

Co-operative and Community Benefit Society No: 12664R

Registered by the Regulator of Social Housing No: L2424



# WILLOW TREE

HOUSING PARTNERSHIP



**WILLOW TREE HOUSING PARTNERSHIP LIMITED**  
**(Formerly South Western Housing Society Limited)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**

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*Front cover shows properties completed at North Newton in February 2024.*

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**Legal and Administrative details**

**Directors, Executive Officers, Advisors and Bankers and Lenders**

**Board of Directors**

Chair Tim Shobrook (resigned 21 September 2023)  
Sarah O'Neill (appointed 21 September 2023)

Directors Devereux Biddlecombe (appointed 21 September 2023)  
Stephen Burtchaell  
Simon Haskell  
Steve Hayes  
Susan Lane  
Wendy Lewis  
Michelle Smith (resigned 31 March 2024)  
Craig Sullivan (Vice Chair)  
Brian Whittaker

**Company Secretary** Donna Johnson

**Executive officers**

Chief Executive Donna Johnson  
Finance Director Catherine Davies-Gallagher  
Operations Director Heather Rigg (appointed 26 February 2023)  
Head of Corporate Services Sue Sparks

**Registered office** Eastbridge House  
Pill Road  
Rooksbridge  
Somerset  
BS26 2TN

**Registered numbers** Co-operative and Community Benefit Society No:12664R  
Registered by Regulator of Social Housing Organisation No: L2424

**External auditor** Beaver and Struthers  
150 Minories  
London EC3N 1LS

**Principal solicitors** Tozers LLP  
Broadwalk House  
Southernhay West  
Exeter  
Devon  
EX1 1UA

Capsticks Solicitors LLP  
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Staple Gardens  
Winchester  
Hampshire  
SO23 8SR

Foot Anstey LLP  
Salt Quay House  
4 North East Quay  
Sutton Harbour  
Plymouth  
PL4 0BN

**Bankers and Lenders**

National Westminster Bank PLC  
10th Floor  
250 Bishopsgate  
London  
EC2M 4AA

Triodos Bank UK  
Deanery Road  
Bristol  
BS1 5AS

The Housing Finance Corporation Limited  
3rd Floor  
17 St. Swithin's Lane  
London  
EC4N 8AL

Lloyds TSB Bank plc  
3<sup>rd</sup> Floor  
25 Gresham Street  
London  
EC2V 7HN

Orchardbrook  
BCM Global  
Crown House  
Crown Street  
Ipswich  
IP1 3HS

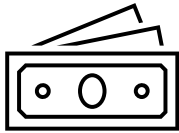
# Highlights of 2023/24



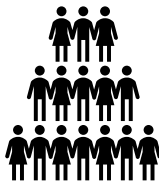
1,500 properties owned and managed.



Achieved overall tenant satisfaction rate of 70% (Acuity Summer 2023 Survey).



£6M revolving credit facility available to kick start new property development activity.



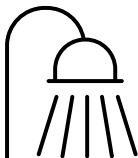
Completed restructuring of Operations team, with more resources focussed on tenant facing activities.



17 new homes developed. Poorer performing homes disposed of and replaced.



Over 3,000 home repairs undertaken during the year.



£1M invested in housing stock improvements during the year (kitchens, bathrooms, heating and similar).



Merger completed and business producing operating surpluses to re-invest in homes.

## **Chair's Statement**

2023/24 has proved to be another challenging year, for tenants and the wider community, as fallout from armed conflicts in Eastern Europe and the Middle East, increasing interest rates and higher levels of inflation have persisted. There can be few families in the South West not affected by these difficult times.

Against this backdrop, Willow Tree Housing Partnership Limited ('WTHP') has never lost sight of its vision to 'Deliver and Grow' or its mission to build and manage safe and comfortable homes that are truly affordable for people who are not in a position to access the housing market.

WTHP came into being following a transfer of engagements of Tamar Housing Society into South Western Housing Society on 31 March 2023. South Western Housing Society immediately changed its name to Willow Tree Housing Partnership Limited. On merger, WTHP moved into a different regulatory regime, as a result of the size of its owned and managed housing stock (more than 1,000 units). The team has worked hard during the year to ensure that WTHP complies with its obligations and in November 2023, commissioned a specialist third party consultancy to undertake a review of the organisation's regulatory Rent Standard compliance. This highlighted some issues which were referred to the Regulator of Social Housing for an opinion.

In December 2023, WTHP drew down the balance (£1M) of a £10M loan facility that had been raised to facilitate the merger of Tamar Housing Society and South Western Housing Society. These monies together with existing cash balances have been put to good use, in funding new property development which has taken place during the year; 2023/24 has seen WTHP add 17 newly developed homes into its housing portfolio at three schemes (Crapstone, North Newton and North Petherton).

Development continues to be a strategic objective for the Board. WTHP continues to look for new development opportunities and has a pipeline of small rural development sites, which it will continue to progress. This ongoing programme has been secured for the foreseeable future by existing funds available either as cash balances or from financing arrangements in place with lending partners.

WTHP continues to ensure that it balances its strategic objective to develop new properties against the requirement to maintain investment in existing housing stock. This investment will be targeted to ensure WTHP actively works towards meeting the need to reduce its carbon impact on the environment and ensures that it provides good homes for its tenants. To this end, the organisation is continually reviewing the performance of its stock and some poorer quality properties have been disposed of during the year, but these have been replaced with newer, 'one-off' homes.

2023/24 has seen some considerable change, internally. A new Operations Director (Heather Rigg) was appointed in February 2023. This was followed by some re-organisation and re-structuring of roles within the service delivery arm of the business, with a reduction in the number of managers and a greater focus placed on getting more staff into 'front line' positions. This process has now largely completed with the appointment of additional property inspection resource in April 2024.

As always, tenants remain at the heart of what we do and this year has seen the inaugural meeting of our Resident Scrutiny Panel which will help WTHP shape landlord services. This joint tenant and staff scrutiny panel has looked at a range of specific tenant related matters, from how contractors are held to account, through to post repair tenant satisfaction data gathering. More recently, the Panel has reviewed two complex complaints. Feedback from the Panel has been very positive and we encourage more tenants to get involved as their contribution is highly valued.



Employee wellbeing has remained an important consideration for both the Board and the Executive team, who monitor this regularly. Staff continue to work in a hybrid way and the organisation has seen the benefit of this approach.

Risk and the management of it is a fundamental part of the Board's remit and the Board regularly scrutinises the strategic risk register. Special situational risks such as the impact of armed conflicts in Eastern Europe and the Middle East and climate change are monitored on a routine basis. WTHP has considered the likely potential impacts of such issues and has concluded that both its risk map and its management processes cover such situations appropriately.

Total turnover for the year amounted to just over £9.7M, an increase of £0.8M on the prior year, mainly reflecting differing levels of first tranche shared ownership sales between the two years and the implementation of the capped rent increase of 7% applicable in 2023/24.

WTHP reports a surplus in the 2023/24 financial year, with total comprehensive income closing at £0.3M, £1.0M up on last year, reflecting higher levels of first tranche shared ownership sales, rent increases in 2023/24 and the one off nature of significant loan break costs which were incurred by Tamar Housing Society when it repaid its loan obligations to Dexia in 2022/23.

WTHP has a strong governance structure in place which is important for an organisation which is now operating in a more regulated environment: WTHP will undergo its first regulatory inspection in the Summer of 2024.

The Board continues to meet at least four times per year and is ably supported by the Audit and Risk, Development and Remunerations committees. The Board keeps up to date with the opportunities and challenges WTHP faces from the operating environment in which the housing sector operates at the two away days it holds annually. Members also receive ongoing training and information on the challenges and risks to the ongoing business of WTHP.

There were two resignations during the year of long standing board members: Firstly, the Chair (Tim Shobrook) who left us in September 2023 and more recently, Michelle Smith who resigned at the end of March 2024. WTHP thanks them for their commitment and service to the Board. Two new faces join the Board, beginning with myself, as Chair, picking up the reins from Tim and Dev Biddlecombe who brings a wealth of experience in building management.

Finally, I would like to thank all my fellow Board Members, the Executive Team and staff for their incredible commitment, enthusiasm and determination. I look forward to WTHP rising to meet future challenges and continuing to provide high quality services to our tenants.



Sarah O'Neill  
**Chair of the Board**

# Strategic Report

## **A Overview**

The Willow Tree Housing Partnership Limited ('WTHP') Board is pleased to present the 2023/24 Strategic Report (including the Report of the Board) and audited Financial Statements.

Throughout this report Willow Tree Housing Partnership Limited is referred to as 'WTHP'.

### **A.1 Our Business Model**

As at 31 March 2024, WTHP owned and managed a total of 1,500 properties and operates two main business streams:

- General needs housing for rent, primarily by families who are unable to buy or rent at open market rates. These properties are let on affordable, social and intermediate rents and includes WTHP owned, leasehold and managed housing stock. There are 1,398 homes in this group.
- Low cost home ownership i.e. shared ownership properties whereby residents purchase a share of the equity in their homes and pay rent to WTHP on the remainder. Some of these are able to staircase to 100% ownership. There are 102 properties in this category.

The focus for new development remains new homes for rent and low cost home ownership. The Board has agreed its risk appetite and takes all decisions within the agreed risk parameters.

### **A.2 Group Structure**

WTHP is not part of a group but has a 100% owned dormant subsidiary, SWHNC Limited. WTHP owns its registered office in Rooksbridge, Somerset and rents additional office space in Plymouth.

Willow Tree Housing Partnership Limited was formed on 31 March 2023, following the transfer of engagements of Tamar Housing Society ('THS' or 'Tamar') into South Western Housing Society ('SWHS'). South Western Housing Society immediately changed its name to Willow Tree Housing Partnership Limited on the same day. Tamar Housing Society ceased all activity as at 31 March 2023.

### **A.3 Our Market**

WTHP provides homes in a variety of settings from small market towns and rural areas through to densely populated urban areas such as Plymouth, where it has a significant stockholding. WTHP operates throughout the South West, but the majority of its owned and managed properties are based in Somerset and Devon.

The focus for new development is new homes for rent and low cost home ownership in Somerset and Devon. WTHP is a member of the Wayfarer Partnership, which assists with providing access to grant funding under the Homes England Affordable Housing Programmes (AHP).

#### **A.4 Our Vision, Mission and Values**

WTHP has adopted the following vision, mission and values:

- Vision: Deliver and grow.
- Mission: To build and manage safe and comfortable homes that are truly affordable for people who are not in a position to access the housing market.
- Values:
1. Supporting collaboration. Enabling staff and tenants to work together to achieve shared goals.
  2. Trust and honesty. Being willing to listen and learn and be open when we need to improved.
  3. Respect and understanding. All colleagues and residents can expect mutual courtesy and empathy when times are challenging.
  4. Integrity and professionalism. Ensuring, at all times, that we conduct ourselves in a way that reflects the importance of the service we provide.
  5. Versatile and innovative. By embracing opportunities and new ways of thinking that will enhance how we deliver.
  6. Equal and inclusive. By celebrating difference and ensuring that we do not operate in a way that excludes anyone.

#### **A.5 Business Strategy**

The principal activity of the organisation is the provision of affordable rented housing in the South West region of England, in accordance with its rules. At the end of the financial year, WTHP owned and managed 1,500 properties, of which 1,398 were for rent and 102 were for shared ownership and leasehold. WTHP has taken advantage of government grant, sales of property and private finance to grow its rental base via a net increase in its core property base.

WTHP takes its commitments to ensuring that tenants have a voice in its work, very seriously and there are plans in place to continue to develop in this important area of focus.

WTHP continues to re-assess its development and asset management policy and strategy and (in the light of Government emphasis on home ownership and carbon net zero targets) remains optimistic that there will be some grant available in the future. During the year, work has continued on Asset Management plans, informed by the latest thinking on how the social housing sector should be addressing the UK's target of bringing all its greenhouse gas emissions to net zero by 2050.

WTHP is well positioned financially to continue its strategy of sustainable growth, having sufficient financial capacity to develop in areas where affordable housing is in great demand. It currently has unutilised funds available for appropriate development opportunities.

The impact of recent economic turbulence caused by the impact of war in Ukraine (and elsewhere), combined with higher levels of inflation and rising interest rates have been monitored closely across the financial year.

Notwithstanding the recent, general economic challenges for the UK, WTHP continues to be in a position to ensure that existing tenants live in quality homes and will invest appropriately to maintain its existing housing stock in good condition for its customers.

## **A.6 Business Strategy and Risk Management**

The 2024/25 financial Business Plan (a 30 year plan) demonstrates that development aspirations, carbon net zero responsibilities, a desire to invest in maintaining existing housing stock to a high standard and sustainability are affordable into the future. The 2024/25 Business Plan recognises that the WTHP needs to carefully balance these investment needs to ensure its long term financial viability.

The Plan is stress tested, to ensure that it can withstand a variety of external threats such as:

- Delays, sales price reductions affecting developments where there are first tranche shared ownership sales expected;
- High and continued inflationary scenarios;
- Higher interest rates;
- 'Black swan' events which result in a single, one-off explosion of operating costs;
- The impact of significant increases to the costs of implementing carbon net zero plans;
- The impact of changes in the general economy; and
- Tenants' ability to pay their rent.

The stress tests are constructed by reference to risks identified on the risk map and from scenario tests and variables provided by the organisation's treasury management advisors and other strategy and risk management partners.

As a result, WTHP will continue to consider developing homes for outright sale and shared ownership alongside building homes for rent.

Whilst this brings new challenges and skill requirements and changes the risk profile of the organisation, WTHP can point to successes with these kinds of development: The Brent Knoll scheme (7 rental, 2 shared ownership and 6 outright sale units) completed during the 2022 financial year and all outright sales and shared ownership properties were sold.

The consequent risks that this type of development poses have been recognised and encapsulated in the property sale risk is on the risk map. Additionally, the Business Plan has been rigorously tested to show that WTHP's financials can withstand combinations of large reductions in sales prices, delays in receipts, combined with other changes in economic factors, which could occur.

Such risks are currently encapsulated on the risk map under the following risk headings:

- Volatile market conditions create pressure on sales and security valuations.
- Development become too costly to deliver affecting corporate strategy.

WTHP took the opportunity to increase the majority of its rents from 1 April 2024, in line with the rest of the sector. However, problems at Royal Mail meant that rent increase notifications did not reach tenants by the due date and the rent increase was delayed until May 2024. Managed Rentplus homes increase their rents at dates across the year and which reduced the impact of this arrangement.

Even though the increase was delayed, the rental uplift should increase WTHP's capacity to develop new homes to some extent, but in the short term, this change will primarily be focussed on allowing WTHP to absorb inflationary pressures on its cost base as well as address upcoming changes in legislation such as the implementation of 'Awaab's Law'. WTHP is not complacent about its operating costs and continues to seek ways reduce these and enhance its service delivery to tenants. Loan financing, raised on the security provided by its property portfolio remains the main source of funding for new development. WTHP currently has access to £6M of undrawn funding to support this objective.

The Coronavirus pandemic was instrumental in producing a number of changes in WTHP's operating model. During the pandemic, staff were quickly equipped to work remotely allowing agile working to be adopted. This has been a considerable success and WTHP has fully embraced the 'hybrid' working model, allowing staff freedom to work at home and in the office. There are no plans to move away from this model in the foreseeable future and this approach has had other unforeseen benefits in terms of business continuity planning, which is now heavily focussed on cyber-issues, rather than office accessibility.

The organisation recognises that meeting the government's 2050 carbon net zero targets will be a challenge and work has been underway to plan the organisational response for some time. The impact of replacing gas boilers with electric replacements from 2025, as well as the costs of getting all properties up to EPC 'C' standard has already been included in recent business plans, including the 2024/25 Business Plan.

WTHP will continue to develop a response to climate related issues as this situation evolves. Failure to achieve an EPC 'C' rating on all properties by 2030 and net zero carbon by 2050, leading to climate change impact on residents and WTHP is noted as a risk on the risk map.

WTHP continues to monitor developments across the sector and notes the work of the ESG Social Housing Working Group, which launched the Sustainability Reporting Standard for Social Housing (SRS) in November 2020. WTHP continues to maintain a focus on this area, as it is anticipated that compliance reporting could become a regulatory requirement in the near future.

Finally, WTHP is pleased to note that 31 March 2024 marks the first anniversary of the successful merging of South Western Housing Society and Tamar Housing Society which concluded on 31 March 2023, when Tamar completed a transfer of engagements into South Western Housing Society. South Western Housing Society immediately changed its name to Willow Tree Housing Partnership Limited. The two organisations had been working in close collaboration since a strategic partnership was formed on 1 June 2020 and a merger of the two closely aligned Societies was seen as the best way to deliver the organisation's mission and objectives, for the years ahead.

## **B Actual Performance for the 2023/24 Financial Year**

### **B.1 CEO's statement**

The first operating year since Tamar Housing Society and South Western Housing Society's merger has been tumultuous for the sector, with Royal Assent being given to the Social Housing Regulation Act and the Building Safety Act starting to take effect. Internally, within the Operations function, it has been a year of challenge and change. Restructuring has taken up a large part of the year, resulting in more focus on front line services for tenants. An increase in the number of complaints together with the appearance of a small number of disrepair cases and the impact of project work on Rent Standard compliance have all had an impact on capacity and operational performance.

However, whilst the year brought challenges, it has also produced progress. We continue to divest of underperforming properties and bring better quality homes onboard; we have taken ownership of new homes in Devon and Somerset. Landlord Health and Safety continues to improve, and the quality of data integrity improves month on month, borne out by positive internal audit results. Key policies were reviewed by a joint staff and Board Member 'task and finish' group.

Resident Engagement moved forward with a new strategy and action plan. In September, we held the inaugural Resident Scrutiny Panel meeting which has had three subsequent meetings and we are working with the Tenant Participation Advisory Service ('TPAS') to develop this important scrutiny project.

Looking ahead, there will be further sector changes such as regulation associated with the outcome of 'Awaabs Law'. WTHP's first inspection from the Regulator of Social Housing will provide the organisation with published gradings and the second cycle of Tenant Satisfaction Measures will be published in circa August/September 2024.

Respecting internal matters, the Corporate Services function continues to manage and maintain all office services from office building maintenance and IT services through to marketing and managing the organisation's online presence. In recent months, their scope of responsibilities has increased to include a wider range of governance support activities.

The Finance team continue to provide a wide variety of financial services and information to the staff, management, the Board, lenders and the Regulator of Social Housing. Going forward, the team will be playing a bigger part in the management of organisational data.

All staff remain deeply committed to delivering a great service to our tenants.



**Chief Executive Officer**  
Donna Johnson

**B.2 Our Service Delivery**

The WTHP service delivery model is a ‘mixed’ model, with delivery of key services undertaken by various external third parties, but managed overall by WTHP. Home repair services, component replacement works and planned maintenance works are carried out by third party contractors, but post works inspections are carried out by in-house staff, for example. Housing management and income collection tasks are undertaken by WTHP staff. Where necessary, specialist third party organisations support activities across the organisation, to undertake tenders, provide legal advice on disrepair cases and much more. WTHP recognises that informed, professional third party advice is essential to ensure that services are delivered correctly, in line with its values and ultimately, for the benefit of its tenants.

**B.2.1 Objectives and Strategy**

Objectives and strategy are set out in the Corporate Strategy and Business Plan, which will be reviewed for 2025/26 in the coming year. The financial plan is built around the strategic direction and again is subject to approval each year by the Board.

For 2023/24, WTHP adopted objectives which can be summarised as follows:

<b>Objectives</b>	<b>Description</b>
People	We will invest in and listen to all voices and seek learning to improve outcomes for all
Property	We will maintain and manage property that we and our tenants are proud of
Place	We will ensure that a positive connection to home as a safe and sustainable place is central to our work
Planet	We will create homes and services that protect the future

**B.2.2 Achievements**

An overview of the headline achievements against the 2023/24 objectives is shown below with more detail outlined elsewhere in the report:

<b>Objectives 2024</b>	<b>Headline Outcomes 2024</b>
People	<ul style="list-style-type: none"> <li>▪ Tenant engagement has moved forward positively, with the inauguration of the Tenant Scrutiny Panel (September 2023).</li> <li>▪ Completion of a major tenant satisfaction survey over the summer of 2023, with overall tenant satisfaction rated as 70%.</li> <li>▪ Utilisation of WTHP’s Hardship and Community funds to support tenants in financial need and local communities.</li> </ul>



Property	<ul style="list-style-type: none"> <li>▪ Provided new components for homes: <ul style="list-style-type: none"> <li>▪ 1 roof.</li> <li>▪ 23 kitchens.</li> <li>▪ 48 bathrooms.</li> <li>▪ 39 electric heaters.</li> <li>▪ 84 gas boilers.</li> <li>▪ 1 oil boiler replaced with renewables.</li> <li>▪ 5 renewable heating systems.</li> <li>▪ Works to complete and commission a new lift at the Holyrood scheme in Plymouth.</li> <li>▪ Fire alarm programme (£52K).</li> <li>▪ Fire doors programme (£29K)</li> </ul> </li> <li>▪ Undertook significant investment in planned works programmes.</li> <li>▪ Approval of aids and adaptations and Disabled Facility Grant works to support tenants to live comfortably in their homes.</li> </ul>
Place	<ul style="list-style-type: none"> <li>▪ Completed 6 rental and 2 shared ownership properties at Abbey Meadows, Crapstone.</li> <li>▪ Completed 5 rental and 2 shared ownership properties at Batts Meadow, North Petherton.</li> <li>▪ Completed 2 new rental properties at North Newton.</li> <li>▪ Acquired 4 new properties (3 purchased from Rentplus and 1 other).</li> <li>▪ Disposed of 2 poorer performing properties, with funds to be re-invested in better quality homes.</li> <li>▪ A pipeline of development schemes continues to progress.</li> </ul>
Planet	<ul style="list-style-type: none"> <li>▪ Completed a project which saw the conversion of the last oil based heating system in the WTHP housing stock, to renewables.</li> <li>▪ WTHP continues to monitor and carefully balance the competing needs of property development, property maintenance and the requirement to move forward on its carbon net zero journey, by regular reviews of its financial position and future plans.</li> </ul>

WTHP operates across a broad geographic area and monitors its service provision quality and outcomes on a routine basis. The Board is aware of the need to maintain high standards of health and safety and full compliance with regulatory standards. The Board receives updates on areas which are of key concern to tenants at its Board Meetings.

