

Orwell Housing Association Limited

Report and Consolidated Financial Statements

Year Ended

31 December 2021

Co-operative and Community Benefit Societies Act 2014

Registration No 16460R

ORWELL HOUSING ASSOCIATION LIMITED

Annual report and financial statements for the year ended 31 December 2021

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ORWELL HOUSING ASSOCIATION LIMITED

Officers and general information

Board (elected unless otherwise stated)

Kim Newman BSc (Hons) FCIPS MCMI
– Chair – *G R*

Helen Galbraith BA (Hons) CFA CFAB
DiPFA – Vice-Chair - *A R*

Cynthia Alers MBA MA MIRSoc – *A G*

Jeanette Alfano BTech (Hons) MBA CITP
– *A G R*

Stuart Appleby (appointed 24 March 2021)
– *G*

Dayle Bayliss BSc (Hons) MSc MBA FRICS
C. Build E FCABE MCIOB CMgr MCMI - *G*

Lauren Bayliss-Fuller (appointed 24 March
2021) - *A*

Daniel Gaul BSc (Eng) MSc – *G*

Robyn Llewellyn – (retired 24 March 2021)

Ian Pinches FCCA FRSA – *A R*

Brett Rennolds MBA Dip MC – *A*

Alastair Thomas BSc (Hons) FRICS – *R*

Barbara Thorndick OBE BA (Hons) FCIOH
– *A G R*

Committee membership key

Audit Committee – *A*

Governance Committee - *G*

Remuneration and

Nominations Committee - *R*

Chief Executive

Wendy Evans-Hendrick BA (Hons) Dip DM DMS

Director of Care and Support

Rowan Procter BSc (Hons) Dip CHN

Director of Customers and Communities

Cairistine Foster-Cannan BA (Hons) FCMI (appointed 18 January 2021)

Director of Housing

Paul Kingston MBA FCIH DMS MCMI (left 30 June 2021)

Director of People and Culture

Michelle Harrison FCIPD

Director of Resources and Growth

Christopher Wyer FCCA

Registered office

Crane Hill Lodge, 325 London Road, Ipswich IP2 0BE

Bankers

Affordable Housing Finance, 3rd Floor, 17 St Swithin's Lane, London EC4N 8AL

bLEND Funding Plc, 3rd Floor, 17 St Swithin's Lane, London EC4N 8AL

Handelsbanken, Unit 1, Grafton House, Russell Road, Ipswich IP1 2AG

Lloyds TSB Bank plc, 13 Cornhill, Ipswich IP1 1DG

Royal Bank of Scotland plc, 135 Bishopsgate, London EC2M 3UR

ORWELL HOUSING ASSOCIATION LIMITED

Officers and general information (Continued)

Solicitors

Anthony Collins, 134 Edmund Street, Birmingham B3 2ES
Devonshires, 30 Finsbury Circus, London EC2M 7DT
Mills and Reeve, 1 St James Court, WhiteFriars, Norwich NR3 1BR

External Auditor

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

Internal Auditor

KPMG LLP (UK), Dragonfly House, 2 Gilders Way, Norwich NR3 1UB

Social Housing Regulator

Registration No L0028

Co-operative and Community Benefit Society

Registration No 16460R

ORWELL HOUSING ASSOCIATION LIMITED

Chair's Report for the year ended 31 December 2021

Looking back on the last year, 2021 saw the ongoing impact of the Coronavirus pandemic and further lockdowns impacting on both Orwell and our residents.

Despite those impacts, restrictions and challenges, I am very proud of the progress we have been able to make in relation to our strategic plan and the commitment and hard work of 'Team Orwell' has again shone through. What our team have been able to achieve is truly remarkable.

A key part of this progress was completing the implementation of our Transformation Plan. We completed the restructuring of our leadership team and made several new key appointments. This has created the foundation for our next phase of growth under our Strategic Plan and helped us meet the challenges of the Covid-19 pandemic.

As an organisation we continued to maintain our awareness of the sector challenges arising from multiple factors including Brexit and inflationary pressures. We therefore took the opportunity to review our plans as a Board to clarify our strategic objectives and priorities. This process confirmed and reinforced our agreed direction of travel and the robustness of our business planning which led to The Regulator of Social Housing again confirming our G1/V1 status in November.

Following the official launch of Independent East, we have continued to work closely with our colleagues to explore the potential of shared services and have identified a number of areas to develop together and Orwell have also joined Build East to further expand our focus on partnership working to achieve our broader ambitions.

During 2021 we also undertook some key external reviews in order to support our culture of continuous improvement and drive towards EPC C and Net Zero Carbon. Altair completed our Governance Review which confirmed our full compliance with the Code of Governance and identified some further opportunities for best practice improvements. Turner and Townsend also completed an audit of our stock condition data in relation to EPC C and Net Zero Carbon to inform our investment and decarbonisation plans and we received the results of this work in early 2022.

Working with our subsidiary company Orwell Homes Limited, which again has had a tremendous year, we brought 50 additional homes into management during 2021 and secured a firm pipeline of over 70 units for 2022. We also commenced negotiations in relation to transfer of two schemes which will secure 130 further units during the first quarter of 2022.

Our work with residents in relation to Tenant Involvement and Empowerment continued to make excellent progress with the launch of our Customer Engagement and Tenancy Sustainment Strategy. Further Resident Scrutiny reviews have also been completed as well as co-creation events with Residents. We have successfully recruited two new Board Members who, in addition to their substantial career experiences, are Orwell residents and will bring their customer insight into Board discussions and decisions. The Tenancy Sustainment Team have also had an excellent first year and delivered some excellent outcomes to enable residents to remain in their homes.

People are at the heart of everything we do and as an organisation we successfully commenced our Kickstart scheme. We also worked with the Housing Diversity Network towards obtaining our EDI accreditation which we are hopeful we will achieve in 2022.


Last year also saw some changes to the Board with both retirements and new appointments. Robyn Llewellyn who was Vice Chair and chaired the Audit and Risk Committee retired after nine years service. Our sincere thanks to Robyn for all that she contributed to Orwell during her term of office. We were also very pleased to welcome Lauren Bayliss-Fuller and Stuart Appleby to the Board.

Our staff have continued to work flexibly, and as we emerge into 2022 we are looking forward to continuing our hybrid working approach and being able to meet colleagues face to face again. Our people centred culture has meant that the whole of 'Team Orwell' has continued to work incredibly hard in challenging circumstances and we know that being able to meet with colleagues more frequently will be greatly valued.

ORWELL HOUSING ASSOCIATION LIMITED

Chair's Report for the year ended 31 December 2021 (Continued)

With 2021 now behind us, while Covid-19 is still very much part of our lives, we enter 2022 with renewed optimism and confidence in our strategy and the strength of Orwell.

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Kim Newman, Chair

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021

Principal Activities

Orwell Housing Association Limited is a Co-operative and Community Benefit Societies Act company and a Registered Provider of housing with a head office based in Ipswich, Suffolk. The Association has a diverse housing stock located throughout East Anglia which is reflective of the two main areas of focus which are:

- General needs housing, providing affordable homes for a wide range of people in housing need; and
- Supported housing, where a home, care and/or support service are provided primarily to young people, older persons, people with learning difficulties and women fleeing domestic abuse.

The Association works in partnership with other social landlords and stakeholders committed to investing and supporting the diverse and sustainable communities in which it works. One such group is Independent East, with four other locally based Associations, Broadland Housing Association, Havebury Housing Partnership, Freebridge Community Housing and Saffron Housing Trust who share the common aim of investing in the local Suffolk and Norfolk community. The members of Independent East are committed to working together to improve efficiencies and share learning and resources, whilst remaining independent and best able to meet the needs of their own local communities. As a Placeshapers member, the Association is also a member of a national network of community based social housing providers, all of whom believe in putting the customer at the heart of the organisation and building homes that respond to the needs of the local communities that they serve.

During 2021 the Association continued to lead the development consortium, known as e², managing development projects for Freebridge Community Housing Limited, Eastlight Community Homes, Saffron Housing Trust Limited, East Suffolk District Council and Ipswich Borough Council. The Association undertakes its own development and also provides development services to other organisations, in addition to e² members. The Association is also a member of Eastern Procurement Limited, a company formed to enable organisations with similar buying needs as the Association, to benefit from joint procurement initiatives, improved quality and lower costs.

The Association has a 100% subsidiary company, Orwell Homes Limited, and the results of the company are consolidated within these financial statements and shown under the heading of Group.

Operating Review

Objectives

The direction of the Association during the year is as set out in the Association's Strategic Plan 2021-2024 and the key strategic objectives included in that document are as follows:

- Providing exceptional customer service - putting customers at the heart of what we do to ensure our decisions are driven by customers' needs and aspirations;
- Supporting our customers to have control over their future - we aim to support them to be independent and have the greatest chance to be healthy, happy and safe;
- Making a positive social impact in our diverse communities - through better understanding of needs and developing services that make a positive impact;
- Being a great employer, investing in our people and to be a company people are proud to work for;
- Providing new homes and investing in our existing homes; and
- Improving value for money, services and driving innovation and change.

Performance against all Strategic Plan objectives is reviewed by the Board at every meeting.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Objectives (continued)

The key objectives of Orwell Homes Limited are as follows:

- To utilise the skills that already exist within Orwell Housing Association Limited to develop suitable sites providing residential housing for sale on the open market;
- To provide construction services to the parent company Orwell Housing Association Limited; and
- To gift aid profit to the parent company, Orwell Housing Association Limited.

Performance against objectives is reviewed at every meeting, by the Boards of Orwell Housing Association Limited and Orwell Homes Limited.

Delivery against objectives

The Association continues to be committed to putting people and customers at the heart of the organisation and ensuring that the decisions and investments made deliver the mission of “Together we make a difference”.

The business remains strong and continues to grow despite the challenge that the ongoing pandemic and subsequent financial volatility has brought to the economy during the year. Costs have been kept under control and an emphasis on continually improving the efficiency of the services we provide with a focus on value for money across the business, has enabled this continued growth.

Whilst 2021 has evolved into a year where we have learned to live with Covid-19, the impact of ongoing pandemic measures have impacted the organisation both from a financial and operational point of view. The Association has worked hard to minimise the effect on services, to customers and has managed to continue to operate the business as usual. Despite these challenges, customer and employee satisfaction has remained high throughout the year.

The delivery of the growth objectives of developing more homes and growing the Care and Support service has slowed during 2021 due to both cost pressures on development materials and labour shortages, with a reduced number of starts on site brought forward from the previous year. The focus in the Association’s Care and Support services remained largely dominated by managing Covid-19 risks during the year rather than on growth, however the Association has been able to open its first Next Steps project in Lowestoft, providing an intensive support service for people who are homeless, in partnership with East Suffolk District Council. Whilst a relatively low number of new homes were completed in the year, which was 37 units, the pace of the development program did pick up and will result in an increased number of new homes being added to the housing stock in 2022. This will include 130 Extra Care flats in Walton on the Naze and Harwich which are being leased from Funding Affordable Homes and will be the Associations first lease agreement with funding provided by long term investors.

The Association continues to be an investment partner with Homes England and is in contract to deliver the Affordable Homes Programme 2021-26 via Continuous Market Engagement. The Association also remains the lead partner for the e² development consortium which now includes Ipswich Borough Council and East Suffolk Council. Grant of £1.8m for the delivery of 37 homes has been secured to date, and the Consortium has a pipeline of around 500 units for delivery over the next two years.

The Association’s Development Team works to deliver on average 100 new affordable homes for Orwell each year and continues to provide project management and sales and marketing services outside of the Affordable Homes Programme for clients such as Equinox Enterprises Limited, the private sector development company set up by Great Yarmouth Borough Council, and for East Suffolk Council.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)**

Delivery against Objectives (continued)

Throughout the year, Covid-19 has continued to affect the Association's Care and Support services with the requirement for frequent testing and use of PPE and enhanced infection control measures. Additional grant funding from Central Government via the County Council, has helped mitigate some of the financial impact of the pandemic but coping with employee absences due to the virus and self-isolation has meant that the cost of agency workers has remained high throughout the year, along with overtime and relief costs. Despite these additional costs the services have kept customers safe and happy throughout this challenging time, as well as achieving their budgeted surplus at the end of the year. The Association has a strategic aim to make care a career of choice for people and has been working throughout the year to improve the rates of pay for care workers as well as their terms and conditions, showing that there is a clear and ambitious career pathway available to people along with the fact that care is an enjoyable and rewarding career. The work completed during 2021 enabled us to put in place an enhanced package for all care staff in January 2022. The Association is keen to continue to grow its Care and Support business and the Strategic Plan 2021-24 sets an ambitious target to grow the number of people receiving care and/or support from the Association by at least 100 every year for the life of the plan. All of the services overseen by the Care Quality Commission, continue to achieve an overall rating of Good.

The impact of Covid-19 on the Association's repairs service has been high, with both staff sickness and the need to self-isolate reducing the capacity of the available repairs team. This has resulted in appointments taking longer than the usual response times. However, regular, and timely communication with customers has meant that satisfaction with the service has remained good throughout 2021 despite these difficulties. Property improvements have continued at pace during the year with 80 kitchens, 60 bathrooms and 6 heating systems replaced but were impacted due to the poor performance of an external contractor, delays in material deliveries and price rises. As a result, the decision was taken, in consultation with customers, to pause the kitchen and bathroom programme towards the end of the year to ensure that all works could be completed correctly and to the Associations and customers satisfaction. All outstanding kitchen and bathroom replacements from 2021 have been added to the 2022 programme. The Association remains fully compliant across gas and electrical safety checks, asbestos monitoring, legionella testing and fire risk assessments.

