022 STAR survey and is only slightly lower than the Scorecard median.			
7	Reinvestment (%)	8.2%	9.5%	5.7%
	The metric definition is consistent with the RSH suite (metric 1, page 29). The Scorecard median is 5.7% which is lower than the sector median of 6.5%. This metric is primarily driven by development expenditure and is also influenced by works to existing properties. NCHA's performance is significantly higher than the Scorecard benchmark, as noted above, in line with our Group Corporate Plan and development status.			

Sector Scorecard		2023 NCHA Actual	2022 NCHA Actual	2022 Scorecard Median Actual
8	Investment in communities	£54k	£50k	-
	The metric records NCHA's investment in resident involvement activity. HouseMark have not reported a median for comparison via the Scorecard.			
9	Return on capital employed (%)	2.7%	3.2%	2.8%
	The metric definition is consistent with the RSH suite (metric 7, above). The Scorecard median is 2.8% which is slightly less than the sector median of 3.2%, however there is high consistency in this measure.			
10	Occupancy (%)	99.7%	99.1%	99.5%
	The Scorecard metric records NCHA's occupancy based on occupancy of general needs homes and bedspaces. NCHA's occupancy has improved over the last year to 99.7%, also exceeding the Scorecard benchmark, following a targeted reduction in re-let times to improve occupancy.			
11	Ratio of responsive repairs to planned repairs	0.65	0.76	0.70
	The Scorecard metric records the ratio of expenditure on routine maintenance to spend on planned maintenance, major repairs and capitalised major repairs. NCHA's 2022/23 result has decreased from 0.76 to 0.65 as although there was an increase in responsive repairs this was offset by a significant spend on capitalised major repairs, highlighted above.			
12	Headline social housing cost per unit (£)	£6,318	£5,413	£4,230
	The metric definition is consistent with the RSH suite (metric 5, page 29). The Scorecard median is £4,230 which is relatively similar to, and just marginally lower than, the sector median of £4,150. NCHA's cost per unit is significantly higher. As noted, although we have previously implemented a reduction in our Affordable and Social Housing management costs, our overall result is highly impacted by our Care and Support activity as well as inflationary and market pressures last year.			
13	Rent collected (%)	99.9%	99.0%	100.0%
	This Scorecard metric measures the effectiveness of our income management function in collecting rent due and managing arrears. In 2022/23 NCHA's performance was better than the prior year and only very marginally below the Scorecard median.			
14	Overheads as a percentage of adjusted turnover (%)	8.4%	7.4%	14.9%
	This Scorecard metric measures the proportion of NCHA turnover spent on overheads. In the last year, the percentage has increased as NCHA has invested in information technology (services and software) and experienced inflationary/market increases for other overhead costs e.g. insurances. This is against a slightly reduced level of turnover compared to 2021/22. HouseMark data consistently shows NCHA as having low overheads compared to turnover which is demonstrated by the Scorecard median.			

Corporate structure review

The NCHA Board and the Executive team of NCHA is committed to the delivery of the vision, values and objectives across the communities it serves, focused on delivering continued value for money (VFM) improvements for current and future customers. NCHA's Board have considered the partnership and merger agenda and following discussion, identified the following merger indicators:

- NCHA as the social housing provider of choice
- NCHA as the supported housing and care provider of choice
- Customer choice and satisfaction
- Regulatory oversight and confidence
- Sustainable business plan
- Raising new finance
- Attracting talent.

The Board annually assesses NCHA's position in relation to these merger indicators. Following the most recent assessment in October 2022, the evaluation did not identify any urgent issue or driver which would require NCHA to seek a merger partner in the short term. Based on this evaluation, NCHA's Board concluded that it is in a strong position to continue and prosper as an independent entity.

The Board of NCHA has continued to undertake a rationalisation and simplification of the group structure which has led to a reduction in the number of entities within the Group during both 2021/22 and 2022/23. These changes have yielded administrative savings and improved VFM. The changes in 2023 saw Blyth Cottages Charity merge into Nottingham Community Almshouse Charity on 28 March 2023.

Benchmarking services

NCHA uses HouseMark to compare its performance across a wide range of activity to its peers.

NCHA also identifies a peer group for benchmarking our Regulatory VFM Metrics. As set out in our 2022 Value for Money Strategy, we completed a review of our established peer group during 2022/23. The review sought to ensure that the peer group consisted of organisations sharing characteristics in common with NCHA.

The review took account of the key characteristics of NCHA including: size, regional wage index, traditional funding type, levels of Care and Support activity and development programme activity.

As a result of the review, a new peer group was established consisting of the following 10 organisations:

1. Hightown Housing Association Limited
2. Plus Dane Housing Limited
3. East Midlands Housing Group Limited
4. Regenda Limited
5. Your Housing Group Limited
6. Mosscafe St. Vincent's Housing Group Limited
7. Orwell Housing Association Limited
8. South Yorkshire Housing Association Limited
9. Paragon Asra Housing Limited
10. Paradigm Housing Group Limited

This peer group has been created to calculate the peer median for 2022 for the Regulatory Financial Metrics, as set out on the preceding pages.

Social value

Social value is the value that our customers and stakeholders experience as a result of the activities of NCHA, in addition to the activity itself. Our social value results demonstrate not only the increased value for money that our services deliver, but also the positive impact that our homes and services have on customers' and colleagues' lives. This underpins the strategic objectives in our Group Corporate Plan. We capture quantifiable social value using the HACT Social Value Bank.

Strict controls are used to strip out deadweight benefits, i.e. the positive outcomes which people would have achieved in their lives regardless of NCHA's intervention. Therefore we know that our results are the true impact of our homes and services.

Under '**More Homes**' we measure the social impact of gaining an NCHA tenancy and high quality repairs. To support our '**Great Services**' we capture the social value of qualifications, apprenticeships and work placements. Under '**Better Lives**' we have identified the benefits of some of our Care and Support services and the benefits to our engaged customers of being involved with NCHA.

In 2022/23, NCHA created £2,606,400 of social value for our customers, communities and colleagues. Social value is the additional, quantifiable value that a service provides, in addition to the service itself. We used the industry standard HACT measures to value this activity and identified a social value impact during the year. This included the activities identified below.

Starting a tenancy with NCHA	£1,207,662
Improved energy efficiency in customers' homes	£524,430
Repairing condensation/damp or faults with ceilings/floors/walls/doors	£302,718
Customers involved with NCHA	£154,204
Qualifications and apprenticeships for colleagues	£125,413
Customers engaging in volunteering in their communities	£100,746
Supporting vulnerable young people	£90,781
Support from our mental health services	£58,863
Work placements	£28,206
Homelessness prevention	£13,377
Total social value reached 2022/23	£2,606,400

This is the last year we'll report on social value using these metrics. Under our Social Impact Strategy, next year the focus of our social value measurement will be customer wellbeing.

Board indicators used to drive performance

During the year, NCHA's Board monitored performance against a range of measures recorded on the monthly KPI dashboard providing a regular focus on performance and progress against corporate objectives. The table and narrative below provide a summary of performance in key areas for 2022/23.

KPI performance summary for 2022/23

Indicator	Actual performance	Target performance	RAG Rating
Our Customers			
Customer satisfaction STAR survey	84%	90%	Amber
Customer satisfaction Care and Support	99%	99%	Green
Complaints resolved within timescale	96%	100%	Amber
Our Places			
New homes completed in year	149	236	Red
Number of homes upgraded to EPC 69 or above	157	144	Green
Overall health and safety compliance (big six)	99.9%	100.0%	Amber
Our People			
Colleague satisfaction	72%	85%	Amber
Colleague sickness absence average days	13.1	8.5	Red
Our Business			
Arrears	2.7%	3.0%	Green
Re-let days	46.2	30.0	Red

Performance is targeted to improve in the following areas.

Customer satisfaction

Customer satisfaction in our 2022 STAR survey fell short of our target by six percentage points. This represented a decrease of four percentage points against our previous 2020 STAR survey, although NCHA's performance overall was the highest within the peer group. Satisfaction had declined in a range of areas, with a key priority being improved service in relation to repairs and quality of the home.

Our next satisfaction survey will be completed in 2023 to collect the Tenant Satisfaction Measures.

Overall health and safety compliance (big six)

Overall health and safety compliance failed to hit the 100% target due to 29 non-compliant items (out of 19,542 components) at year end. NCHA's Board monitor all reasons for non-compliance with 'no access' being the biggest factor. Our in house teams delivering our electrical testing programme

achieved 100% compliance and our gas servicing team achieving 99.87%. Our Fire Risk assessment inspection programme was 99.8% compliant at year end with one overdue inspection re-arranged for April.

Colleague satisfaction

Colleague satisfaction remains as previously reported from the 2022 engagement survey. We are continuing to progress our identified initiatives in relation to colleague wellbeing approaches, increasing opportunities for promotion and internal advancement and benchmarking terms and conditions. Increasing colleague satisfaction is a key priority and we intend to support this with the implementation of Great Place to Work in 2023.

Colleague sickness absence

Colleague sickness absence has significantly underperformed in relation to target and has increased slightly on the prior year. In 2022/23 sickness absence averaged 13.1 days per employee. This year, we have continued to support colleagues in two key areas, both linked to high and long-term absence. We have also reviewed our absence management policy this year, with alterations to how individual cases are managed as well as a reduction in paid benefits for new employees starting after April 2023.

New homes completed in the year

New homes completed in the year fell significantly short of targets. This was due to delays in the handover of two large schemes due to complete shortly before the year-end. We continue to work closely with our development partners and closely manage the completion of these projects. Both schemes subsequently completed in early 2023/24.

Re-let days

Re-let days has significantly underperformed against target throughout the year, with a range of factors impacting in this area. During the coming year 2023/24, we will focus on implementing the improvements from our Business Transformation review in this area.

Reporting VFM indicators

Each year the NCHA Group reports on VFM in its annual accounts, its annual report to customers and on the corporate website.

In the annual accounts the NCHA Group reports on performance against both internal targets and against national measures including using HouseMark. Additionally it reports on social value and plans to identify future targets and to address areas of current perceived under-performance.

In the Annual Report to its customers the NCHA Group will summarise VFM and social value achievements in an accessible format.

On its corporate website each year the NCHA Group will publish a summary of VFM performance and achievements for the year along with a report on the social value it has generated that year.

Key focus activities during the year 2022/23

During the year, key activities in relation to NCHA's 2022 Value for Money Strategy were:

- Improved satisfaction
- Effective procurement practice and achieving savings
- Delivering on our development plans
- Profit from commercial activities
- Leveraging funding: decarbonisation and ESG linkages
- Rationalising our group structure
- Reviewing our VFM metrics peer group.

In addition to the above planned activities, in October 2022 the Board undertook a review of NCHA's priorities and commitments within Group Corporate Plan and supporting strategies. The purpose of the review was to identify potential savings and was a direct response to the changing economic conditions during 2022/23.