An overview of the services provided during 2024 and the resources required to meet its objectives are set out in the sections overleaf.

### **B.2.3 Tenant Voice**

WTHP is committed to ensuring that the tenant voice is heard, and that feedback and learnings from tenants are actioned. Progress has been made across a wide scope of activities.

### **B.2.3.1 Resident Scrutiny Panel**

A Resident Scrutiny Panel with tenant membership was set up during the financial year and held its inaugural virtual meeting on 5 September 2023. There were 8 tenants invited on to the panel and all attended. The meeting was minuted.

WTHP joined the Tenant Participation Advisory Service ('TPAS') in June 2023. TPAS have been able to provide support and guidance on scrutiny and provide independent support and guidance to residents to help shape landlord services and communities. The organisation will support tenants and build capacity to enable them to feel confident and effective in their role.

This joint tenant and staff scrutiny panel have looked at a range of specific tenant related matters from how contractors are held to account, through to post repair tenant satisfaction data gathering. More recently, the Panel has reviewed two complex complaints. Feedback from the Panel has been very positive.

### **B.2.3.2 Complaints**

Historically, WTHP had received relatively few complaints. Where dissatisfaction is expressed however, there are policies in place which set out how complaints should be dealt with and escalated. The progress of complaints through the various policy stages are monitored and reported regularly to the Executive Team, the Audit and Risk Committee and ultimately the Board.

A total of 64 complaints were received in the financial year 2023/24. This is included those received under an older Complaints policy which was in place until June 2023 and which had allowed "informal" complaints to be registered. Under a new policy (live from June 2023) such complaints were replaced with Stage 1 complaints.

For the previous year 2022/23 there was a total of 36 complaints received, an increase of 28.

Out of the 64 complaints which were investigated at Stage 1, 23 of them were escalated to Stage 2 under the WTHP complaints process. There were 2 complaints that were escalated to Stage 3 in this period.

Where tenant complaints require ongoing action plans to resolve, these are monitored to ensure that works agreed as part of complaints process are completed and that there is regular tenant communication.

Of the complaints received in the period they can be categorised as follows:

<b>Category</b>	<b>Number</b>
Outstanding Repairs	16
Time taken	13
Communication	11
Damp and Mould	11
Property Damage	4
Heating	3
Contractor Behaviour	2
Rent Issue	1
Garden Maintenance	1
Staff Attitude	1
ASB Process	1
Total	64

The average time to resolve Stage 1 complaints was 14 days, which sits outside the 10 day policy guidelines. There were 10 requests for extra time extensions within policy. The main reason for this has been staff capacity.

Issues relating to damp and mould have received additional scrutiny. WTHP introduced a Damp and Mould Policy in May 2023 to give a clear direction for tenants and staff on how WTHP will approach and deal with reports of damp and mould. The Policy alongside the Damp and Mould Register form part of a suite of documentation to ensure a consistency of approach and ensure a golden thread of record keeping. The position on damp and mould is regularly reviewed and monitored with monthly reporting being included with the monthly Executive and Leadership Health and Safety reports to provide overview, scrutiny, and assurance.

The Social Housing (Regulation) Act 2023 places a duty on the Housing Ombudsman to monitor compliance with the statutory Complaint Handling Code. The Housing Ombudsman is now required to ensure that all landlords meet the standards set out in the Code for complaint handling.

The new Housing Ombudsman Complaint Handling Code 2024 came into practice on 1 April 2024. It sets out the statutory requirements for landlords to respond to complaints effectively and fairly.

WTHP is aware of its obligations and has completed the new the new Complaints Handling Code self-assessment that requires completion and publication by WTHP on an annual basis. The self-assessment now forms part of the Annual Complaints performance and Service Improvement report.

#### **B.2.3.3 Disrepair Management**

As at May 2024, there were 5 live disrepair cases on going and 1 case which has been closed but pending an agreement on costs which is nearing conclusion now, after costs have been forensically reviewed.

#### **B.2.3.4 Tenant Satisfaction**

Tenant satisfaction with the services they receive, the homes they live in and the interactions they have with the organisation and its contractors is a vital part of being a good landlord and WTHP takes this responsibility seriously.

#### **Tenant Satisfaction Survey (Summer 2023)**

WTHP commissioned Acuity (a housing sector market research organisation) to undertake a suite of satisfaction surveys over a 5 year period commencing with a pilot survey in Q3 of 2022/23 and following on with the first survey set to incorporate the required questions for the RSH Tenant Satisfaction Surveys which will be published in April 2024.

Acuity undertook survey work between June-July 2023 and a full presentation of the findings and recommendations from the TSM was presented by Acuity to the Board at the September 2023 AGM.

A total of 462 tenants responded to the survey which gives a good statistical indication in relation to the accuracy of the response rate. The table below determines where WTHP are positioned from a benchmark cohort of approximately 50 landlords of varying sizes, types and geographical location taken from the Acuity survey.

Key headlines presented from the Acuity Survey include:

<b>Metrics</b>	<b>WTHP Percentage Satisfied</b>	<b>Benchmark Position</b>	<b>Quartile</b>
Overall Satisfaction	70%	3% below median	
Well Maintained Home	66%	1% above lower	
Safe Home	75%	2% below median	
Repairs in last 12 months	64%	3% above lower	
Time Taken to Complete Last Repair	63%	6% below median	
Communal Areas Clean and Well Maintained	54%	6% below lower	
Anti-Social Behaviour	43%	10% below lower	
Easy to Deal With	69%		
Listens and Acts	52%	2% below lower	
Keeps you Informed	66%	1% below lower	
Treats Fairly & With Respect	73%	1% above lower	
Positive Contribution to Neighbourhood	46%	16% below lower	
Complaints Handling	34%	Median	

It has been widely reported that within the sector as a whole overall tenant satisfaction rates are falling. This can be evidenced from Housemark data which reports a downward trajectory:

- 2018-19 85.1%
- 2022-23 76.3%
- Six months from April 2023 72.3%

It is assumed that the ongoing socio-economic climate of rising prices and energy costs alongside mainstream reporting on a number of high profile incidents within the sector and greater tenant awareness of services such as the Housing Ombudsman Service are factors in this trend.

An action plan was developed based on the findings of the TSM survey and associated recommendations from Acuity. The action plan focuses on the key driver analysis which determines which elements of services delivered have the greatest impact on overall service satisfaction. This action plan was shared and discussed with the Resident Scrutiny Panel on 21 November 2023 and it was noted that their scrutiny project will be a key change driver within the plan.

The action plan will be ever evolving as we progress through the improvement journey - the outcome and recommendations from the resident scrutiny group project(s), focus or feedback groups that we may run in the future will feed into the plan, our staff team and our Board members will have ideas and views to shape the action plan, the impact of the operational restructure will have a bearing and as we learn from our complaints these too will shape how we move forward into the future.

WTHP takes engagement with our tenants and ensuring that their voice is heard very seriously, in line with consumer regulation and the need to ensure as a landlord we consider our tenants needs in every decision made. The TSM Action Plan focuses on improvements in areas which our tenants have highlighted and this is underpinned by the themes from our complaints.

**Tenant Satisfaction Measures ('TSM')**

In the period, the Regulator of Social Housing (RSH) published advice to landlords as to when Tenant Satisfaction Measures ('TSM') are to be uploaded for publication which will be in May 2024.

WTHP have now also started to develop the next cycle of TSM data gathering with Acuity which will be completed in June/July 2024 and will primarily focus on the 12 perception-based questions, however there is the flexibility to include additional questions on specific subject matter to gather tenant feedback.

The format of the next cycle of TSM will take the form of telephone and online surveys. It is hoped that this will increase the return rate response from the 462 received during the previous year's cycle.

WTHP will also use the opportunity from the TSM survey to collect tenant household information so that we as per Consumer Regulation Standards are ensuring that we know our tenants and their needs.

Work with resident engagement is ongoing and continuous, as with the TSM we will be refocusing efforts to garner feedback from multiple channels and ensure that we are giving tenants opportunities to feedback. A Tenant Satisfaction Measures Action Plan is in place.

**Tenant satisfaction with repairs service – ongoing monitoring**

Tenant satisfaction with the repairs service is very important and WTHP invested in new IT systems during 2022 which included functionality that allowed tenants to easily feedback satisfaction scores (amongst other things) via text message, where a mobile number is available. This service was implemented part way through 2023. Tenant satisfaction rates for the year, based on responses via this route was recorded as:

<b>Responsive Repairs</b>	<b>Tenant Satisfaction</b>
April 2023	100%
May 2023	80%
June 2023	88%
July 2023	No SMS Response
August 2023	90%
September 2023	92%
October 2023	100%
November 2023	86%
December 2023	71%
January 2024	58%
February 2024	67%
March 2024	73%

WTHP's responsive repair contracts were re-tendered during 2023 and this process included input from tenants.

### **Tenant satisfaction with new homes**

This year has seen the completion of 17 homes at three sites (Crapstone, North Newton and North Petherton).

WTHP actively encourages attendance at its site open days and in April 2023 celebrated the Scheme Opening at Abbey Meadows, Crapstone. At the scheme opening Parish Council and Local Authority Partners were invited to view the new homes. WTHP was delighted that some of the new residents were able to attend the event and spend time talking to the staff who heard how much the new homes meant to them. A similar event was held at North Petherton in May 2024.

### **B.2.3.5 Tenant Engagement**

A range of tenant engagement events were held throughout the year and were attended by a mixture of WTHP staff, WTHP partner organisations and tenants. A summary of events is shown in the table below:

<b>Date</b>	<b>Scheme</b>	<b>Number of Residents attending</b>	<b>Actual number of residents who were eligible</b>	<b>Reason for meeting</b>
12-Jun-23	Leigham Court, Plymouth	8	15 Flats in Scheme	Social Housing Decarbonisation Fund Retrofit Work
11-Jul-23	Fort View, Saltash	4	9 properties	To discuss works at Fort View
10-Nov-23	Fort View, Saltash	2	9 properties	Update on works at Fort View
21-Nov-23	Stafford Court Totnes (monthly)	7	20 flats	General discussion on housing in Stafford Court over 55's scheme
25-Sep-23	Orchard Vale	12	28 Properties	Anti-Social Behaviour
14-Dec-23	Manley Gardens	2	8 Properties	Maintenance and nuisance issues
20-Feb-24	North Petherton	NA	NA	Information Event for new WTHP shared ownership and affordable rent properties due to be completed in March 2024.
12-Mar-24	Leigham Court, Plymouth	6	15	Update on the Social Housing Decarbonisation Fund, Retrofit Project

More events have taken place in April and May 2024 and plans are in place for June 2024.

### **Tenant and Community Support**

Understanding the place, nature and size of the communities WTHP serves is important, ensuring that the organisation not only provides quality homes but also helps to invest in community led initiatives.

#### ***Community Engagement***

WTHP seeks to support tenants that live in its schemes in other ways, for example:

The Housing team have managed 31 cases of Anti-Social Behaviour ('ASB') in the 2024 financial year (2023: 51 cases). Noise nuisance and threatening behaviour has been a primary cause of these cases. WTHP housing management and Housing Officers have engaged with tenants move these cases to a successful resolution. WTHP staff work in partnership with police, local authority and social service colleagues as required.

#### ***Community initiatives***

WTHP sets funds aside for community initiatives. The donations this year were limited, but meaningful to the communities in receipt of them. This year the community fund went to support a variety of local community groups including:

- Hope for the Homeless Charity in Plymouth
- Four Greens Community Trust Befriending Service, Plymouth
- Keyham Youth Club, Plymouth
- Support for Rural Housing Week

Total donations for the year amounted to just under £2k (2023: £2k).

#### ***Financial support for tenants***

Other one off donations were made from funds to tenants experiencing financial difficulties or other complications which resulted in hardship. The fund has once again proven invaluable to those in need and WTHP has helped tenants with hoarding removals, replacement items following damage or the provision of furniture.

Overall, donations from the hardship fund amounted to £10k (2023: £5k).

#### **B.2.3.6 Cross sector engagement**

As well as proactively engaging with its tenants, WTHP routinely engages with a diverse range of organisations across the housing sector including local authorities and the National Housing Federation. WTHP actively participates in Rural Housing Week.

### B.3 Key Performance Indicators

#### B.3.1 Overview

For the 2023 financial year, WTHP is reporting the combined results of the former partner organisations (South Western Housing Society and Tamar Housing Society), who merged on 31 March 2023.

Indicator	Year End 2024	Target <sup>1</sup> 2024	Year End 2023
Current tenant arrears			
- Owned rental properties	4.26%	3.90%	4.43%
- Shared ownership	2.22%	2.00%	3.30%
- Rentplus managed properties	2.28%	2.50%	2.37%
Lettings end to end time for voids (Average days)	22.3	14	19.3
Repairs end to end time (days)	17.1	7	12.9
Number of repairs undertaken	3,299		3,443

<sup>1</sup> Target values shown are maximum values.

The year saw a decrease in arrears levels compared with the previous year, but were worse than planned for both the rental and shared ownership tenants. Arrears levels for tenants with Rentplus homes were lower than last year and better than target.

WTHP re-let 52 properties during the year (2023: 54). The void performance for year exceeds turnaround target of 14 days for routine standard voids. Generally, lengthened re-let times arise due to challenging voids where there may be extensive works to be undertaken.

There were 6 Rentplus voids during the year 2023/24 with the void turnaround times varying from 3 – 21 days.

Responsive repair volumes for the year were broadly consistent with the prior year. The responsive repair contracts were re-tendered (with tenant involvement) during 2023.

#### B.3.2 Landlord Health and Safety Responsibilities

The Board take Health and Safety matters very seriously and receive regular updates at Board meetings. As at 31 March 2024, performance on landlord health and safety compliance was as follows:

Indicator	Year End 2024	Target 2024	Year End 2023
Gas Safety	99.9%	100%	99.9%
Electrical Safety – 5 Year Programme	92.73%	100%	82.9%
Electrical Safety – 10 Year Programme	100%	100%	



Gas safety compliance is monitored at a variety of levels across the organisation on a routine basis. If compliance is expected to fall below 100%, this is escalated and corrective or preventative action is undertaken, all of which is scrupulously evidenced to ensure no adverse risk to tenants and residents. As of 31 March 2024, gas safety compliance was at 99.9% with one property being capped.

The position regarding electrical safety has improved compared to the prior year. In 2019, the decision was taken that WTHP would embark on a five year programme to move all properties to a position where no certificate was older than five years. The programme is due to complete by 2025.

Other areas of Landlord Health and Safety activity (e.g. fire safety, water hygiene, asbestos and lift inspections), are routinely monitored and reported to the Exec team and Board on a regular basis.

#### **B.4 Housing Stock**

The housing stock is made up of both owned and managed properties. Development remains a priority for the Board and WTHP manages a pipeline of upcoming development opportunities.

The performance of the existing owned units is reviewed regularly and poorer performing stock is targeted for eventual disposal and replacement.

In July 2021, the Board took the decision that it would no longer accept any further additions to its Rentplus portfolio of managed properties, other than commitments in place at that time, wishing to focus on growth in its owned stock portfolio. Consequently, the number of Rentplus homes will gradually decline as these are handed back to Rentplus or sold in line with the terms of individual leases.

There were no indications of impairment of either part or the whole stock.

##### **B.4.1 Asset Management**

2024 has seen a significant housing stock investment, over the prior year.

WTHP undertook a range of planned component replacement works for items such as kitchens, heating, windows and doors, roofing etc. at a cost of £877k (2023: £612k). The table overleaf gives an analysis of the amounts:

Component	2024 Number Replaced	2024 Expenditure £000
<b>Components</b>		
Roofs	1	14
Kitchens	23	159
Bathrooms	48	229
Electric heating	39	131
Gas boilers	84	281
Oil heating converted to renewables	1	11
Renewable heating systems	5	44
Lifts (completion and commissioning of the Holyrood Court lift (works started in prior year))	1	8
<b>Total Component Expenditure</b>		<b>877</b>
<b>Communal Assets</b>		
Fire Alarms		52
Fire Doors		29
<b>Total</b>		<b>958</b>

WTHP has commissioned a rolling programme of stock condition surveys on its stock of owned properties.

Including the costs of the stock condition surveys, ongoing cyclical serving works, external decoration works, fencing and much more, WTHP has invested a further £984k (2023: £562k) during 2024 in planned works on its properties.

During the year, WTHP also updated a number of void properties in preparation for new tenancies at a cost of £170k (2023: £176k) (excluding amounts recharged to tenants or mutual exchanges). This includes all the statutory certifications required when re-letting a property.

**B.5 Development**

The 2024 financial year saw properties at three developments complete: Crapstone (Devon), North Petherton (Somerset) and North Newton (Somerset). The completion of these schemes added 13 rental units and 4 shared ownerships into WTHP’s owned housing stock.

**B.5.1 Crapstone (Devon)**

Abbey Meadows, at Crapstone in Devon is a mixed tenure site consisting of 6 affordable rental units and 2 shared ownerships. The properties were completed and handed over in April 2023.



Fig. 1 Crapstone, Devon.

**B.5.2 North Petherton (Somerset)**

The ‘Batts Meadow’ development consists of 5 affordable rental and 2 shared ownership properties, completed in March 2024.



Fig. 2 North Petherton, Somerset.

**B.5.3 North Newton (Somerset)**

The North Newton scheme consists of 2 rental properties completed in February 2024.



Fig. 3 North Newton, Somerset

WTHP is also currently ‘on site’ with a scheme at Creech St Michael in Somerset. This development will deliver 4 rental and 1 shared ownership properties.

Other opportunities are considered by the Development Committee as they come up. The Committee makes recommendations to Board as to whether proposals should be progressed.

Going forward, the investment in new homes will lead to the generation of more income that will, in turn support the development of further new homes and improvements to services.

### B.6 Property Acquisitions

WTHP acquired six units to add to its rental property portfolio, during the financial year (2023: nil), but two of these represented transfers from other stock types: One of these properties was a buy back of a shared ownership and a second was a purchase of a leasehold:

Completed Property Additions (Number)	Net Units	Rent	Shared Ownership	Leasehold	Date
11 Spindle Crescent (Purchase from R+)	1	1			Apr-23
11 Blacklands (Purchase from R+)	1	1			Jul-23
56 Draco Drive	1	1			Oct-23
47 Holyrood	-	1		(1)	Nov-23
56 Tovey Crescent (S/O full purchase)	-	1	(1)		Nov-23
4 Blacklands (Purchase from R+)	1	1			Jan-24
<b>Total</b>	<b>4</b>	<b>6</b>	<b>(1)</b>	<b>(1)</b>	

As at 31 March 2024, one additional purchase is being pursued.

### B.7 Property Disposals

The following WTHP owned properties were disposed of during the year (see table overleaf):

<b>Completed Property Disposals (Number)</b>	<b>Net Units</b>	<b>Rent</b>	<b>Shared Ownership</b>	<b>Leasehold</b>	<b>Date</b>
17 Drakes Park	(1)	(1)	-	-	Aug-23
78 Royal Navy Avenue	(1)	(1)	-	-	Oct-23
<b>Total</b>	<b>(2)</b>	<b>(2)</b>	-	-	

As at 31 March 2024, two additional disposals are being pursued.

### **B.8 Rentplus Properties**

The Rentplus model allows WTHP to deliver affordable rent-to-buy housing that offers working households the support they need to move into home ownership. It is funded through pension funds and socially responsible investors, without any public grant.

Rentplus homes are leased to WTHP who in turn let the homes to local applicants who have the opportunity to purchase their homes at a future date with a gifted 10% deposit. Tenants are offered a series of fixed term five year tenancies at affordable rents (within the local housing allowance) up to a maximum period of 20 years.

The intention is for the existing tenant to purchase their current home. If this is not possible, arrangements (but not homes) can be swapped with another tenant on the same scheme, if that tenant is able to purchase earlier.

After the expiry of the rental period allocated to the tenant, if they are not in a position to purchase the property it will be handed back to Rentplus (in a specified, saleable condition) unless there are other tenants able to buy. Once handed back to Rentplus, the property will be sold on the open market.

WTHP has provisions set aside to complete the handback work. Once the property is handed back to Rentplus there are no further associated risks to the organisation.