During the year the Association completed the final stage of its organisational restructure as part of the Transformation Plan and review of the structure of Directorates. Customers & Communities, Care & Support, Resources & Growth and People & Culture are now complete and delivering against the ambitions laid out in the Transformation Plan of modernising and transforming the Association to achieve the ambition of being one of the leading community focused Housing Associations in the sector.

The Association benefits from an empowered and motivated employee base and their continued commitment and dedication is recognised as vitally important to future growth plans. The Association's commitment to working towards achieving Investors in People Gold demonstrates the value and importance that is placed on being a great employer. Confirmation of the success of the Association's efforts was received with the Sunday Times Best Companies survey in 2021 rating of being in the top 25 Housing Associations in the country and the top 75 companies for employee engagement in the Eastern Region.

The Association has continued to focus on how it can ensure that customers and tenants voices are heard, and people are engaged and involved with the Association. During the year, two new Board members were successfully recruited, both who have lived experience of being a customer of the Association and provide valuable insight at Board level into the impact of strategic decisions on customers. The Orwell Residents Group, which oversees the work of the various tenant groups and scrutinises the services provided by the Association, has been invaluable in assisting in the ongoing improvement of services and is working closely with the Tenant Participation Advisory Service to further develop their role alongside the new customer insight and involvement team.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Delivery against Objectives (continued)

The scale of the Association's investment in information technology and digital platforms during 2021 demonstrates the commitment to the delivery of the Digital Strategy and its importance to the organisation. The property repairs software was further enhanced during the year enabling customers to dynamically book their own repairs via the tenant's portal, moving forward the Association's self-service offer for customers. The Association recognises the key risks around the data that it holds and processes and ongoing investment in cyber-security applications and training was a key feature in the year. In order to measure the progress, and identify any further areas for improvement and strengthening, the Association undertook the Cyber Essentials Plus accreditation and achieved full compliance early in January 2022.

Property sales of both shared ownership homes for Orwell Housing Association and private house sales for Orwell Homes, have remained buoyant both in terms of sales activity and market price for the year, seeing increased sales activity throughout the year. Work started on site at the largest combined private sector and affordable housing scheme undertaken by the Group to date at the site at Cockfield in Suffolk which, once complete, will see 18 affordable homes and 25 homes for sale built by Orwell Homes Limited.

During the year, the wholly owned subsidiary of the Association, Orwell Homes Limited, continued to provide construction services to the Association, resulting in a net saving to the Group of approximately £60,000.

Whilst passing up profit under gift aid to the parent company Orwell Housing Association Limited remains a key objective of Orwell Homes Limited, since year ended December 2016, this has not taken place and will not take place again this year. This is to retain funds within Orwell Homes Limited to contribute to the financing of open market development. Once sufficient funds have been accumulated, passing up profit under gift aid to the parent company will resume at anticipated higher levels than would otherwise have been achieved.

Employee involvement

The Association strongly believes in the importance of keeping employees informed, engaging and involving them in decision making wherever possible and practicable. This information sharing takes place in various forms: through one to ones and supervisions, team meetings, through the workplace social media platform with posts and videos, and via 'Employee Voice' (the Association's Employee Forum). In respect of matters likely to impact employees' interests, discussion and consultation takes place through 'Employee Voice', as well as through specific consultation and special interest meetings where relevant. Discussions relating to both the Association's Strategic Plan and Financial Performance take place at Employee Voice meetings and are standing items on the quarterly agenda.

Disabled persons

The Association actively encourages disabled people to apply for suitable vacancies. We are committed to providing equal opportunity for all and supporting a diverse and inclusive workforce. Reasonable adjustments will be made wherever possible to support accessibility of all kinds. In common with all employees of the Association, regular support and supervision discussions and performance reviews take place and ongoing training and development opportunities are discussed, to include feedback around any additional support that may be beneficial. Where existing employees become disabled, the Association's aim will always be to support continued employment in the substantive role through provision of reasonable adjustments and involvement of external support agencies, where available; where this does not provide the necessary support, suitable alternative employment will be explored.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Operating Performance And Value For Money

Approach to Value for Money

The Association's Value for Money (VfM) Strategy balances financial health with the vision of making a difference for all residents and stakeholders.

As a social purpose business, the aim of the Association is to deliver measurable benefits to all and demonstrate that the Association's skills and resources are being used effectively and efficiently. However, the pursuit of efficiency is not simply an exercise in cost cutting – financial health is not an end in itself, but complements and reinforces the Association's social purpose of making a difference, which runs through all the Rules, Strategic Plan and is fundamental to the Association.

A holistic and balanced approach to VfM is taken, that supports the fundamental social purpose and strategic intent of the Association. The interconnected nature of this approach recognises both social and financial value and also balances the existing and future needs of the Association's residents with the wider social value delivered, such as meeting future housing need and managing environmental impact.



VfM framework

The vision of the Association with regard to VfM is a holistic and customer-centric one, delivering quality housing and support and care services, working with stakeholders to put the ethos of “Together we make a difference” at the centre of everything that is done, in a way that is:

- Innovative
- Cost effective
- Maximises the return on investments.

VfM is focused around delivering the Association's Strategic Plan and is reliant upon meeting the ten VfM objectives included in that plan. The VfM Framework provides the structures, roles and responsibilities, as well as a description of the processes that will allow the Association to adhere to its ten VfM objectives.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)*****Value for Money performance***

To demonstrate delivery of Value for Money, this report measures performance against the Regulator of Social Housing's (RSH) mandatory VfM Metrics, Sector Scorecard metrics and our own bespoke metrics.

As part of performance measuring, benchmark comparisons were carried out against the median score of a specially selected group of peers, comparable to the Association, and regional and national groups. For all peer and comparison groups, metric scores are sourced from 31 March 2021 audited financial statements filed with the Regulator for Social Housing, which was the most up to date information available at the time of publication.

Further performance measuring looks at actual performance for 2017 to 2021, compared to target performance for 2019 to 2021. Additionally, a look-forward 2022 target is also included.

Peer Group

The Association is a community-focused housing association, owning and managing approximately 4,000 homes in rural East of England and the biggest provider of support and care in Suffolk. This means that the Association's offer is not typical of the sector and, as a result, performance may look very different, for example, from that of a much larger housing association operating exclusively in a built-up metropolitan area. Consequently, the selected peer group are similar, medium-sized organisations, operating wholly or mainly in East of England, with a significant proportion of their activity made up of care and support and sheltered housing for older people (HfOP). The only exceptions to this are the inclusion of Westward Housing and Two Rivers Housing, which although based in different areas of the country, have similar levels of care and supported activity and comparable rent levels to those in the East of England. Details of the peer group are shown in the table below:

Organisation	Units Owned/Managed (Social stock)	Turnover (£,000)	% Stock in East of England	% Supported Owned/Managed	% Stock HfOP Owned/Managed
Orwell Housing	4,028	£37,232	100%	10%	12%
B3 Living Limited	4,183	£33,336	100%	0%	7%
Broadland Housing Association Ltd	5,419	£44,078	100%	3%	12%
Hightown HA	6,112	£90,088	78%	7%	1%
Saffron Housing	6,506	£35,622	100%	2%	11%
The Cambridge Housing Society	2,993	£33,807	100%	6%	7%
Two Rivers Housing	4,243	£28,057	N/A - South West/West Mids (100%)	0%	14%
Westward Housing	7,435	£39,825	N/A – South West (100%)	6%	10%

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

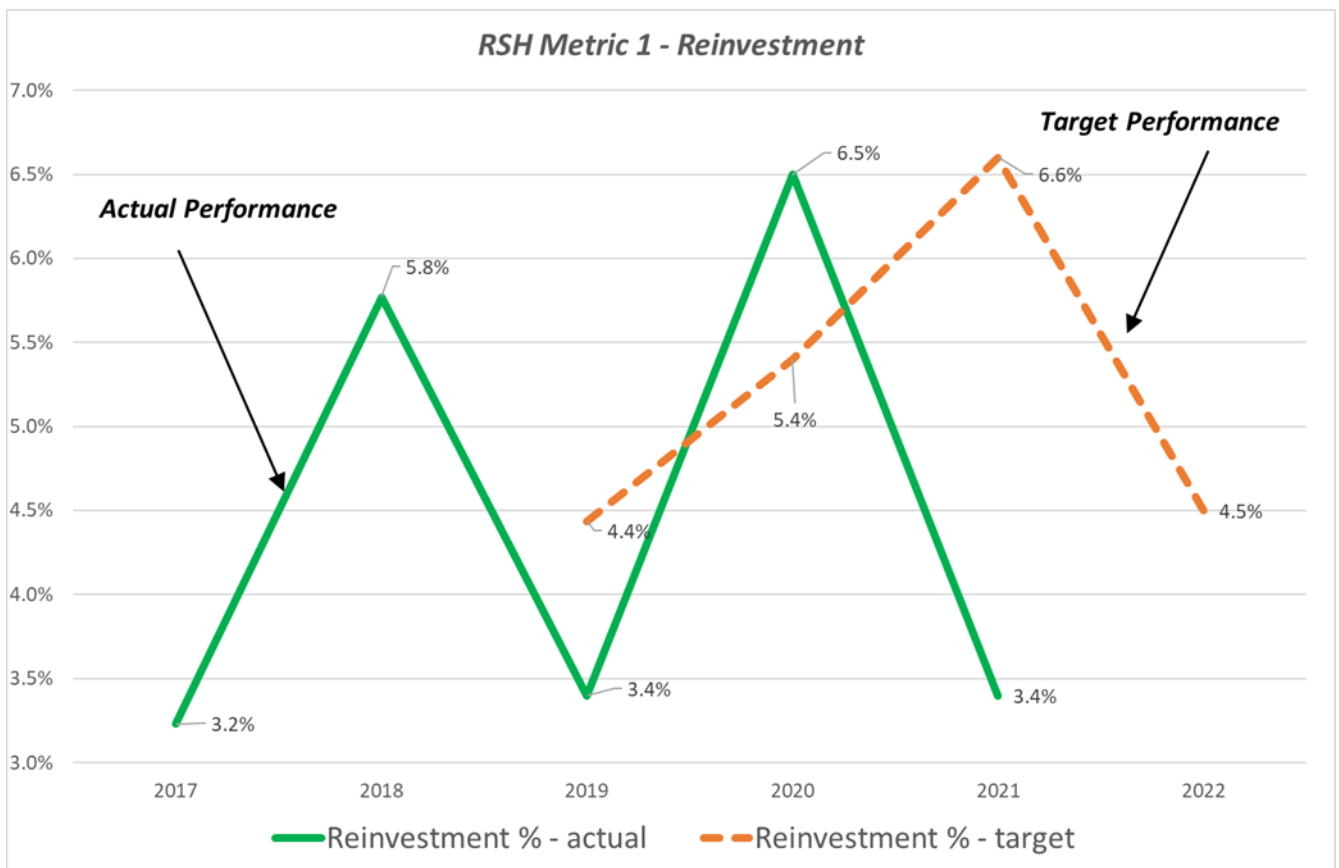
Regulator VfM metrics

The RSH 2018 Value for Money Standard and the associated Code of Practice, requires registered providers to report on a suite of defined performance metrics to measure economy, efficiency and effectiveness on a comparable basis across the sector. These metrics are shown below:

1. RSH Metric 1 – Reinvestment %

This metric reflects investment in properties (capital spend on existing stock as well as new stock developed or bought) as a percentage of the value of total properties held.