Improved satisfaction

During the year work has focused on launching the new responsive repairs contract and progressing our projects on customer involvement and insight. The new repairs contract went live in October 2022. This was successfully mobilised albeit with under-performance in areas related to managing the volume of work by the contractor. As a result, repairs completed in timescale and satisfaction have been impacted. Securing improved performance is our top operational priority for 2023/24. Our customer involvement and insight projects have progressed as planned with the establishment of new panels of the Customer Committee and first scrutiny review now complete. The Insight project is on track for the implementation of new systems in the coming year.

Effective procurement practice and achieving savings

This year procurement at NCHA has continued to support and incorporate the three business delivery strategies into procurement: Value for Money, Social Impact, and Environmental Sustainability. Not only do we ensure that social value and environmental and sustainability is included with quality questions of all tenders, each tender incorporates considered wording that supports our values in each of the business strategies. NCHA has continued to progress a streamlined approach and ensure compliance, fairness and transparency across all procurement activities, this has been further developed due to the centralised Procurement team.

The e-procurement system has progressed, as it is managed by the Procurement team, and is used for all procurements that exceed £10,000. This is used to advertise tenders, award contracts, centralise contract management, and upload any contract documents including contractor/supplier insurances, and meeting minutes ensuring that NCHA achieved the most advantageous procurements.

The Procurement Panel ensures the effective management of procurement across NCHA. The panel includes senior leaders, who centralise and manage procurement requirements. The panel review NCHA's procurement plan alongside the previous quarter's spend compliance and the effectiveness of contractor/supplier performance. Future plans to improve procurement are also reviewed by the panel.

During 2022/23, Central Resources delivered on several key procurements with VFM being a focal point:

1. Our corporate lone working device contracts have been awarded with social value targets being set and savings in excess of £28,000 for the duration of the contract.
2. Our corporate floor covering contract with social value targets being set, and savings of approximately 35% on the previous contractor
3. Our corporate whitegoods, furniture and furnishings framework went live, and NCHA was able to maintain prices from the previous contract, along with setting social value targets
4. The procurement of Clifton head office was secured, after a successful tender exercise.

During 2022/23, Property Services incorporated several new contracts that will support NCHA in our delivery and service to customers. Most notably these included the following:

- Repairs and Maintenance Contract in partnership with Fortem. This is a 10 and five year contract, with a whole life contract value of £75m. This contract will support NCHA's delivery of ambitious planned investment programmes and support our internal Direct Maintenance Services team whilst contributing to the three business delivery strategies.
- Using funding from Wave 1 Social Housing Decarbonisation Fund,
 - We have awarded a contract to a Retrofit Design Consultant Osmosis ACD, who are leading the designs to ensure that homes benefit from being EPC C rated whilst forecasting and managing costs associated with the works.
 - We have awarded a contract to Westville Contractors, that allows us to continue to use them upon successful award of Wave 2. This contract will support our target of all homes being EPC C rated.
- Renewed our agreement with Nationwide Windows and Doors for a four year period, leading to savings of £6k per year.
- Renewed our painting supply contract for a further two years. This contract not only offers saving of £1.5k per year, but also recycles any left over paint at no additional cost.

Delivering on our development plans

During the year, our development completions were impacted by delays on two large schemes. Our completions in 2022/23 totaled 149 new homes with a forecast for 307 in the coming year 2023/24. We have reaffirmed our commitment to our Strategic Partnership with Homes England. Our target completions for the next five years have been adjusted in response to the current economic conditions. We are targeting 1,850 new homes over the next five years (previously: 2,100).

Leveraging funding

NCHA's Value for Money Strategy identifies grant funding targets and KPIs in sustainable linked lending to support our wider ESG agenda. During the year, we achieved the two sustainable linkages in our Natwest revolving credit facility. In addition, we were successfully awarded funding under the SHDF (Social Housing Decarbonisation Fund) Wave 2 programme, thereby meeting the objectives of our Value for Money Strategy.

Our VFM Metrics Peer Group

In line with latest guidance from the Regulator of Social Housing, we completed a review of our peer group during the year. Reporting against the new group is presented within these financial statements.

NCHA continues to review and develop our supply chain through compliant procurement routes. Some procurements currently being undertaken are:

- Controlled access
- Service lifts and customer lifts
- Fire safety equipment
- Bathroom and wetroom supplies
- Reviewing our current general merchant materials supplier
- Enhancing our supply chain for the Social Housing Decarbonisation Fund works
- External works and ground works framework

As members of EEM (Efficiency East Midlands), NCHA receives a percentage of spend back as a portion of EEM's surplus; which is reinvested into communities through their Community Donation scheme.

NCHA's in-house Property Services team completed 32.37% (2022 - 36.90%) of the works orders for maintenance and programmed works, providing a direct saving in VAT of approximately £1.265 million (2022 - £1.06m).

Profit from commercial activities

Pelham Homes Limited is the driver of non-social housing activity for the Group. NCHA considers the performance and plans of Pelham Homes Limited on a continuous basis through a review of minutes of the Pelham Homes Board meetings and approval of business plans, budgets, management accounts and performance indicators. Additionally, NCHA's Board considers the returns on its investments on an annual basis, as required under NCHA's Charity Investment Policy, which are satisfactory. Pelham Homes has now fully realised the profits from the Pelham Waterside joint venture. In addition, Pelham Homes received a profit share payment from Access Training within the financial year. These profits underpinned a gift aid payment which was received by NCHA in the year of £1.3m.

Rationalising our group structure

During the year, we completed the merger of Blyth Cottages and conducted an appraisal on the establishment of a Development Company, which resulted in a decision not to proceed. These actions now mark the completion of our group structure review.

Future value for money plans and strategy 2023-27

In the coming year we will continue to progress the objectives within our 2022 Value for Money Strategy. The objectives for 2023/24 focus on driving value from procurement activity, arranging best value in new finance, delivering our development programme and improving performance in critical areas, specifically, our responsive repairs service and our re-let times.

Statement of the responsibility of the Board and the financial statements

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and Association and of the results of the Group and Association for that period of account.

In preparing those financial statements the Board is required to:

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is appropriate to presume that the Association will not 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 Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

The Association complies with the Regulator of Social Housing's requirements on fraud. In particular, there is a clear policy on fraud that has been approved by the Audit and Risk Committee and distributed to all colleagues. The policy requires a register to be maintained of all actual and attempted fraud. All such cases will be reported to the Committee. All cases in excess of £5k or any case involving senior management or Board irrespective of the amount must be reported promptly to the Regulator of Social Housing. The Association's policy on anti-fraud covers the prevention and detection of fraud, the internal and external reporting requirements and the recovery of assets which include legal resolution. Furthermore, the Association also has a Whistleblowing Policy, which has also been approved by the Audit and Risk Committee.

There was one reported case of material fraud during the year ended 31 March 2023 (2022: none). The fraud concerned a potentially dishonest act carried out by a third party which resulted in a loss £70k to NCHA. The loss has been included within these accounts although recovery is still being pursued.

The Board and Executive team who held office at the date of approval of this Board report confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware. The Board and Executive team have taken all steps they ought to have taken as a Board and Executive team in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Post balance sheet events

We consider that there have been no events since the financial year end which have a material effect on the financial position of the Association.

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for at least twelve months from the date at which these accounts were approved. We consider it appropriate to continue to prepare the financial statements on a going concern basis.

Statement of compliance

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

Annual General Meeting

The Annual General Meeting will be held on 27 September 2023.

Auditors

A resolution to re-elect the Association's auditors RSM UK Audit LLP will be made at the Annual General Meeting on 27 September 2023.

The report of the Board was approved on 20 September 2023 and signed on its behalf by:

Callum Gillespie

Callum Gillespie
Chair

Report of the Independent Auditors to the Members of NCHA Limited

Opinion

We have audited the financial statements of Nottingham Community Housing Association (the 'parent society') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Comprehensive Income, the Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group and parent society's affairs as at 31 March 2023 and of the income and expenditure of the group and the income and expenditure of the parent society for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent society'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 Committee of Management with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper books of account have not been kept by the Society in accordance with section 75; or
- a satisfactory system of control over transactions has not been maintained by the Society in accordance with section 75; or
- the revenue account, and the balance sheet are not in agreement with the books of account of the Society; or
- we have not obtained all the information and explanations which, to the best of our knowledge and belief, we consider necessary for the purposes of our audit.

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board set out on page 24, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the group's and the parent society'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 Committee of Management either intends to liquidate the group or the parent society 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent society operates in and how the group and parent society are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Co-operative and Community Benefit Societies Act 2014 and tax compliance regulations.

We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included, reviewing financial statement disclosures and reviewing legal and professional costs incurred during the period.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Health and Safety at Work Act 1974, the Regulator of Social Housing Regulatory Standards (both Economic and Consumer Standards) and the General Data Protection Regulations as set out in the Data Protection Act 2018. We performed audit procedures to inquire of management whether the group is in compliance with these law and regulations.

The group audit engagement team identified the risk of management override of controls and other revenue as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates and detailed substantive sample testing for other revenue.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at:

<http://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 Society's members, as a body, in accordance with the provisions of section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report or for the opinions we have formed.

RSM UK Audit LLP

Date 20/09/23

RSM UK Audit LLP
Statutory Auditor
Chartered Accountants
10th Floor, 103 Colmore Row,
Birmingham,
B3 3AG

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	Group		Association	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Turnover	2	90,349	91,694	87,943	89,955
Operating expenditure	2	(74,968)	(74,436)	(72,714)	(73,210)
Gain on disposal of property, plant and equipment (fixed assets)	6	4,622	4,350	4,622	4,352
Operating surplus		20,003	21,608	19,851	21,097
Exceptional item	20c	(1,667)	-	(1,667)	-
Operating surplus after exceptional item		18,336	21,608	18,184	21,097
Interest receivable	7	555	244	453	9
Interest and financing costs	8	(12,048)	(9,857)	(12,040)	(9,852)
Share of profit in joint ventures		579	-	-	-
Revaluation (loss) / gain		(3)	23	7	-
Gift Aid receivable		-	-	1,323	180
Surplus before tax	9	7,419	12,018	7,926	11,434
Taxation	9a	(6)	(87)	(5)	(8)
Surplus after tax		7,413	11,931	7,921	11,426
Actuarial (loss) / gain	10	(1,439)	5,346	(1,439)	5,346
Total comprehensive income for the year		5,974	17,277	6,482	16,722

The consolidated and parent results relate wholly to continuing activities and the notes on pages 55 to 106 form an integral part of these accounts.