Rent is collected by WTHP who hold a full repairing and insuring lease with Rentplus. Additionally, WTHP pays over a percentage of the rents to Rentplus as part of the leasing arrangements.

During the year, no new properties were leased from Rentplus (2023: nil) and 18 properties (2023: 4) were purchased or handed back, taking the closing balance of Rentplus managed properties down to 213 (2023: 231) for the 2024 financial year.

Assuming that properties are sold at the expiry of the lease, and that no new Rentplus properties were to be taken into the portfolio, then the current Rentplus managed stock of 213 properties is expected to decline to zero by approximately 2041/42.

The Rentplus properties are in Devon, Dorset and Somerset.

## **B.9 Organisation Culture and People**

### **B.9.1 People**

Aside from the obvious need for appropriate resourcing, the Board believes that the health of the organisation is also a function of five other factors:

- Culture.
- Values.
- Staff wellbeing.
- Health and Safety.
- Equality, Diversity and Inclusion (EDI).

### **B.9.2 Culture**

With the successful completion of the merger in March 2023, the common culture which facilitates constructive and collaborative working across the entity of Willow Tree Housing Partnership Limited is pivotal to the success of the business. 'Deliver and Grow' remains the as the Vision of the organisation.

The development and acceptance of a common set of values critically underpins the success of the vision. The staff have been actively engaged on these issues through events which have taken place across the year. Positive, collaborative working across all teams and disciplines is encouraged.

The staff are routinely surveyed about working and cultural matters. The last survey took place in Summer 2023. Additionally, there is a rolling programme of training and staff days which allow teams to meet face to face. WTHP will look to gain the 'Best Places to Work' Certification in the Autumn of 2024.

### **B.9.3 Values**

The staff have played an active part in the process to develop the values adopted by the organisation. These values are seen as a mechanism by which WTHP maintains its professional standing in the world and ensures that employees can feel valued and respected as individuals. The six values chosen are set out at the beginning of this Strategic Report.

### **B.9.4 Staff wellbeing**

Staff wellbeing is important at all times and across recent years, it has been a dominant theme. Staff have had to respond flexibly and quickly to considerable changes in their work and home lives.

The Staff Forum has been proactive in assisting the Executive Team to generate initiatives and projects aimed at supporting the staff. Its remit is broad and it considers a wide range of topics from policy changes affecting staff through to more general wellbeing issues.

WTHP operates a healthcare scheme, which is able to provide additional support for staff.

### **B.9.5 Health and safety**

Matters relating to employee health and safety are reported regularly to the Executive Team and to the Board.

**B.9.6 Equality, Diversity and Inclusion (EDI)**

WTHP fully supports EDI through its Equality and Diversity Policy. Additionally, WTHP has accreditation under the ‘Disability Confident’ scheme.

Service delivery is centred on ensuring needs are met for the individual and all staff receive regular training on new and emerging themes such as neurodiversity.

WTHP has undertaken a full review of the recruitment process, delivering a reviewed and inclusive Policy and Procedure that is fit for the future of the organisation.

All Board papers consider EDI issues as part of the reporting process and WTHP uses the NHF EDI tool with the aim of identifying and closing gaps that would support a greater Board diversity.

**B.9.7 Resourcing**

As of 31 March 2024, all permanent staff are employed by WTHP.

The Executive Team structure is shown below:



The Executive Team are all full time members of staff and are based at the head office in Rooksbridge.

All of the Executive team manage staff based across the South West of England.

WTHP ended the year with a total headcount of 31 staff (full-time equivalent of 29.37), based on the March 2024 payroll. This represents a decrease of 3 heads on the prior year’s closing position. This reflects staff departures (for a variety of reasons), offset by recruitment. The current staff complement does not include staff who are employed on an interim basis.

Absences due to sickness, for the rolling year to 31 March 2024, was reported at 4.17%, compared to 2.9% at 31 March 2023. Sickness increased due to one member of staff being off work for a considerable length of time as they were involved in a serious car crash and three other members of staff experienced incidents of longer term health related issues.

Staff and Board member pay is externally benchmarked by an independent HR consultancy every three years. In the intervening years, the Board may increase remuneration, at their discretion, usually via a general percentage increase.

This most recent staff and Board pay benchmarking exercise was completed in the later months of 2023. Salaries and Board remuneration were revised in line with the recommended medians from this process. The next review will impact pay from April 2026.

Staff have the option to buy and sell annual leave (subject to certain restrictions). This option has been taken up at differing times.

During 2023, the staff were consulted on the alignment of employer pension contribution rates, with a view to standardising at a maximum (matched to employee) rate of 8.5%. This approach was subsequently implemented, for all staff except for a small group who were contributing at a rate in excess of this, in line with previous agreement.

Going forward, resourcing decisions will be considered with reference to the stated objectives of the organisation and will need to demonstrate that any investment generates benefits for tenants through more efficient, effective and economic working.

## **B.10 ESG / Climate related issues**

### **B.10.1 Climate and Sustainability -Planning to meet decarbonisation targets**

The government has made a commitment that the UK will achieve carbon net zero by 2050 and this is backed by legislation.

The policy framework for decarbonising homes is emerging, along with details of the funding available to support it.

In October 2021, the National Housing Federation (NHF) published *Decarbonisation: a guide for housing associations*.

This document set out guiding principles for decarbonising housing association homes. It considered how homes could be retrofit so that they are more comfortable, cheaper to live in and emit no carbon. The guide also looked at:

- The requirement for funding, from government;
- Technical and practical information about materials and clean heat;
- Policy and funding timeline up to 2030; and
- A suggested timeline of activity to assist housing associations to plan for the coming changes.

WTHP's Asset Management function have considered these issues and how WTHP should respond. Three key projects support this:

- WTHP has already taken positive steps on this journey with the completion of works to convert all oil based heating to renewables. This project completed in 2023/24 with the decommissioning of oil tanks at the Stoke Fleming scheme.
- Funds have been put aside in the latest Business Plan to cover the costs of bringing all properties up to a minimum EPC 'C' standard.
- Continue with existing plans to replace gas boilers due for replacement after 2025, with electrical products.



The cost of these programmes is significant and the 2024/25 Business Plan (inclusive of the above) has been stress tested to greater understand how the Carbon Net Zero agenda could impact the long term financial position.

Risks to WTHP, arising from the requirement to achieve EPC 'C' standards by 2030 and net zero carbon by 2050 are listed as a risk on the risk map as follows:

- Climate change adds financial pressure to the organisation and its tenants.
- Financial covenants breached.
- Liquidity issues compromise business operations

#### **B.10.2 Sustainability Reporting Standard for Social Housing ('The ESG Standard')**

WTHP supports the principles set out in the ESG Standard and recognises that its requirements will become an increasing focus for the future. Work has started to review and assess readiness to report on the performance metrics set out by the standard, although this is currently voluntary.

It is noted that HM Treasury considers there is clear benefit to be gained from improving the transparency of methodologies, governance, and processes of ESG ratings providers. HM Treasury ran consultations on this issue during 2022/23.

As announced by the Chancellor of the Exchequer (Jeremy Hunt) at the Spring 2024 Budget, the government will regulate the provision of ESG Ratings, where these assessments of ESG factors are used for investment decisions and influence capital allocation. This will improve clarity and trust in ESG ratings. A full consultation response and legislative steps will follow later this year.

Consequently, WTHP will continue to maintain a focus on this issue.

## **B.11 Financial Review**

The 2023 financial statements were prepared using merger accounting. As such, all previous cost recharges between SWHS and THS have been eliminated from presentation (for the prior year) and the information of SWHS and THS has been combined as they merged to become one entity during the financial year 2022/23. This approach has been applied to all sections of these accounts including the Strategic Report, the Statement of Comprehensive Income, the Statement of Financial Position, the Cashflow and the Notes to the accounts where 2022/23 financial data is referenced.

Financial statements for 2024 have been prepared directly from the financial records of Willow Tree Housing Partnership Limited.

### **B.11.1 Statement of Comprehensive Income**

#### **Turnover**

Turnover for 2024 increased by 9.0% (£0.8M) on 2023 (£8.9M) to close the financial year at £9.7M. This increase was mainly driven by an increase in first tranche shared ownership sales compared to the prior year (up £0.4M) and general rent increases. Some new properties also completed development in the year and there was some net churn of existing properties also driving some change in rent levels.

#### **Rental Income**

Property rental revenue is WTHP's main income stream. This funds both the services that WTHP provides to tenants on a day to day basis and contributes to supporting inward investment in new homes and the management and maintenance of existing properties.

In setting rent levels, the organisation must act within the scope of existing legislation whilst seeking to balance its requirement for funds to ensure its long term financial viability and growth whilst meeting its social purpose of providing affordable homes.

WTHP therefore, grows this primary income stream via rental increases on existing tenancies and by the development of new properties which are then tenanted. This growth is carefully monitored as the portfolio of managed properties will gradually decline over time (Rentplus properties are either purchased by tenants at the end of their leases, purchased by WTHP or are handed back to Rentplus).

#### ***Existing tenancies***

The standard formula for setting and increasing social rents is set out in the regulatory Rent Standard and associated guidance issued by the Regulator of Social Housing (RSH). Typically, general needs property rents will increase by CPI + 1% and WTHP's shared ownership rents by RPI + 0.5%. However, due to the high levels of inflation being experienced across the UK, the Department for Levelling Up, Housing and Communities (DLUHC) held a consultation on social housing rents, between 31 August and 12 October 2022. The consultation sought views on the introduction of a rent ceiling from 1 April 2023 to 31 March 2024. CPI was 10.1% in September 2022, this would have permitted social housing rent increases of 11.1% from 1 April 2023 to 31 March 2024.

The result of this process was a rent cap for the 2023/24 financial year of 7%.

Two groups not affected by the proposed rent cap were:

- Shared owners, where rent increases are determined by the lease agreement; and
- Rentplus managed properties let on intermediate rents (just under three quarters of the stock, with the balance being on affordable rents).

In November 2022, the pre-merger coterminous Board agreed that WTHP would limit the 2023/24 rent increases to a maximum of 7% across all tenure types. However, service charges would be allowed to increase at a higher rate, recognising that WTHP was coming under increasing cost pressure.

Unfortunately, WTHP was not able to fully realise the benefit of rent increases, from April 2023, as planned following major problems at Royal Mail (who suffered significant disruption to its services due to strike action) who failed to deliver rent increase notices to tenants in a timely manner. This delayed the implementation of the increase to May 2023.

### ***Impact of new development and property acquisitions***

WTHP completed a development of 17 new properties during the year: 13 rental units and 4 shared ownerships. All shared ownership sales completed in the financial year.

Shared ownership homes (once sold) also generate rental income.

During the year, WTHP increased its rental units by the purchase of six properties (2023: nil), two of which were already in the stock, but held under different arrangements (one shared ownership and one leasehold).

### **Surplus on the sale of housing properties**

WTHP disposed of two (2023: 4) poorer performing 'street front' properties during the year:

- 17 Drakes Park.
- 78 Royal Navy Avenue.

Overall, the surpluses on the sale of housing properties for the year amounted to £0.2M (2023: £0.4M).

### **Operating Costs**

Social housing operating costs amounted to £7.7M for the year (2023: £7.3M) a growth of £0.4M, reflecting a wide range of issues including higher responsive repair costs. Additionally, there were two major provision changes during the year: Firstly, a provision taken into the 2022/23 accounts respecting potential liabilities for WTHP regarding the costs of a court case being brought by the Trustees of the SHPS pension scheme was released (£0.1M), as the pension administration was able to clarify how cost would be recharged across all employers in the scheme. Secondly, a provision was raised (£133K) in 2023/24 to cover potential refunds of historic over charging of rent. This issue was referred to the Regulator of Social Housing as a potential breach of the Rent Standard and the final assessment from the Regulator is awaited.

## **Operating Surplus**

WTHP is pleased to report an operating surplus for the year, which amounted to £1.9M (2023: £1.9M), no change on last year.

The operating surplus as a percentage of social housing letting turnover was 18.0% (2023: 22.1%).

WTHP revised its provisioning for bad and doubtful debts at the year end and in determining the requirement for the closing March 2024 position, reviewed all rent arrears and any other potentially recoverable monies in detail. The net effect of these reviews resulted in an overall increase in the bad debt provision balance from £81k at the close of 2023 to £83k for 2024. £31k of bad debts were written off this year (2023: £38k).

With the decommissioning of oil heating and tanks at Stoke Fleming, £6k of oil stock was written off (2023: nil).

## **Interest and Financing**

Interest and financing charges of £1.6M showed a substantial fall on the prior year (2023: £2.6M) as expected, as 2022/23 included the impact of significant loan break costs which were paid to Dexia (£1.2M) on repayment of Dexia's loan facility in December 2022. WTHP lenders gave approval for the Dexia loan break costs to be excluded from interest cover covenant calculations for the 2023 year end.

Allowing for this exceptional charge, gross interest payment costs to lenders (before interest capitalisation) have increased by £0.2M on the prior year, reflecting the requirement to draw the balance of a Nat West loan facility (or lose the facility) in December 2023 (+£1M) and increasing UK bank rates across financial year (WTHP holds both fixed and variable rate debt in its loan portfolio).

## **Surplus for the financial year and total comprehensive income**

After interest and other financing costs, the surplus for the financial year was £0.4M (2023: Loss £(0.6)M).

Total comprehensive income for the year (after minor comprehensive income items relating to the SHPS pension scheme) moved up on the prior year (+£1.0M), to close at £0.3M for the 2024 financial year.

### **B.11.2 Statement of Financial Position**

WTHP is pleased to report that it closes the 2024 financial year with cash balances amounting to £2.7M (2023: £4.2M), undrawn debt facilities amounting to £6.0M and net assets of £38.4M (2023: £38.2M).

The historic cost of its completed housing property stock has also grown moving up from £105.0M at the end of 2023, to close the current financial year at £109.1M.

### **B.11.3 Impact of armed conflicts, energy pricing and interest rate increase risks**

WTHP continues to re-assess and test its tactical financial forecasts to the end of March 2027 (as well as its thirty year Business Plan). Plans to mitigate any loss in income have been formulated at a strategic level. Historically, the Board has reviewed and agreed its general financial recovery plans and procedures on an annual basis. For 2024/25, these documents and business plan stress testing results will be reviewed at every Board meeting.

#### **B.11.4 Financial performance over the last three years**

WTHP has plans in place to continue the growth of its business. Rental income is the primary source of revenue and this will come under increasing pressure as the Rentplus managed properties exit the housing stock as leases end and properties are purchased or handed back to Rentplus by tenants.

Consequently, WTHP is keen to progress on its property development plans which seeks to add more units into the owned housing stock portfolio. In turn, this aspiration needs to be developed in a responsible manner with due regard to other competing requirements for resources, from Carbon Net Zero works through to the management and maintenance of the existing housing stock.

Growth in property development helps to ensure that WTHP improves its operating profits as it looks towards growing its critical mass of units for rent to help to facilitate operational economies of scale. A selection of key financial figures over the last three years is given below:

**Accounts highlights, three year summary**

<b>For the year ended 31 March</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Statement of Comprehensive Income</b>			
Total turnover	9,737	8,871	9,347
Income from lettings	9,242	8,756	8,374
Operating surplus	1,910	1,942	1,989
Surplus/(deficit) for the year transferred to reserves	290	(706)	1,448
<b>Statement of Financial Position</b>			
Housing properties net of depreciation (inc. assets under construction)	90,739	88,671	88,074
Other tangible fixed assets	726	717	802
Intangible fixed assets	59	91	27
Investments	260	260	260
Net current assets	725	2,426	3,536
<hr/>			
Total Assets less current liabilities	92,509	92,165	92,699
Creditors (amounts due in more than one year), provisions and Pension Liability	(54,059)	(54,005)	(53,833)
<hr/>			
Net Assets	38,450	38,160	38,866
<hr/> <hr/>			
Revenue reserves	38,450	30,792	31,498
<hr/>			
<b>Social Housing properties at year end:</b>			
Owned	1,287	1,268	1,271
Managed (Rentplus properties)	213	231	237
Total	1,500	1,499	1,508
<hr/> <hr/>			

**B.12 Treasury and Lenders**

WTHP ends 2024 with financing from five lenders (Nat West, Triodos, Lloyds Bank, THFC and Orchardbrook). Nat West is the most significant debt provider within this group.

As at November 2023, WTHP had £1M still outstanding to draw on a £10M facility that had been put in place prior to Tamar Housing Society’s (‘THS’) transfer of engagements into South Western Housing Society (‘SWHS’) on 31 March 2023, to facilitate the merger. The terms of the facility required it to be drawn by the 12 month anniversary date in early December 2023, or be lost. WTHP chose to draw the funds, leaving the organisation with a single undrawn revolving credit facility amounting to £6M, with the same lender.

There were no other changes to debt facilities (which comprise a mixture of fixed and variable rate debt) during the financial year, which continued to be serviced and re-paid in line with the relevant financing agreements.

The only valuation completed during the year was the routine, five-yearly re-valuation associated with the THFC charged stock. There were no issues arising from this. An updated valuation for the Orchardbrook facility was accepted by Orchardbrook after the year end.

WTHP remains committed to maintaining a flexible portfolio of financing which includes fixed and variable rate debt, with repayment dates sensibly staggered. Currently, facilities have varied end dates with the latest being 2044.

The debt portfolio is scrutinised regularly by the Board and WTHP employs professional treasury managers to advise in this area. The Board is kept informed about interest rate risk, which has increased across 2024, following the Bank of England’s changes to the bank rate.

WTHP has a Treasury Policy and a Treasury Strategy, which are reviewed routinely and in conjunction with the Business Plan, stress testing and recovery planning.

**B.12.1 Financial Covenants**

As part of the arrangements that WTHP makes with each of its lenders, it agrees to comply with a range of financial performance criteria, codified as financial covenants. If WTHP fails to fulfil these obligations then the lenders have a variety of actions open to them, including making a request for repayment of funding. Consequently, the Board takes covenant compliance very seriously.

For the 2023 financial year, South Western Housing Society and Tamar Housing Society (the pre-merger partners) were fully compliant with their all of their respective lender covenants.

At the close of 2023, pre-merger, the lenders had the following relationships:

<b>South Western Housing Society</b>	<b>Tamar Housing Society</b>
<ul style="list-style-type: none"><li>▪ National Westminster Bank</li><li>▪ Triodos Bank</li><li>▪ The Housing Finance Corporation</li></ul>	<ul style="list-style-type: none"><li>▪ Lloyds Bank</li><li>▪ Dexia (loan re-paid in full, December 2022).</li><li>▪ Orchardbrook</li></ul>

As at the 31 March 2024, the board is happy to report that WTHP is fully compliant with all its financial covenant obligations. WTHP has the same lenders as disclosed above, with the exception of Dexia, who were repaid in full during 2022/23.

**B.13 Value for Money Statement and Metrics**

Value for money (‘VFM’) is embedded in everything the WTHP does. This approach is enshrined in the Value For Money Policy which commits WTHP to the full adoption of the Value for Money Standard and Code of Practice issued by the Regulator of Social Housing.

WTHP’s general approach to value for money is to:

- Consider value for money as part of the decision making process.
- Understand the return on assets.
- Have a performance management and scrutiny function in place that drive and deliver improved value for money performance.
- Understand the costs and outcomes of delivering specific services.
- Consider wider benefits provided from any decision e.g. social, environmental, quality etc. Assessing the outcomes will help refine decision making processes in the future.
- WTHP reviews all its expenditure to ensure that scarce resources are being used to best effect. Savings are generally re-invested.

**B.13.1 Corporate objectives**

The objectives of the organisation are as follows:

<b>Objectives</b>	<b>Description</b>
People	We will invest in and listen to all voices and seek learning to improve outcomes for all
Property	We will maintain and manage property that we and our tenants are proud of
Place	We will ensure that a positive connection to home as a safe and sustainable place is central to our work
Planet	We will create homes and services that protect the future

These objectives are set out in the Corporate Strategy and underpinned by a framework of sub-strategies which are robustly evaluated and feed into the organisation’s Business Plan. Functional operating plans then support individual elements of the strategies, at a more tactical level, and feed into the yearly Budget process. Planned VFM metrics are produced and included in the Budget and Business Plans reviewed and approved by the Board on an annual basis.

**B.13.2 Key strategies**

WTHP has a framework of complementary strategies and plans, which link to the corporate objectives. The key strategies and their links to the objectives are set out in the table overleaf:



Strategy	Corporate Objective			
	People	Property	Place	Planet
Corporate strategy	✓	✓	✓	✓
<u>Supporting sub-strategies:</u>				
Resident involvement strategy	✓			
Development strategy	✓	✓	✓	✓
Asset management strategy	✓	✓	✓	✓
IT strategy	✓			
Marketing strategy	✓			
Treasury strategy		✓	✓	✓

### B.13.2 Performance Monitoring

Collective performance across all these planned activities is monitored at an organisational level by the publication of the actual and planned VFM metrics, which are reported to the Executive Team and the Board across the financial year. Additionally, the actual results are also benchmarked against the results from other similar organisations.