	Orwell Housing	Peer group	East of England	UK
Existing Stock	0.6%	0.7%	0.9%	0.9%
New Stock	2.8%	7.5%	6.0%	4.8%
Total	3.4%	8.2%	6.9%	5.7%

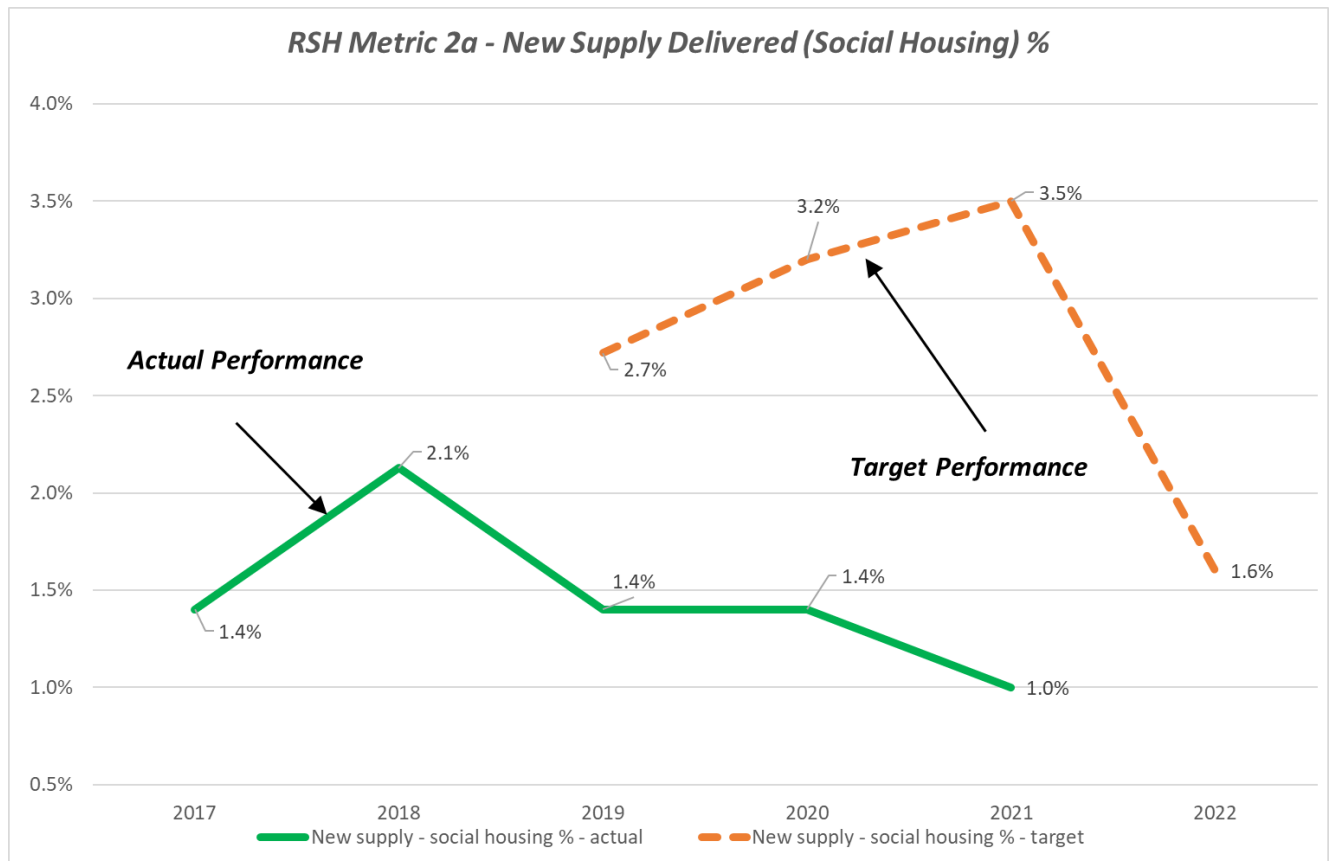


The Association, with reinvestment of 3.4%, has seen a reduction compared to last year's performance of 6.5%, although it should be noted that last year's performance was positively impacted by the stock acquisition of 56 private rented properties. Separating out the existing stock and new stock elements, as shown above, indicates that capital spend on existing stock is on a par with peer group although slightly less than other comparators. However, spend on new stock is significantly lower and it is this aspect which has impacted the overall total, including when compared to target. This is primarily related to continued significant operational impact from the Covid-19 pandemic including material delays and labour shortages. High inflation and increasing interest rates are also impacting upon the ability to identify financially viable development sites and therefore the new stock target for 2022 has been adjusted downwards to reflect these practical challenges.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Regulator VfM metrics (continued)****2. RSH Metric 2a – New Supply Delivered (Social Housing) %**

This metric reports on the number of new social housing homes that have been acquired or developed during the year as a proportion of total social housing homes owned at period end.

Orwell Housing	Peer group	East of England	UK
1.0%	2.5%	1.8%	1.4%

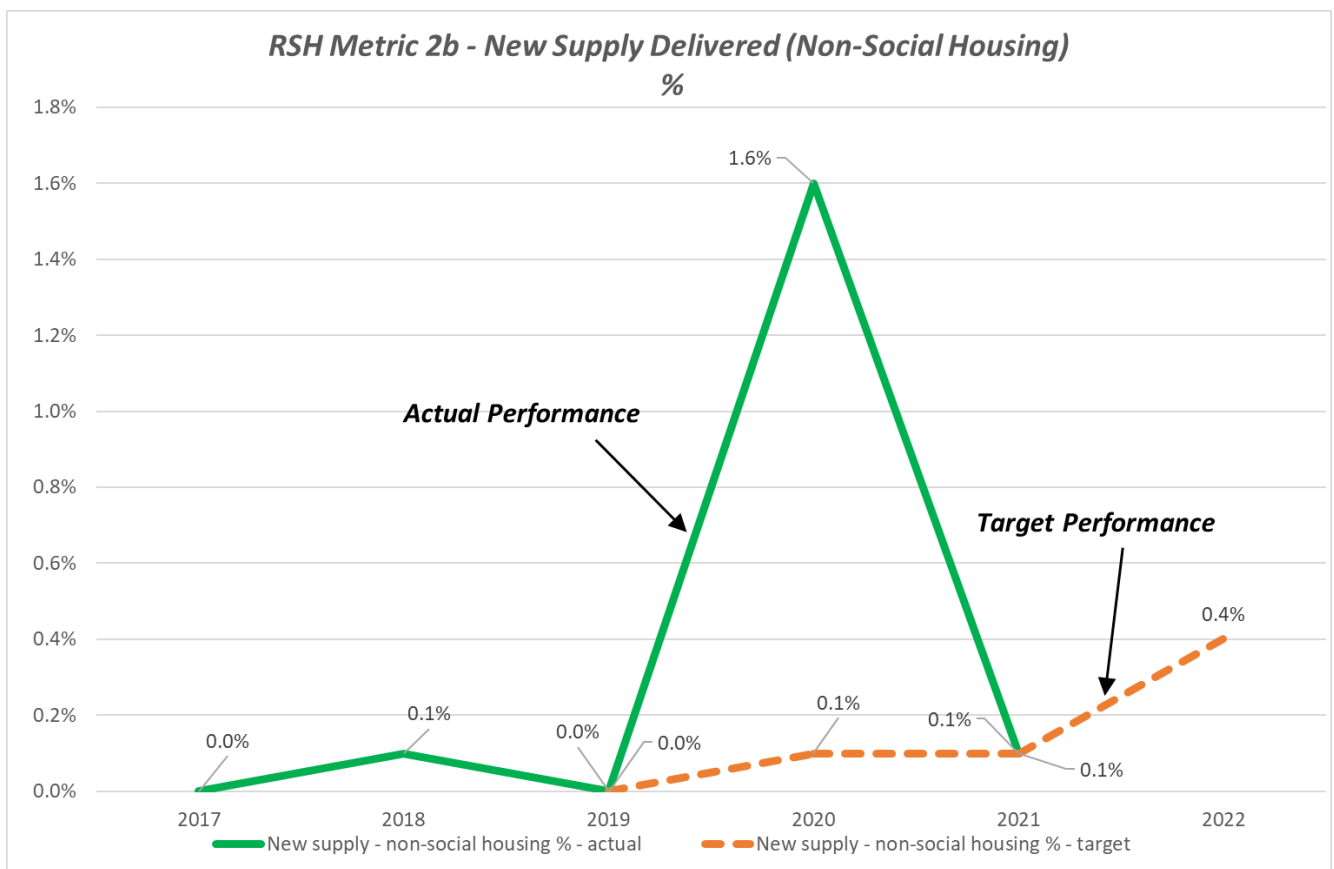


The Association, with new supply delivered of 1.0% has seen a reduction compared to last year's performance of 1.4%. In terms of units, this represented a fall from 54 units completed last year to 37 units this year. This reduction is due to the continued significant operational impact from Covid-19 pandemic including material delays and labour shortages. High inflation is also impacting upon the ability to identify financially viable sites and therefore the target for 2022 has been set at a level of 60 units to reflect these practical challenges.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Regulator VfM metrics (continued)****3. RSH Metric 2b – New Supply Delivered (Non-Social Housing) %**

This metric reports on the number of new non-social homes that have been acquired or developed during the year as a proportion of total social housing homes owned at period end.

Orwell Housing	Peer group	East of England	UK
0.10%	0.06%	0.10%	0.22%



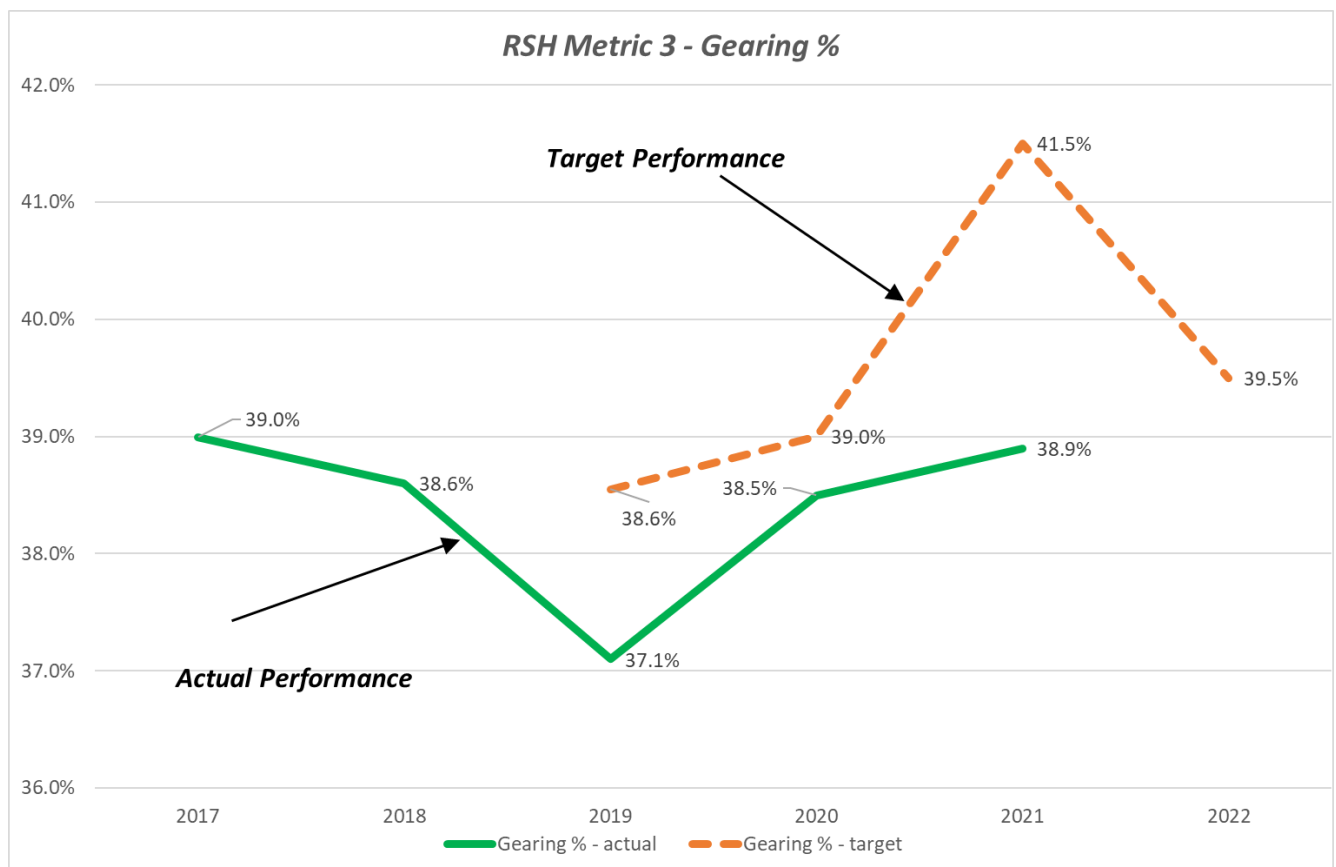
The Association, with new supply delivered of 0.1% has achieved the target for the year. The reduction compared to last year's performance of 1.6% relates to the positive impact in 2020 of the stock acquisition of 56 private rented properties. These will be converted to social rented properties upon relet.

The target for 2022 has been set based upon forecast level of market sales by the subsidiary, Orwell Homes Limited.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Regulator VfM metrics (continued)****4. RSH Metric 3 – Gearing %**

This metric assesses how much of the adjusted assets are funded by debt and the degree of dependence on debt finance. It is often a key indicator of a housing association's appetite for growth.

Orwell Housing	Peer group	East of England	UK
38.9%	55.2%	54.8%	47.2%



The Association's gearing ratio of 38.9% compares favourably with peer group and the other comparators although is below target for the year because of the lower number of units developed in 2021. As mentioned above, actual 2021 performance against target, the year has seen continued significant operational impact from Covid-19 pandemic including material delays and labour shortages.