The financial statements on pages 47 to 106 were approved and authorised for issue by the Board on 20 September 2023 and signed on its behalf by:

Callum Gillespie

Callum Gillespie
Chair

Andrew Kilby

Andrew Kilby
Board member

Sylvia Hart

Sylvia Hart
Secretary

Statement of Financial Position

As at 31 March 2023

	Note	Group		Association	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets (housing properties)	13	685,462	649,705	681,908	646,219
Tangible fixed assets (other fixed assets)	14	6,580	6,027	6,580	6,027
Investment properties	13f	31	31	-	-
Investment in subsidiaries	15	-	-	2,000	2,000
Investment in joint ventures	15	987	934	-	-
Other fixed asset investments	15	826	850	26	26
		693,886	657,547	690,514	654,272
Current assets					
Stock	16	14,137	11,954	12,796	9,100
Trade and other debtors	17	8,717	9,508	8,168	8,244
Current asset investments	18	24,007	916	20,007	916
Cash and cash equivalents	18	29,876	29,894	31,956	24,602
		76,737	52,272	72,927	42,862
Creditors					
Amounts falling due within one year	19	(40,532)	(24,133)	(44,512)	(23,642)
Net current assets		36,205	28,139	28,415	19,220
Total assets less current liabilities		730,091	685,686	718,929	673,492
Creditors					
Amounts falling due after more than one year	20a	582,579	544,098	582,433	543,953
Long term provision for SHPS	10	9,337	9,839	9,337	9,839
Provision for liabilities	20b	1,859	1,389	1,832	854
Capital and reserves					
Non equity share capital		-	-	-	-
Income and expenditure reserves		136,316	130,359	125,327	118,845
Total		730,091	685,686	718,929	673,492

The notes on pages 55 to 106 form part of these accounts.

The financial statements on pages 47 to 106 were approved and authorised for issue by the Board 20 September 2023 and signed on its behalf by:

Callum Gillespie

Callum Gillespie
Chair

Andrew Kilby

Andrew Kilby
Board member

Sylvia Hart

Sylvia Hart
Secretary

Consolidated Statement of Changes in Reserves

For the year ended 31 March 2023

	Group	Association
	Income and Expenditure £'000	Income and Expenditure £'000
Balance at 31 March 2021	113,084	102,073
Surplus from Statement of Comprehensive Income	11,930	11,426
Actuarial loss	5,345	5,346
Balance at 31 March 2022	130,359	118,845
Surplus from Statement of Comprehensive Income	7,413	7,921
Actuarial loss	(1,439)	(1,439)
Revaluation of Permanent Endowment (Blyth)	(17)	-
Balance at 31 March 2023	136,316	125,327

The notes on pages 55 to 106 form an integral part of these accounts.

Consolidated Cash Flow Statement

For the year ended 31 March 2023

	2023	2022
	£'000	£'000
Net cash generated from operating activities	18,611	24,547
Cash flow from investing activities		
Acquisition and construction of housing properties	(52,778)	(62,551)
Proceeds from sale of housing properties (less selling costs)	15,278	22,625
Purchase of other fixed assets	(1,754)	(1,466)
Capital grants received	10,235	17,151
Interest received	273	244
Received from jointly controlled entities	530	6,208
Sub total	(28,216)	(17,789)
Cash flow from financing activities		
Interest paid	(13,708)	(11,221)
Newly secured loans	55,000	5,150
Repayment of borrowings	(8,609)	(3,590)
Investments/deposits made	(23,090)	(91)
Tax paid	(6)	(42)
Sub total	9,587	(9,794)
Net change in cash and cash equivalent	(18)	(3,036)
Cash and cash equivalents at beginning of the year	29,894	32,930
Cash and cash equivalents at end of year	29,876	29,894
Cash flow from operating activities		
Surplus for the year	5,974	17,277
Adjustments		
Actuarial loss / (gain)	1,439	(5,346)
Pension costs less contributions payable	(2,182)	(1,489)
Depreciation and impairment charges	11,921	11,335
Amortisation of capital grants	(3,276)	(3,181)
Profit on sale of properties	(5,299)	(5,937)
Transfers to provisions	470	894
(Increase) / decrease in stock	(2,183)	1,784
Decrease / (increase) in trade and other debtors	1,117	(1,101)
(Decrease) / increase in trade and other creditors	(316)	1,208
Loss of sales of other fixed assets	3	4
Movement in fair value of financial instruments	24	(23)
Taxation charged	6	87
Interest and financing costs	12,047	9,857
Interest receivable	(555)	(244)
Profit share from jointly controlled entities	(579)	(578)
Net cash generated from operating activities	18,611	24,547

The notes on pages 55 to 106 form an integral part of these accounts.

Notes to the Financial Statements

Legal status

The Association is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 12-14 Pelham Road, Nottingham, NG5 1AP.

The Group comprises of the following entities as at 31 March 2023

Name	Incorporation	Registration status with the Regulator of Social Housing (RSH), National Almshouse Association (NAA) and Charity Commission (CC)
Nottingham Community Housing Association Ltd	Co-operative and Community Benefit Societies Act 2014	Registered RSH
Pelham Homes Limited	Companies Act 2006	Non-registered
Nottingham Community Almshouse Charity	Unincorporated charity	Registered CC

Notes

1. Principal accounting policies

(a) Basis of accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and Statement of Recommended Practice for Registered Housing Providers: Housing SORP 2018. The financial statements for Nottingham Community Almshouse Charity have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and Statement of Recommended Practice for Charities: Charities SORP 2019 (FRS 102). The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis of accounting except as modified by the revaluation of investments and are presented in pounds sterling.

1. Principal accounting policies (continued)

The Group's financial statements have been prepared in compliance with FRS 102. In applying FRS 102 the Group meets the definition of a public benefit entity.

Parent Association Disclosure Exemptions

In preparing the separate financial statements of the parent association, advantage has been taken of the following disclosure exemption available in FRS 102.

No separate Statement of Cash Flows has been presented for the parent association. No separate disclosure has been given for the aggregate remuneration of the key management personnel of the parent association as all colleagues are employed by the parent association and their remuneration is included in the totals for the Group as a whole.

(b) Basis of consolidation

The Group financial statements consolidate the accounts of the Group entities listed on page 56 using the appropriate method of accounting.

Where Nottingham Community Housing Association has become sole corporate trustee for Almshouse Charities, it has updated their accounting policies to become consistent with Nottingham Community Housing Association. Where required, properties have been reinstated at cost with the removal of property revaluation reserves. Group accounting and depreciation rules have been applied to all almshouse properties and designated reserves have been transferred to unrestricted reserves to reflect NCHA policies.

The principal accounting policies for the Association are those of the Group except on depreciation where no charge is made against Pelham Homes Limited as the properties are held on an investment property basis (see policy o).

An entity is treated as a joint venture where the Group holds an interest and shares control under a contractual arrangement with one or more parties external to the Group. The only joint ventures the Group is involved with are: Three Together, Pelham Waterside and Pelham Waterside Two which are controlled through Pelham Homes Limited.

An entity is treated as an associated undertaking where the Group has a participating interest and exercises significant influence over its operating and financial policies.

1. Principal accounting policies (continued)

(c) Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for 12 months from approval of the accounts. Current forecasts and business plans show that the Group has sufficient financial resources to meet its obligations as they fall due from the date that these financial statements were approved. Accordingly the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and have concluded that forecasts show the Group has sufficient financial resources to meet its obligations as they fall due for a period of not less than 12 months from the date that these financial statements were approved. We therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

(d) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and the amounts reported for revenue and expenses during the financial year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements

- i. The Group capitalises development expenditure on the basis outlined below (see policies o and q). Initial capitalisation of costs is based on management's judgement that development scheme 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 may result in impairment.
- ii. Categorisation of housing properties. The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. Pelham Homes Limited is the only group company that holds investment properties. These are carried at fair value with changes in fair value being recognised in the Statement of Comprehensive Income (see policy o).
- iii. The Group has reviewed the economic useful lives of its housing properties and depreciates the property cost, less freehold land, for all housing properties other than those held on an investment basis. All non-housing property fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all non-housing property fixed assets to write off the cost, less related land values, over their useful economic lives.
- iv. Review for the potential impairment of housing properties is carried on an annual basis taking account of when any triggers for impairment have occurred. Any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. The Group has identified a cash generating unit for impairment assessment purposes at a development scheme level. Following the identification of any impairment following annual review, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (development) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

(d) Judgements and key sources of estimation uncertainty (continued)

- The discounted cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet permitted to do or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model, estimates of the expected future cash flows and the growth rate used for extrapolation purposes.
- v. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate management considers the interest rates of AA rated corporate bonds in the respective currency, with maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 10.
 - vi. Loan issue finance costs are amortised evenly over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of net proceeds after issue, plus any increases to account for any subsequent amounts amortised. Debt instruments that meet the conditions in paragraph 11.8(b) of FRS102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.
 - vii. Investment in Three Together Limited. The investment held in Three Together Limited is accounted for in line with the equity method. NCHA has assessed the recoverability of its investment in Three Together Limited and has concluded that this is fully recoverable.
 - viii. Valuation of stock. NCHA is holding stock under construction in relation to its active development sites. The valuation of the stock has been reviewed with reference to latest scheme appraisals for the developments. This review has concluded that the valuation of stock is supported.
 - ix. Interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method an investment in a jointly controlled entity is initially recognised at cost and is subsequently adjusted to reflect the Group's share of the profits or losses of the joint controlled entity. Distributions received or receivable from the jointly controlled entity are recognised as a reduction in the carrying value of the investment.
 - x. Recoverability of investments in jointly controlled entities. NCHA has assessed the recoverability of its development joint venture investments at Pelham Waterside and Pelham Waterside Two. This assessment has been made with reference to latest scheme appraisal, available sales data for these developments and residual assets and liabilities. Management have concluded that the investment amounts are fully recoverable.
 - xi. Allocation of costs. NCHA allocates costs across activities analysed in the Notes to the Financial Statements based on the direct costs of service delivery plus a fair proportion of indirect costs and overheads according to identified cost drivers.

1. Principal accounting policies (continued)

(e) Turnover and revenue recognition

Turnover represents rental income (less loss of rent due to voids) and other charges receivable, amortised capital grant, revenue grants from local authorities, the Homes and Communities Agency, Homes England, first tranche sales of shared ownership stock, sale of Rent to Homebuy properties, outright sales of properties for Pelham Homes Limited and other income and is recognised in relation to the period when the goods and services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Both 2022/23 and 2021/22 had 52 rent weeks, net of voids.

Sales of properties developed for outright sale are included in turnover and cost of sales. Income from property sales is recognised on legal completion.

(f) Support income and costs including Supporting People income and costs

Supporting People contract income received from administering authorities is accounted for as Supporting People income in turnover in note 3.

Supporting People income is recognised under contractual arrangements.

The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings (notes 3 and 4) and matched against the relevant costs.

(g) Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges annually on a scheme by scheme basis in full consultation with the customers. 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 the residents by a reduced charge and a deficit being recovered by future higher charges. Until these are returned or recovered they are held as service charge sinking funds debtors or creditors (as applicable) due within one year in the Statement of Financial Position.