The metrics are reported in the table below:

Value for Money Metrics	Year End 2024	Target 2024	Year End 2023	Benchmark
Reinvestment %	2.38%	3.79%	2.48%	3.90%
New supply delivered % (Social housing units)	1.13%	0.60%	0.16%	0.0%
New supply delivered % (Non-social housing units)	0.00%	0.00%	0.00%	0.00%
Gearing %	28.01%	27.50%	27.10%	13.80%
Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover %	125%	120%	60%	177%
Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover % (excluding impact of the Dexia loan break costs)			118%	177%
Headline social housing cost per unit £	£4,721	£5,158	£4,482*	£5.495
Operating margin %				
▪ Social housing lettings only	18.03%	19.6%	21.13%*	13.64%
▪ Overall	17.46%	22.7%	16.83%*	13.05%
Return on capital employed (ROCE) %	2.06%	1.97%	2.11%	2.00%

Note that these metrics are prepared in line with the definitions required by the Regulator for Social Housing, for this purpose. However, an additional calculation of the Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover % has been shown for 2022/23, excluding the impact of the Dexia loan break costs.

\* restated for re-classifications

The data shown in the table, under the heading 'Benchmark', is the latest available median benchmarking data from Acuity (ABM Median (2023)) and it represents the median for smaller housing associations who submit data to Acuity Benchmarking. This report was published by Acuity on 4 October 2023 and covers data for the period April 2022 to March 2023.

### **B.13.3 Key points**

The Value for Money metrics for 2024 report some positive improvements on the prior year, but there is still some divergence from the planned position reported under the 'Target' heading.

WTHP has benefitted from growth in its housing stock base during the year, receipts from housing disposals as well as shared ownership sales. Repair costs have been higher, but WTHP has worked hard to hold down costs in overhead areas. Rental income was lost during the year, as a result of Royal Mail's failure to deliver rent increase notifications by the due date.

#### ***Reinvestment %***

This has dropped back marginally on the prior year (2023: 2.48%), to close 2024 at 2.38%.

#### ***New Supply Delivered %***

At 1.13% for 2024, this is both above the target position, shows an increase on 2023 and is considerably above the benchmark. WTHP development programmes completed 17 new properties during the 2024 year (Crapstone, North Petherton and North Newton). In addition, new 'one-off' stock purchases were made, more than offsetting the impact of the disposal of two poorer performing units at Drakes Park and Royal Navy Avenue in Plymouth. The current Corporate Strategy underlines the Board's aspiration to continue to develop more new properties.

#### ***Gearing %***

Gearing levels for the prior year (2023) had increased due to requirements to raise finance to allow the early repayment of Tamar Housing's Dexia loan, thereby facilitating the merger with South Western Housing Society (now WTHP).

There were no changes to existing facilities during 2024, but WTHP chose to draw down the final £1M available on a term loan in December 2023. The facility required that the balance of the facility should be fully drawn by the 12 month anniversary date or be lost. The loan is fully securitised. This helped to nudge gearing up slightly for the 2024 year.

#### ***Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover %***

For 2023, WTHP chose to report this metric both including and excluding the impact of the Dexia loan break costs – a one-off cost to exit then existing loan facilities and allow merger (£1.2M)

The 2024 position at 125% (2023: 61% including loan break costs), shows a significant recovery in this ratio and an improvement on the target for the 2024 year.

#### ***Headline social housing cost per unit £***

Social housing costs per unit ended the year £951 lower (-16.8%) than in the prior year (2023: £5,672) at £4,721. This was also less than planned.

#### ***Operating margins %***

The prior year operating margin metrics have been restated. The actual position for 2024 now shows an increase in margin regarding the overall position, but a fall on the social housing lettings related margin. Both operating margins for 2024 are lower than planned.

Rent increases at the capped 7% rate were welcome, but strikes and consequent disruption at Royal Mail led to a delay in the implementation of the uplift and consequently, WTHP lost rental income in the year because of this.

Whilst, WTHP has seen significant increases in its repair costs, the organisation has been able to hold down costs in some overhead areas. In addition, WTHP has been able to absorb the impact of provisioning for the repayment of some formula rent monies.

The margin on first tranche shared ownership sales has also increased significantly on the prior year.

***Return on capital employed (ROCE) %***

For 2024, this metric is marginally better than planned, but has fallen back slightly on its prior year value. This is not surprising, with the growth in the assets following new stock additions. At 2.06%, it remains slightly above the benchmark.

**B.13.4 Benchmarking**

WTHP is a member of the South West Benchmarking (SWBM) group, facilitated by Acuity, and regularly takes part in related benchmarking exercises. The South West Benchmarking group meets regularly to discuss best practice, to understand cost drivers and where practical to share services. It should be noted that the majority of SWBM member organisations are smaller providers.

It is a requirement of the Regulator of Social Housing Value for Money Standard that WTHP assesses Value for Money in line with its strategic objectives. This is achieved by ensuring that key strategies are aligned with its corporate objectives and that performance respecting the VFM metrics is routinely assessed.

# Risk Management and Principal Risks

**C Risk Management and Principal Risks**

**C.1 Risk Management**

The Board considers risk management a priority and has approved a well-rounded risk management framework. It takes the lead in defining the organisation’s approach to risk and in agreeing its risk appetites; For WTHP, managing risk is as much about taking advantage of opportunities as it is about managing threats. At each meeting the Board allocates time to consider its key risks and to horizon scan for potential opportunities as well as threats to the organisation and its future viability. The Audit and Risk Committee reviews the risk map, in detail, at its meetings throughout the year and advises the Board of its observations.

The Executive team carries out regular risk reviews which can include a root and branch consideration of each and every risk on the existing risk map, as well as material collated from external sources, which feed into the risk management regime. The process to manage and mitigate risks and update the risk map is undertaken on a routine basis by the whole Executive team, who have individual responsibility for the management of specific risks. This process is undertaken on a hosted risk management system (Cammsrisk). The latest risk map is then presented to the next Audit and Risk Committee and Board for discussion and approval.

Risk is also considered by the rest of the management community and from time to time, by the staff, who discuss either the whole risk map, or specific risks at their regular team brief sessions.

As at 31 March 2024, an analysis of the mitigated risk map shows that WTHP has been able to successfully apply controls to the risks it faces, as the bulk of its post-mitigation risks have risk ratings that are either low or moderate:

<b>Rating</b>	<b>Number of Risks</b>
<b>Extreme</b>	-
<b>High</b>	1
<b>Moderate</b>	10
<b>Low</b>	3
<b>Total</b>	<b>14</b>

The risks arising from war in Ukraine (and elsewhere) and other special situation risks have been considered by the Board (see ‘Special Situation Triggers’ section of this report).

The individual risks (as at 31 March 2024) are listed overleaf:

Risk Ranking	Risk Code	Risk Issue	Current Consequence	Current Likelihood	Current Rating	Risk
1	W3	Climate change adds financial pressure to the organisation and its tenants	Moderate	Possible	High	
2	W10	Cyber-attack severely disrupts operational delivery	Minor	Possible	Moderate	
3	W4	Development become too costly to deliver affecting corporate strategy	Minor	Possible	Moderate	
4	W7	Failure to acknowledge resident voice	Minor	Unlikely	Moderate	
5	W8	Failure to comply with health and safety regime	Minor	Unlikely	Moderate	
6	W6	Failure to comply with regulatory requirements	Moderate	Unlikely	Moderate	
7	W9	Failure to maintain decent homes standards	Minor	Unlikely	Moderate	
8	W1	Financial covenants breached	Insignificant	Possible	Moderate	
9	W12	Ineffective management of information, technology and data security	Minor	Possible	Moderate	
10	W2	Liquidity issues compromise business operations	Minor	Unlikely	Moderate	
11	W5	Volatile market conditions create pressure on sales and security valuations	Minor	Unlikely	Moderate	
12	W14	Current and Future Colleagues disaffection	Insignificant	Unlikely	Low	
13	W11	Fraud and corruption - internal and external successful attempt	Insignificant	Rare	Low	
14	W13	Loss of corporate knowledge	Insignificant	Unlikely	Low	

## **C.2 Principal Risks**

### **C.2.1 Health and Safety**

The Board take their Health and Safety responsibilities very seriously and this sets the tone for the whole organisation on this important issue.

The Operations Director reports monthly to the Chief Executive and the Executive team on the status of key landlord related deliverables which includes, fire risk assessments, electrical safety, gas certification etc., and the status on any relevant corrective action plans. This information is also reported to the Board at their scheduled Board Meetings. Highlights from the March 2024 Landlord Hand and Safety report have been included in earlier sections of this report.

WTHP also has health and safety related responsibilities to its staff. In common with landlord reporting, matters relating to employee health and safety are collated by the Head of Corporate Services and reported on a monthly basis, in the same way.

Employees are regularly asked about health and safety matters during scheduled one to one meetings with line management but staff can raise concerns at any time through this route, or via the staff forum which meets regularly to discuss these types of issue.

Health and safety risk assessments are also completed by all staff (tailored to their role) on an annual basis and these measures are also backed up by a mandatory training regime for staff, on health and safety guidance.

Health and safety risks are recorded on the risk map, as the following risks:

- Current and future colleagues' disaffection (includes the impact of a poor employer health and safety regime).
- Failure to comply with health and safety regime.

### **C.2.2 Pension Scheme Membership**

WTHP is a member of the Social Housing Pension Scheme (SHPS). The scheme is accounted for on a defined benefit basis. For 2024 the deficit amounts to £(626)k (2023: £(616)k).

WTHP contributes to a deficit reduction plan on a monthly basis. Information about the pension scheme is given to the Board and the scheme is subject to actuarial review every three years by the scheme's trustees, which allows the Board to make further judgements about continued membership of the scheme.

Pension related risk is no longer held as a specific and individual risk on the risk register. Instead, this risk has now been combined with similar issues into a single risk covering general liquidity as follows:

- Liquidity issues compromise business operations

However, the Board is aware of pension related risk and is mindful of this, the Board had previously commissioned a detailed independent review of WTHP's membership of SHPS, by a specialist actuarial firm, who reported to the Board on this matter during 2020/21. A second review was reported to the Board in January 2022 and the next independent review is being planned for January 2025.

WTHP has been advised that the Trustee of the SHPS is going to court to ask for a ruling on whether SHPS has been paying the correct benefits to members. Depending on the decision, this could lead to an increase in liabilities. This potential change in liabilities arises from uncertainty about what pension increases should be applied to benefits earned by members before December 2003 (pre-2003 benefits).

The Trustee of the SHPS has appointed Linklaters LLP to act on its behalf in this matter.

The last update for SHPS employers was issued by the SHPS Employer Committee (EC) in December 2023, when the EC advised that preparation for the case was progressing to schedule and that the Court had confirmed a window for the hearing during February 2025, with the outcome expected during Q2 2025. TPT Retirement Solutions Limited ('TPT') (who manage the SHPS pension fund) also confirmed that, as the outcome will not be known before the 2023 valuation is concluded, no allowance for any potential increase in liabilities will be included in the 2023 valuation.

WTHP has disclosed a contingent liability in respect of this.

### **C.3 Special Situation Triggers**

WTHP expects that there will be continued economic turbulence for the foreseeable future, as the consequences of higher costs of living are further impacted by the spread of armed conflicts in Eastern Europe and in the Middle East. The Bank of England's response to inflationary pressures has been to implement a number of base rate increases.

WTHP has considered these events and has concluded that its risk map sufficiently covers the issues and that separate, armed conflict, energy pricing and interest rate risks are not required.

#### **C.3.1 Armed Conflicts**

There are a number of armed conflicts actively in theatre at the current time; Russia invaded Ukraine in February 2022 and this situation is not likely to be resolved in the immediate short term and could lead to an armed stand-off with NATO countries. UK defence spending is expected to increase and some European countries are starting to pivot towards a war footing. Israel responded to a Hamas-led terror attack in October 2023, by launching a major offensive in Gaza. This conflict has spilled over into other areas in the region and has led to attacks on shipping in the Red Sea.

The main impact of these situations is expected to be restrictions on the supply of resources such as energy and other key commodities. This will affect UK consumers by through continued pressure on food and consumables pricing, although inflation has been falling in recent months.

For WTHP, the most likely impacts will be:

- General changes in the UK economy leading to movements in inflation, impacting tenants' ability to pay their rent.
- Further adverse changes to UK interest rates to hold down inflation.
- Potential changes to housing prices and secured stock valuation (where not secured on an EUV-SH basis) if the general economic picture deteriorates.

These items are encapsulated in two risks on the risk map as follows:

- Financial covenants breached.



This risk could be influenced by the operating costs increases and/or rising interest rates.

- Liquidity issues compromise business operations.  
This risk could be affected by operating cost increases, interest rate increases and/or financing issues driven by valuation problems. Falls in housing prices could also have an impact on the stock disposal strategy and on the sale of shared ownership properties developed for sale.

### **C.3.2 Energy Pricing**

Over the winter of 2022, energy pricing substantially increased, partially impacted by the impact of the war in Ukraine. The UK Government responded to this by capping the unit cost of energy (the Energy Price Guarantee) for households and issuing financial support. However, even with this assistance, many households have found these cost increases to be a severe challenge.

A research briefing from the House of Commons Library 'Gas and electricity prices during the 'energy crisis' and beyond' (published 23 February 2024), indicated that there are downward expectations about the energy price cap. However, the situation is still expected to be worse than where it was in 2021/22.

In the meantime, the twin impacts of high energy price levels are to fuel general economic inflation and to push up the cost of living for UK consumers, although inflation has been falling in recent months.

For WTHP, the most likely impacts will be:

- General changes in the UK economy leading to movements in inflation, impacting tenants' ability to pay their rent.
- Further adverse changes to UK interest rates to hold down inflation.
- Potential changes to housing prices and secured stock valuation (where not secured on an EUV-SH basis) if the general economic picture deteriorates.

These items are encapsulated in two risks on the risk map as follows:

- Financial covenants breached.  
This risk could be influenced by the operating costs increases and/or rising interest rates.
- Liquidity issues compromise business operations.  
This risk could be affected by operating cost increases, interest rate increases and/or financing issues driven by valuation problems. Falls in housing prices could also have an impact on the stock disposal strategy and on the sale of shared ownership properties developed for sale.

### **C.3.3 Interest Rate Increases**

As noted above, there has been considerable inflationary pressure on the UK economy in recent times. The Bank of England has responded to this by increasing the Bank Rate.

On 31 March 2023, the UK Bank Rate was 4.25%. By 31 March 2024, this had been increased three times, to close at 5.25%, where it has remained.

For WTHP, the impact of this has been:

- To increase the cost of borrowing where variable rate debt is in place.

This issue is encapsulated in two risks on the risk map as follows:

- Financial covenants breached.  
This risk could be influenced by the operating costs increases and/or rising interest rates.
- Liquidity issues compromise business operations.  
This risk could be affected by operating cost increases, interest rate increases and/or financing issues driven by valuation problems. Falls in housing prices could also have an impact on the stock disposal strategy and on the sale of shared ownership properties developed for sale.

# Corporate Governance Report

**D Corporate Governance Report**

**D.1 Governance Structure**

**D.1.1 Governance Bodies**

WTHP’s governance structure comprises the following governance bodies:

<b>Governance body</b>	<b>Responsibilities</b>
The Board	Responsible for the overall direction of the organisation, formulating strategies and plans, exercising oversight over the work of the Committees and monitoring the performance of the Executive Team. Ensuring that resources are appropriately allocated and that the organisation operates in accordance with its rules, policies, regulations, laws and statutory requirements etc., The Board (or a nominated sub-Committee or working group) review and approve internal policies.
<b>Board Sub-Committees</b>	
Audit and Risk Committee	Oversees the appointment of internal and external auditors, receives internal audit reports, monitors the WTHP risk management position and framework. Reviews external audit reports and accounts. Assurance.
Remuneration and Nominations Committee	Responsible for matters relating to pay and benefits for staff and board members, as well as related matters such as pensions.
Development Committee	Reviews progress of current developments; Assesses new and proposed development schemes. Makes recommendations to Board respecting the approval of new developments.
<b>Others</b>	
Director(s) of SWHNC Limited	SWHNC Limited is a 100% owned dormant subsidiary of Willow Tree Housing Partnership Limited. The Chair is currently the only director of this entity.
Executive Team	Executive Directors responsible for the day to day running of Willow Tree Housing Partnership Limited and its subsidiary.

Each of the governance bodies has terms of reference which are reviewed and approved on a regular basis. Mechanisms are in place to manage conflicts of interest.

**D.1.2 The Board**

The Board is responsible for:

- the leadership of WTHP and for setting the strategic direction of the organisation.
- ensuring that the organisation operates with appropriate and well managed governance arrangements.

The Board ensures that these duties are carried out via their own programme of meetings, training and away days, via the work of sub-committees (which report direct to the Board) and the oversight of day to day activities of the Executive Team. Board meetings have specific agendas with papers and

reports issued in advance to Board Members for consideration. The Board are also supported by regular presentations from subject experts working with WTHP in fields such as treasury management, pensions, internal and external audit.

Board members undertake the work of the sub-committees.

During 2023/24, Tim Shobrook was a Board Member and Chair of the Board until 21 September 2023. Sarah O’Neill was appointed as a Board Member and became Chair of the Board on 21 September 2023. The Board met 8 times during the 2023/24 year, undertook a Board Away Day as well as attending the Annual General Meeting.

### **D.1.3 The Board Sub-Committees**

The Board are currently supported by three sub-Committees. Board Members are allocated to each of these Committees based on professional experience and interests.

As at 31 March 2024, the membership of the Committees was:

<b>Board Members</b>	<b>Board Role</b>	<b>Audit and Risk Committee</b>	<b>Remuneration and Nominations Committee</b>	<b>Development Committee</b>
Tim Shobrook	Chair (part year)			
Sarah O’Neill	Chair (part year)			
Craig Sullivan	Vice Chair	✓		
Devereux Biddlecombe	Board Member			
Stephen Burchaell	Board Member		✓	✓
Simon Haskell	Board Member	Chair		
Steve Hayes	Board Member	✓		✓
Susan Lane	Board Member	✓	Chair	
Wendy Lewis	Board Member			Chair
Michelle Smith	Board Member			
Brian Whittaker	Board Member		✓	

Notes: Tim Shobrook resigned as a Board member on 21 September 2023. Sarah O’Neill was appointed as a Board member and Chair on 21 September 2023. Devereux Biddlecombe was appointed as a Board Member on 21 September 2023. Michelle Smith resigned as a Board member on 31 March 2024.

### **D.1.4 Audit and Risk Committee**

During the 2023/24 financial year, the Committee met three times and considered a wide variety of topics including: Risk management, internal audit planning and results, external audit and statutory accounting matters, committee work plans, terms of reference and self assessment, business continuity planning, regulatory and ombudsman matters, fraud risk assessments and more.

### **D.1.5 Remuneration and Nominations Committee**

The Committee considered a wide range of topics during the year including Board recruitment, effectiveness, training and succession planning, contracts of employment, policies, pension matters, staff survey results and work plans. The Committee met twice during 2023/24.

#### **D.1.6 Development Committee**

The Committee met three times during 2023/24, to monitor the general progress of developments and to consider (and recommend Board approval where appropriate) new schemes for development.

#### **D.1.7 Executive Team**

The Executive Team, led by the Chief Executive Officer manage the day to day affairs of the organisation. The team meets on a monthly basis to consider all aspects of WTHP's activities including housing management performance, risk, financial matters, resourcing and business planning. Other managers attend these meetings as required. The individual Executive Team members are also responsible for their own areas of responsibility and delivery, as well as work in support of other parts of the organisation.

### **D.2 Report of the Board**

The Board of Willow Tree Housing Partnership Limited are pleased to present their report for the financial year to 31 March 2024.

#### **D.2.1 Board member's responsibilities**

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

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

### **D.2.1 Board of directors and Executive Team**

The Board Members and Executive Officers who have served office in the last financial year are set out on page 1.

### **D.2.2 Board Members**

The Board Members are drawn from a wide background bringing together professional, commercial and local experience. A list of changes which occurred to the Willow Tree Housing Partnership Limited Board, in the 2023/24 financial year, is given in the table below:

Board Member	Change in 2023/24	
	Appointed	Resigned
Tim Shobrook (Chair)	31 March 2023	21 September 2023
Sarah O'Neill (Chair)	21 September 2023	-
Devereux Biddlecombe	21 September 2023	-
Stephen Burchaell	31 March 2023	-
Simon Haskell	31 March 2023	-
Steve Hayes	31 March 2023	-
Susan Lane	31 March 2023	-
Wendy Lewis	31 March 2023	-
Michelle Smith	31 March 2023	31 March 2024
Craig Sullivan (Vice Chair)	31 March 2023	-
Brian Whittaker	31 March 2023	-

Note that many of the above Board members had previously been either co-terminous Board Members of both the pre-merger partners (South Western Housing Society and Tamar Housing Society) or of just one pre-merger partner. The above table recognises the Board Members formal appointment to the new, merged entity, WTHP.

### **D.2.3 Chairs**

On formation of Willow Tree Housing Partnership Limited, with its single Board, Tim Shobrook was appointed Chair. Mr. Shobrook resigned as Board member and Chair on 21 September 2024 and Ms. Sarah O'Neill was appointed to these positions on the same date.

### **D.2.4 Executive Team**

The Executive Team consisted of Chief Executive (Donna Johnson), Finance Director (Catherine Davies-Gallagher), Operations Director (Heather Rigg, appointed 26 February 2023) and Head of Corporate Services (Sue Sparks).