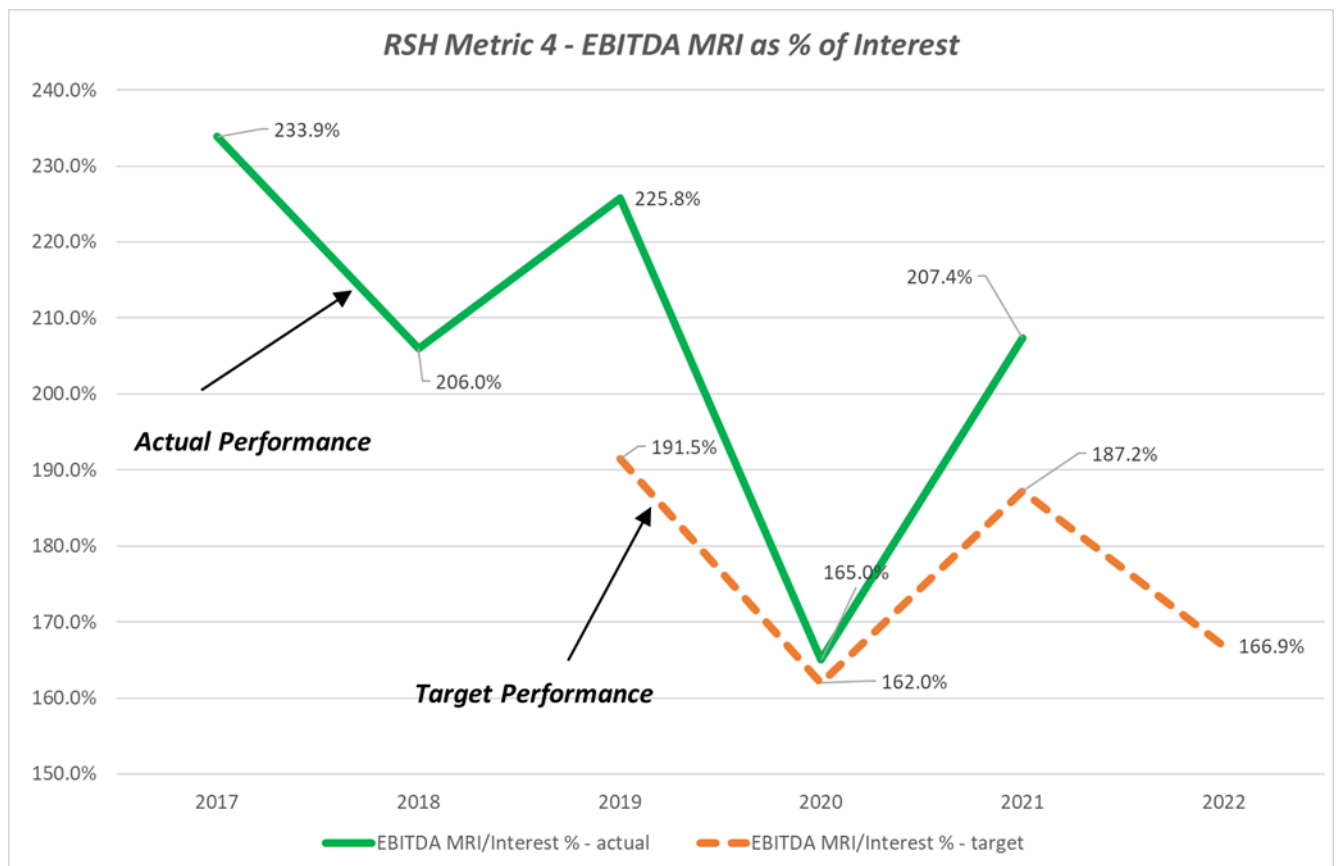
High inflation is also impacting upon the ability to identify financially viable sites and therefore the target for 2022 has been adjusted downwards to reflect these practical challenges.

Going forward, starting from the base of a comparatively low level of gearing will provide headroom to support the funding required to deliver Net Zero Carbon works.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)***Regulator VfM metrics (continued)***5. RSH Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) as % interest**

This metric is a key indicator of liquidity and investment capacity. It seeks to measure the level of surplus a registered provider generates to meet interest payments (the measure avoids any distortions stemming from non-cash depreciation charges).

Orwell Housing	Peer group	East of England	UK
207.4%	187.8%	180.7%	151.2%



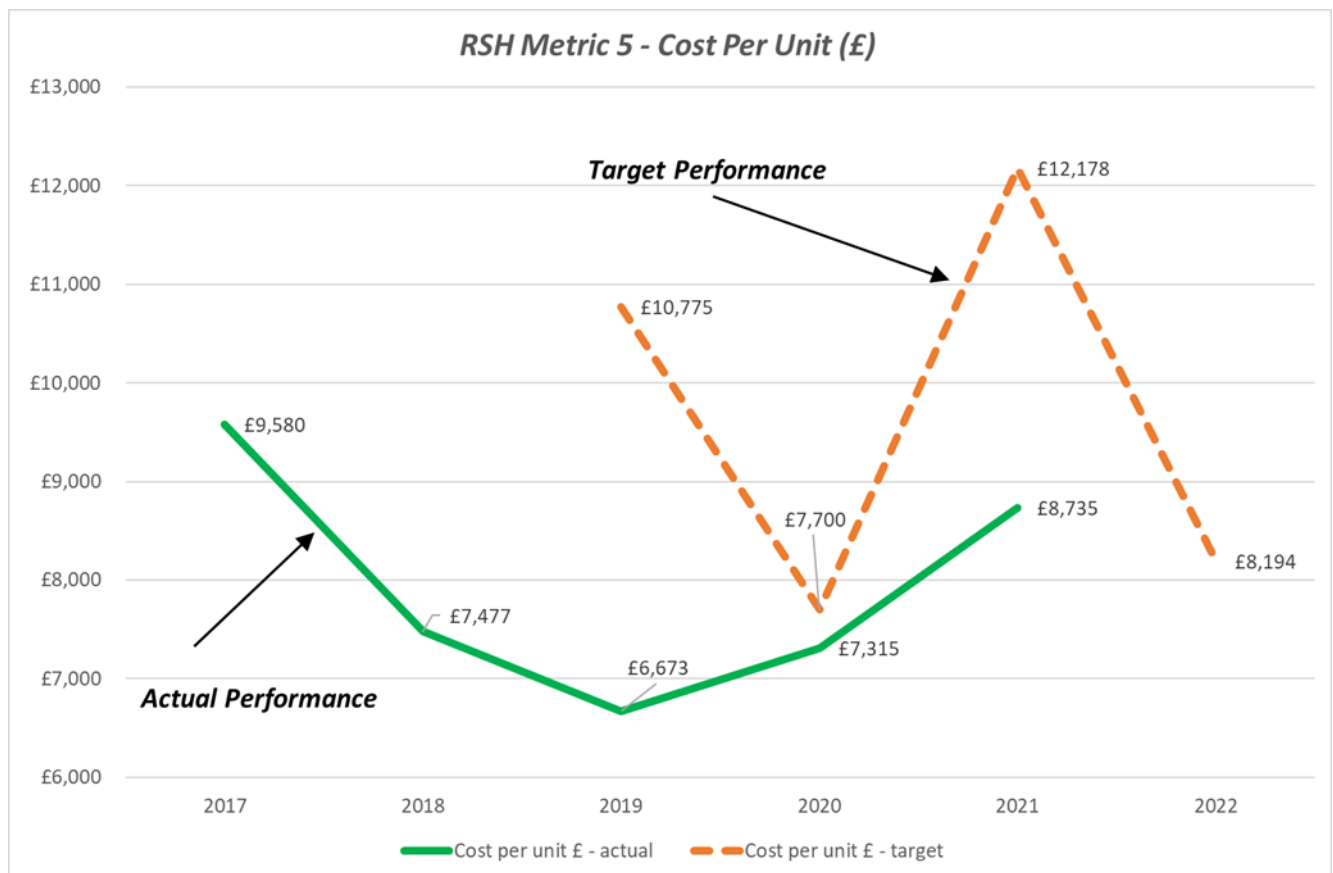
The Association's EBITDA performance of 207.4% compares favourably with the peer group and the other comparators, and is above target for the year, despite ongoing challenges presented by the Covid-19 pandemic.

Looking forward to 2022, it is anticipated that capitalised major repairs spend will increase as part of Orwell's 10-year planning cycle, causing EBITDA to decrease.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)***Regulator VfM metrics (continued)***6. RSH Metric 5 – Headline Social Housing Cost Per Unit (£)**

This metric assesses the headline social housing cost per unit as defined by the RSH.

Orwell Housing	Peer group	East of England	UK
£8,735	£4,070	£3,790	£4,150

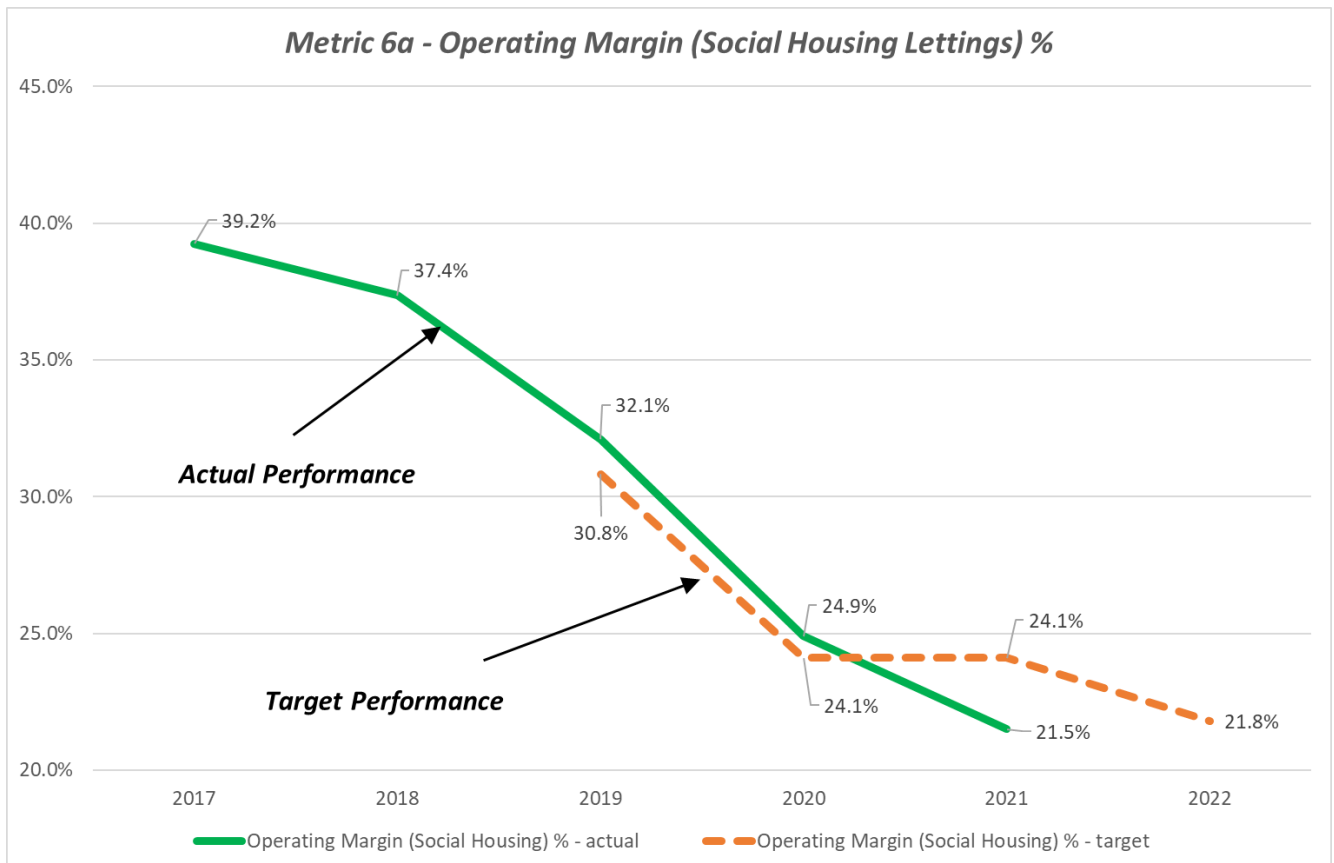


Calculation of this metric includes both support and care activities and also provision of development services (e²). Inclusion of these elements makes meaningful comparison very difficult as it makes the Association's figures higher than they would otherwise be. A more reflective measure of cost per unit performance is included within this report under metric 8.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Regulator VfM metrics (continued)****6a. RSH Metric 6a - Operating Margin (Social Housing Lettings) %**

This metric demonstrates the profitability of Social Housing operating assets before exceptional expenses are taken into account, excludes both care and support activities and also provision of development services (e²), thereby providing more meaningful comparison.

Orwell Housing	Peer group	East of England	UK
21.5%	33.1%	33.0%	28.3%



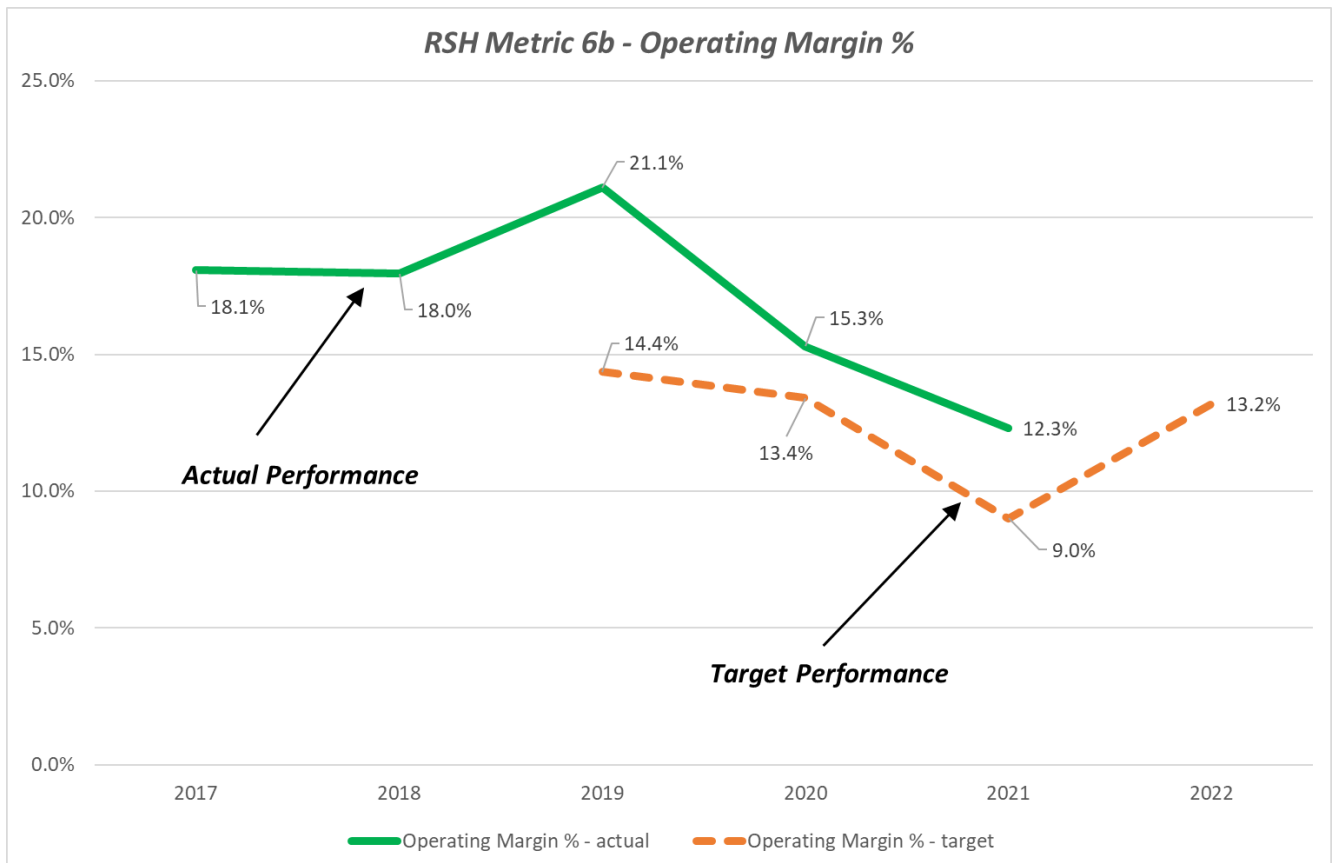
The Association, with a performance of 21.5% has fallen short of the target for the year and this performance reflects ongoing challenges presented by the Covid-19 pandemic, particularly, material cost pressures and direct labour shortages impacting upon responsive repairs expenditure.