(h) Leaseholders funds

Amounts are collected from leaseholders, where agreed, for future repairs and the replacement of furniture and equipment.

Where periodic expenditure is required a provision may be built up over the years, in consultation with residents; until these costs are incurred this liability is held in the Statement of Financial Position within long-term creditors.

(i) Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

(j) Loan finance issue costs

These are amortised evenly over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of net proceeds after issue, plus any increases to account for any subsequent amounts amortised. Where loans are redeemed in the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

(k) Provision for bad debts

A provision for affordable and social housing and supported housing debts becoming irrecoverable is made against 100% of former customer arrears and 50% of current customer arrears for all customers more than six weeks in arrears.

No provision is made against shared ownership arrears as it is assumed that action will be taken to recover arrears against the owner's equity in the property in the event of significant levels of arrears.

Provisions are made against all other debts, 50% of overdue debts over three months old and 100% of overdue debts over six months old.

(l) Retirement benefits

The Association participates in the Social Housing Pension Scheme operated by the Pensions Trust, the NHS pension scheme and the Local Government Pension Scheme. These are final salary pension schemes and retirement benefits to the Association's employees are funded by contributions from all participating employers and employees in the scheme. Payments are made in accordance with periodic calculations by consultant actuaries and are based on pension costs applicable across the various participating associations taken as a whole.

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services, as more fully explained in note 10.

The disclosures in these financial statements follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

Contributions payable under an agreement with the Social Housing Pension Scheme to fund past deficits are recognised as a liability in the Group's financial statements calculated by the repayments known, discounted to the net present value at the end of the financial year using the required market rate discount factor. The unwinding of this discount is recognised as a finance cost in the Statement of Comprehensive Income in the period incurred.

(m) Corporation taxation

The Association has charitable status and is exempt from UK Corporation Tax on primary purpose trading. However, UK Corporation Tax is payable on profits retained in Pelham Homes Limited.

1. Principal accounting policies (continued)

(n) Value Added Tax

Although the Association is registered for VAT, most of its activities are exempt. It charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in these accounts are inclusive of VAT to the extent that it is suffered by the Group and is irrecoverable.

(o) Housing properties, depreciation and impairment

Social housing

The Group has reviewed the useful economic lives of its housing properties and depreciates the property cost, less freehold land and residual value, for all housing properties other than those held on an investment basis.

Future estimated lives have been determined as follows:

New build houses	100 years
New build flats and rehabilitated houses	75 years
Rehabilitated flats and care homes	60 years
Leasehold properties	The remaining lease period

Where a housing property consists of two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its useful economic life. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred.

Depreciation is charged in equal annual instalments over the assets' expected useful economic lives. The useful economic lives for the identified components are as follows:

Freehold land	Not depreciated
Structure: New build houses	100 years
Structure: New build flats and rehabilitated houses	75 years
Structure: Rehabilitated flats and care homes	60 years
Roof	50 years
Lifts	50 years
Windows and doors	40 years
Alternative energy systems	25 years
Bathroom	25 years
Kitchen	20 years
Heating system	20 years
Disabled adaptations	20 years
Energy works – property insulation	30 years

Donated land is included in cost at its valuation on donation, with the donation treated as a capital grant. In the case of Section 106 land, the valuation takes account of all the conditions of sale imposed by the local authority and its value in use to the registered provider.

Housing properties in the course of construction are stated at cost and are not depreciated, and transferred to completed properties on practical completion.

(o) Housing properties, depreciation and impairment (continued)

All invoices and architects' certificates relating to capital expenditure incurred in the year are included in the financial statements for the year. All invoices and architects' certificates relating to capital expenditure dated after the year end are also accrued on a pro-rata basis for the portion of work completed up to the year end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Schemes constructed for shared ownership are included in housing property costs only to the extent that the proportion of the scheme is expected to be retained.

Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the Statement of Comprehensive Income.

Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property but is more normally a development scheme (group of properties) whose income and expenditure can be separately identified.

Investment properties

Investment property is the housing property stock of Pelham Homes Limited. It is not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Pelham Homes Limited carries its investment properties at fair value. No depreciation is provided. The changes in fair value are recognised in the Statement of Comprehensive Income.

(p) Shared ownership and Rent to Homebuy properties

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

Rent to Homebuy properties are held as Tangible Fixed Assets (Housing Properties) on the Statement of Financial Position until sold.

(q) Capitalisation of interest and administration costs

The NCHA Group elects to capitalise interest and other on-costs insofar as costs are identifiable as attributable to the development and sales of housing properties (note 13d). Interest on loans financing development is capitalised up to the date of completion of the scheme and only when development activity is in progress.

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

(r) Property managed by agents

The Association considers it carries the financial risk on property managed by agents and accordingly all the income and expenditure arising from the property is included in the Statement of Comprehensive Income. The assets and liabilities are included in the Group's Statement of Financial Position.

1. Principal accounting policies (continued)

(s) Non-housing property fixed assets, depreciation and impairment

All non-housing property fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on all non-housing property fixed assets to write off the cost, less related land values, over their useful economic lives on the following methods:

Offices:

Freehold offices	Equal annual instalments over 50 years
Leasehold offices	Equal annual instalments over the life of lease

Property, plant, machinery and fixtures:

Office equipment and plant	Equal annual instalments 4 and 5 years
Scheme equipment	Equal annual instalments 7 to 25 years
Care and Support project set-up costs	25% pa on a reducing balance basis

Vehicles:

Vans and cars	50% pa on a reducing balance basis
Minibuses	Equal annual instalments over 7 years

ICT equipment (purchased pre-1 April 2020)	Equal annual instalments 4 and 5 years
ICT equipment (purchased post-1 April 2020)	Equal annual instalments over 3, 4 or 5 years

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

Consideration is given each year as to whether or not there is a trigger for an impairment review. Where any impairment is identified it would be recognised by a charge to the Statement of Comprehensive Income.

(t) Fixed asset investments

Valuation of investments in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment. The fixed asset investment held by the parent association in Pelham Homes Limited as shares is measured at cost. There is no accumulated impairment. The parent association intends to hold these shares on a continuing basis.

The parent association also holds a fixed asset investment in the Nottingham Credit Union. These are shown at cost.

The Almshouse Charities hold fixed asset investments. These are shown at full market valuation at each Statement of Financial Position date.

Any gains and losses on re-measurement are disclosed in the Statement of Comprehensive Income for the period.

(u) Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 90 days. They are initially recognised at cost and subsequently at fair value at the reporting date. Any change in valuation between the reporting dates is recognised in the Statement of Comprehensive Income.

(v) Stock of materials and properties held for sale

Stocks of materials are included in the Statement of Financial Position in current assets at the lower of cost and realisable value, that being the estimated selling price less any costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Properties developed for outright sale are included in the Statement of Financial Position in current assets as they are intended to be sold, at the lower cost or estimated selling price after costs to complete and sell.

At each reporting date both stock of materials and properties held for sale are assessed for impairment. If there was evidence of impairment the carrying value would be reduced to the recoverable value. The impairment would be recognised immediately in the Statement of Comprehensive Income.

(w) Short-term debtors and creditors

Debtors and creditors without any stated interest terms which are receivable or payable within one year are recorded at the transaction price. Should any losses be incurred as a result of impairment, these would be immediately recognised as other operating expenses in the Statement of Comprehensive Income.

(x) Social housing and other government grants

Where developments have been financed wholly or partially by social housing and other government grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure, under the accruals model.

The Social Housing Grant received for the costs non-land items written off in the Statement of Comprehensive Income, including that which relates to a proportion of the development and design administration costs, is matched against those costs as part of turnover.

When the Social Housing Grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, any excess is shown as a current liability.

The Social Housing Grant must be recycled by the Group under certain conditions, if a property is sold or if another relevant event takes place. In these cases, the Social Housing Grant can be used for projects approved by Homes England. However, the Social Housing Grant may have to be repaid if certain conditions are not met.

In certain circumstances the Social Housing Grant may be repayable and, in that event, is a subordinated unsecured repayable debt.

(y) Recycling of capital grant

Where the Social Housing Grant is recycled, as described above, the Social Housing Grant is credited to a fund which appears as a creditor until spent. Where the recycled grant is known to be repayable, it is shown as a creditor within one year.

(z) Investments in Joint Ventures

Investments in jointly controlled entities are accounted for using the equity method of accounting. Under this method an investment in a jointly controlled entity is initially recognised at cost and is subsequently adjusted to reflect the Group's share of the profits or losses of the joint controlled entity. Distributions received or receivable from the jointly controlled entity are recognised as a reduction in the carrying value of the investment. The profits generated by joint ventures are recognised on a received basis and shown in the Statement of Comprehensive Income.

1. Principal accounting policies (continued)

(aa) Holiday pay accrual

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

(ab) Provisions

The Association recognises a provision where it has an obligation at the reporting date as a result of a past event, and it is probable that it will be required to transfer economic benefits in settlement, and the amount of the obligation can be estimated reliably.

(ac) Financial instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in paragraph 11.8(c) of FRS 102 are measured at cost less impairment.

On the advice of our Treasury Advisors, Link Group, we have treated all Group bonds and loans as basic financial instruments, including those that have two-way break clauses in line with paragraph 11.9(b) of FRS 102. There are no contractual provisions that could, by their terms, result in the holders (the lenders) losing the principal amount or any interest attributable to the current period or prior periods. The fact that a debt instrument is subordinated to other debt instruments is not an example of such a contractual provision.

Financial instruments held by the Group are classified as follows:

- i. Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- ii. Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- iii. An investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

- i. The best evidence of fair value is a quoted price in an active market.
- ii. When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- iii. Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

(ad) Reserves

As a matter of board approved policy the Association holds a small number of restricted reserves. The largest of these is to fund future major repairs requirements.

(ae) Hire purchase and leases

Whilst the NCHA Group does not use hire purchase or finance leases it does use operating leases. Payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease. These are shown in the years affected (note 25).