The Executive Officers hold no interest in WTHP's shares and act as officers within the authority delegated by the Board. The Chief Executive is the Company Secretary.

WTHP has insurance policies that indemnify Board Members and Executive Officers against liability when acting for the organisation.

### **D.3 Compliance with the Regulator of Social Housing Standards**

#### **D.3.1 Governance and Financial Viability Standard and Code of Practice**

WTHP complies with the regulator's Governance and Financial Viability Standard and Code of Practice in the following ways:

- Adopted and tested compliance against the four key strands the principal recommendations of the NHF Code of Governance (2020) from 1 April 2023.
- A balanced board of management with regular appraisal.
- Adopted the NHF 2015 model rules.
- Standing Orders are in place that set out roles and responsibilities which are reviewed annually by the Board.
- A risk management framework in place with an agreed risk appetite and detailed risk map.
- A long term financial plan in place which has been stress tested.
- Compliance with lenders covenants which the Board monitoring compliance on a quarterly basis.
- Corporate objectives in place which protect housing assets.
- Sufficient liquidity to meet contractual commitments.
- Sufficient headroom to meet development plans.
- An effective system of internal controls is in place which are tested by internal audit.
- An assets and liabilities register is in place.
- A fraud register reviewed by the Audit and Risk Committee.
- A treasury management policy and strategy with regular reporting to board on key business objectives, targets and outcomes.
- Board approved whistle blowing, anti-fraud and corruption policies; and
- Regular monitoring of loan covenants and requirements for new loan facilities.

As noted above, the Audit and Risk Committee maintains a fraud register for review at all their meetings. During 2023/24, no fraud attempts were identified.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives the minutes of Audit and Risk Committee meetings. The Audit and Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for WTHP, and the annual report of the internal auditor, and has reported its findings to the Board.

In addition to this WTHP has:

- Complied with all relevant law.
- Had no outstanding issues surrounding compliance that should have been reported to the regulator.
- Acted within its rules.



### **D.3.2 Rent Standard and Guidance**

During the 2023/24 financial year, WTHP commissioned an independent review of its compliance with the Rent Standard. This review highlighted some shortfalls and prompt action was taken to rectify matters, including the reporting of this issue to the Regulator of Social Housing. A judgement on this matter is awaited from the Regulator. A provision has been raised in the 2023/24 financial statements (£133K) to resolve any outstanding issues from this incident.

### **D.3.3 Value for Money Standard and Code of Practise**

WTHP complies with its obligations under the Value for Money Standard ('VFM') by monthly reporting of the VFM metrics, forecasting and budgeting VFM metrics, implementing a range of strategies which support business objectives and which tie in to the metrics and by publication of the year end metrics in the audited accounts. In addition, the published metrics are benchmarked against other similar providers.

### **D.4 Assessment of the effectiveness of Internal Controls**

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

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by WTHP is ongoing and has been in place throughout the period commencing 1 April 2022 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Audit and Risk Committee;
- clearly defined management responsibilities for the identification, evaluation and control of significant risk;
- multiple level review of financial data on a monthly basis.
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff;
- establishment of authorisation and appraisal procedures for all significant new initiatives and commitments;
- a treasury management policy and strategy with regular reporting to board on key business objectives, targets and outcomes;
- Board approved whistle blowing, anti-fraud and corruption policies; and
- Regular monitoring of loan covenants and requirements for new loan facilities.

The Audit and Risk Committee maintains a fraud register for review at all their meetings. During 2023/24, no fraud attempts were identified.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives the minutes of Audit and Risk Committee meetings. The Audit and Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for WTHP, and the annual report of the internal auditor, and has reported its findings to the Board.

#### **D.5 Going concern**

WTHP's business activities, its current financial position, and factors likely to affect its future development are set out within the different sections of the Strategic Report.

WTHP has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the required day to day operations. WTHP also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. As at 31 March 2024 WTHP had available cash balances of £2.7M and a further £6.0M of secured but undrawn loan facilities that could be drawn at short notice.

The Board's assessment of going concern involves a number of subjective judgements which have been made regarding assumptions feeding into WTHP's financial planning processes which in turn are used to assess going concern. These include, but are not limited to, assumptions about future levels of inflation, interest rates, proceeds from housing property disposals, timing and pricing of first tranche shared ownerships, the future cost of maintaining its homes and the costs of implementing and achieving required energy efficiency standards in its housing stock.

In making its assessment, the Board has considered the strategic risks identified on the strategic risk map and have used these and inputs from external advisors to devise wide-ranging multivariate stress tests to apply to the business plan. Amongst other things, the stress tests have considered the impacts of persistent and higher inflation, higher interest rates and lower house prices. These are all relevant to the organisation, as it operates largely through the buying in of materials, labour and services from third party contractors. The debt portfolio contains a mixture of fixed and variable rate debt, which leaves it with some exposure to interest rate increases. The current Plan assumes that WTHP will gradually dispose of poorer performing stock, so falls in house prices would impact this programme. The sale of planned shared ownership sales could also be affected either through price falls or delays.

The results of the stress tests have been reported to, and reviewed by, the Board.

A detailed recovery plan outlining mitigating actions to allow WTHP to recover from the conditions set out in the harshest stress test was also reported to the Board. Additionally, the Board also received confirmation that all mitigating actions had been tested to ensure that the recovery plan was sufficient to restore WTHP to covenant compliance and a satisfactory financially viable position.

As part of the going concern assessment and conclusion, the Board were satisfied that the stress testing scenarios had incorporated the impact of the special situation risks. Consequently, the Board were able to conclude that the Business Plan was robust and that WTHP would be able to meet its ongoing obligations.

The Board has a reasonable expectation that WTHP has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. The Board has considered the foreseeable future for their going concern assessment to cover the period to 30 September 2025.

On this basis, the Board continues to adopt the going concern basis in the financial statements.

**D.6 Merger accounting**

On 31 March 2023, Tamar Housing Society merged with South Western Housing Society, by way of a transfer of engagements. South Western Housing Society immediately changed its name to Willow Tree Housing Partnership Limited. Both the 2021/22 (where referenced) and 2022/23 data reported in the financial statements and notes to the accounts have therefore, been produced by the application of merger accounting, by which any inter-partner transactions have been eliminated.

**D.7 Post balance sheet events**

There are no post balance sheet events to report.

**D.8 Auditor**

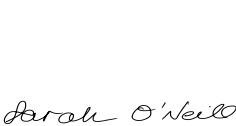
All of the current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the association’s auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Beever and Struthers have expressed their willingness to continue to act in their capacity as external auditors.

**D.9 Annual General Meeting**

The Annual General Meeting will be held on 19 September 2024. The location will be published nearer the time of the meeting.

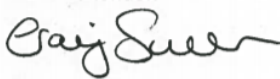
The Report of the Board of Directors was approved by the Board on 25 July 2024 and signed on its behalf by:



**Sarah O’Neill**  
Chair



**Donna Johnson**  
Company Secretary



**Craig Sullivan**  
Vice Chair

# Financial Statements

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLOW TREE HOUSING PARTNERSHIP LIMITED**

**Opinion**

We have audited the financial statements of Willow Tree Housing Partnership Limited (the "society") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, and the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

**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 society 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 Board'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 society's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLOW TREE HOUSING PARTNERSHIP LIMITED (continued)**

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

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

We have nothing to report in this regard.

**Matters on which we are required to report by exception**

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

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

**Responsibilities of the Board**

As explained more fully in the Statement of Board's responsibilities set out on page 50, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the 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 Board either intend to liquidate the 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLOW TREE HOUSING PARTNERSHIP LIMITED (continued)**

**Auditor's responsibilities for the audit of the financial statements (continued)**

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

**Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Society, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the society's activities and the regulated nature of the society's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WILLOW TREE HOUSING PARTNERSHIP LIMITED (continued)**

**Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud (continued)**

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

**Use of our report**

This report is made solely to the society's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the 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.

*Beever and Struthers*

**Beever and Struthers**  
**Chartered Accountants**  
**Statutory Auditor**

150 Minories  
London  
EC3N 1LS

Date: 18 September 2024



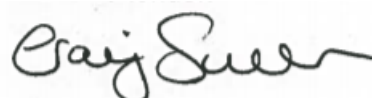
**Statement of Comprehensive Income  
For the year ended 31 March 2024**

	Note	2024 £000	2023 £000
<b>Turnover</b>	4	9,737	8,871
Cost of sales	4	(335)	(71)
Operating costs	4	(7,702)	(7,307)
Surplus on the sale of housing properties	4	210	449
		<hr/>	<hr/>
<b>Operating surplus</b>	8	1,910	1,942
Other income	9	-	6
Interest receivable	12	73	25
Interest and financing charges	13	(1,570)	(2,583)
		<hr/>	<hr/>
<b>Surplus / (Deficit) for the financial year</b>		413	(610)
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
Actuarial (losses) / gains	28	(123)	(96)
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		290	(706)
		<hr/> <hr/>	<hr/> <hr/>

Willow Tree Housing Partnership Limited's results relate wholly to continuing activities.

The financial statements were approved by the Board and authorised for issue on 25 July 2024.

*Sarah O'Neill*

**Sarah O'Neill**  
Chair

**Donna Johnson**  
Secretary

**Craig Sullivan**  
Vice Chair

The accompanying notes on pages 66 to 117 form part of these financial statements.

**Statement of Financial Position**  
**As at 31 March 2024**

	Note	2024 £000	2023 £000
<b>Fixed Assets</b>			
Intangible assets	15	59	91
Tangible fixed assets - housing properties	16	90,739	88,671
Tangible fixed assets - other	17	726	717
Investments	18	260	260
		91,784	89,739
<b>Current Assets</b>			
Properties for sale	19	38	-
Stock	20	-	177
Debtors – due in one year	21	762	812
Cash at bank and in hand		2,718	4,167
		3,518	5,156
<b>Creditors</b>			
Amounts falling due within one year	22	(2,793)	(2,730)
		725	2,426
<b>Net current assets</b>			
		92,509	92,165
<b>Total assets less current liabilities</b>			
<b>Creditors:</b>			
Amounts falling due after one year	23	(52,822)	(52,840)
<b>Provisions</b>			
	26	(611)	(549)
		39,076	38,776
<b>Net assets excluding pension liability</b>			
Defined benefit pension liability	29	(626)	(616)
		38,450	38,160
<b>Net assets</b>			
		38,450	38,160

**Statement of Financial Position (continued)**  
**As at 31 March 2024**

	Note	2024 £000	2023 £000
<b>Capital and Reserves</b>			
Share capital	30	-	-
Income and expenditure reserve		31,082	30,792
Revaluation reserve		7,368	7,368
		<hr/>	<hr/>
<b>WTHP's Funds</b>		38,450	38,160
		<hr/> <hr/>	<hr/> <hr/>

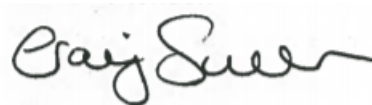
The financial statements were approved by the Board and authorised for issue on 25 July 2024.



**Sarah O'Neill**  
Chair



**Donna Johnson**  
Secretary



**Craig Sullivan**  
Vice Chair

The accompanying notes on pages 66 to 117 form part of these financial statements.

**Statement of Changes in Reserves  
For the year ended 31 March 2024**

	Share capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total Reserves £000
As at 1 April 2023	-	7,368	30,792	38,160
Surplus for the year	-	-	413	413
<i>Other comprehensive income:</i>				
Actuarial (losses) / gains in respect of pension scheme	-	-	(123)	(123)
<b>As at 31 March 2024</b>	<b>-</b>	<b>7,368</b>	<b>31,082</b>	<b>38,450</b>

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

	Share capital £000	Revaluation Reserve £000	Income and Expenditure Reserve £000	Total Reserves £000
As at 1 April 2022	-	7,368	31,498	38,866
Deficit for for the year	-	-	(610)	(610)
<i>Other comprehensive income:</i>				
Actuarial (losses) / gains in respect of pension scheme	-	-	(96)	(96)
<b>As at 31 March 2023</b>	<b>-</b>	<b>7,368</b>	<b>30,792</b>	<b>38,160</b>

The accompanying notes on pages 66 to 117 form part of these financial statements.

**Statement of Cash Flows**  
**For the year ended 31 March 2024**

	Note	2024 £000	2023 £000
<b>Net cash inflow from operating activities</b>			
<b>Surplus for the year</b>		413	(610)
Adjustments for:			
Depreciation of assets - housing properties	16	1,413	1,373
Component write off	16	51	85
Depreciation of other tangible fixed assets	17	27	36
Amortisation of intangibles	15	32	29
Decrease in properties held for sale	19	(38)	67
Amortised grant	5	(264)	(268)
Interest payable and finance costs	13	1,570	2,583
Interest receivable	12	(73)	(25)
Surplus on sale of houses		(210)	(449)
Movement in debtors		50	343
Movement in creditors		(190)	(357)
Movement in provision		62	278
Movement in stock		177	(174)
Difference between net pension expenses and cash contribution		(112)	(137)
Net cash generated from operating activities		2,908	2,774
<b>Investing activities</b>			
Proceeds from sale of fixed assets – housing properties		335	898
Purchase of fixed assets - housing properties	16	(3,657)	(2,375)
Purchase of fixed assets - other	17	(36)	(29)
Purchase of intangibles	15	-	(15)
Interest received	12	73	25
Net cash used in investing activities		(3,285)	(1,496)
<b>Financing activities</b>			
Interest paid		(1,448)	(1,367)
Other loans repaid		(4)	(7)
New loans and drawdowns - bank		1,000	9,000
Repayment of loans - bank		(620)	(8,678)
Break costs paid		-	(1,243)
Loan issue costs paid		-	(175)
Net cash generated from financing activities		(1,072)	(2,470)
<b>Net (decrease) / increase in cash</b>		(1,449)	(1,192)
<b>Cash at beginning of year</b>		4,167	5,359
<b>Cash at end of year</b>		2,718	4,167

The accompanying notes on pages 66 to 117 form part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Legal Status**

Willow Tree Housing Partnership Limited is registered with the Financial Conduct Authority in England and Wales under the Co-operative and Community Benefits Societies Act 2014 and is registered with The Regulator of Social Housing as a social housing provider. The registered office is given on page 1 and the principal activities can be found in the Strategic Report.

WTHP is a public benefit entity.

### **2. Accounting policies**

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Willow Tree Housing Partnership Limited (WTHP) includes the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018, the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are prepared in pounds sterling (£) and are rounded to the nearest thousand pounds.

The following principal accounting policies have been applied:

#### **2.1 Basis of consolidation**

Willow tree Housing Partnership Limited has one subsidiary (SWHNC Limited) which is registered under the Companies Act. This company is 100% owned by WTHP and is dormant. The exemption from producing consolidated financial statements per paragraph 9.9A of FRS 102 has been taken on the basis that the subsidiary is not material for the purpose of giving a true and fair view.

#### **2.2 Going concern**

WTHP’s business activities, its current financial position, and factors likely to affect its future development are set out within the Report of the Board.

WTHP has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with WTHP’s day to day operations.

WTHP also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders’ covenants.

As at 31 March 2024 WTHP had available cash balances of £2.7M (2023: £4.2M) and a further £6.0 M (2023: £7.0M) of secured but undrawn loan facilities that could be drawn at short notice.

The Board’s assessment of going concern involves a number of subjective judgements which have been made regarding assumptions feeding into WTHP’s financial planning processes which in turn are used to assess going concern. These include, but are not limited to, assumptions about future levels of inflation, interest rates, proceeds from housing property disposals, timing and pricing of first tranche shared ownerships, the future cost of maintaining its homes and the costs of implementing and achieving required energy efficiency standards in its housing stock.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Accounting policies (continued)

#### 2.2 Going concern

In making their assessment, the Board have considered the strategic risks identified on WTHP's risk map and have used these and inputs from external advisors to devise wide-ranging multivariate stress tests to apply to the business plan. Amongst other things, the stress tests have considered the impacts of persistent and higher inflation, higher interest rates and lower house prices. These are all relevant to WTHP, as it operates largely through the buying in of materials, labour and services from third party contractors. WTHP's debt portfolio contains a mixture of fixed and variable rate debt, which leaves it with some exposure to interest rate increases. The current Plan assumes that WTHP will gradually dispose of poorer performing stock, so falls in house prices would impact this programme. The sale of planned shared ownership sales could also be affected either through price falls or delays.

The results of the stress tests have been reported to, and reviewed by, the Board.

A detailed recovery plan outlining mitigating actions to allow WTHP to recover from the conditions set out in the harshest stress test was also reported to the Board. Additionally, the Board also received confirmation that all mitigating actions had been tested to ensure that the recovery plan was sufficient to restore WTHP to covenant compliance and a satisfactory financially viable position.

As part of the going concern assessment and conclusion, the Board were satisfied that the stress testing scenarios had incorporated the impact of the special situation risks. Consequently, the Board were able to conclude that the Business Plan was robust and that WTHP would be able to meet its ongoing obligations.

The Board has a reasonable expectation that WTHP has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. The Board have considered the foreseeable future for their going concern assessment to cover the period to 30 September 2024.

On this basis, the Board continues to adopt the going concern basis in the financial statements.

#### 2.3 Turnover and revenue recognition

Turnover comprises property and garage rental income receivable in the year, service charge income, income from shared ownership first tranche sales, other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year, incomes from the electricity feed in tariff, occasional insurance claim receipts, car park lease income and amortisation of grants, receivable in the year.

Rental and service charge incomes (where applicable) are recognised:

- from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids; and
- up to and including the actual closing date for the financial year. As such, this may mean that part of the final, full weekly rent for the financial is deferred to the following financial year.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Accounting policies (continued)**

**2.2 Going concern**

Void periods are incurred from the date a property becomes vacant up until the date the new tenancy commences. If a property is to be put on the market for sale once it becomes vacant it will be taken out of management.

**2.4 Service charge income**

Service charge income is recognised as it falls due.

**2.5 Employee benefits**

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred (charged to the Statement of Comprehensive Income).

WTHP participates in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit final salary pension scheme managed by TPT Retirement Solutions that is no longer open to new members.

The scheme assets and liabilities have been separately identified for each employer, and WTHP accounts for the scheme as a defined benefit scheme.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

The current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current accounting period. Interest is calculated on the net defined liability. Re-measurements are reported in other comprehensive income.

**2.6 Planned and Responsive Maintenance**

The Asset Management Team maintains a rolling Asset Management Strategy and Plan which sets out priorities for planned maintenance and component replacements in the years ahead.

All component replacements and repairs to property which result in an incremental future benefit (as set out in the components section of Note 2), or result in a significant extension of the useful economic life of the property within the business, are capitalised and depreciated in accordance with the housing property Accounting Policies. All other repair and maintenance costs are charged directly to operating costs within the Statement of Comprehensive Income. Such costs are subdivided into responsive maintenance and planned maintenance categories.

Responsive maintenance activities relate to the day-to-day repairs which need attention to keep the property in good order. Typical examples include the repair of water leaks and emergency tree works.

Planned maintenance works relate to works such as external decoration projects, major fencing works and similar programmes.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Accounting policies (continued)**

**2.7 Taxation**

*Corporation Tax*

WTHP has adopted charitable rules and is not liable for corporation tax on its charitable activities.

*PAYE and National Insurance*

PAYE and National Insurance liabilities are incurred based on tax rates and laws in force at the point when the liability was incurred.

**2.8 Value added tax**

WTHP charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by WTHP and is not recoverable from HM Revenue and Customs. The balance of VAT payable or receivable at the year-end is included as a current liability or asset.

**2.9 Interest receivable**

Interest receivable on positive cash holdings is accounted for in the Statement of Comprehensive Income in the attributable financial year.

**2.10 Interest payable and financing charges**

WTHP's loans are classified as basic financial instruments as defined in Section 11 of FRS 102.

Interest payable and financing costs are charged to the Statement of Comprehensive Income over the term of the debt.

Debt issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and debt set up costs and arrangement fees are reported on the Statement of Financial Position. Such costs are amortised over the life of the loan facility and the amortisation is charged to the Statement of Comprehensive Income. Facility non-utilisation costs are charged directly to the Statement of Comprehensive Income.

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- Interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- Interest on WTHP's borrowings as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Accounting policies (continued)

#### 2.10 Interest payable and financing charges

The interest rate used for capitalisation will be the weighted average of rates applicable to WTHP's general borrowings outstanding (excluding any borrowings specifically for obtaining other assets).

For the reporting of results:

- for the 2024 year, the interest rate used for capitalisation was the weighted average of WTHP borrowings.
- for the 2023 year, the interest rate used for capitalisation was the weighted average of former South Western Housing Society borrowings.

Notional interest has been charged to the Statement of Comprehensive Income regarding the balance on the Recycled Capital Grant Fund in line with the guidance set out in the Capital Funding Guide issued by Homes England. Other interest payable is charged to the Statement of Comprehensive Income.

#### 2.11 Leases

Leases that do not transfer the risks and rewards of ownership are classified as operating leases.

SORP 2018 considers that standard rental agreements for tenanted social housing properties to be operating leases as defined in section 20 of FRS 102. WTHP is the lessor.

Rentals under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

#### 2.12 Intangible assets

Section 18 of FRS 102 states that an intangible asset is an identifiable non-monetary asset without physical substance.

An intangible asset is identifiable when:

- It is separable.
- It arises from contractual or other legal rights.