The target for 2022 has been set at a level of performance reflecting ongoing economic conditions including labour supply difficulties and high inflation.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Regulator VfM metrics (continued)****6b. RSH Metric 6b – Operating Margin %**

This metric demonstrates the profitability of operating assets before exceptional expenses are taken into account and includes both care and support activities and also provision of development services (e²). Inclusion of these elements makes meaningful comparison very difficult and the metric above, 6a - Operating Margin (Social Housing Lettings) %, excludes these elements from the calculation and thereby provides more meaningful comparison.

Orwell Housing	Peer group	East of England	UK
12.3%	30.2%	27.2%	22.3%

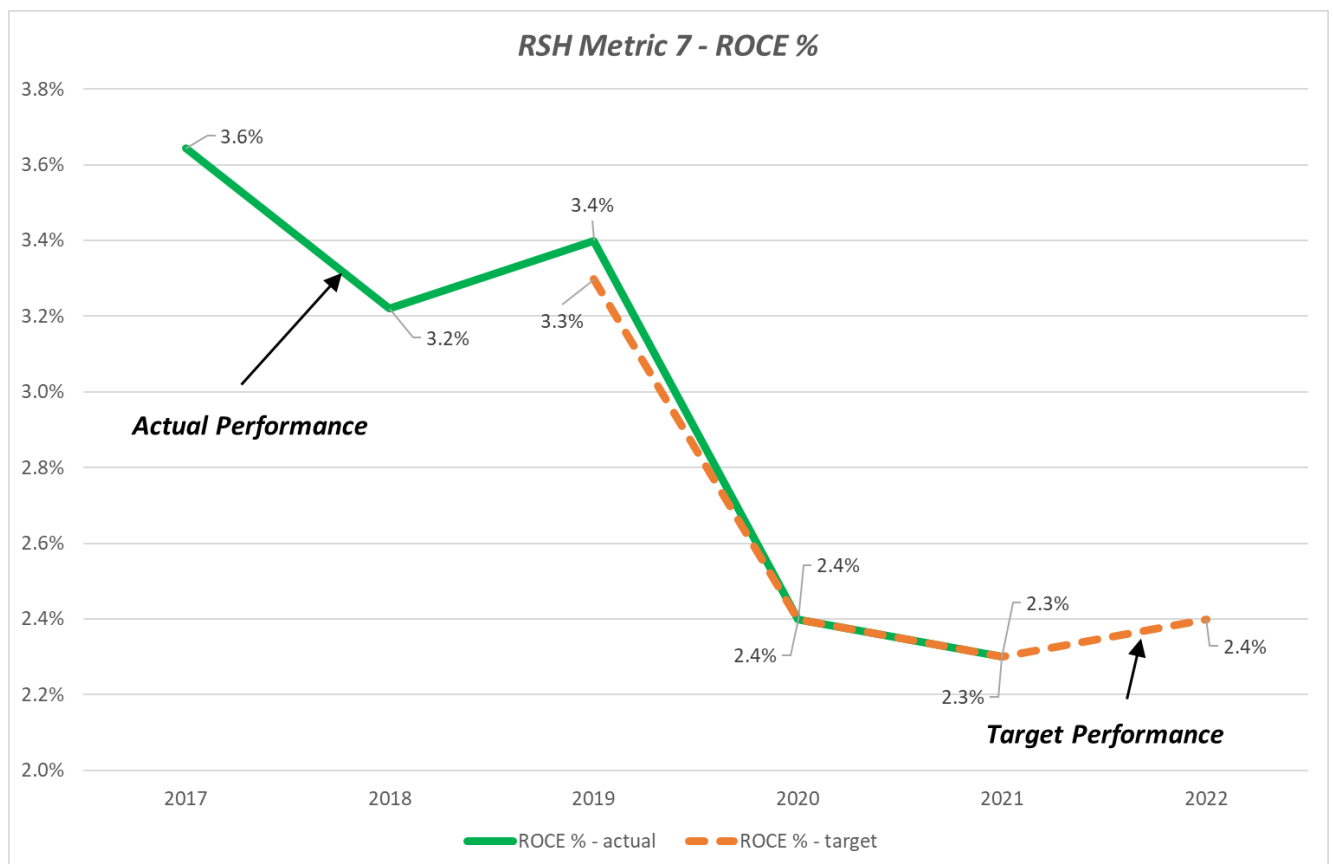


Calculation of this metric includes both support and care activities and also provision of development services (e²). Inclusion of these elements makes meaningful comparison very difficult as it makes the Association figures lower than they would otherwise be. A more reflective measure of operating margin performance is included within this report under metrics 6a and 10.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Regulator VfM metrics (continued)****7. RSH Metric 7 – Return on capital employed (ROCE) %**

This metric compares operating surplus to total assets, less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

Orwell Housing	Peer group	East of England	UK
2.3%	3.8%	3.6%	3.1%



The Association, with ROCE % of 2.3% has achieved the target for the year of 2.3%. In terms of comparison with peer group and the other comparators, the slightly lower score is mainly due to the Association having higher levels of care and support.

The target for 2022 has been set at a budgeted level of performance and in line with 2021.

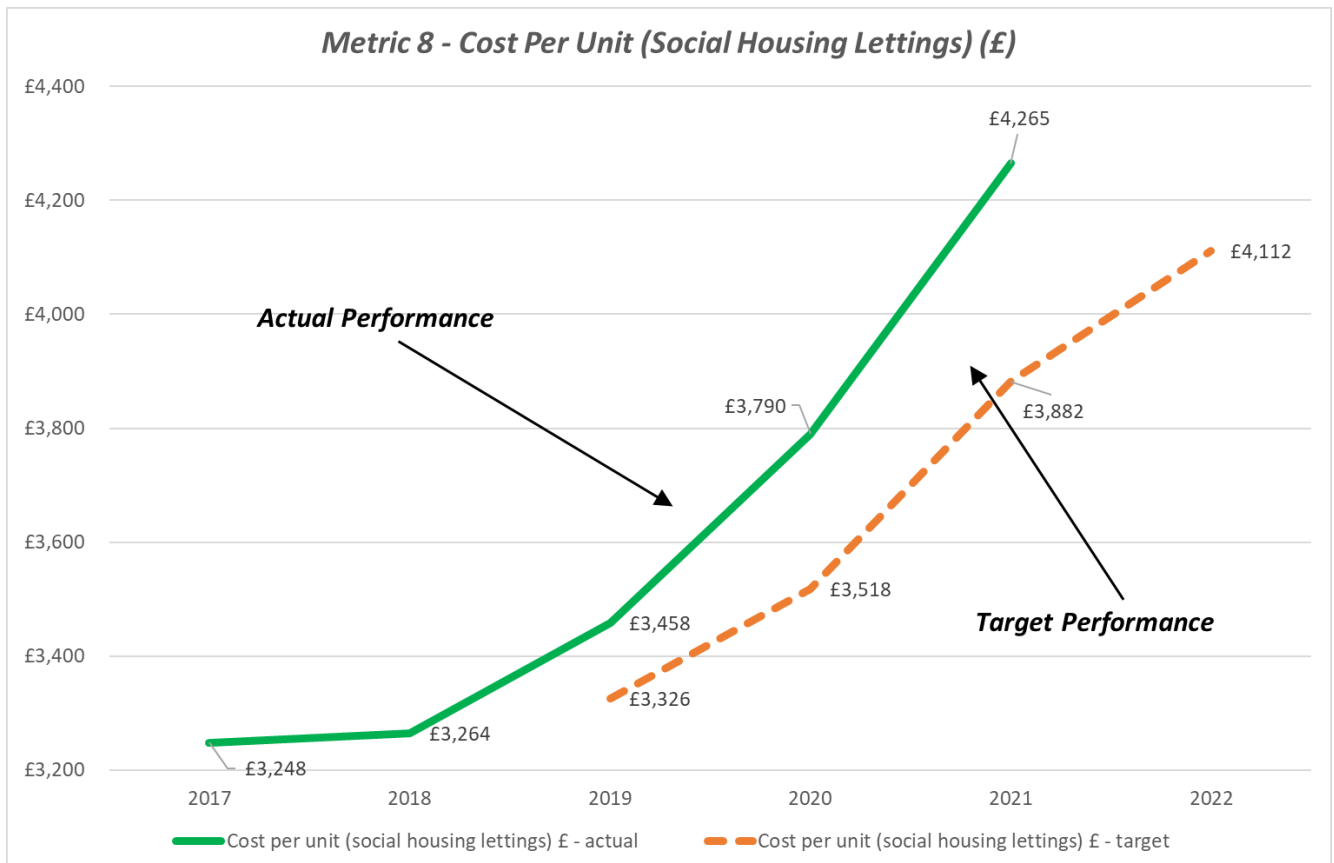
ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)***Sector Scorecard and own metrics*

In addition to the mandatory RSH metrics, Orwell monitors other metrics which add value in assessing performance, including some from the Sector Scorecard.

8. Own metric - Cost Per Unit (Social Housing Lettings only) (£)

Calculation of the RSH metric number 5, Headline Social Housing cost per unit includes both care and support activities and also provision of development services (e²). Inclusion of these elements makes meaningful comparison very difficult and this metric, removes these elements from the calculation for the Association.

Orwell Housing	Peer group	East of England	UK
£4,265	£4,070	£3,790	£4,150



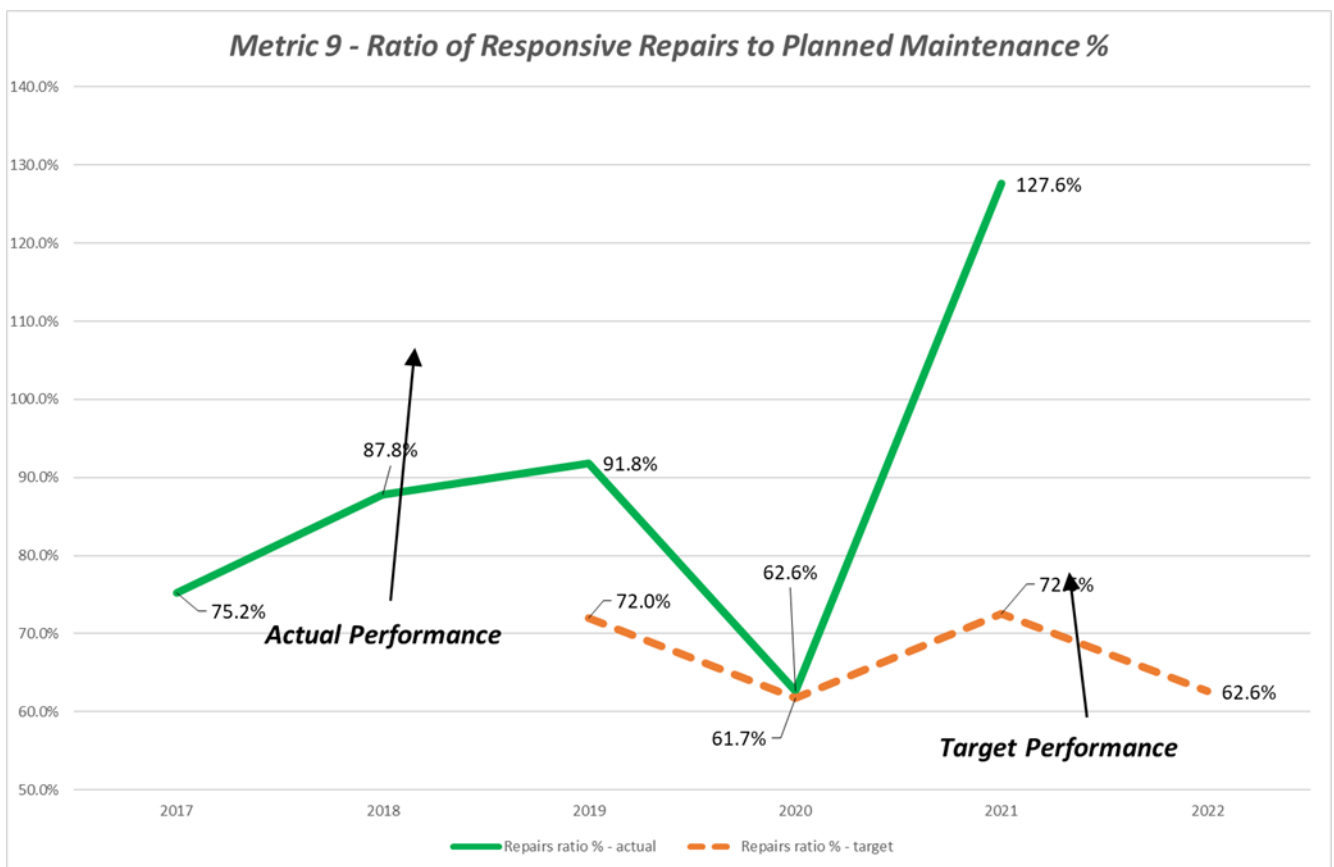
Having adjusted the metric, the 2021 performance is consistent with both the peer group and the other comparators. Performance is above target and reflects ongoing challenges presented by the Covid-19 pandemic, particularly, material cost pressures and direct labour shortages impacting upon responsive repairs expenditure.