2. Turnover, cost of sales, operating expenditure and operating surplus

	2023				2022			
	Turnover	Operating expenditure	Cost of sales	Operating surplus/ (deficit)	Turnover	Operating expenditure	Cost of sales	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Group								
Social housing lettings (note 3)	73,052	(56,151)	-	16,901	68,603	(51,905)	-	16,698
Other social housing activities								
Contract income	7,785	(8,033)	-	(248)	7,407	(7,258)	-	149
Development services	776	(792)	-	(16)	704	(528)	-	176
Shared ownership first tranche sales	6,678	-	(6,001)	677	13,596	-	(12,007)	1,589
Rent to Homebuy first tranche sales	33	-	(28)	5	-	-	-	-
Other	29	(2,197)	-	(2,168)	156	(2,048)	-	(1,892)
Activities other than social housing (note 5)								
Market rentals/shared ownership	62	(120)	-	(58)	299	(358)	-	(59)
Other	38	(77)	-	(39)	682	(94)	-	588
Open Market Sales	1,896	-	(1,569)	327	247	-	(238)	9
Total	90,349	(67,370)	(7,598)	15,381	91,694	(62,191)	(12,245)	17,258
Association								
Social housing lettings (note 4)	72,642	(55,663)	-	16,979	68,092	(51,369)	-	16,723
Other social housing activities								
Contract income	7,785	(8,033)	-	(248)	7,407	(7,258)	-	149
Development services	776	(792)	-	(16)	704	(528)	-	176
Shared ownership first tranche sales	6,678	-	(6,001)	677	13,596	-	(12,007)	1,589
Rent to Homebuy first tranche sales	33	-	(28)	5	-	-	-	-
Other	29	(2,197)	-	(2,168)	156	(2,048)	-	(1,892)
Total	87,943	(66,685)	(6,029)	15,229	89,955	(61,203)	(12,007)	16,745

3. Turnover and operating expenditure from social housing lettings (Group)

							2023	2022
	General needs housing	Supported housing and housing for older people	Residential care homes	Shared ownership housing	Submarket lettings	Total	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Income								
Rents receivable net of identifiable service charges	39,269	4,068	5,525	3,376	1,888	54,126	50,493	
Service charge income	949	4,084	73	434	5	5,545	5,679	
Support charges	-	3,664	49	-	-	3,713	3,313	
Amortised government grants	2,560	404	29	229	54	3,276	3,181	
Other grants from local authorities and other agencies	1,147	4,649	460	(5)	141	6,392	5,937	
Total turnover from social housing lettings	43,925	16,869	6,136	4,034	2,088	73,052	68,603	
Operating expenditure								
Management	4,154	4,339	1,044	648	380	10,565	10,129	
Service charge costs	1,874	2,210	702	262	319	5,367	5,220	
Support	-	6,092	4,435	-	-	10,527	9,449	
Routine maintenance	9,536	793	60	3	156	10,548	8,486	
Cyclical maintenance	2,491	209	8	1	49	2,758	2,656	
Major repairs	3,790	675	193	37	820	5,515	5,258	
Rent losses from bad debts	183	32	(92)	(3)	(2)	118	356	
Rents payable to landlords	37	-	-	2	-	39	31	
Depreciation of housing properties	8,554	979	78	661	442	10,714	10,320	
Impairment of housing properties	-	-	-	-	-	-	-	
Total operating expenditure on social housing lettings	30,619	15,329	6,428	1,611	2,164	56,151	51,905	
Operating surplus on social housing lettings	13,306	1,540	(292)	2,423	(76)	16,901	16,698	
Void losses (being rental income lost as a result of property not being let, although available for letting)	330	687	621	-	65	1,702	1,607	

4. Turnover and operating expenditure from social housing lettings (Association)

	2023						2022
	General needs housing	Supported housing and housing for older people	Residential care homes	Shared ownership housing	SubMarket lettings	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Rents receivable net of identifiable service charges and net of voids	38,754	4,068	5,525	3,376	1,888	53,611	49,982
Service charge income	949	4,084	73	434	4	5,534	5,679
Support services	-	3,664	49	-	-	3,713	3,313
Amortised government grant	2,560	404	29	229	54	3,276	3,181
Other grants from local authorities and other agencies	1,253	4,649	460	(5)	141	6,498	5,937
Total turnover from social housing lettings	43,516	16,869	6,136	4,034	2,087	72,642	68,092
Operating expenditure							
Management	4,171	4,339	1,044	647	380	10,581	10,159
Service charge costs	1,796	2,210	702	262	319	5,289	5,130
Support	-	6,092	4,435	-	-	10,527	9,449
Routine maintenance	9,440	793	60	4	155	10,452	8,419
Cyclical maintenance	2,401	209	8	1	49	2,668	2,525
Major repairs	3,664	675	192	37	820	5,388	5,090
Rent losses from bad debts	174	32	(92)	(3)	(2)	109	356
Rents payable to landlords	37	-	-	2	-	39	31
Depreciation of housing properties	8,450	979	78	661	442	10,610	10,210
Impairment of housing properties	-	-	-	-	-	-	-
Total operating expenditure on social housing lettings	30,133	15,329	6,427	1,611	2,163	55,663	51,369
Operating surplus on social housing lettings	13,383	1,540	(291)	2,423	(76)	16,979	16,723
Void losses (being rental income lost as a result of property not being let, although available for letting)	308	687	621	-	65	1,680	1,588

5. Turnover from activities other than social housing

Non-social housing activity	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Lettings	62	299	-	-
Open Market Sales	1,896	247	-	-
Other	38	682	-	-
Total	1,996	1,228	-	-

6. Sale of properties not developed for outright sale

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Shared ownership staircasing sales				
Proceeds of sales	3,436	3,464	3,436	3,433
Less cost of sales	(2,170)	(2,543)	(2,170)	(2,510)
Sub total	1,266	921	1,266	923
Sales of market rented stock				
Proceeds of sales	-	-	-	-
Less cost of sales	-	-	-	-
Sub total	-	-	-	-
Sales of social housing lettings stock				
Proceeds of sales	6,055	6,080	6,055	6,080
Less cost of sales	(2,699)	(2,651)	(2,699)	(2,651)
Sub total	3,356	3,429	3,356	3,429
Total	4,622	4,350	4,622	4,352

7. Interest receivable and similar income

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
On financial assets measured at amortised cost				
Interest receivable from current accounts	167	3	166	3
Interest receivable from fixed assets investments	56	140	-	-
Interest receivable from other sources	498	111	453	16
Sub total	721	254	619	19
Transferred to RCGF	(166)	(10)	(166)	(10)
Total	555	244	453	9

8. Interest payable and similar charges

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts wholly repayable within five years	1,099	1,091	1,091	1,087
Loans repayable after more than five years	12,557	10,323	12,557	10,322
Amortisation of THFC Bond Premium	(188)	(189)	(188)	(189)
Amortisation of AHF Bond Premium	(34)	(34)	(34)	(34)
Sub total	13,434	11,191	13,426	11,186
Deferred benefit pension charge	244	340	244	340
Sub total	13,678	11,531	13,670	11,526
Less interest capitalised	(1,630)	(1,674)	(1,630)	(1,674)
Total	12,048	9,857	12,040	9,852

The weighted average rate of interest on borrowings over the course of the year of 4.12% (2022 - 3.78%) was used for calculating the association's capitalised interest.

9. Surplus for the year before taxation on ordinary activities

The operating surplus is stated after charging.	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Auditors' remuneration (excluding VAT)				
Audit of the Group financial statements	35	30	36	30
Audit of the subsidiaries	18	15	-	-
Fees payable to the company's auditor for other services to the Group				
Service charge certification	13	17	13	17
Governance framework review	5	-	5	-
Other	5	1	5	1
Operating leases				
Land and buildings	112	99	112	99
Other operating leases	72	91	72	90
Total	184	190	184	190
Amortised Social Housing Grant				
Grant total	3,276	3,181	3,276	3,181
Depreciation				
Depreciation of housing properties	9,883	9,477	9,782	9,375
Component write-offs	845	843	828	835
Sub total	10,728	10,320	10,610	10,210
Depreciation of other fixed assets	1,198	1,015	1,198	1,015
Total	11,926	11,335	11,808	11,225

9a. Taxation

The Association is a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014. The Board knows of no circumstances that will affect this taxation status in the future.

The taxation charge in the accounts £5k (2022 - £8k) is based on the assessable surplus of the Association for the year. Pelham Homes Limited is liable for Corporation Tax and the charge for the year is £nil (2022 - £79k) after taking advantage of relief in respect of gift aid 2022 – £nil and a small payment of £1k was made during the year for adjustments to previous periods.

10. Pension contributions

Nottingham Community Housing Association participates in the Social Housing Pension Scheme, and the National Health Service Pension Scheme.

Social Housing Pension Scheme

The company participates in the scheme, a multi-employer scheme which provides benefits to non-associated employers. The scheme is classed as a defined benefit scheme in the UK. It has previously accounted for the scheme as a defined contribution scheme.

Following a number of changes that have been made to the systems and process, sufficient information is now available that will allow the company to account for the scheme as a defined benefit scheme.

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 company 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.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the surplus/deficit in the scheme using the defined benefit approach. The surplus/deficit is calculated using the difference between the present value of the defined benefit obligation and the fair value of the scheme assets as detailed in these disclosures.

Present value of defined benefit obligation, fair value of assets and defined benefit asset (liability)	Period ending	
	31 March 2023	31 March 2022
	£'000	£'000
Fair value of plan assets	41,622	66,473
Present value of defined obligation	50,959	76,312
Surplus (deficit) in plan	(9,337)	(9,839)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(9,337)	(9,839)
Deferred tax	-	-
Net defined benefit asset (liability) to be recognised	(9,337)	(9,839)

10. Pension contributions (continued)

Reconciliation of the impact of the asset ceiling	Period ending	
	31 March 2023	31 March 2022
	£'000	£'000
Impact of asset ceiling at start of period	-	-
Effect of the asset ceiling included in the net interest cost	-	-
Actuarial losses (gains) on asset ceiling	-	-
Impact of asset ceiling at end of period	-	-

Reconciliation of opening and closing balances of the defined benefit obligation	Period ending	
	31 March 2023	31 March 2022
	£'000	£'000
Defined benefit obligation at start of period	76,312	79,851
Current service cost	-	1,111
Expenses	43	44
Interest expense	2,095	1,737
Contribution by plan participants	-	5
Actuarial losses (gains) due to scheme experience	(3,504)	2,616
Actuarial losses (gains) due to changes in demographic assumptions	(117)	(1,183)
Actuarial losses (gains) due to changes in financial assumptions	(21,448)	(6,457)
Benefits paid and expenses	(2,422)	(1,412)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	50,959	76,312

The current service cost for 2023 is nil due to the transfer at all DB members into the DC scheme on 1 April 2022. The current service cost for 2022 of £1,111k includes employer's contributions, employees' contributions paid under salary sacrifice and a surcharge for active members. In addition a further amount of £1,689k (£1,056k in 2022) was paid.