FRS 102 also states that the cost of an intangible asset can only be recognised if:

- It is probable that future economic benefits associated with the item will flow into WTHP; and
- The cost of the item can be measured reliably.

Once the intangible asset has been recognised the cost model will be applied which means that the item will be measured at cost less any accumulated amortisation and less any accumulated impairment losses.

#### *Intangible assets – Computer software*

Computer software is carried at cost less accumulated amortisation and impairment losses. Costs associated with maintaining computer software are recognised as an operating expense in the Statement of Comprehensive Income as incurred.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Accounting policies (continued)

#### 2.12 Intangible assets

##### **Intangible assets - Computer Software Development Costs**

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria is met:

- It is technically feasible to complete the software so that it will be available for use;
- Management intends to complete the software and use or sell it;
- There is an ability to use or sell the software;
- It can be demonstrated how the software will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software are available; and the expenditure attributable to the software during its development can be reliably measured.

Amortisation is charged on a straight-line basis over the expected useful economic life of the software.

The expected useful economic life is considered to be five years. The computer software is reviewed for impairment where there are triggers such as technological advancement or changes in market price that indicate that the carrying amount may be impaired.

##### **Intangible assets – Rentplus Costs**

A number of costs associated with bringing Rentplus developments into service with WTHP have previously been capitalised on the basis that the Rentplus developments will produce benefits over some years, even though these properties are not owned by WTHP. These costs are:

- Upfront legal costs for Rentplus properties.

These costs are carried at cost less accumulated amortisation and (if required) impairment. Costs associated with the maintenance of Rentplus properties and the amortisation of these capitalised intangible costs are charged as operating costs in the Statement of Comprehensive Income.

The expected useful economic life is considered to be five years.

#### 2.13 Tangible fixed assets – housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent.

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition, which may include an appropriate amount for staff costs, and other costs of managing development.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Accounting policies (continued)**

**2.13 Tangible fixed assets – housing properties**

Expenditure on major refurbishment to properties is capitalised where works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments are held within fixed assets and accounted for at cost less depreciation.

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

**2.14 Tangible fixed assets – housing properties (continued)**

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in fixed assets and held at cost less any impairment, and are transferred to completed properties when ready for letting.

***Shared Ownership Properties and Staircasing***

Under low-cost home ownership arrangements, WTHP disposes of a long lease on low cost home ownership housing units for a shares generally ranging between 25% and 50% of value. The buyer has the right to purchase further proportions and some up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low-cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element, the “staircasing element”, is classed as a fixed asset and included in completed housing property at cost less any provision for depreciation and impairment (impairment and depreciation are charged to the Statement of Comprehensive Income). Sales of subsequent tranches are treated as a part disposal of a fixed asset. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Income from first tranche shared ownership sales is included in turnover on completion of the sales contract process in line with paragraph 12.6 of the Housing SORP 2018.

**2.15 Depreciation of housing properties**

Paragraph 17.16 FRS 102 provides that if the major components of an item of property have sufficiently different patterns of consumption of economic benefits, then each major component must be recognised and depreciated over its individual, economic life (Housing SORP 2018).

Additional consideration may be required by management for any major components as a result of changes in energy efficiency or building and fire safety requirements.

***Owned Properties***

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Accounting policies (continued)**

**2.15 Depreciation of housing properties (continued)**

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

<b>Description</b>	<b>Percentage depreciation</b>	<b>Useful economic life</b>
Structure*	0.80%	125 years
Structure	1.00%	100 years
Roofs	1.67%	60 years
Kitchens	4.00%	25 years
Bathrooms	3.33%	30 years
Windows and doors	2.50%	40 years
Heating systems (Gas)	6.67%	15 years
Heating systems (Oil)	5.00%	20 years
Heating systems (Renewable)	6.67%	15 years
Heating systems (Electric)	4.00%	25 years
Solar and Photovoltaics	5.00%	20 years
External property fittings + Lifts	4.00%	25 years
Log Walls	4.00%	25 years

\*Certain former South Western Housing Society properties improved via a rain cladding programme are depreciated over 125 years (0.8% per annum).

+Bargeboards, soffits, fascia, guttering and downpipes associated with certain former Tamar Housing Society properties.

Freehold land values are measured at historic cost and are not depreciated on account of indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that enhance the economic benefits of the assets, are capitalised as improvements. Such enhancements can occur if improvements result in either:

- An increase in rental income;
- A material reduction in future maintenance costs; or
- A significant extension to the life of the property.

**Shared Ownership Properties**

WTHP's retained portion of shared ownership properties is measured as the historic cost of the retained element and charges depreciation, so as to write-down the non-land element to its estimated residual value, on a straight-line basis, over its estimated useful economic life, as follows:

<b>Description</b>	<b>Percentage depreciation</b>	<b>Useful economic life</b>
Shared Ownerships	1.00 %	100 years

The land element is not depreciated.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Accounting policies (continued)

#### 2.15 Depreciation of housing properties (continued)

##### *Leasehold properties*

SORP 2018 considers that standard rental agreements for tenanted social housing properties to be operating leases as defined in section 20 of FRS 102. WTHP will be the lessor.

Lease agreements for properties leased by WTHP from the owner for a period up to five years will be treated as operating leases as defined in section 20 of FRS 102. WTHP will be the lessee.

##### *Housing Property Impairment*

The Housing SORP 2018 paragraphs 14.1 to 14.45 deals with the impairment of assets. Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

The housing property portfolio for WTHP is assessed for indicators of impairment at each Statement of Financial Position date.

Where an indicator of impairment exists then an assessment is undertaken as follows:

- The level at which an impairment is to be assessed is determined (i.e. the asset or cash generating unit).
- The recoverable amount of the asset or cash generating unit is identified.
- The carrying amount of the asset or cash generating unit is calculated.
- The carrying amount is compared to the recoverable amount to determine if an impairment loss has occurred.

Where:

- **Cash Generating Units**

WTHP defines cash generating units as schemes, except where its schemes are not sufficiently large or where it is geographically sensible to group schemes into larger generating units.

- **Recoverable amount**

The recoverable amount of an asset or cash generating unit is the higher of it's:

- Value in use; and
- Fair value less costs to sell.

The approach taken to the value in use estimate will depend on whether the properties held for service potential can still actually be let. Where service potential remains then WTHP will follow the direction of SORP 2018 paragraph 14.26 and utilise the depreciated replacement cost as an estimate of the value in use.

Where a scheme is currently deemed not to be providing service potential to WTHP, its recoverable amount is its fair value less costs to sell or value in use as set out in SORP 2018 paragraph 14.21.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Accounting policies (continued)**

**2.15 Depreciation of housing properties (continued)**

▪ **Carrying Amount**

The carrying amount of the asset or cash generating unit is calculated as the net book value less any unamortised grant in the Statement of Financial Position relating to the asset or cash generating unit.

▪ **Impairment Losses**

An impairment loss occurs when the carrying amount of the asset or cash generating unit exceeds its recoverable amount. This impairment loss must be charged to the Statement of Comprehensive Income as expenditure and is disclosed as a separate line within operating expenditure if material.

▪ **Reversal of an impairment loss**

An impairment loss for all assets must be reversed in a subsequent period if and only if the reasons for the impairment have ceased to apply (SORP 2018 paragraph 14.38). The reversal of an impairment loss is included in the Statement of Comprehensive Income.

**2.16 Other tangible fixed assets**

Other tangible fixed assets such as offices, office furniture and equipment are measured at historical cost less accumulated depreciation and any accumulated impairment losses.

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

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

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful economic lives. No depreciation is provided on freehold land.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is any indication of a significant change since the last reporting date.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Accounting policies (continued)**

**2.16 Other tangible fixed assets (continued)**

The principal annual depreciation rates used for other assets are:

<b>Description</b>	<b>Percentage depreciation</b>	<b>Economic useful life</b>
Freehold Offices - land	0%	Not applicable
Freehold Offices - buildings	2%	50 years
Office furniture	20%	5 years
Office IT	33%	3 years
Furniture, fixtures and fittings	20%	5 years
Computers & office equipment	33%	3 years
Motor vehicles	33%	3 years
Other Assets	20%	5 years

WTHP capitalises all assets with a historic purchase cost of £500 or more (inclusive of VAT).

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the Statement of Comprehensive Income.

**2.17 Investments**

Investments represent monies held by third parties on WTHP's behalf.

Investments are held on the Statement of Financial Position at fair valuation. A discount may be applied if there is a difference between the actual interest rate received and the risk-free rate. Changes in fair value are recognised in the Statement of Comprehensive Income.

**2.18 Properties for Sale**

Unsold, but completed shared ownership first tranche sale properties and properties developed for outright sale are valued at the lower of cost and estimated selling price less costs to complete and sell (net realisable value).

Cost comprises materials, interest and direct development overheads.

**2.19 Stock**

Properties under construction are valued at the lower of cost and estimated selling price less costs to complete and sell (net realisable value). Cost comprises materials, interest and direct development overheads.

Other stock is stated at the lower of cost and net realisable value.

**2.20 Debtors**

Debtors with no stated interest rate and receivable within one year are recorded at the transaction price. Any losses from impairment are recognised in the Statement of Comprehensive Income, in operating costs.

Where deferral of payment terms has been agreed and the potential impact of discounting is material, the balance is shown at the present value, discounted at a market rate.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Accounting policies (continued)

#### 2.20 Debtors (continued)

##### ***Recoverable amount of rental and other trade receivables***

WTHP estimates the recoverable value of rental and other receivables and impairs the debtor by the appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt. The impairment is actioned by the creation and review of provisions for bad and doubtful debts.

##### ***Provisions for liabilities - Bad and Doubtful Debts***

The provisioning for bad and doubtful debts is reviewed in detail, on a regular basis and at the reporting date. A wide variety of information is included as part of the assessment.

In the case of tenant arrears, this will include factors such as the state of the tenancy i.e. current or former, payment history, the arrears balance and any payment plans in place.

For non-tenant arrears, a similar exercise is performed.

Based on the information available, management estimate the required level of provisioning required.

Provisions are charged to the Statement of Comprehensive Income and the provision balance is reported on the Statement of Financial Position. Debtor balances are reported net of the appropriate provision.

The level of bad and doubtful debts provisioning is based on judgements about likely debt repayments and is therefore included in Note 3 of the accounts regarding judgements and estimates.

##### ***Rental and service charge agreements***

WTHP has made arrangements with individuals and households for the payment of rent and service charge arrears. These arrangements are effectively loans granted at nil interest rate.

Where arrangements are made for tenants to repay their arrears beyond normal business terms with no interest rate applied, the liability will be measured at the present value of the future payments discounted at a market rate.

#### 2.21 Cash and Cash Equivalents

Cash and cash equivalents in WTHP's Statement of Financial Position consist of cash at bank, cash in hand and any retail vouchers which have been purchased for distribution to tenants through various tenancy support activities.

Cash and deposits which are normally payable within one year are recognised at their undiscounted, transaction value.

#### 2.22 Creditors

Short term trade creditors payable within one year with no stated interest rate are measured at the transaction price.

Where deferral of payment terms has been agreed and the impact of discounting is material, the balance is shown at the present value, discounted at a market rate.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 2. Accounting policies (continued)

#### 2.23 Provisions

Provisions are recognised for legal or constructive obligations for which either the timing or the amount of the future expenditure required to settle the obligation is uncertain. The amount recognised is the best estimate of the settlement amount.

##### ***Rentplus Provisions***

WTHP has a number of future obligations arising from its decisions to accept the management of Rentplus housing stock on full repairing leases which contain specific contractual commitments around items such as property handback standards.

As a result of this, provisions are provided for leased Rentplus properties. The provisions are created via a charge to the Statement of Comprehensive Income. The resulting provision is recorded on the Statement of Financial Position within creditors due in more than one year. .

Details of the provisions made annually are shown in Notes to the Accounts. The provisions cover three areas:

- Handback costs.
- Cyclical costs
- Major repair costs relating to kitchens, boilers and renewables.

Note 3 of the accounts regarding judgements and estimates sets out the assumptions made in the creation of these provisions.

##### ***Formula Rent Repayment Provision***

WTHP has a future obligation to repay rent deemed to have been overcharged by reference to the Regulator of Social Housing's Rent Standard. This matter has been referred to the Regulator and an amount expected to be returned to tenants has been calculated. The overcharge (£133k) was identified in the 2023/24 financial year (2022: nil) and funds are expected to be disbursed at some time in 2024/25, after Regulatory approval.

#### 2.24 Government Grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations.

They are recognised in the accounts when there is reasonable assurance that the conditions attached to the grants will be complied with and that they will be received. Grants due from government organisations or received in advance are included as current assets or liabilities on the Statement of Financial Position.

Grants will be recognised using the accrual method, as required by FRS 102 and SORP 2018. Grants received to cover costs already incurred with no future related costs will be recognised as revenue when they become receivable. Grants relating to revenue will be recognised in the period in which the related costs are recognised.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Accounting policies (continued)**

**2.24 Government Grants**

Grants relating to assets will be recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the useful life of the property structure which is 100 years. Grant receivable for a specific component will be recognised in income over the useful life of the component (component lives are noted under the 'Depreciation of housing properties' sections).

Where there is a donation or acquisition of land or other asset at below market value, the difference between the fair value of the land or asset will be recognised as a grant and will be treated in the same way as a grant relating to assets noted above.

On disposal of a grant funded asset, where there is no obligation to repay the grant, any unamortised grant will be derecognised as a liability and recognised as income.

Payments received from the government for previous furloughed employees during the Coronavirus pandemic are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

Where there is a requirement to recycle or repay the grant on disposal of an asset, a liability will be included in the Statement of Financial Position. The liability will be the amount required to settle the obligation as required by the terms of the grant agreement.

Grants relating to shared ownership property sales when full staircasing has not taken place will be deferred if the net sale proceeds are insufficient to meet the repayment obligations and will not be recognised as a liability. On subsequent staircasing sales a liability will be recognised once the net sale proceeds are sufficient to cover the liability.

**2.25 Financial Liabilities and Equity**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

**2.26 Financial Instruments**

WTHP has chosen to apply FRS 102 Section 11 and Section 12 in full, on the basis that each of its loans meets the criteria of a basic financial instrument as defined in Section 11 of FRS 102.

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised cost model.

WTHP has not adopted hedge accounting for the financial instruments.

**2.2 Contingent Liabilities**

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment that is dependent on the disposal of related property and regarding the SHPS pension ongoing legal case.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. Accounting policies (continued)**

**2.28 SHPS ongoing legal proceedings regarding the payment of past pension benefits**

WTHP participates in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit final salary pension scheme managed by TPT Retirement Solutions that has been closed to new members for some years.

The scheme assets and liabilities have been separately identified for each employer and WTHP accounts for the scheme as a defined benefit scheme.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

The current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current accounting period. Interest is calculated on the net defined liability.

Re-measurements are reported in the Statement of Other Comprehensive Income.

As at the year ended 31 March 2024, the net defined benefit pension deficit liability was £626k (2023: £616k).

Detailed information regarding the pension position is set out in the Notes to the Accounts.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In preparing these financial instruments, key judgements have been made in respect of the following:

*Impairment of Tangible Fixed Assets*

Both FRS 102 and the Housing SORP 2018 (paragraphs 14.1 to 14.45) provide indicators that should be considered by at each reporting date, to assess whether there are any indicators of impairment. Assessments, recoverable amounts and value in use may therefore be subject to estimates and uncertainties. Factors taken into account in reaching such a decision include economic viability and expected future financial performance of the asset where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. WTHP has considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment a depreciated replacement cost basis.

Other key sources of estimation uncertainty

- *Tangible fixed assets – housing properties*

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

The capitalisation of interest regarding active developments, is based on assumptions regarding the overall pooled interest rate to estimate the amounts.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**3. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

▪ *Useful lives of depreciable assets*

Management reviews its estimate of the useful economic lives of depreciable assets at each reporting date based on the expected utility of the assets including any components.

Uncertainties in these estimates relate to a variety of issues including but not limited to technological obsolescence that may change the utility of certain software and IT equipment, changes to the Decent Homes Standards and changes to energy efficiency requirements which may require more frequent replacement of key components. Additionally, there may be occasions when it is more cost-effective to replace a component early. For example, housing stock in a given location may have common components that are due to be replaced at differing, but broadly similar points. In such cases, it may be operationally and financially beneficial to replace all the items at the same time.

Accumulated depreciation of intangible assets as at 31 March 2024 was £217k (2023: £185k) and the carrying amount of the intangible assets was £59k (2023: £91k).

Accumulated depreciation of housing properties as at 31 March 2024 was £18,525 (2023: £17,530k) and the carrying amount of the housing properties was £90,739k (2023: £88,671k).

▪ *Bad and doubtful debt provisions*

The provisioning for bad and doubtful debts is reviewed in detail, on a regular basis and at the reporting date. A wide variety of information is included as part of the assessment.

In the case of tenant arrears, this will include factors such as the state of the tenancy i.e. current or former, payment history, the arrears balance and any payment plans in place.

For non-tenant arrears, a similar exercise is performed.

Based on the information available, management estimate the required level of provisioning required.

Provisions are charged to the Statement of Comprehensive Income and the provision balance is reported on the Statement of Financial Position.

At the close of 31 March 2024, the provision for bad and doubtful debts amounted to £83k (2023: £81k).

▪ *Components*

The cost of replacing components is generally a known, as these items are sourced from third party suppliers who subsequently provide invoicing for the items and/or the work package as a whole. Components have agreed useful economic lives and the lifespans dictate the timing of the replacement programme. However, there may be occasions when it is more cost-effective to replace a component early. For example, housing stock in a given location may have common components that are due to be replaced at differing, but broadly similar points, then it may be operationally and financially beneficial to replace all items at the same time.

▪ *Tenant arrears and payment plans*

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. Judgements in applying accounting policies and key sources of estimation uncertainty**

There are a number of tenants with agreements to repay arrears over future periods. A calculation has been carried out to assess these agreements under fair value using a discount rate that WTHP has judged to reflect the potential cost to the resident if they had procured the agreement elsewhere. The total cost is not considered to be material and has, therefore, not been included.

▪ *Service Charges*

WTHP operates a 'hybrid' model for service charges, as follows:

*Former South Western Housing Society Properties*

For these properties, WTHP adopts the variable method for calculating and charging service charges to its tenants, on a scheme-by-scheme basis.

Service charges are set on the basis of budgets. The budget will include an allowance for the surplus or deficit from prior years, with a surplus being returned to residents in the form of a reduced charge for the year and a deficit being recovered via a higher service charge.

Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded on the estimated amounts chargeable. Incomes and costs are recognised up to and including the actual closing date for the financial year i.e. 31 March.

*Former Tamar Housing Society Properties*

For these properties, WTHP operates both fixed and variable service charge arrangements:

Shared ownership tenants are charged on a scheme-by-scheme basis on a variable basis.

Other tenure types are charged on a fixed service charge basis (on a scheme-by-scheme basis), whereby tenants are charged the actual costs incurred in the twelve months up to and including the 30 September in the current financial year.

Works carried out on properties that are chargeable through the service charge are charged to residents over periods up to 30 years.

Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded on the basis noted above.

Incomes and costs are recognised up to and including the actual closing date for the financial year i.e. 31 March.

A calculation has been carried out to assess any outstanding charges under fair value using a discount rate that WTHP has judged to reflect the potential cost to the resident if they had procured the works elsewhere.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

- *Service Charges (continued)*

The total cost is not considered to be material and has, therefore, not been included.

- *Allocation of costs for shared ownership*

Costs of the development of mixed tenure schemes may not be easily or directly attributable to specific properties within the scheme. In such cases, WTHP will allocate costs based on a simple basis such as floor area or number of bedrooms.

When shared ownership properties are sold, the cost of the shared ownership is allocated in line with the proportion of the property purchased.

These are deemed a fair method of cost allocation but is subject to estimates and uncertainties.

- *Grants*

Grants received for the development or purchase of properties are amortised over the life of the relevant property, which is equivalent to the life of its structure component. Component lives are set out in Note 2.

As at 31 March 2024, the accumulated value of grants was £24,191k (2023: £24,191k) and the associated amortisation amounted to £4,663k (2023: £4,363k).

- *Rent plus provisions*

Provisions are provided for leased Rentplus properties and are set out in Note 2 Accounting Policies.

Details of the provisions made annually are shown in the Notes to the Accounts. The provisions are made using a number of assumptions:

- *Handback costs are based on WTHP's review of the contractual handback standard provided by Rentplus and current experience of costs.*
- *Cyclical costs are based on planned programmes, good property management practises and current experience of costs for these activities. External decoration provisions cover a mixture of exterior washing down or repainting.*
- *Major repair costs. Provisions are made for the replacement of kitchens, boilers and renewables, in line with the agreed asset lives set out in WTHP's Accounting Policies (Note 2).*

Wherever possible, provisioning is calculated at property level.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

*Rent plus provisions (continued)*

The provision balances at the close of the current and prior financial years are shown in the table below:

Provision balances	2024	2023
	£000	£000
Handback provisions	126	148
Cyclical provisions	96	218
Major repairs	<u>256</u>	<u>75</u>
<b>Total</b>	<b>478</b>	<b>441</b>

▪ *Pension defined benefit obligation*

*Information regarding pension liabilities is subject to periodic, professional re-assessment.*

WTHP operates defined benefit accounting for the SHPS pension scheme. The financial impact of this has been (and continues to be) provided by the scheme's administrators (TPT Retirement Solutions).