The target for 2022 reflects continuing challenging economic conditions including labour supply difficulties and high inflation.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)***Sector Scorecard and own metrics (continued)***9. Sector Scorecard – Effective Asset Management - Ratio of responsive repairs to planned maintenance (%)**

This metric indicates the ratio of responsive repairs to planned maintenance with the general ambition of achieving a figure of circa 60%.

Orwell Housing	Peer group	East of England	UK
127.6%	92.8%	78.0%	73.4%

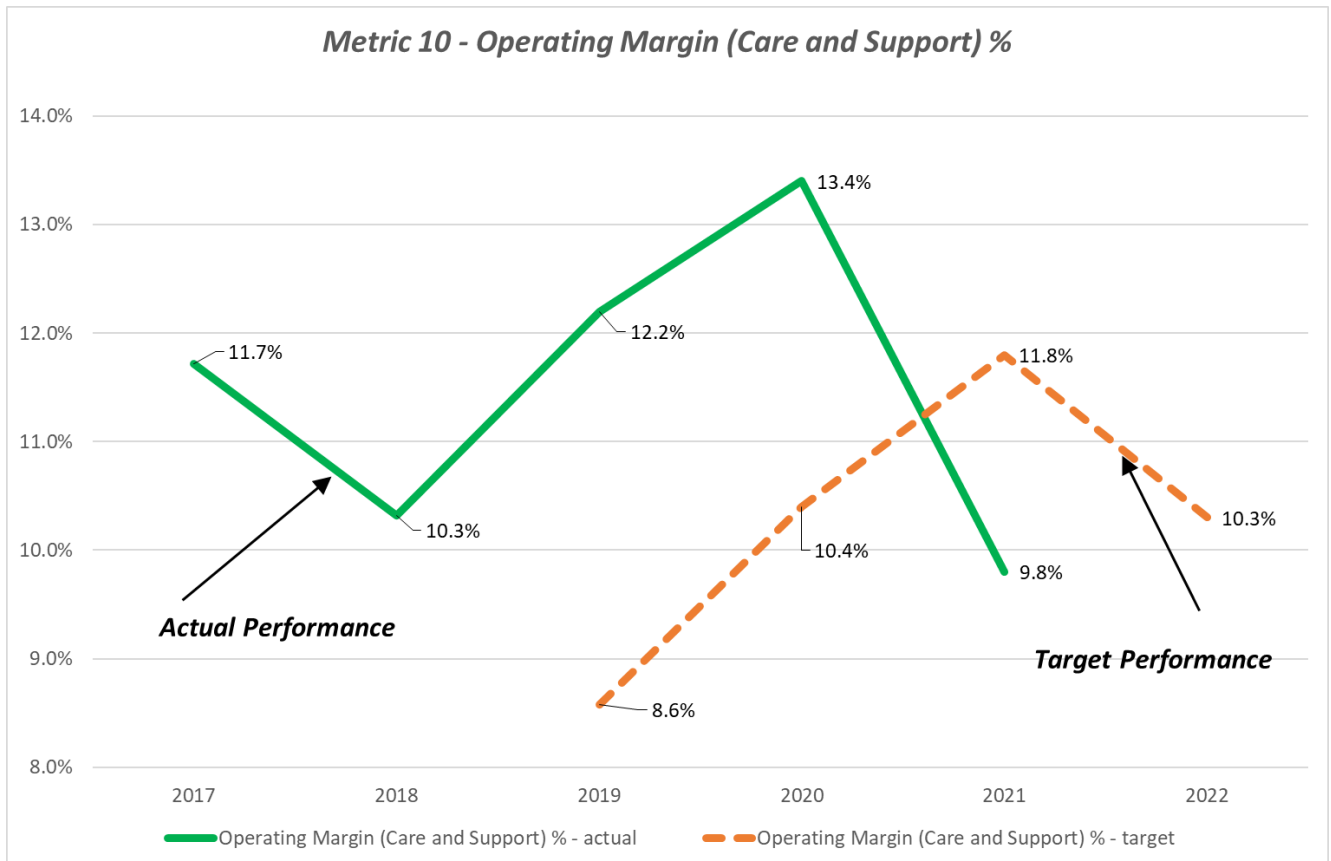


In terms of actual 2021 performance against target, the year has seen continued significant operational impact from Covid-19 pandemic including material cost pressures and direct labour shortages impacting upon responsive repairs expenditure. As a result, the proportion of responsive repairs compared to planned maintenance was not at the target ratio for the year.

Looking forward, the target for 2022 assumes an improved ratio, although this will be challenging if high inflation and labour shortages continue.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)***Sector Scorecard and own metrics (continued)***10. Own metric - Operating Margin (Care and Support) (%)**

This metric demonstrates the profitability of care and support activities and is an important metric for the Association given that it is expected that these activities generate an overall surplus.

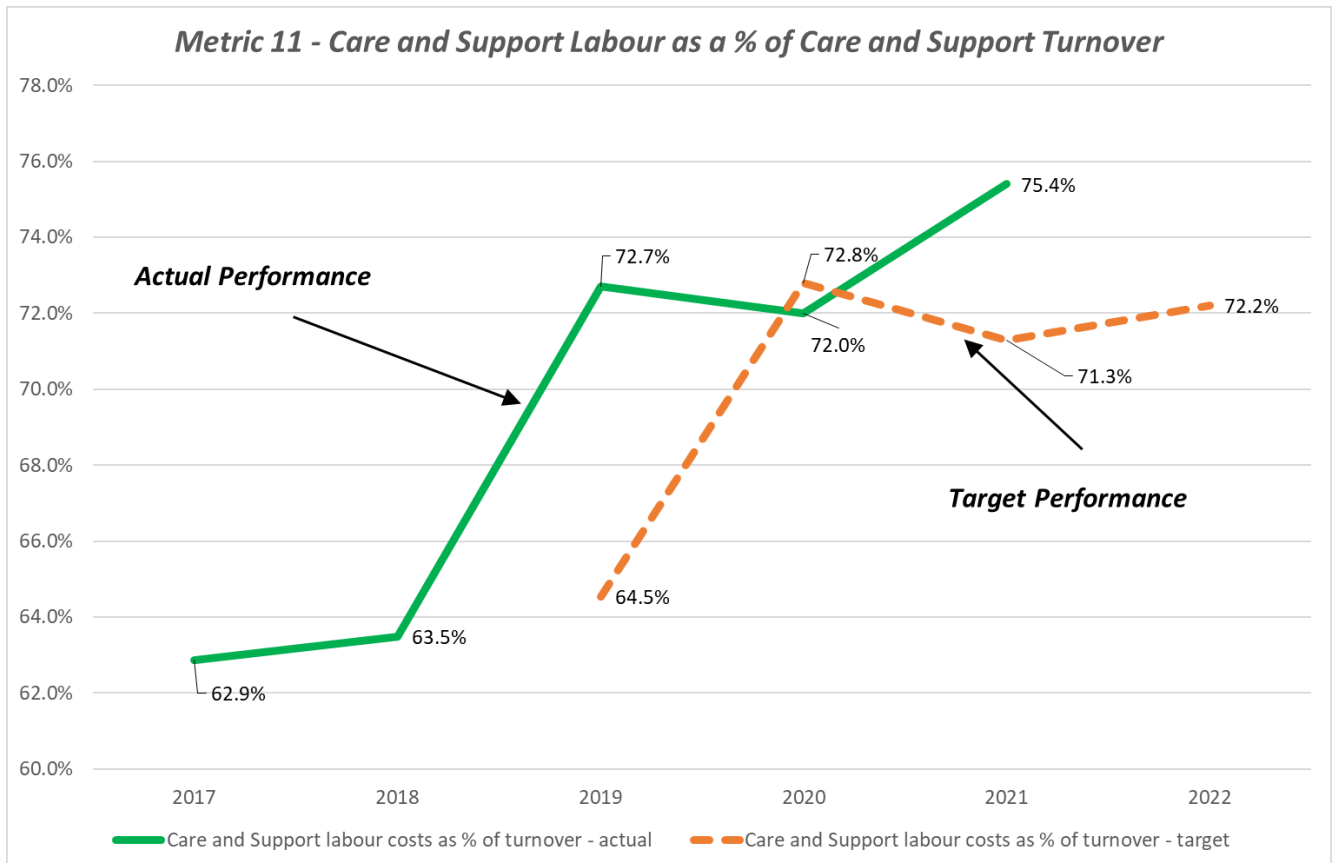


In terms of actual 2021 performance against target, the year has seen continued significant operational impact from the Covid-19 pandemic, with labour shortages resulting in ongoing use of higher cost Agency staff. This has impacted this metric adversely and is the reason why performance was not at target level.

Reduction in Agency costs remain the main area of focus moving into 2022 and the target has been set at an improved level of performance.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)***Sector Scorecard and own metrics (continued)***11. Own metric – Care and Support Labour as a % of Care and Support Turnover**

Labour is the biggest single cost in the delivery of care and support and this metric indicates the profitability of operations. A lower percentage represents a better control over costs and so a better performance.



In terms of actual 2021 performance against target, the year has seen continued significant operational impact from the Covid-19 pandemic, with labour shortages resulting in ongoing use of higher cost Agency staff. This has impacted this metric adversely and is the reason why performance was not at target level.

Reduction in Agency costs remain the main area of focus moving into 2022 and the target has been set at an improved level of performance.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Social Impact – Our Social Value 2021



ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Social Impact – Our Social Value 2021 (continued)



230 adaptations to tenants' homes at a cost of **£246,000** enabling people to stay in their own homes and reducing reliance on health and social care services.

37 new homes built, of which 13 were for shared ownership. Investing in more affordable homes for local people is one of our priorities.



£967 raised through the Making A Difference fund to provide tenants with essential items when they are most needed.




420,000 hours of personal care delivered to local residents through our team of over 500 local care and support staff.

£2,500 allocated to tenants to purchase essential items for their homes and ease financial pressure.

14 homes let to people who were previously homeless

61 homeless people moved on into permanent accommodation

These achievements help break the cycle of homelessness in our communities and ease the pressure on other local services.



48 'at risk' tenancies sustained preventing homelessness and helping us achieve our target of 0 evictions.

12 employees recruited through the Kickstart scheme, supporting local people to reduce their reliance on the benefits system and get into work.




123 welcome packs provided to new tenants including essential grocery and household items, going the extra mile for our customers.



2 apprentices offered full-time positions at Orwell helping more local people into employment.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Financial Review

The Group is pleased to report another successful year and has achieved a surplus for the year after tax of £2,808,000, compared to the plan target of £2,790,000. From an income perspective, the year includes the first rent increase of 2.7% following the four years of 1% rent reductions.

Group turnover for the year rose to £47,468,000, from £37,232,000 the previous year; an increase of £10,236,000. Shared ownership completions increased following delays in 2020 due to Covid-19 and as a result, turnover increased by £2,525,000. Development activities on behalf of partners increased by £5,498,000 as development activity increased. All other areas of the business recorded increases, totalling £2,213,000. Within this total, Care and Support activities increased by £455,000, and rental income increased by £917,000 as a result of the first year of rental increases. A total of 54 social housing units have been brought into management during 2021 which increased the existing stock by 1.4% to 3,979.

Group operating expenditure for the year increased to £41,612,000 from £31,539,000 last year; an increase of £10,073,000. Included within this figure is additional cost of development activities on behalf of partners £5,421,000, direct costs of shared ownership completions £2,142,000. Also included within this total, Social Housing and Care and Support activities increased by £2,279,000, with additional costs incurred due to the Covid-19, and inflation and labour shortages increasing costs of repairs and maintenance.

The combined income and expenditure movements identified above have resulted in a Group operating surplus of £5,856,000, which is an increase on last year's figure of £5,693,000.

Expenditure on housing stock maintenance comprises both revenue and capital spend and for the year was £5,092,000 (2020: £5,818,000).

Net interest costs for the year have risen to £3,159,000, from £3,085,000 last year, reflecting on the one hand, increased interest costs from an increasing loan balance, together with stable interest costs on existing funding as a result of advantageous refinancing and fixed-rate deals entered into in 2020. This is reflected in the Association's average interest rate which fell marginally from 3.3% to 3.2%. As shown on the face of the Consolidated Statement of Cashflows, funds generated have been invested in the income generating assets of the Association with £5,291,000 (cost less grant) expended on the acquisition and construction of housing properties.