10. Pension contributions (continued)

Reconciliation of opening and closing balances of the fair value of plan assets	Period ending	
	31 March 2023	31 March 2022
	£'000	£'000
Fair value of plan assets at start of period	66,473	63,517
Interest income	1,851	1,397
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(26,508)	322
Contributions by the employer	2,228	2,644
Contributions by plan participants	-	5
Benefits paid and expenses	(2,422)	(1,412)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	41,622	66,473

Defined benefit costs recognised in Statement of Comprehensive Income (SOI)	Period ending	
	31 March 2023	31 March 2022
	£'000	£'000
Current service costs	-	1,111
Expenses	43	44
Net interest expense	244	340
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in Statement of Comprehensive Income (SOI)	287	1,495

10. Pension contributions (continued)

Defined benefit costs recognised in Other Comprehensive Income (OCI)	Period ending	
	31 March 2023	31 March 2022
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss) / gain	(26,508)	322
Experience gains and (losses) arising on the plan liabilities	3,504	(2,616)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain / (loss)	117	1,183
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	21,448	6,457
Total actuarial (losses) and gains (before restriction due to some of the surplus not being recognisable)	(1,439)	5,346
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-	-
Total amount recognised in Other Comprehensive Income – (loss) / gain	(1,439)	5,346

Key assumptions	31 March 2023	31 March 2022
	% per annum	% per annum
Discount rate	4.86	2.79
Inflation (RPI)	3.19	3.54
Inflation (CPI)	2.77	3.17
Earnings increases	3.77	4.17
Allowance for commutation of pension for cash retirement	75% of maximum	75% of maximum

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies	Life expectancy
	at age 65 (years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

10. Pension contributions (continued)

Assets	Period ending	
	31 March 2023	31 March 2022
	£'000	£'000
Global equity	777	12,757
Absolute return	450	2,667
Distressed opportunities	1,260	2,379
Credit relative value	1,571	2,209
Alternative risk premia	77	2,192
Fund of hedge funds	-	-
Emerging markets debt	224	1,934
Risk sharing	3,064	2,189
Insurance-linked securities	1,051	1,550
Property	1,792	1,795
Infrastructure	4,754	4,735
Private debt	1,852	1,704
Opportunistic illiquid credit	1,781	2,233
High yield	146	573
Opportunistic credit	3	236
Cash	300	226
Corporate bond fund	-	4,434
Liquid credit	-	-
Long lease property	1,256	1,710
Secured income	1,910	2,477
Liability driven investment	19,168	18,548
Currency hedging	80	(260)
Net current assets	106	185
Total assets	41,622	66,473

None of the fair values of the assets shown above include any direct investments in NCHA's own financial instruments or any property occupied by, or other assets used by NCHA.

National Health Service Pension Scheme

Nottingham Community Housing Association Limited participates in the National Health Service Pension Scheme, a defined benefit final salary scheme.

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:



(a) Accounting valuation

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes.

The valuation of the scheme liability as at 31 March 2023, is based on valuation data as 31 March 2022, updated to 31 March 2023 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

(b) Full actuarial (funding) valuation

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6% of pensionable pay.

During the accounting period NCHA paid contributions at the rate of 14.38% (2022 14.38%).
Member contributions range from 5% to 9.3% (2022 5% to 9.3%).

The actuarial valuation as at 31 March 2020 is currently underway and will set the **new employer contribution rate due to be implemented from April 2024.**

11. Board and Executive Team emoluments

Group	2023	2022
The aggregate emoluments paid to or received by Board Members	91	85
The aggregate emoluments paid to or receivable by Executive team members (key management personnel) as listed on page six	648	579
The emoluments paid to the highest paid Executive team member of the Association: Chief Executive excluding pension contributions	171	162
The aggregate amount of Executive team members pensions	56	34
Total	966	860

Board Members	2023			2022
	Salary	Pension	Emoluments	Emoluments
	£	£	£	£
Callum Gillespie (NCHA Chair - Part Year)	12,753	-	12,753	9,142
Claire Winfield (Former Chair - Part Year)	6,143	-	6,143	14,184
David Harrison	9,628	-	9,628	9,142
Christopher Blackburn	6,224	-	6,224	5,910
Paul Casey	-	-	-	1,975
Donna Edwards	6,224	-	6,224	5,910
Michael Finister-Smith	6,224	-	6,224	5,910
Lorelei Jarvis	6,224	-	6,224	5,910
Pradeep Khuti	6,224	-	6,224	5,910
Caroline Swann	-	-	-	1,478
Audra Wynter	-	-	-	1,975
Paul Parkinson	6,224	-	6,224	5,910
Mohammed Habib	6,224	-	6,224	3,935
Andrew Kilby (NCHA Audit Committee Chair - Part Year)	8,228	-	8,228	3,935
Leanne Monger	6,224	-	6,224	3,935
Gillian Callingham	4,179	-	4,179	-
Total	90,723	-	90,723	85,161

The pension payments on behalf of the Executive team members exclude the SHPS Closed Scheme Surcharge and the SHPS annual deficit contribution. The full cost of both the deficit contribution and surcharge are detailed in note 12a.

The Chief Executive is an ordinary member of the Social Housing Pension Scheme detailed in note 10. The cost to the Association for the year was £16,300 (2022 - £9,597). No enhancements or special terms apply, nor does the Association make any other pension contributions on his behalf.

11. Board and Executive team emoluments (continued)

Aggregate number of full-time equivalent colleagues whose remuneration exceeded £60,000 in the period excluding pension.

Salary band	Group	
	2023	2022
	No.	No.
£60,001 to £70,000	5	6
£70,001 to £80,000	3	4
£80,001 to £90,000	5	-
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	-	1
£120,001 to £130,000	-	2
£130,001 to £140,000	1	-
£140,001 to £150,000	2	-
£150,001 to £160,000	-	-
£160,001 to £170,000	-	1
£170,001 to £180,000	1	-
Total	17	14

12. Employee information

	Group	
	2023	2022
	No.	No.
The average weekly full-time equivalent number of persons (including the Chief Executive) employed during the year.	1,034	985

Weekly full-time hours are 35 hours for office staff and 37, 39 or 40 hours for non-office based colleagues. NCHA also employs colleagues on a zero hours basis.

12a. Staff costs (for the above persons)

	Group	
	2023	2022
	£'000	£'000
Wages and salaries	28,658	26,482
Social security costs	2,627	2,250
Other pension costs	1,722	1,371
Total	33,007	30,103

Other pension costs of £1,722k in 2023 (2022 £1,371k) comprise employer's contributions for the SHPS DC scheme of £1,689k (2022 £1,056k) and the NHS pension scheme of £33k (2022 £36k). The 2022 comparative also includes employer's contributions for the SHPS DB scheme of £279k. In addition to NCHA Employers Pension Contributions total pension costs include a SHPS Closed Scheme Surcharge, the value of this payment in 2023 was £0 (2022 £49,533). NCHA's pension contribution rate across all schemes, including surcharge payment, represents 6.64% (2022 5.97%) of pensionable pay.

13. Tangible fixed assets: housing properties (Group)

	Completed social housing properties	Completed shared ownership housing properties	Assets in the course of construction – social housing	Assets in the course of construction – shared ownership	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	648,849	79,603	28,624	9,802	766,878
Works to existing properties	7,833	-	-	-	7,833
Additions to new properties	(657)	2,034	33,407	13,843	48,627
Schemes completed in the year	17,468	11,334	(17,468)	(11,334)	-
Disposal of components	(2,373)	-	-	-	(2,373)
Disposal of properties	(3,247)	(8,008)	-	-	(11,255)
Transfers	(85)	85	-	-	-
As at 31 March 2023	667,788	85,048	44,563	12,311	809,710
Depreciation and impairment					
At 1 April 2022	111,222	5,951	-	-	117,173
Depreciation charge for the year	10,062	661	-	-	10,723
Depreciation on disposal of components	(2,368)	-	-	-	(2,368)
Impairment on disposal of properties	(197)	(9)	-	-	(206)
Depreciation on disposal of properties	(843)	(231)	-	-	(1,074)
Depreciation transfer	23	(23)	-	-	-
As at 31 March 2023	117,899	6,349	-	-	124,248
Net book value at 31 March 2023	549,889	78,699	44,563	12,311	685,462
Net book value at 31 March 2022	537,627	73,652	28,624	9,802	649,705

There were 7,899 units pledged as security for liabilities as of 31 March 2023 (2022 – 7,300).

13a. Tangible fixed assets: housing properties (Association)

	Completed social housing properties	Completed shared ownership housing properties	Assets in the course of construction – social housing	Assets in the course of construction – shared ownership	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
As at 1 April 2022	644,353	79,601	28,624	9,802	762,380
Works to existing properties	7,647	-	-	-	7,647
Additions to new properties	(657)	2,034	33,407	13,843	48,627
Schemes completed in the year	17,468	11,334	(17,468)	(11,334)	-
Disposal of components	(2,340)	-	-	-	(2,340)
Disposal of properties	(3,247)	(8,008)	-	-	(11,255)
Transfers	(85)	85	-	-	-
As at 31 March 2023	663,139	85,046	44,563	12,311	805,059
Depreciation and impairment					
As at 1 April 2022	110,210	5,951	-	-	116,161
Depreciation charge for the year	9,948	661	-	-	10,609
Depreciation on disposal of components	(2,340)	-	-	-	(2,340)
Impairment on disposal of properties	(197)	(8)	-	-	(205)
Depreciation on disposal of properties	(843)	(231)	-	-	(1,074)
Depreciation transfer	23	(23)	-	-	-
As at 31 March 2023	116,801	6,350	-	-	123,151
Net book value at 31 March 2023	546,338	78,696	44,563	12,311	681,908
Net book value at 31 March 2022	534,143	73,650	28,624	9,802	646,219

There were 7,878 units pledged as security for liabilities as of 31 March 2023 (2022 – 7,259).

13b. Housing properties

Housing properties cost	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Freeholds	794,703	751,886	790,083	747,419
Long leaseholds	14,612	14,601	14,581	14,570
Short leaseholds	395	391	395	391
Total	809,710	766,878	805,059	762,380

13c. Social Housing Grant

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	Restated £'000
Deferred SHG in SFP (note 21)	258,318	253,454	258,318	253,454
SHG recognised in SOCI to date	64,301	61,025	64,301	61,025
The total accumulated SHG received or receivable at 31 March	322,619	314,479	322,619	314,479

2022 comparatives for grant deferred, have been restated to include Strategic Partnership grant of £18.023m, previously omitted from this note.

13d. Capitalised interest and other on-costs

Additions to fixed assets during the year	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Capitalised interest	1,630	1,674	1,630	1,674
Capitalised improvements	7,833	3,652	7,647	3,505
Design costs	736	722	736	722
Development costs	965	2,115	965	2,115

13e. Total major maintenance works

Total major maintenance works for the year	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Income and expenditure account planned works	3,790	3,921	3,664	3,764
Capitalised improvements	7,833	3,654	7,647	3,507
Total	11,623	7,575	11,311	7,271

13f. Investment properties

Investment properties held for letting	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
At start of year	31	62	-	-
Revaluation	-	-	-	-
Disposals	-	(31)	-	-
At end of year	31	31	-	-

Investment properties are measured at fair value at the reporting date, determined annually by valuation 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. Pelham Homes sold its' share of one of the two identical shared equity properties in April 2022.

Any changes in fair value are recognised in the Statement of Comprehensive Income.

No depreciation is provided.