The estimate of the defined benefit obligation is based on a number of critical underlying assumptions made by TPT Retirement Solutions, such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in the Notes to the Accounts).

The impact of any change is recorded through the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Other Comprehensive Income and further information is given in the Notes to the Accounts.

The calculation of the obligation also incorporates the impact of the various High Court rulings; namely McCloud and GMP. Note 29, specifically, provides a comprehensive overview of WTHP's position with respect to the SHPS pension plan.

WTHP has been advised that the Trustee of the SHPS is going to court to ask for a ruling on whether SHPS has been paying the correct benefits to members. Depending on the decision, this could lead to an increase in liabilities. This potential change in liabilities arises from uncertainty about what pension increases should be applied to benefits earned by members before December 2003 (pre-2003 benefits).

▪ *Pension defined benefit obligation (continued)*

*The Trustee of the SHPS has appointed Linklaters LLP to act on its behalf in this matter.*

The last update for SHPS employers was issued by the SHPS Employer Committee (EC) in December 2023, when the EC advised that preparation for the case was progressing to schedule and that the Court had confirmed a window for the hearing during February 2025, with the outcome expected during Q2 2025. TPT also confirmed that, as the outcome will not be known before the 2023 valuation is concluded, no allowance for any potential increase in liabilities will be included in the 2023 valuation.

During 2022/23, WTHP had been advised that there would be a requirement for SHPS members to make a contribution towards the costs of the legal fees incurred by the SHPS pension Trustee in this case and WTHP chose to include a provision in the 2022/23 accounts for these potential costs (£108k). WTHP has now been advised that the legal costs will be charged to the pension scheme itself and any requirement to contribute will be incorporated in the routine, triennial pension valuation process. On this basis, WTHP has chosen to release the provision (-£108k) to the Statement of Comprehensive Income for 2024.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

The net defined benefit pension liability at 31 March 2023 was £626k (2023: £616k). For current employees, WTHP operates a defined contribution scheme.

- *Going Concern and the impact of armed conflicts, energy pricing increases, interest rate increases and other significant external events.*

WTHP's business activities, its current financial position, and factors likely to affect its future development are set out within the report from the Board.

WTHP has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with WTHP's day to day operations.

WTHP also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

As at 31 March 2024 WTHP had available cash balances of £2.7M (2023: £4.2M) and a further £6.0M (2023: £7.0M) of secured but undrawn loan facilities that could be drawn at short notice.

The Board's assessment of going concern involves a number of subjective judgements which have been made regarding assumptions feeding into the Partnership's financial planning processes which in turn are used to assess going concern. These include, but are not limited to, assumptions about future levels of inflation, interest rates, proceeds from housing property disposals, timing and pricing of first tranche shared ownerships, the future cost of maintaining its homes and the costs of implementing and achieving required energy efficiency standards in its housing stock.

In making their assessment, the Board have considered the strategic risks identified on WTHP's risk map and have used these and inputs from external advisors to devise wide-ranging multivariate stress tests to apply to the business plan. Amongst other things, the stress tests have considered the impacts of persistent and higher inflation, higher interest rates and lower house prices. These are all relevant to WTHP, as it operates

largely through the buying in of materials, labour and services from third party contractors. WTHP's debt portfolio contains a mixture of fixed and variable rate debt, which leaves it with some exposure to interest rate increases. The current Plan assumes that WTHP will gradually dispose of poorer performing stock, so falls in house prices would impact this programme. The sale of planned shared ownership sales could also be affected either through price falls or delays.

- *Going Concern and the impact of armed conflicts, energy pricing increases, interest rate increases and other significant external events. (continued)*

The results of the stress tests have been reported to, and reviewed by, the Board.

A detailed recovery plan outlining mitigating actions to allow WTHP to recover from the conditions set out in the harshest stress test was also reported to the Board. Additionally, the Board also received confirmation that all mitigating actions had been tested to ensure that the recovery plan was sufficient to restore WTHP to covenant compliance and a satisfactory financially viable position.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**4. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)**

As part of the going concern assessment and conclusion, the Board were satisfied that the stress testing scenarios had incorporated the impact of the special situation risks. Consequently, the Board were able to conclude that the Business Plan was robust and that WTHP would be able to meet its ongoing obligations.

The Board has a reasonable expectation that WTHP has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. The Board have considered the foreseeable future for their going concern assessment to cover the period to 30 September 2025.

On this basis, the Board continues to adopt the going concern basis in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 5. Particulars of turnover, operating costs, cost of sales and operating surplus/(deficit)

	2024				
	Turnover	Cost of sales	Operating cost	Surplus on disposal	Operating surplus/
	£000	£000	£000	of properties	(deficit)
				£000	£000
Social housing lettings (note 5)	9,242	-	(7,576)	-	1,666
<b>Other social housing activities</b>					
First tranche low-cost home ownership sales	495	(335)	-	-	160
Development costs not capitalised	-	-	(234)	-	(234)
<b>Non social housing activities</b>					
Non-utilisation fees	-	-	-	-	-
Provision for pension	-	-	108	-	108
Surplus on the sale of housing properties	-	-	-	210	210
	<u>9,737</u>	<u>(335)</u>	<u>(7,702)</u>	<u>210</u>	<u>1,910</u>
	<b>2023 (re-classified)</b>				
	Turnover	Cost of Sales	Operating Cost	Surplus on disposal	Operating surplus/
	£000	£000	£000	of properties	(deficit)
				£000	£000
Social housing lettings (note 5)	8,756	-	(6,906)	-	1,850
<b>Other social housing activities</b>					
First tranche shared ownership sales	115	(71)	-	-	44
Development costs not capitalized*	-	-	(258)	-	(258)
<b>Non social housing activities</b>					
Non-utilisation fees	-	-	(35)	-	(35)
Provision for pension	-	-	(108)	-	(108)
Surplus on the sale of housing properties	-	-	-	449	449
	<u>8,871</u>	<u>(71)</u>	<u>(7,307)</u>	<u>449</u>	<u>1,942</u>

\* re-classified from note 5 to note 4 in line with the Accounting Direction.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 5. Particulars of Income and Expenditure from social housing lettings

	2024			
	General needs housing £000	Shared ownership £000	Rentplus £000	Total £000
<b>Income from lettings</b>				
Rent	6,632	302	1,685	8,619
Service charge	296	33	-	329
Amortisation of Government grants	264	-	-	264
Other income	25	5	-	30
Total income from lettings	<u>7,217</u>	<u>340</u>	<u>1,685</u>	<u>9,242</u>
<b>Operating costs</b>				
Service charge costs	346	30	4	380
Management	1,193	103	228	1,524
Routine maintenance	1,217	-	118	1,335
Planned maintenance	1,239	-	52	1,291
Bad debts	41	-	5	46
Depreciation of housing properties	1,350	39	-	1,389
Component write off	42	-	-	42
Lease payments	-	-	1,282	1,282
Social involvement	12	-	-	12
Treasury management	142	-	-	142
Formula rent repayment provision	133	-	-	133
Total operating costs	<u>5,715</u>	<u>172</u>	<u>1,689</u>	<u>7,576</u>
Operating surplus/(deficit) on lettings	<u>1,502</u>	<u>168</u>	<u>(4)</u>	<u>1,666</u>
Void Losses	<u>14</u>	<u>1</u>	<u>1</u>	<u>16</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 5. Particulars of Income and Expenditure from social housing lettings

	2023 (Reclassified*)			Total £000
	General needs housing £000	Shared ownership £000	Rentplus £000	
<b>Income from lettings</b>				
Rent	6,157	282	1,630	8,069
Service charge	348	10	-	358
Amortisation of Government grants	268	-	-	268
Other income	54	7	-	61
Total income from lettings	<u>6,827</u>	<u>299</u>	<u>1,630</u>	<u>8,756</u>
<b>Operating costs</b>				
Service charge costs	348	10	3	361
Management	1,200	105	291	1,596
Routine maintenance	1,197	-	147	1,344
Planned maintenance	742	-	57	799
Bad debts	(22)	-	-	(22)
Depreciation of housing properties	1,311	39	-	1,350
Component write off	67	-	-	67
Lease payments	-	-	1,266	1,266
Social involvement	9	-	-	9
Treasury management	136	-	-	136
Formula rent repayment provision	-	-	-	-
Total operating costs	<u>4,988</u>	<u>154</u>	<u>1,764</u>	<u>6,906</u>
Operating surplus/(deficit) on lettings	<u>1,839</u>	<u>145</u>	<u>(134)</u>	<u>1,850</u>
Void Losses	<u>28</u>	<u>1</u>	<u>20</u>	<u>49</u>

\* Upon review of tenures in the year, the Housing for older people figures for 2023 has been re-classified into General needs housing.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**6. Surplus on sale of fixed assets**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Disposal proceeds	355	898
Carrying value of fixed assets	(112)	(365)
	<u>243</u>	<u>533</u>
Deferred capital grant released on disposal	(33)	(84)
	<u>210</u>	<u>449</u>

The sales relate to the disposal of two properties (17 Drakes Park and 78 Royal Navy Avenue) (2023: five properties).

**7. Units of housing stock**

	<b>2024</b>	<b>2023</b>
	<b>No</b>	<b>*(reclassified)</b>
		<b>No</b>
<b>General needs housing</b>		
- Social	896	896
- Affordable	285	268
Low-cost home ownership / shared ownership	102	99
Leased	4	5
Rentplus managed properties	213	231
	<u>1,500</u>	<u>1,499</u>
Units under construction	<u>-</u>	<u>15</u>

\* Following a review of tenures, the 61 units included under Housing for Older People in the prior year financial statements have been re-classified to General Needs Social housing.

The net movement in property units for the year is made up of:

	<b>2024</b>
	<b>No</b>
<b>New Properties</b>	
Jubilee Drive, Crapstone	
- rental units	6
- low cost home ownership	2
Batts Meadow, North Petherton	
- rental units	5
- low cost home ownership	2
<b>Mosborough Cottage &amp; Kassandra Cottage, North Newton</b>	
- rental units	2
<b>Transfer from shared ownership to rented</b>	
56 Tovey Crescent	-
<b>Transfer from leasehold to rented</b>	
47 Holyrood	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Units of housing stock (continued)

	2024 No
<b>Purchase from RentPlus to rented</b>	
11 Spindle Crescent	-
11 Blacklands	-
4 Blacklands	-
<b>Other Property Additions</b>	
56 Draco Drive	1
<b>Disposals</b>	
Rentplus handbacks/sales	(15)
17 Drakes Park	(1)
78 Royal Navy Avenue	(1)
	1

As at the 31 March 2023, WTHP leased a total of 213 (2023: 231) properties from RPI 1 Ltd and RPI 2 Ltd on a 20 year lease with a 5 year break clause. No (2023: none) new properties were leased during the year.

	2024 No	2023 No
<b>General needs housing</b>		
5 years remaining	34	26
4 years remaining	19	37
3 years remaining	34	26
2 years remaining	27	95
At the end of the current year	99	47
	213	231

**8. Operating surplus**

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

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Depreciation		
- housing properties: annual charge	1,389	1,373
- housing properties: accelerated depreciation on replacement components	42	67
- other tangible fixed assets	27	36
- amortisation of intangible fixed assets	32	29
Operating lease charges		
- equipment	6	21
- rent of office premises	25	25
- Rentplus lease payments	1,282	1,266
Auditor's remuneration (excluding VAT)		
- Fees payable to the auditor for the audit of the financial statements	26	28
- Fees payable to the auditor for other services	2	-
	<u>2</u>	<u>-</u>

**9. Other income**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Other income	-	6
	<u>-</u>	<u>6</u>



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10. Employees**

The Board recognises that the success of the business depends on the quality of WTHP's managers and staff. A training and development programme is provided for staff as part of their annual appraisal.

The Board is aware of its responsibilities on all matters relating to health and safety. Detailed health and safety policies are in place and staff are provided with training and education on health and safety matters.

Absence from work due to sickness was 4.17% (2023: 2.91%). Our personnel and recruitment policies reflect our commitment to equality, diversity and inclusion.

Staffing costs for the year covering the Executive Team and all other staff, but excluding board members' emoluments were:

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Salaries	1,184	1,095
Non-consolidated performance award	-	30
Redundancy Payments	7	-
National Insurance	123	111
Pension costs - defined contribution	77	69
Pension admin tool	8	7
Defined contribution pension assurance premium	4	4
SHPs pension deficit contribution	6	8
Temporary staff	36	2
Other payroll related costs	1	-
	<u>1,446</u>	<u>1,326</u>

There were no settlement payments made in 2024 (2023: none).

The average number of employees including the Executive Team expressed as full-time equivalents, calculated on a standard working week of 35 hours during the year, was as follows:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
Housing Management	7.44	8.27
Asset Management & Maintenance	4.10	3.71
Business Support	6.08	5.00
Corporate Services	2.58	2.43
Finance	5.00	4.83
Development	1.40	1.40
Executive Team	4.00	4.43
	<u>30.60</u>	<u>30.07</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**10. Employees (continued)**

Remuneration (representing the total employment cost incurred by the Society) paid to staff earning over £60,000 upwards were as follows:

	<b>2024</b>	<b>2023</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	2	1
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>1</u>	<u>1</u>

**11. Key management personnel remuneration**

As set out in the Accounting Direction for private registered providers of social housing, directors should include the Chief Executive Officer and the executive management team as set out on page 1.

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	328	328
Benefits in kind	1	1
Employer's national insurance contributions	40	41
Employer's pension contributions	28	26
	<u>397</u>	<u>396</u>

The total amount payable to the highest paid director in respect of emoluments (excluding employer's NIC and pension contributions) was £107,301 (2023: £100,009). As a member of the defined contribution pension scheme, the pension entitlement of the Chief Executive is identical to that of other members.

Directors' remuneration included £Nil (2023: Nil) in relation to the loss of office of a director.

There were 4 directors in WTHP's defined contribution scheme during the year (2023: 6). None of the directors accrued benefits under the defined benefit pension scheme during the year (2023: none).

Members of the Board of Management received aggregate emoluments of £36,951 (2023: £30,964). The Board of Management overall received £2,289 (2023: £2,172) for board expenses (including mileage) during the year, paid to 8 (2023: 7) individuals.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12. Interest receivable**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Bank interest received	59	20
THFC interest	14	5
	<u>73</u>	<u>25</u>

The interest receivable from The Housing Finance Corporation Limited (THFC) Interest Service Reserve Fund (ISRF) represents interest receivable from investments held by THFC on WTHP's behalf as part of a long-term funding arrangement which was put in place with THFC in February 2020. As part of this arrangement, WTHP was bound to place monies equivalent to one year's interest payment into an ISRF account with the lender.

**13. Interest and financing charges**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>On loans and borrowings:</b>		
Interest payable on bank loans	1,207	1,040
Interest payable on other loans	334	335
Dexia loan break costs	-	1,243
Amortisation of bank loan set up costs	48	36
Amortisation of loan premium	(43)	(42)
Non-utilisation fees	35	-
	<u>1,581</u>	<u>2,612</u>
<b>Other finance costs</b>		
Net interest expense on defined benefit cost	27	16
Interest capitalised on housing properties under construction	(74)	(45)
Recycled capital grant fund notional interest	36	-
<b>Interest and financial charges</b>	<u>1,570</u>	<u>2,583</u>

There were no loan break costs for the year to 31 March 2024 (2023: £1.2M). In the 2023/24 financial year, notional interest has been charged to the RCGF on a basis set out in the Capital Funding Guide issued by Homes England.

**14. Taxation**

WTHP has charitable status and its activities during the year did not give rise to a Corporation Tax liability.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**15. Intangible assets**

	RentPlus costs	Computer software	Total
	2023 £000	2023 £000	2023 £000
<b>Cost</b>			
At start of year	157	119	276
Additions	-	-	-
At end of year	157	119	276
<b>Amortisation</b>			
At start of year	142	43	185
Charge	10	22	32
At end of year	152	65	217
<b>Net book value</b>			
At end of year	5	54	59
At start of year	15	76	91

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 16. Tangible fixed assets – housing properties

	General needs completed £000	General needs under construction £000	Shared ownership completed £000	Shared ownership under construction £000	Total £000
<b>Cost</b>					
As at 1 April 2023	99,967	1,031	5,030	173	106,201
Additions					
- construction costs	-	1,336	-	199	1,535
- purchases	1,136	-	-	-	1,136
- replaced components	1,060	(74)	-	-	986
Transfer	56	-	(56)	-	-
Completed schemes	2,148	(2,148)	372	(372)	-
Disposals					
- housing	(150)	-	-	-	(150)
- components	(381)	-	-	-	(381)
Transfer – properties held for sale	(63)	-	-	-	(63)
As at 31 March 2024	103,773	145	5,346	-	109,264
<b>Depreciation</b>					
As at 1 April 2023	16,997	-	533	-	17,530
Charge for the year	1,374	-	39	-	1,413
Transfer	9	-	(9)	-	-
Eliminated on disposal					
- Housing	(52)	-	-	-	(52)
- Replaced Components	(340)	-	-	-	(340)
Transfer – properties held for sale	(26)	-	-	-	(26)
As at 31 March 2024	17,962	-	563	-	18,525
<b>Net Book Value</b>					
At 31 March 2024	85,811	145	4,783	-	90,739
At 31 March 2023	82,970	1,031	4,497	173	88,671

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**16. Tangible fixed assets – housing properties (continued)**

*The net book value of housing properties may be further analysed as:*

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Freehold	87,334	85,257
Long leasehold	3,405	3,414
	<hr/>	<hr/>
	90,739	88,671
	<hr/> <hr/>	<hr/> <hr/>
<b>Expenditure:</b>		
Components capitalised	986	1,011
Charge to income and expenditure	1,291	862
<b>Interest capitalisation:</b>		
Interest capitalised in year	74	45
Cumulative interest capitalised	1,177	1,103
	<hr/>	<hr/>
	1,251	1,148
	<hr/> <hr/>	<hr/> <hr/>
Rate used for capitalisation	4.76%	3.80%
<b>Total Social Housing Grant received or receivable to date</b>		
Capital Grant - Housing Properties	24,191	24,191
Recycled Capital Grant - Housing Properties	682	577

The Housing SORP allows capitalisation of components and of other improvement works that result in an incremental future benefit of a housing property. All other expenditure is charged to income and expenditure.

**Impairment**

WTHP considers each scheme to represent separate cash generating units when assessing for impairment in accordance with the requirement of FRS 102 and Housing SORP 2018.

During the current year WTHP has recognised an impairment loss of £Nil (2023: £Nil).

**Properties held for security**

WTHP had property with a net book value of £51.5M pledged as security as at 31 March 2024 (2023: £52.7M).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 17. Other tangible fixed assets

	Freehold land £000	Freehold Offices £000	Office furniture and Equipment £000	Office IT £000	Other assets £000	Total £000
<b>Cost</b>						
Opening	110	752	124	66	3	1,055
Transfer	-	-	(29)	29	-	-
Additions	-	-	-	6	30	36
Closing Balance	<u>110</u>	<u>752</u>	<u>95</u>	<u>101</u>	<u>33</u>	<u>1,091</u>
<b>Accumulated depreciation</b>						
Opening Balance	-	169	113	55	1	338
Transfer	-	-	(27)	27	-	-
Charge for the year	-	16	2	8	1	27
Closing Balance	<u>-</u>	<u>185</u>	<u>88</u>	<u>90</u>	<u>2</u>	<u>365</u>
<b>Net Book Value – 2024</b>	<u>110</u>	<u>567</u>	<u>7</u>	<u>11</u>	<u>31</u>	<u>726</u>
<b>Net Book Value – 2023</b>	<u>110</u>	<u>583</u>	<u>11</u>	<u>11</u>	<u>2</u>	<u>717</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**18. Investments**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
THFC – interest service reserve fund	260	260
Investment in SWHNC	-	-
	<u>260</u>	<u>260</u>
	<u><u>260</u></u>	<u><u>260</u></u>

On receipt of new funding from THFC on 1st February 2019, an Interest Service Reserve fund was immediately created from the funding proceeds and retained by THFC. The ISRF fund must have a minimum balance equivalent to one year's interest payable (£260k) on the THFC loan.

WTHP also has a 100% owned subsidiary called SWHNC Limited. This subsidiary has been dormant for a considerable number of years.

SWHNC Limited's financial year ends on 31 March and it reports the following for the year ended 31 March 2024:

<b>SWHNC Limited Statement of Financial Position</b>	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
Called up share capital not paid	<u>1</u>	<u>1</u>
Net assets	<u>1</u>	<u>1</u>
Issued share capital		
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>
Total shareholder funds	<u>1</u>	<u>1</u>

These financials have not been consolidated with those of WTHP, due to their immateriality.

**19. Properties held for sale**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
General needs properties for sale	38	-
Shared ownership properties for sale	-	-
	<u>38</u>	<u>-</u>
	<u><u>38</u></u>	<u><u>-</u></u>

The balance shown for 2023-24 relates to the following properties held for sale:

- 13 Swaddon Street, Calne
- 62 College Road, Plymouth



NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Stocks

	2024 £000	2023 £000
Under construction:		
Shared Ownership First Tranche Sales	-	173
Heating oil	-	4
	<u>-</u>	<u>177</u>

There were no stocks under construction as at 31 March 2024. For the prior year, the shared ownership stocks shown as under construction related to the following schemes:

- Jubilee Drive, Crapstone.
- North Petherton.