The Association participates in both the Social Housing Pension Scheme (SHPS) and the Local Government Pension Scheme (LGPS) and this year reflects a combined actuarial gain of £1,698,000 compared to a loss of £2,426,000 last year. Further details of pension provision are provided in notes 26 and 27.

The net result of the above financial performance is a Group retained surplus for the year of £4,506,000 (2020: £231,000) which has been transferred to General reserves and ultimately will support the ongoing development work of the Association and provision of new accommodation.

Treasury policies

The Association's and Group's Treasury Policies are designed to ensure that:

- Appropriate funding is in place to support the various activities undertaken by the Association and Group;
- Uncharged assets will be available to secure future borrowings; and
- Interest rates, loan covenants and security arrangements are such as to protect the long-term viability of the Association and Group.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)**

Financial Review (continued)

During the continuing period of low interest rates, the Board has sought to ensure that the loan portfolio is not over-exposed to interest rate risk and continues to take advantage of low fixed interest rates recognising that the variable/fixed proportions would fall outside of the usual treasury management of approximately 20% to 40% short term variable interest rates of less than one year and approximately 60 to 80% fixed interest rates. At 31 December 2021 the loan portfolio comprised 18% (2020 - 17%) short term variable interest rates and 82% (2020 – 83%) fixed interest rates.

Towards the end of 2021, the Association secured its latest tranche of long-term funding via a £20,000,000 bond with bLEND Funding Plc. This is long term funding of 33 years and takes further advantage of the prevailing low interest rates with a nominal rate of 2.92%. The first £10,000,000 was drawn in December 2021 at an effective rate of 2.52%, with the second £10,000,000 being deferred to October 2022 on a forward fix rate of 2.64%.

Whilst the Board seeks to match borrowings with development spend and therefore cash held by the Group is normally maintained at an appropriate minimum level to finance the day-to-day operations, receipt of £10,000,000 bond funds in December 2021 resulted in an unusually high closing cash position which was restored to normal levels early in 2022 through repayment of revolving credit facilities.

Cash flow and liquidity

Cash inflows and outflows for the year are set out in the Consolidated Statement of Cash Flows. The net inflow from operating activities for the year was £5,374,000 compared with £9,020,000 for 2020. Cash less grant expended for the construction and purchase of housing properties during the year was £5,291,000.

During December 2021, the association completed charging to enable the first £10,000,000 drawdown of new long-term funding via a bond with bLEND Funding Plc. In addition, the Association secured a three year extension to a current revolving credit facility with Lloyds due to expire in December 2023, securing the facility until December 2026.

Loan drawings during the year, including the £10,000,000 bond facility, were £13,000,000 and as a result cash balances during the year increased by £9,394,000 (2020 £751,000). The bond funding was drawn in December 2021 leading to a high cash balance at the end of the financial year, and this will be used to top-up the existing revolving credit facility in 2022.

The maturity profile of the Association's and Group's loans is set out in note 24.

At 31 December 2021 the Association had secured undrawn facilities of £15,000,000 (2020: £17,000,000) and the Group had cash balances of £13,133,000 (2020: £3,739,000).

Going concern

In the opinion of the Board, the Association and Group have adequate resources to continue in operation for the foreseeable future and have considered and modelled the potential financial impacts of a variety of scenarios, including ongoing disruption arising from COVID-19, on the Association and the Group. For this reason, the going concern basis has been adopted in preparing the financial statements.

Housing properties

In the opinion of the Board, there has been no indication of any significant impairment of the Association's and Group's properties during the year or since then.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Corporate Governance

The Board currently comprises 12 non-executive members and normally meets with the executive officers 7 times a year. The work of the Board is supported by the Audit Committee, the Governance Committee and the Remuneration and Nominations Committee.

The responsibility for the day to day operations is delegated to the Chief Executive and the 4 directors, who report through the Chief Executive to the Board.

The Board continue to strive for excellence in governance and this is achieved through:

- Annual appraisals of the Board by the Chair, including seeking views from the executive team and a 360-degree review of the Chair;
- Annual assessments of the effectiveness of all Boards and Committees;
- Continuing work by the Governance Committee to make improvements and or adjustments to governance where gaps or opportunities are identified;
- External independent review of Governance undertaken every 3 years with latest review carried out in November 2021;
- Board away days providing learning and thinking time together with training for Board members; and
- Gap analysis of the skills provided by the Board set against the current and future operating needs of the Association, in order to inform recruitment of new members and address any skill gaps.

The Audit Committee usually comprises 7 members. It has full authority to investigate the affairs of the Association and Group and is given a budget to purchase independent advice as it considers appropriate. It reports directly to the Board and, other than considering internal controls, assurance and risk matters, it also has responsibility for selecting and recommending to the Board the appointment of external and internal auditors.

The Governance Committee usually comprises 7 members. It reports to the Board on matters of compliance, the adequacy and effectiveness of governance within Orwell and promotes excellence in governance. It also oversees Board member appraisals, Board skills analysis and development, succession planning and assessment of Board and Committee effectiveness.

The Remuneration and Nominations Committee usually comprises 6 members and meets to review the salaries of the Chief Executive and directors, together with employee benefits. The Committee also oversees and supports the selection, interview and recruitment of new Board members.

The Board

Kim Newman BSc (Hons) FCIPS MCMI – Chair	Lauren Bayliss-Fuller (appointed 24 March 2021)
Helen Galbraith BA (Hons) CFA CFAB DiPFA -Vice Chair	Daniel Gaul BSc (Eng) MSc
Cynthia Alers MBA MA MIRSoc	Robyn Llewellyn (retired 24 March 2021)
Jeanette Alfano BTech (Hons) MBA CITP	Ian Pinches FCCA FRSA
Stuart Appleby (appointed 24 March 2021)	Brett Rennolds MBA Dip MC
Dayle Bayliss BSc (Hons) MSc MBA FRICS	Alastair Thomas BSc (Hons) FRICS
C. Build E FCABE MCI0B CMgr MCMI	Barbara Thorndick OBE BA (Hons) FCIOH

Each member held one share in the Association throughout their period of office.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Chief Executive and Executive Team

The executive officers of the Association who served during 2021 were as follows:

Wendy Evans-Hendrick BA (Hons) Dip DM DMS	Chief Executive
Rowan Procter BSc (Hons) Dip CHN	Director of Care and Support
Michelle Harrison FCIPD	Director of People and Culture
Paul Kingston MBA FCIH DMS MCFI (left 30 June 2021)	Director of Housing
Christopher Wyer FCCA	Director of Resources and Growth
Cairistine Foster-Cannan BA (Hons) FCFI (appointed 18 January 2021)	Director of Customers and Communities

The executive officers hold no interest in the Association's share capital and act within the delegated authority given to them by the Board. The detailed scrutiny of performance, policies/procedures and the Strategic Plan is carried out by the executive team on an ongoing annual basis.

Third party indemnity provision for Directors and Officers

Qualifying third party indemnity provision is in place for the benefit of all directors and officers of the company.

Risk Management And Statement On Internal Controls Assurance

The Board recognises that it is ultimately responsible for both the management of risk and the system of internal control. The approach to risk is one where it is expected that management of day to day risk happens automatically as daily business is carried out by every employee, supported by the business planning process and management of strategic risks. Whilst recognising the need to understand and monitor risk, the Association is not risk-averse and acknowledges the need for realistic risk control and management to provide a sound basis on which to carry out business and not constrain. The Association will normally look to manage, mitigate or monitor risk, as appropriate, but will avoid risk in excess of its clearly understood risk appetite.

The Association monitors and controls all the risks that may affect the achievement of its objectives and these are either recorded in a Strategic Risk Register or an Operational Risk Register. Each item within the registers is assigned a risk appetite and evaluated for impact and likelihood of occurrence. The risk registers also include the controls that have been put in place to reduce the risk to a level that is acceptable, within the given risk appetite. Each risk, and associated controls, within the registers is managed by a nominated individual who is responsible for regular review, on a quarterly basis as a minimum. To support the review, risk is an agenda item at team meetings and all employees are encouraged to contribute. The strategic risks and major operational risks are considered at every Board meeting and reviewed quarterly by the Executive Directors and Operational Management and annually by the Audit Committee in three sections. The effectiveness of this system is kept under review and the ability to bring weaknesses and improvements required to the attention of the Board, is principally delegated to the Audit Committee.

The Board considers the strategic risks facing the business to be:

- Inability to deliver the growth included in the Strategic Plan;
- Financial viability including interest rate, funding and increasing arrears;
- Political change impacting upon business direction;
- Information security including data protection and cyber-crime;
- Health and safety non-compliance;
- Regulatory non-compliance including the Care Quality Commission and Regulator of Social Housing;
- Partnerships including failure to identify, evaluate and maximise opportunities for partnership working;
- Transformation programme around employees and technology not being achieved;
- Orwell Homes growth and financial independence;
- Culture and behaviour including governance and damage to reputation.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Risk Management And Statement On Internal Controls Assurance (continued)

Regular review of the risk register has confirmed that appropriate controls are in place for all of the strategic risks shown above. The Association also has in place an Assurance Map to monitor and confirm assurance activities across the business. The Assurance Map is regularly reviewed at Board, Audit Committee and by the Executive Directors and Operational Management.

The Board recognises that it has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The Board also recognises that no system of internal control can provide absolute assurance. The system of internal control is designed to be an important part of the control and management of risk and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to provide reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of assets and interests.

Furthermore, in the event of a problem occurring that affects the overall reputation of the organisation the Board will expect both officers and members, where appropriate, to be open and honest while providing all of the details required to allow the problem to be properly managed and lessons to be learned from the experience.

Key elements of the internal control framework are:

- A work environment which includes a commitment to quality and competent leadership and control by example, communication of ethical values, an appropriate organisational structure, independence, integrity and openness at Board level, appropriate delegation of authority with accountability and a professional approach to financial reporting;
- A robust risk management system across the Association;
- Monitoring through internal audit of systems and controls. This is outsourced to a specialist service provider with whom a programme of specific internal audits is agreed and performed;
- Procedures to reduce exposure in connection with treasury management, through a comprehensive policy which essentially spreads borrowing and lending risks across mainstream financial institutions, limiting the liabilities of the Association and Group and controlling cashflow;
- A 30-year financial plan presented at Board and reviewed to ensure that the Association can meet all its financial commitments. Stress testing of the plan is undertaken through scenario planning, including projecting the cumulative impact of multiple scenarios. Planned mitigations are prepared together with trigger points indicating when to implement;
- Detailed information presented to the Board on a regular basis covering monthly financial performance, compliance with funding covenants, 3-year cashflow projections, treasury management performance and strategy, annual budget, insurance review and unencumbered asset review;
- Financial control procedures to ensure accurate accounting for financial transactions, including authorisation procedures, physical controls, segregation of duties and procedures to ensure compliance with laws and regulations that have significant implications; and
- A Strategic Plan and policies in place to support the running of an effective business and which include probity, anti-fraud and corruption, anti-tax evasion, anti-money laundering, anti-bribery and whistleblowing.

The Board monitors these activities either itself, or through the work of the Committees and regularly reviews effectiveness. The Board, through the Audit Committee, has also undertaken a review of the effectiveness of the system of internal controls and no significant weaknesses that could result in a material loss have been identified.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Risk Management And Statement On Internal Controls Assurance (continued)*****Internal audit***

The Association makes use of external advisers to conduct its internal audit programme. Internal audit differs from other sources of assurance in that it can provide independent and objective assurance across the whole range of the Association's activities.

The Audit Committee is responsible for receiving reports on risk and internal audit on behalf of the Board. The Committee challenges and scrutinises the reports to ensure that management responses to recommended actions are appropriate and implemented. The Audit Committee reports to the Board on its work after each meeting.

The 2021 annual report from the Association's internal auditors sets out the following internal audits and advisory reports:

<i>Review</i>	<i>Grading</i>	<i>Update</i>
July 2019 General Data Protection Regulation (GDPR)	Advisory report - improvement action plan put in place.	Improvement actions now all complete.
August 2019 and January 2020 Cyber Security Framework	Partial assurance with improvements required - improvement action plan put in place.	Improvement actions now all complete.
October 2019 Operational Key Controls (Allocations & Lettings and Rent Setting & Collection)	Partial assurance with improvements required - improvement action plan put in place.	Improvement actions now all complete.
August 2020 Employee Health and Safety	Partial assurance with improvements required - improvement action plan put in place.	Improvement actions now all complete.
August 2020 Operational Key Controls – Planned Maintenance and Voids	Significant assurance with minor improvement opportunities - improvement action plan put in place.	Improvement actions now all complete.
October 2020 Care and Support Services - Safer Recruitment, Induction and Training	Partial assurance with improvements required - improvement action plan put in place.	Improvement actions now all complete.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Risk Management And Statement On Internal Controls Assurance (continued)***Internal audit (continued)*

<i>Review</i>	<i>Grading</i>	<i>Update</i>
November 2020 Key Financial Controls – Fraud Prevention and Payroll	Partial assurance with improvements required - improvement action plan put in place.	17 improvement actions now completed, including the only high priority action, with 4 improvement actions remaining to be completed by April 2022.
November 2020 Medicines Management - Governance Framework	Significant assurance with minor improvement opportunities - improvement action plan put in place.	11 improvement actions now completed with 2 improvement actions remaining to be completed by the end of April 2022. There were no high priority actions recommended.
April 2021 Infection Control	Partial assurance with improvements required - improvement action plan put in place.	3 improvement actions completed including 2 high priority actions.
June 2021 Procurement Phase One	Partial assurance with improvements required - improvement action plan put in place.	15 improvement actions completed, with 37 improvement actions remaining to be completed by December 2022.
July 2021 Responsive Maintenance and Service Charges	Significant assurance - improvement action plan put in place.	2 improvement actions completed, with 1 improvement action remaining to be completed by March 2022. There were no high priority actions recommended.
August 2021 General IT Controls (IT Security)	Significant assurance with minor improvement opportunities - improvement action plan put in place.	4 improvement actions completed, with 1 improvement action remaining to be completed by March 2022. There were no high priority actions recommended.
November 2021 Medicines Management – Control Effectiveness	Significant assurance	No improvements required
November 2021 Key Financial Controls - Accounts Receivable and Accounts Payable	Significant assurance with minor improvement opportunities - improvement action plan put in place.	3 improvement actions completed, with 10 improvement actions remaining to be completed by September 2022. There were no high priority actions recommended.