14. Tangible fixed assets: other fixed assets (Group)

	Freehold offices	Property plant, machinery and fixtures	Vehicles	ICT equipment	Under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	4,047	3,882	2,181	3,703	530	14,343
Additions	-	364	398	612	380	1,754
Disposals	-	(15)	(60)	-	-	(75)
As at 31 March 2023	4,047	4,231	2,519	4,315	910	16,022
Depreciation						
At 1 April 2022	1,196	2,428	1,895	2,797	-	8,316
Depreciation charge for the year	68	363	246	521	-	1,198
Disposal depreciation	-	(12)	(60)	-	-	(72)
As at 31 March 2023	1,264	2,779	2,081	3,318	-	9,442
Net book value at 31 March 2023	2,783	1,452	438	997	910	6,580
Net book value at 31 March 2022	2,851	1,454	286	906	530	6,027

14a. Tangible fixed assets: other fixed assets (Association)

	Freehold offices	Property plant, machinery and fixtures	Vehicles	ICT equipment	Under construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2022	4,047	3,882	2,181	3,703	530	14,343
Additions	-	364	398	612	380	1,754
Disposals	-	(15)	(60)	-	-	(75)
As at 31 March 2023	4,047	4,231	2,519	4,315	910	16,022
Depreciation						
At 1 April 2022	1,196	2,428	1,895	2,797	-	8,316
Depreciation charge for the year	68	363	246	521	-	1,198
Disposals	-	(12)	(60)	-	-	(72)
As at 31 March 2023	1,264	2,779	2,081	3,318	-	9,442
Net book value at 31 March 2023	2,783	1,452	438	997	910	6,580
Net book value at 31 March 2022	2,851	1,454	286	906	530	6,027

15. Fixed asset investments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Investment in Subsidiaries	-	-	2,000	2,000
Investments in Joint Ventures	987	934	-	-
Other fixed asset investments				
Nottingham Credit Union	26	26	26	26
National Almshouse Association Common Investment Fund Income Shares	466	481	-	-
National Almshouse Association Common Investment Fund Accumulation Shares	91	90	-	-
COIF Income Units	6	6	-	-
COIF Investment Fund	237	247	-	-
Total	826	850	26	26

16. Shared ownership properties for sale and other stock

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Stock of properties for outright sale: under construction	1,341	2,854	-	-
Stock of shared ownership properties for sale: completed schemes	3,591	1,236	3,591	1,236
Stock of shared ownership properties for sale: under construction	9,115	7,798	9,115	7,798
Sub total	14,047	11,888	12,706	9,034
Stock of materials	90	66	90	66
Total	14,137	11,954	12,796	9,100

17. Debtors

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Rent arrears	2,875	3,018	2,856	2,990
Less provision for bad debts	(487)	(573)	(476)	(564)
Sub total	2,388	2,445	2,380	2,426
SHG receivable	187	311	187	311
Amounts owed by Group undertakings	-	-	148	91
Other debtors	5,098	5,587	4,409	4,251
Prepayments	1,044	1,165	1,044	1,165
Total within one year	8,717	9,508	8,168	8,244
Amounts falling due after one year				
Pelham Homes Limited loan	-	-	-	-
Total after one year	-	-	-	-
Total debtors	8,717	9,508	8,168	8,244

18. Cash and cash equivalents and current asset investments

Cash at bank and in hand	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Mortgaged against specific loans				
Charged funds to lenders	3,286	1,405	3,286	1,405
Unmortgaged				
Deposits for service users (note 19)	1,089	929	795	668
Other unmortgaged bank accounts	25,501	27,560	27,875	22,529
Total	29,876	29,894	31,956	24,602
Current asset investments				
Short term money market investment	24,007	916	20,007	916

Amounts mortgaged against specific loans are restricted cash and not available liquid resources. Deposits for service users represent funds held on behalf of service users.

19. Creditors amounts falling due within one year

	Group		Association	
	2023	2022	2023	2022
	£'000	Restated £'000	£'000	Restated £'000
Housing loans (note 20a)	16,231	3,608	16,231	3,608
Loan administration fees	(238)	(124)	(238)	(124)
Loan interest accruals	2,830	2,277	2,830	2,277
Premium on debenture issue	136	223	136	223
Trade creditors	2,703	2,933	2,703	2,933
Funds held for others	318	282	22	22
Rents and service charges paid in advance	1,894	1,986	1,874	1,961
Taxation and Social Security payable	710	684	710	683
Deferred Capital Grants (note 21)	3,305	3,250	3,305	3,250
Recycled Capital Grant Fund (note 22)	3,410	1,453	3,410	1,453
Other creditors	9,233	7,563	13,529	7,356
Total	40,532	24,133	44,512	23,642

2022 comparatives for housing loans have been restated to separate out loan administration fees.

20a. Creditors amounts falling due after more than one year

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Housing loans	322,739	288,970	322,590	288,820
Loan administration fees	(1,360)	(868)	(1,357)	(863)
Premium on debenture issue	617	752	617	752
Sub total	321,996	288,854	321,850	288,709
Deferred Capital Grant	255,013	250,202	255,013	250,202
Health Grant Fund	146	146	146	146
Recycled Capital Grant Fund (note 22)	4,273	4,523	4,273	4,523
Other creditors falling due after more than one year	777	373	777	373
Social Housing Decarbonisation Fund	374	-	374	-
Total	582,579	544,098	582,433	543,953

20b. Provision for liabilities

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
As at 1 April	1,389	495	854	147
Release of provision in year major works obligation	(1,318)	-	(810)	-
Increase in provision due to major works obligation	1,667	894	1,667	707
Increase in provision due to development obligation	121	-	121	-
As at 31 March	1,859	1,389	1,832	854

20c. Exceptional items

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Fire safety work provision	1,667	-	1,667	-
Total	1,667	-	1,667	-

During 2023 it was identified that the Pinnacle building did not fully conform to current building safety regulations. As a result a provision for costs expected to be in relation to fire safety has been made. The provision included in the 2022/23 accounts totals £1.667 million in relation to the cost of completing the required remedial compartmentation and is based on the latest internal estimate of those costs. Given the nature of the works it has been assumed that the liability across the whole building, both freehold and leasehold flats, falls within NCHA.

21. Deferred capital grant

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	Restated £'000
Opening balance 1 April	253,454	237,425	253,454	237,425
Grants received in year	10,730	20,872	10,730	20,872
Grants disposals in year	(2,590)	(1,662)	(2,590)	(1,662)
Released to income in year	(3,276)	(3,181)	(3,276)	(3,181)
Closing balance 31 March	258,318	253,454	258,318	253,454
Due to be released in less than one year	3,305	3,250	3,305	3,250
Due to be released in more than one year	255,013	250,204	255,013	250,204
Closing balance 31 March	258,318	253,454	258,318	253,454

2022 comparatives for the opening balance 1 April and grants received in year have been restated to include Strategic Partnership grant of £18.023m (£9.445m and £8.578m respectively), previously omitted from this note.

22. Recycled capital grant

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Opening balance 1 April	5,975	6,596	5,975	6,596
Inputs: grants recycled to RCGF: NCHA	2,202	1,895	2,202	1,895
Inputs: interest accrued	166	10	166	10
Recycling: investment in new build stock: NCHA	(660)	(2,526)	(660)	(2,526)
Closing balance 31 March	7,683	5,975	7,683	5,975
RCGF due in less than one year	3,410	1,452	3,410	1,452
RCGF due in more than one year	4,273	4,523	4,273	4,523
Total	7,683	5,975	7,683	5,975

23. Called up share capital

Group and Association	2023		2022	
	£		£	
Ordinary shares of £1 each allotted, issued and fully paid at the start of the year	26		23	
Issued during the year	1		3	
Written back during the year	-		-	
At the end of the year	27		26	

The ordinary shares have full voting rights. They do not have any right to distributions or capital and are not redeemable.

24. Capital commitments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Capital expenditure that has been contracted for, but has not been provided for in the financial statements	123,419	109,111	118,464	109,111
Capital expenditure that has been authorised by the Board, but has not yet been contracted for	103,243	96,438	99,315	91,140
Investment in jointly owned entities that has been authorised by the Board, to fund capital expenditure that has not been contracted for	3,033	98	-	-
Investment in jointly owned entities that has been contracted for, but has not been provided for in the financial statement	73	3,776	-	-
Total	229,768	209,423	217,779	200,251

The Association expects to finance the expenditure above by:

Social Housing Grant receivable and other grants receivable	64,822	58,641	64,822	58,641
Sales proceeds	51,732	48,014	42,849	42,716
Distribution from jointly controlled entities, resulting from sales proceeds	3,106	3,874	-	-
New loan finance (including refinancing)	110,108	98,894	110,108	98,894
Total	229,768	209,423	217,779	200,251

25. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

Group and Association	2023		2022	
	£'000		£'000	
Land and buildings				
Leases expiring within the next year	68		55	
Leases expiring in the second to fifth year	44		44	
Leases expiring in more than five years	-		-	
Sub total	112		99	
Others				
Expiring within the next year	20		19	
Expiring in the second to fifth year	52		71	
Expiring in more than five years	-		1	
Total	184		190	

26. Subsidiary undertakings

The Association is the parent organisation in a group that also includes Pelham Homes Limited and Nottingham Community Almshouse Charity. Blyth Cottages Charity was a separate charity that was part of the group until 28 March 2023 when it transferred into Nottingham Community Almshouse Charity.

Pelham Homes Limited

The Association owns 100% of the shares in Pelham Homes Limited, which is a wholly owned commercial subsidiary. Its principal activities are the development and sales of residential properties, the provision of property related services and the management of leasehold properties. Pelham Homes Limited transfers surpluses by Gift Aid to NCHA.

The transactions that have occurred between the two organisations apart from the Gift Aid are as follows below.

	2023		2022	
	£'000		£'000	
Loan interest	-		5	
Management fee	174		132	
Design fee	183		314	
Maintenance fee	138		48	
Property sales	-		-	

There is an intercompany loan available from NCHA to Pelham Homes of up to £18m is secured by a security trust deed over all present and future assets of Pelham Homes Limited. The interest rate is based on Bank of England Base Rate + 3.7%. The management fee is determined by an intercompany Agreement for services agreed by both Boards. The design fee and maintenance fee are determined by the works carried out. Any intercompany amounts due to / from Pelham Homes from / to NCHA at the balance sheet date are disclosed in Note 30.

26. Subsidiary undertakings (continued)

Almshouse and other organisations

Nottingham Community Almshouse Charity is now the sole Almshouse organisation consolidated into these group accounts; Nottingham Annuity Charity merged into Nottingham Community Almshouse Charity on the 19 August 2021 and Blyth Cottages Charity transferred into Nottingham Community Almshouse Charity on 28 March 2023. Management fees were paid to NCHA as follows:

	2023	2022
	£'000	£'000
Blyth Cottages Charity	-	8
Nottingham Community Almshouse Charity	110	113

The Association also carried out maintenance works which were charged to the charities as follows:

	2023	2022
	£'000	£'000
Blyth Cottages Charity	-	14
Nottingham Community Almshouse Charity	42	46

Any intercompany amounts due to / from NCAC from / to NCHA at the balance sheet date are disclosed in Note 30.