No (2023: £Nil) impairment loss was recognised in the period in respect of inventories.

21. Debtors

	2024 £000	2023 £000
Rent and service charges receivable	369	305
Less: Provision for bad and doubtful debts	(83)	(81)
	<u>286</u>	<u>224</u>
Net rent and service charges receivable	286	224
Prepayments and accrued income	313	267
Sundry debtors	163	321
	<u>762</u>	<u>812</u>

All debtors are due within one year.

The aggregate amount of social housing rent arrears as at 31 March 2024 was £369k (2023: £305k). The bad debt provision increased by £2k in the period (2023: £59K increase) and this change was recognised in the statement of comprehensive income. Additionally, £31k of bad debts were written off as irrecoverable during the period (2023: £38K). This resulted in a net credit of £33k (2022: credit charge of £21k) to the SOCI.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**22. Creditors: amounts falling due within one year**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>CURRENT</b>		
Loans and borrowing (note 27)	893	738
Trade creditors	378	730
Rent and service charges received in advance	189	182
Social security and other taxes	-	2
Retentions	130	143
Accruals	572	352
Recycled capital grant (note 25)	367	315
Deferred capital grant (note 24)	264	268
	<hr/>	<hr/>
	2,793	2,730
	<hr/> <hr/>	<hr/> <hr/>

**23. Creditors: amounts falling due after one year**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Deferred capital grant (note 24)	19,263	19,559
Loans and borrowing (note 27)	33,244	33,019
Recycled capital grant (note 25)	315	262
	<hr/>	<hr/>
	52,822	52,840
	<hr/> <hr/>	<hr/> <hr/>

**24. Deferred capital grant**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
As at 1 April	19,827	20,241
Amount released to Recycled Capital Grant Fund	(69)	(230)
Amortisation	(264)	(268)
Reversal of previous amortisation on disposed properties	33	84
	<hr/>	<hr/>
As at 31 March	19,527	19,827
	<hr/> <hr/>	<hr/> <hr/>
Amounts can be further analysed as follows:		
Due in one year	264	268
Due in more than one year	19,263	19,559
	<hr/>	<hr/>
	19,527	19,827
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Recycled capital grant fund

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
As at 1 April	577	347
Transferred from deferred capital grants in the year	69	230
Interest	36	-
	<hr/>	<hr/>
As at 31 March	682	577
	<hr/> <hr/>	<hr/> <hr/>
Amounts due for repayment as follows:		
Due in one year	367	315
Due in more than one year	315	262
	<hr/>	<hr/>
	682	577
	<hr/> <hr/>	<hr/> <hr/>

26. Provisions

	<b>Rentplus</b>	<b>Pension</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At beginning of year	441	108	549
Released in the year	(19)	(108)	(127)
Charged in the year	56	-	56
	<hr/>	<hr/>	<hr/>
At end of the year	478	-	478
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Rentplus provisions

Handback costs will be incurred at the end of the five year lease of the properties leased under the Rentplus contract. These are provided for throughout the life of the lease together with provisions for cyclical and major works. The amounts provided as at 31 March 2024 amount to £478k (2023: £441k). The Rentplus provisions are reviewed, in detail by a joint team consisting of Asset Management and Finance staff. This ensures that the provisions remain up to date and correctly reflect latest expectations about the trajectory of future spending commitments.

Pension provisions

As set out in Note 29, WTHP has been previously advised that the Trustee of the SHPS is going to court to ask for a ruling on whether SHPS has been paying the correct benefits to members. Depending on the decision, this could lead to an increase in liabilities. This potential change in liabilities arises from uncertainty about what pension increases should be applied to benefits earned by members before December 2003 (pre-2003 benefits). The Trustee of the SHPS has appointed Linklaters LLP to act on its behalf in this matter. The last update for SHPS employers was issued by the SHPS Employer Committee (EC) in December 2023, when the EC advised that preparation for the case was progressing to schedule and that the Court had confirmed a window for the hearing during February 2025, with the outcome expected during Q2 2025. The Scheme administrator had previously indicated what the share of legal costs might be, but has subsequently advised that legal costs will be charged direct to the scheme and dealt with via the valuation process. Consequently, WTHP has chosen to release the provision taken in 2022/23 respecting this matter.

Formula Rent Repayment Provision

WTHP has a future obligation to repay rent deemed to have been overcharged by reference to the Regulator of Social Housing's Rent Standard. This matter has been referred to the Regulator and an amount expected to be returned to tenants has been calculated. The overcharge (£133k) was identified in the 2023/24 financial year (2023: nil) and funds are expected to be disbursed at some time in 2024/25, after Regulatory approval.

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Loans and borrowing

	2024	Re- classified* 2023
	£000	£000
<b>Within 1 year</b>		
Bank loans	881	734
Other loans	14	9
Bank loan set-up costs	(44)	(45)
Other set up costs	(3)	(3)
THFC premium	45	43
	893	738
	893	738
<b>Within 1-2 years</b>		
Bank loans	795	767
Other loans	11	10
Bank loan set-up costs	(43)	(45)
Other set up costs	(3)	(3)
THFC premium	46	45
	806	774
	806	774
<b>Within 2-5 years</b>		
Bank loans	2,275	2,270
Other loans	41	38
Bank loan set-up costs	(125)	(127)
Other set up costs	(11)	(11)
THFC premium	149	143
	2,329	2,313
	2,329	2,313
<b>In more than 5 years</b>		
Bank loans	23,686	23,484
Other loans	5,617	5,632
Bank loan set-up costs	(109)	(150)
Other set up costs	(75)	(76)
THFC premium	991	1,042
	30,110	29,932
	30,110	29,932
<b>Total carrying cost</b>	34,138	33,757

\* The THFC premium has been re-classified and separately disclosed from other loans, where it was previously disclosed.

As at 31 March 2024, WTHP has a diverse loan portfolio which includes both fixed and variable rate funding held on both bullet and repayment bases. Maturity dates vary between 2025 and 2044 and interest rates range from 2.66% to 10.83% (2023: 2.66% to 10.83%). Other loans include amounts associated with both THFC and Orchardbrook.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**27. Loans and borrowing (continued)**

WTHP ends 2024 with financing from five lenders (Nat West, Triodos, Lloyds Bank, THFC and Orchardbrook). Nat West is the most significant debt provider within this group. As at November 2023, WTHP had £1M still outstanding to draw on a £10M facility that had been put in place prior to Tamar Housing Society's ('THS') transfer of engagements into South Western Housing Society ('SWHS') on 31 March 2023, to facilitate that merger. There were no other changes to debt facilities (which comprise a mixture of fixed and variable rate debt) during the financial year, which continued to be serviced and re-paid in line with the relevant financing agreements.

All loans are secured against the completed housing properties of the organisation. The only valuation completed during the year was the routine, five-yearly re-valuation associated with the THFC charged stock. There were no issues arising from this. A second routine valuation for the Orchardbrook loan was accepted, post year end by this lender.

WTHP remains committed to maintaining a flexible portfolio of financing which includes fixed and variable rate debt, with dates sensibly staggered. Currently, facilities have varied end dates with the latest being 2044. The debt portfolio is scrutinised regularly by the Board and WTHP employs professional treasury managers to advise in this area. The Board is kept informed about interest rate risk, which has increased across the year, following the Bank of England's changes. WTHP has a Treasury Policy and a Treasury Strategy, which are reviewed routinely and in conjunction with the Business Plan, stress testing and recovery planning.

WTHP's treasury management frameworks seek to:

- *Minimise treasury related risks such as that arising from adverse movements in interest rates; and*
- *Support the development aspirations of WTHP.*

There were no covenant compliance issues during the year.

**28. Financial Instruments**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b><u>Financial assets measured at cost</u></b>		
Cash and cash equivalents	2,718	4,167
Investments	260	260
<b><u>Financial assets measured at amortised cost</u></b>		
Debtors (excluding prepayments)	449	545
	3,427	4,972
<b><u>Financial liabilities measured at amortised cost</u></b>		
Loans payable (net of set up costs)	34,136	33,757
Trade creditors	378	730
Other creditors and accruals	572	354
	35,086	34,841

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**28. Financial Instruments(Continued)**

The Board govern the treasury activities of the organisation. WTHP retains the services of professional, third party treasury management specialists (2Tix) who advise the Board, CEO and Finance Director on treasury matters.

A treasury management policy and strategy are in place. These were drafted by 2Tix and approved by the Board. The objectives of the policy document are to facilitate the use of financial instruments within a Board approved risk framework. The policy and strategy are subject to regular updates and scrutiny by the Board. The CEO and Finance Director are tasked with enacting the approved treasury management strategy (with assistance from 2Tix) and reporting progress to the Board. The Finance team report on the status of treasury matters and policy compliance on a regular basis to WTHP's Executive team. The Board also receives this information, as well as treasury reporting from 2Tix, across the financial year.

Ultimately, the main risk facing WTHP is that it could be unable to make interest or principal payments when they fall due. This risk arises through the secured funding agreements that it has in place with five lenders (National Westminster Bank, Triodos Bank, Lloyds Bank, The Housing Finance Corporation and Orchardbrook). All of the loan facilities are secured by fixed charges on specific completed housing properties belonging to WTHP.

**Counterparty risk**

The treasury management policy sets out limits on the amount of funds which can be placed in any one institution. Reputable institutions are chosen to hold the organisation's cash balances and the risk of institution failure is deemed low.

**Market risk**

WTHP's financial assets and liabilities do not create any material exposure to price, foreign exchange or other market risks.

**Interest rate risk**

The treasury management policy sets out the optimal balance of fixed versus variable interest rate debt to be held in WTHP's borrowing portfolio. The balance is maintained and managed via the agreed actions in the treasury management strategy. WTHP has fixed rate financing in place (to varying degrees) with its lenders. Loans in place with THFC, Lloyds and Orchardbrook are fixed for the duration of the facilities.

**Liquidity risk**

Liquidity is a key risk which is managed using well established cash forecasting and business planning processes which are regularly stress tested using multi variable scenarios. WTHP's operations are financed through a mixture of generated cashflows, government grants for development activities and loan borrowings. The interest rate strategy is regularly reviewed (as part of the Treasury management policy) and aims to achieve a conservative balance between fixed and variable rate debt at an acceptable level of risk and cost. Covenant compliance and sensitivity analysis of interest rates are monitored on a regular basis.

It is considered that WTHP has sufficient financial resources to make debt repayments and therefore the risk of being unable to meet its financial obligations to its lenders is considered low.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 28. Financial Instruments (continued)

#### Credit risk

Credit risk, in terms of outstanding monies owed to WTHP by its tenants is monitored at various levels across the organisation (including the Board) on a routine basis.

Detailed scenario planning is used to estimate the impact of any government policy changes on existing and future tenancies. The business plan takes account of these changes and the impact of other influencing factors such as increases in the cost of living, in determining the financial impact of future customer indebtedness.

This risk is mitigated by existing processes to monitor and manage rent arrears.

Note 21 sets out the level of bad and doubtful debts provided for at the year end.

#### Strategic risk

Financial instrument related risks map into three key strategic risks which are held on WTHP's risk register, as follows:

- Volatile market conditions create pressure on sales and security valuations.
- Liquidity issues compromise business operations.
- Financial covenants breached.

The Risk Register is reviewed regularly by the Audit and Risk Committee and the Board. Additional information about WTHP's risk management framework can be found in the Strategic Report.

### 29. Defined benefit pension liability

WTHP participates in the Social Housing Pension Scheme ('the scheme'), a multi-employer pension scheme, which provides benefits to non-associated employers across the housing sector. The Scheme is administered by TPT Retirement Solutions ('TPT').

WTHP participates in the defined contribution (DC) section of the Scheme, as the defined benefit (DB) part of the scheme has been closed to new members for some years. WTHP continues to have an obligation to contribute to any deficits arising from its DB membership.

SHPS provide sufficient information for WTHP to account for its share of the Scheme under DB accounting, which is required by FRS 102.

The Scheme is classified as a 'last man standing arrangement'. Therefore, WTHP 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.

The last published results of the triennial valuation of the Scheme for funding purposes related to a valuation that was carried out as at 30 September 2020. The 2020 valuation showed that overall, the past service deficit had increased slightly by £38M, from £1,522M (in 2017) to £1,560M (in 2020). A new recovery plan to recover the deficit of £1,560M was agreed and came into effect from 1 April 2022. The revised deficit contributions are based on each employer's share of liability in the Scheme, as at 30 September 2020.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**29. Defined benefit pension liability (continued)**

The next valuation will not be published until later in the year and this will be the September 2023 valuation.

**Scheme benefit review SHPS cost estimates**

WTHP has been advised that the Trustee of the SHPS is going to court to ask for a ruling on whether SHPS has been paying the correct benefits to members. Depending on the decision, this could lead to an increase in liabilities. This potential change in liabilities arises from uncertainty about what pension increases should be applied to benefits earned by members before December 2003 (pre-2003 benefits).

The Trustee of the SHPS has appointed Linklaters LLP to act on its behalf in this matter.

The last update for SHPS employers was issued by the SHPS Employer Committee (EC) in December 2023, when the EC advised that preparation for the case was progressing to schedule and that the Court had confirmed a window for the hearing during February 2025, with the outcome expected during Q2 2025. TPT also confirmed that, as the outcome will not be known before the 2023 valuation is concluded, no allowance for any potential increase in liabilities will be included in the 2023 valuation.

WTHP has disclosed a contingent liability in respect of this.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**29. Defined benefit pension liability (continued)**

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 the defined benefit occupational pension schemes in the UK.

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Present value of obligation</b>		
Fair value of plan assets	2,795	2,755
Present values of defined benefit obligation	(3,421)	(3,371)
	<hr/>	<hr/>
Surplus/(deficit) in plan	(626)	(616)
	<hr/>	<hr/>
Pension scheme liability	(626)	(616)
Deferred taxation	-	-
	<hr/>	<hr/>
Net pension scheme liability	(626)	(616)
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of present value of plan liabilities:</b>		
	<b>31 March</b>	<b>31 March</b>
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Obligation at start of period	3,371	4,710
Expenses	6	8
Interest expense	162	130
Actuarial losses/(gains)	(1)	(1,348)
Benefits paid	(117)	(129)
	<hr/>	<hr/>
	3,421	3,371
	<hr/> <hr/>	<hr/> <hr/>
<b>Composition of plan liabilities</b>		
	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Schemes wholly or partly funded	3,421	3,371
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**29. Defined benefit pension liability (continued)**

**Reconciliation of fair value of plan assets**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Plan assets at start of period	2,755	4,069
Interest income	135	114
Experience on plan assets (exc. Amounts in interest income) – (loss)	(124)	(1,444)
Contributions by employer	146	145
Benefits paid	(117)	(129)
	2,795	2,755
	2,795	2,755

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2024 was £11k (2023: £1,330k).

**Amounts recognised in the Statement of Comprehensive Income (SOCl)**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
<b>Operating costs:</b>		
Expenses	6	8
<b>Finance costs:</b>		
Net interest cost	27	16
	33	24
	33	24

**Analysis of (loss) recognised in SOCl**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Experience on plan assets (exc. Amounts in interest) – (loss)	(124)	(1,444)
Experience gains and losses arising on the plan liabilities – (loss)	(35)	6
Effects of changes in demographic assumptions underlying the PV of the DB obligation – gain	40	9
Effects of changes in the financial assumptions underlying the PV of the DB obligation – (loss)/ gain	(4)	1,333
Total actuarial gains and losses (before restriction due to some of the surplus not being recognizable) – (loss)/gain	(123)	-
	(246)	(96)
	(246)	(96)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**29. Defined benefit pension liability (continued)**

**Composition of plan assets**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Global equity	279	51
Absolute return	109	30
Distressed Opportunities	99	84
Credit Relative Value	92	104
Alternative Risk Premia	89	6
Emerging Markets debt	36	14
Risk sharing	164	203
Insurance-linked securities	14	70
Property	112	118
Infrastructure	282	314
Private Equity	2	-
Private Debt	110	122
Opportunistic Illiquid Credit	109	118
High yield	-	10
Opportunistic Credit	-	-
Cash	55	20
Corporate bond fund	-	-
Liquid Credit	-	-
Long lease property	18	83
Secured income	83	126
Liability driven investment	1,138	1,269
Current Hedging	(1)	6
Net current assets	5	7
	<hr/>	<hr/>
	2,795	2,755
	<hr/> <hr/>	<hr/> <hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**29. Defined benefit pension liability (continued)**

**Principal assumptions**

	<b>2024</b>	<b>2023</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount Rate	4.89%	4.88%
RPI	3.17%	3.20%
CPI	2.77%	2.73%
Salary growth	3.77%	3.73%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

**Mortality assumptions**

	<b>2024</b>	<b>2023</b>
	<b>Life expectancy at age 65 (years)</b>	<b>Life expectancy at age 65 (years)</b>
Male retiring in 2024 (2023)	20.5	21.0
Female retiring in 2024 (2023)	23.0	23.4
Male retiring in 2044 (2043)	21.8	22.2
Female retiring in 2044 (2043)	24.4	24.9

**30. Share capital**

	<b>2024</b>	<b>2023</b>
	<b>£</b>	<b>£</b>
As at 1 April	9	9
Shares issued in the year	2	-
Shares redeemed in the year	(2)	-
As at 31 March	<u>9</u>	<u>9</u>

The share capital of WTHP consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of WTHP. Therefore, all shareholdings relate to non-equity interests.

**31. Reserves**

The revaluation reserve was created at WTHP's transition to FRS 102 and represents the uplift on housing properties at fair value.

The income and expenditure reserve represents the cumulative surpluses of WTHP.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**32. Capital commitments**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Expenditure contracted for but not provided in the accounts		
- Maintenance	-	-
- Construction	-	1,332
Expenditure authorised by the Board but not contracted		
- Maintenance	-	-
- Construction	949	1,206
	949	2,538
	949	2,538

Uncontracted construction as at 31 March 2024 relates to scheme development at Creech St Michael and Ilton. Contracted construction reported under 2023 relates to WTHP’s housing development schemes at Crapstone.

As at 31 March 2024, WTHP has £6m (2023: £7m) of undrawn loan facilities, which will be used to fund capital commitments along with receipts from first tranche shared ownership sales and planned property sales.

**33. Contingent Liabilities**

The following contingent liabilities are noted:

**Increased Pension liabilities dependent on the SHPS Benefit Review Court Case**

As set out in note 29, the Trustee of SHPS has applied to Court to clarify the position on payment of historical benefits. SHPS have advised that they have incurred significant costs in preparing for the Court process (which will ultimately be passed on to SHPS employers). The administrators of the SHPS scheme have now advised that the legal costs will be charged directly to the Scheme and will be passed on to employers via the existing valuation processes.

Consequently, WTHP had chosen to recognise a provision of £108k raised during 2022/23 regarding this matter however this is no longer required. £108k has been released.

**Recycled Capital Grant Fund**

From time to time, WTHP receives capital grant from Homes England and other similar bodies, which is used to fund the acquisition and development of housing properties and their components. Grant of £24.1M (2023: £24.2M) (excluding RCGF) has been received in respect of housing properties. In certain circumstances, upon disposal of grant funded properties, WTHP is required to recycle this grant by crediting the Recycled Capital Grant Fund (RCGF).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**34. Operating leases**

The minimum payments under this non-cancellable lease are set out below:

	<b>Other equipment</b>		<b>Land and buildings</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts payable:				
- less than one year	5	2	1,303	1,538
- between 2 and 5 years	-	-	2,032	2,031
	-----	-----	-----	-----
	5	2	3,335	3,569
	=====	=====	=====	=====

WTHP leases a photocopier and a franking machine on rolling operating leases.

WTHP has an operating lease for 213 properties with RPI 1 Limited and RPI 2 Limited. The operating leases are calculated as a percentage of rental income received on the leased properties.

Also included within operating leases on land and buildings is the office space.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## 35. Analysis of net debt

	At 1 April 2023 £000	Cashflow £000	Interest charge £000	Amortisation of loan costs £000	Premium £000	Other £000	At 31 March 2024 £000
Cash at bank and in hand	4,167	(1,449)	-	-	-	-	2,718
Bank loans	(26,888)	764	(1,207)	(44)	-	63	(27,312)
Other loans	(6,869)	308	(334)	(3)	43	30	(6,825)
	<u>(29,590)</u>	<u>(377)</u>	<u>(1,541)</u>	<u>(47)</u>	<u>43</u>	<u>93</u>	<u>(31,419)</u>

Other movements relates to accrued interest charges held within accruals.



**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**36. Related party disclosures**

During the year, WTHP purchased legal services from Tozers LLP amounting to £35k (2023: £16k). Additionally, Tozers LLP received £2,312k (2023: £672k) in funds to hold in WTHP's client account (for onward payment for property development). Mr. Stephen Burtchaell (a Board member) is a partner of this firm. In addition, WTHP has paid a total of £4k (2023: £7k) to a number of local authorities based in the Somerset area. Wendy Lewis (a Board member) is an employee of Somerset Council.

**37. Ultimate controlling party**

Willow Tree Housing Partnership Limited is jointly controlled by the members. There is no ultimate controlling party.