Joint Ventures

Pelham Waterside LLP is jointly owned by Langar Investments Limited and Pelham Homes Limited, a wholly owned subsidiary of Nottingham Community Housing Association Limited (NCHA).

Pelham Waterside Two LLP is jointly owned by Norse Homes (Trent Lane) Limited and Pelham Homes Limited, a wholly owned subsidiary of Nottingham Community Housing Association Limited (NCHA).

Access Training is jointly owned by Futures Housing Group and Pelham Homes Limited, a wholly owned subsidiary of Nottingham Community Housing Association Limited (NCHA).

	2023	2022
	£'000	£'000
Share of profit/loss in Joint Ventures - Pelham Waterside	498	-
Share of profit/loss in Joint Ventures - Pelham Waterside Two	-	-
Share of profit/loss in Joint Ventures - Access Training	81	-

26a. Merger of subsidiary companies

On 28 March 2023 the Charity Commission scheme for Nottingham Community Almshouse Charity (NCAC) was amended to incorporate the Charity Commission scheme for Blyth Cottages Charity. This resulted in the acquisition of the assets and liabilities of Blyth Cottages Charity. No consideration was paid for the acquisition which has resulted in a donation of £193k being received by NCAC in the year.

27. Post balance sheet events

We consider that there have been no other events since the financial year end which have had a material effect on the financial position of the group.

28. Units/bedspaces

	Group		Association	
	2023	2022	2023	2022
	No.	No.	No.	No.
Social housing under development at end of year				
Housing accommodation	887	886	887	886
Shared ownership	428	425	428	425
For sale	25	31	-	-
Total	1,340	1,342	1,315	1,311

28. Units/bedspaces (continued)

Group	2022	Additions	Disposals	Other movements	2023
	No.	No.	No.	No.	No.
Social housing under management at end of year					
Housing accommodation	5,732	21	(61)	11	5,703
Intermediate rent	374	-	-	(1)	373
Affordable rent	1,616	64	(5)	-	1,675
Supported housing	505	-	(2)	(8)	495
Care homes	91	-	-	-	91
Housing for older people	480	-	-	-	480
Shared ownership	1,191	55	(35)	(4)	1,207
Freehold interest only	120	10	(3)	6	133
Sub total	10,109	150	(106)	4	10,157
Non social housing under management at end of year					
Market rented	-	-	-	-	-
Sub total	-	-	-	-	-

Key drivers of 'other movements' are mergers into the Group and tenure conversion.

Association	2022	Additions	Disposals	Other movements	2023
	No.	No.	No.	No.	No.
Social housing under management at end of year					
Housing accommodation	5,720	21	(61)	11	5,691
Intermediate rent	374	-	-	(1)	373
Affordable rent	1,616	64	(5)	-	1,675
Supported housing	505	-	(2)	(8)	495
Care homes	91	-	-	-	91
Housing for older people	332	-	-	-	332
Shared ownership	1,190	55	(35)	(4)	1,206
Freehold interest only	120	10	(3)	6	133
Sub total	9,948	150	(106)	4	9,996
Non social housing under management at end of year					
Market rented	-	-	-	-	-
Sub total	-	-	-	-	-

The key driver of 'other movements' is tenure conversion.

29. Accommodation managed by agents

The Association owns units excluded from note 28 above which are managed by other bodies, as follows below. Housing accommodation is managed by High Peak Council and other housing by a range of other care and support organisations including P3 and Women's Aid (Nottinghamshire, Newark and Midlands).

Group and Association	2023	2022
	No.	No.
Housing accommodation	21	25
Supported housing, care homes and housing for older people	102	101
Total	123	126

30. Related parties

As at 31 March 2023, the Board has one tenant member who hold a tenancy agreement on normal terms. Rent charged to the one tenant board member was £4k (2022- £4k). This member cannot use their position on the board to their advantage.

Nottingham Community Housing Association is the sole Corporate Trustee for Nottingham Community Almshouse Charity. Blyth Cottages Charity transferred into Nottingham Community Almshouse Charity on 28 March 2023. Anything owed to the Trustee of Blyth Cottages Charity has also been transferred into Nottingham Community Almshouse Charity.

As at 31 March 2023 the following balances detailed below were owed.

	Amounts owed to Trustee	Amounts due from Trustee
	£'000	£'000
Blyth Cottages Charity	-	-
Nottingham Community Almshouse Charity	-	52
Total	-	52

31. Financial instruments and risk management

Risk management

In addition to its own accumulated resources and position, the NCHA Group makes use of bank loans and bonds to finance its development activity. Financial control forms a key part of the internal system of internal control and risk management system. In line with the board's annually approved standing orders and financial regulations which includes the scheme of delegated authority for treasury matters, the Board holds the ultimate responsibility for the annual review and update of the treasury management strategy and the treasury management policy.

NCHA's standing orders, financial regulations, treasury strategy and treasury management policy are approved by the Board annually.

31. Financial instruments and risk management (continued)

Liquidity

The Group had total external bank loan/bond borrowing facilities of £408.8m (2022 - £337.6m) of which £70m (2022 - £45m) were undrawn.

The parent company NCHA holds all but a tiny proportion of these facilities. These can be summarised as:

Name	Facility	Drawn	Undrawn	Maturity	Rate	Type
	£'000	£'000	£'000		%	
Bank of Scotland	30,500	30,500	-	2042-2043	4.28	Variable
Bank of Scotland	40,000	40,000	-	2042-2043	2.68 - 5.11	Fixed
Scottish Widows	20,150	20,150	-	2037-2038	4.46 - 5.11	Variable
Scottish Widows	65,000	65,000	-	2038-2039	4.35 - 5.65	Fixed
Orchardbrook (NCHA) - RBS	1,612	1,612	-	2028-2029	10.61	Fixed
Orchardbrook (LQHA) - RBS	158	158	-	2042-2043	10.53	Fixed
The Housing Finance Corporation	12,400	12,400	-	2023-2024	8.63	Fixed
AHG Bond Issue	10,500	10,500	-	2042-2043	3.80	Fixed
European Investment Bank	18,500	18,500	-	2045-2046	2.52	Fixed
Private Equity Investor	55,000	55,000	-	2048-2049	3.55	Fixed
Private Equity Investor	30,000	30,000	-	2054-2055	3.60	Fixed
NatWest Bank	70,000	0	70,000	2027-2028	N/A	Variable
Saltaire Finance	55,000	55,000	-	2052-2053	2.71	Fixed
Total	408,820	338,820	70,000			

During the year NCHA arranged a £55m facility with Saltaire Finance under the Affordable Homes Guarantee Scheme (AHGS). The borrowing has been drawn down and will be repaid over a loan period of 30 years.

Nottingham Community Almshouse Charity holds the following facilities detailed below.

Name	Facility	Drawn	Undrawn	Maturity	Rate	Type
	£'000	£'000	£'000		%	
Handelsbanken	150	150	-	2026-2027	6.35	Variable

As at 31 March 2023 the NCHA Group held cash and cash equivalents of £29.9m (2022 - £29.9m).

31. Financial instruments and risk management (continued)

Debt analysis	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loan repayable by instalments				
Within one year	3,831	3,608	3,831	3,608
In one year or more but less than two years	5,156	3,831	5,156	3,831
In two years or more but less than five years	18,211	16,792	18,211	16,792
In five years or more	148,722	155,297	148,722	155,297
Loan not repayable by instalments				
Within one year	12,400	-	12,400	-
In one year or more but less than two years	-	12,400	-	12,400
In two years or more but less than five years	150	5,150	-	5,000
In five years or more	150,500	95,500	150,500	95,500
Sub total	338,970	292,578	338,820	292,428
Less loan issue costs	(1,360)	(868)	(1,357)	(863)
Total loans	337,610	291,710	337,463	291,565

Loans are secured by specific charges on the Group's housing properties. Some loans are repayable half yearly/ annually at varying rates of interest and are due to be repaid in 2054/55.

Refinancing risk is managed through the Group Treasury Management Policy.

A Board Task and Finish Group was operating during the year working closely with external partners and the Treasury team to conclude the arrangement of new facilities in line with the approved treasury strategy for the year.

All of the Group's external borrowing facilities are secured.

31. Financial instruments and risk management (continued)

Managing market risk

Interest rate risk

Interest rate risk is managed through the active application of the Treasury Management Policy.

The Interest Rate Profile of the Group at 31 March 2023 is detailed below.

	Total	Variable rate	Fixed rate	Weighted average rate	Weighted average term
	£'000	£'000	£'000	%	Years
Instalment loans	175,920	50,650	125,270	2.3%	6.0
Non-instalment loans	163,050	-	163,050	1.8%	13.0
Total	338,970	50,650	288,320		

Currency risk

Currency risk is the risk that currency exchange rates impact on the Group's cash / investments assets or income returns. The NCHA Group only trades in sterling, other than where required for insubstantial incidental minor day to day purchases. It has no offices outside of the United Kingdom.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation to the Group. Credit risk policy is governed by the application of the Treasury Management Policy.

Covenant compliance

Covenant compliance is monitored regularly by the Resources Directorate and reported to board as per the requirements of the board approved Group Standing Orders and Financial Regulations. There were no breaches identified in the year.

Financial assets and liabilities at book value and fair value

The book value of all financial assets and financial liabilities at 31 March 2023 and 31 March 2022 are deemed to be equal fair value.

31. Financial instruments and risk management (continued)

Financial instruments


The financial instruments of the Group are summarised below.

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Assets measured at amortised cost				
Investments in subsidiaries	-	-	2,000	2,000
Investments in joint ventures	948	934	-	-
Fixed assets investments	826	850	26	26
Trade debtors	599	5,589	4,410	4,253
Current assets investments	920	916	920	916
Cash at bank and in hand	52,961	29,894	51,041	24,602
Total	56,254	38,183	58,397	31,797
Liabilities measured at amortised cost				
Loans	337,608	291,710	337,461	291,565
Leases	184	190	184	190
Trade creditors	2,703	2,933	2,703	2,933
Recycled Capital Grant Fund	7,683	5,975	7,683	5,975
Total	348,178	300,808	348,031	300,663

32. Analysis of changes in net debt


	Group	Cash flows	Other	Group
	At 1 April 2022		non-cash movements	At 31 March 2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	29,894	(18)	-	29,876
Borrowings				
Debt due within 12 months	(3,608)	3,608	(16,231)	(16,231)
Debt due greater than 12 months	(288,970)	(50,000)	16,231	(322,739)
Total net debt	(262,684)	(46,410)	-	(309,094)



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