ORWELL HOUSING ASSOCIATION LIMITED**Strategic report for the year ended 31 December 2021 (Continued)****Risk Management And Statement On Internal Controls Assurance (continued)*****Internal audit (continued)***

<i>Review</i>	<i>Grading</i>	<i>Update</i>
November 2021 Health & Safety Regulatory Compliance (Asbestos, Legionella and Gas Safety)	Partial assurance with improvements required - improvement action plan put in place.	2 improvement actions completed, both of which were high priority with 4 improvement actions remaining to be completed by December 2022 including 2 which are high priority to be completed by June 2022.

Where there have been opportunities to improve assurance, the Association has responded by investing time and resource to quickly improve the position.

Fraud

The Board has in place a set of fraud and whistleblowing policies and procedures which are reviewed on a regular basis. These cover the prevention, detection and reporting of fraud, including the recovery of assets and reporting incidents of fraud to the Social Housing Regulator and Police. The Association maintains a register of actual and attempted fraud, which the Board has reviewed as part of its annual review of the effectiveness of the Association's system of internal control. During 2021, there were no known instances of actual or attempted fraud reported.

Statement Of Compliance – Governance Code

Under the revised Regulatory Framework published in 2015, the Board is required to select and comply with a published Code of Governance. The Board has chosen to adopt the Code of Governance published by the National Housing Federation in 2020 as its code of governance. The Board considers that this Code is the most appropriate for the Association taking into account its size, corporate structure and the nature of its activities and is compliant in full with the Code.

Statement Of Compliance – Governance And Financial Viability Standard

As a Registered Provider the Association is required to comply with the Regulatory Framework published by the Regulator of Social Housing (RSH). During the year, the RSH confirmed that the Association remains at the highest governance and financial viability ratings of G1 and V1 respectively.

The Board considers the Association to be compliant with the Governance and Financial Viability Standard in all material respects.

ORWELL HOUSING ASSOCIATION LIMITED

Strategic report for the year ended 31 December 2021 (Continued)

Risk Management And Statement On Internal Controls Assurance (continued)

Statement Of The Board's Responsibilities In Respect Of The Financial Statements

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the Association's and Group's state of affairs and of the Association's and Group's surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards 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 and/or Group will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and Group and to enable the Board to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The Board also has general responsibility for taking reasonable steps to safeguard the assets of the Association and Group and to prevent and detect fraud and other irregularities.

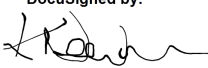
Disclosure Of Information To The Auditor

The Board members who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Board members have confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

In preparing the Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice for Social Housing Providers (Housing SORP 2014 (updated 2018)).

Crowe U.K. LLP has indicated its willingness to continue in office. A resolution to re-appoint Crowe U.K. LLP will be proposed at the Annual General Meeting.

The Strategic Report was approved by the Board on 30 March 2022 and signed on its behalf by:

DocuSigned by:

57CD2314E69845A...

Kim Newman
Chair

ORWELL HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the Members of Orwell Housing Association Limited

Opinion

We have audited the financial statements of Orwell Housing Association Limited (the "Association") and its subsidiary (the "Group") for the year ended 31 December 2021 which comprise the Statements of comprehensive income, the consolidated and Association statements of changes in reserves, consolidated and Association statements of financial position, the consolidated statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 Group's and Association's affairs as at 31 December 2021 and the Group and Association's surplus 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 from April 2019.

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 Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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 Group's or Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

ORWELL HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the Members of Orwell Housing Association Limited (*Continued*)

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report on other matters on which we are required to report by exception under the Co-operative and Community Benefit Societies Act 2014. We are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 34, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

ORWELL HOUSING ASSOCIATION LIMITED

Independent Auditor's report to the Members of Orwell Housing Association Limited (*Continued*)

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England. We also considered the risks of non-compliance with the other requirements imposed by the Regulator of Social Housing and the Care Quality Commission (CQC), and we considered the extent to which non-compliance might have a material effect on the Group financial statements.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of rental and care income, the capital costs of development and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, substantive testing of key income streams and reviewing regulators correspondence and minutes of Board meetings.

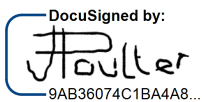
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Association's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

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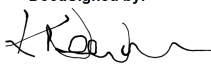
Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

31 March 2022

ORWELL HOUSING ASSOCIATION LIMITED**Statements of comprehensive income for the year ended 31 December 2021**

	Note	2021		2020	
		Group £000	Association £000	Group £000	Association £000
Turnover	4	47,468	46,230	37,232	35,980
Operating expenditure	4	(41,612)	(40,650)	(31,539)	(30,503)
Operating surplus	4, 8	5,856	5,580	5,693	5,477
Profit on disposal of housing properties	9	111	111	49	49
Interest receivable	10	2	2	13	18
Interest and finance costs	11	(3,161)	(3,139)	(3,098)	(3,098)
Surplus for the year before tax		2,808	2,554	2,657	2,446
Taxation	12	-	-	-	-
Surplus for the year after tax		2,808	2,554	2,657	2,446
Initial recognition of multi-employer defined benefit scheme	27	-	-	-	-
Actuarial (loss)/gain in respect of pension schemes	26, 27	1,698	1,698	(2,426)	(2,426)
Total comprehensive income for the year		4,506	4,252	231	20

The financial statements on pages 38 to 75 were authorised and approved for issue by the Board on 30 March 2022 and signed on its behalf by

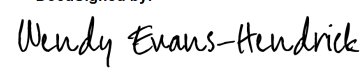
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Chair

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Helen Galbraith
Board Member

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Wendy Evans-Hendrick
Chief Executive

The notes on pages 42 to 75 form part of these financial statements.

ORWELL HOUSING ASSOCIATION LIMITED**Statements of changes in reserves for the year ended 31 December 2021**


Group	General reserve £000	Restricted reserve £000	Total £000
Balance at 1 January 2020	63,835	1,998	65,833
Surplus for the year	231	-	231
Transfer from general reserve to restricted reserve	(131)	131	-
Transfer from restricted reserve to general reserve	-	-	-
Balance as at 31 December 2020	<u>63,935</u>	<u>2,129</u>	<u>66,064</u>
Surplus for the year	4,506	-	4,506
Transfer from general reserve to restricted reserve	-	-	-
Transfer from restricted reserve to general reserve	1,770	(1,770)	-
Balance as at 31 December 2021	<u>70,211</u>	<u>359</u>	<u>70,570</u>
Association	General reserve £000	Restricted reserve £000	Total £000
Balance at 1 January 2020	63,489	1,998	65,487
Surplus for the year	20	-	20
Transfer from general reserve to restricted reserve	(131)	131	-
Transfer from restricted reserve to general reserve	-	-	-
Balance as at 31 December 2020	<u>63,378</u>	<u>2,129</u>	<u>65,507</u>
Surplus for the year	4,252	-	4,252
Transfer from general reserve to restricted reserve	-	-	-
Transfer from restricted reserve to general reserve	1,770	(1,770)	-
Balance as at 31 December 2021	<u>69,400</u>	<u>359</u>	<u>69,759</u>

The notes on pages 42 to 75 form part of these financial statements.

ORWELL HOUSING ASSOCIATION LIMITED**Statements of financial position for the year ended 31 December 2021**

	Note	2021		2020	
		Group £000	Association £000	Group £000	Association £000
Fixed assets					
Intangible fixed assets	13	53	53	132	132
Housing properties	14, 15	240,810	241,016	236,812	236,536
Other tangible fixed assets	16	2,912	2,912	3,036	3,036
Investments	17	691	691	397	397
		<u>244,466</u>	<u>244,672</u>	<u>240,377</u>	<u>240,101</u>
Current assets					
Stock and work in progress	18	3,182	346	3,226	1,612
Debtors	19	6,790	7,101	3,974	4,039
Cash and cash equivalents		13,133	13,075	3,739	3,247
		<u>23,105</u>	<u>20,522</u>	<u>10,939</u>	<u>8,898</u>
Creditors: amounts falling due within one year	20	(11,802)	(10,236)	(11,412)	(9,652)
Net current assets		<u>11,303</u>	<u>10,286</u>	<u>(473)</u>	<u>(754)</u>
Total assets less current liabilities		<u>255,769</u>	<u>254,958</u>	<u>239,904</u>	<u>239,347</u>
Creditors: amounts falling due after more than one year	21	(180,730)	(180,730)	(167,204)	(167,204)
Provisions for liabilities					
Defined benefit pension scheme liability	26, 27	(4,469)	(4,469)	(6,161)	(6,161)
Other provisions		-	-	(475)	(475)
Total net assets		<u>70,570</u>	<u>69,759</u>	<u>66,064</u>	<u>65,507</u>
Capital and reserves					
Called up share capital	30	-	-	-	-
Restricted reserves	30	359	359	2,129	2,129
General reserves	30	70,211	69,400	63,935	63,378
		<u>70,570</u>	<u>69,759</u>	<u>66,064</u>	<u>65,507</u>

The financial statements on pages 38 to 75 were authorised and approved for issue by the Board on 30 March 2022 and signed on its behalf by

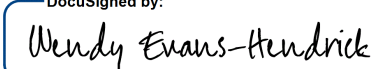
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Kim Newman
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Helen Galbraith
Board Member

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Wendy Evans-Hendrick
Chief Executive

The notes on pages 42 to 75 form part of these financial statements.

ORWELL HOUSING ASSOCIATION LIMITED**Consolidated statement of cash flows for the year ended 31 December 2021**

	Note	Group 2021		<i>Group 2020</i>
		£000	£000	<i>£000</i>
Net cash inflow from operating activities	34		5,374	9,020
Cash flow from investing activities				
Acquisition and construction of housing properties		(8,034)		(15,457)
Purchase of other tangible fixed assets		(108)		(386)
Sale of housing properties		566		340
Sale of other tangible fixed assets		-		60
Social Housing and Other Grants received		2,743		1,774
Interest received		-		13
Net cash outflow from investing activities			(4,833)	(13,656)
Net cash (outflow)/inflow before financing activities			541	(4,636)
Cashflow from financing activities				
Housing loans received		14,605		25,701
Housing loans repaid		(2,591)		(17,217)
Interest paid		(3,161)		(3,097)
Net cash (outflow)/inflow from financing activities			8,853	5,387
Net change in cash and cash equivalents	35		9,394	751
Cash and cash equivalents at beginning of the year			3,739	2,988
Cash and cash equivalents at end of the year			13,133	3,739
Cash and cash equivalents comprise:			2021	<i>2020</i>
			£000	<i>£000</i>
Cash at bank			13,133	3,739
			13,133	3,739

The notes on pages 42 to 75 form part of these financial statements.

ORWELL HOUSING ASSOCIATION LIMITED

Notes forming part of the financial statements for the year ended 31 December 2021

1 Legal status

Orwell Housing Association Limited is a co-operative and community benefit society and is an English registered social housing provider.

The address of the Association's registered office and principal place of business is Crane Hill Lodge, 325 London Road, Ipswich, Suffolk IP2 0BE.

The Association's and Group's principal activities are the provision of affordable rented and shared ownership accommodation for people in housing need and the provision of direct care and support.

The principal activities of the subsidiary company, Orwell Homes Limited, are the provision of construction services to the parent company Orwell Housing Association Limited, together with the development of residential housing.

2 Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and comply with the Accounting Direction for Private Registered Providers of Social Housing 2020, and under the historical cost convention.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

Basis of consolidation

The consolidated financial statements of the Association have been prepared as required by the Housing SORP 2018 and incorporate, under the acquisition method, the financial statements of the Association and enterprises controlled by the Association (its subsidiaries) made up to 31 December each year.

Subsidiaries are entities over which the Association has the power to govern the financial and operating policies to obtain economic benefit to the Association. Subsidiaries are fully consolidated from the effective date of acquisition, or up to the effective date of disposal, as appropriate.

Reduced disclosures

In accordance with FRS 102, the Association, as an entity, has taken advantage of the exemptions from the following disclosure requirements in its individual financial statements.

- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flows and related notes and disclosures.
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches; and details of hedges and hedging fair value changes recognised in profit or loss and in other comprehensive income.

Going concern

In the opinion of the Board, the Association and Group have adequate resources to continue in operation for the foreseeable future and have considered and modelled any further potential financial impacts of COVID-19 on the Association and the Group. For this reason, the going concern basis has been adopted in preparing the financial statements.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)***Turnover*

Turnover represents rental and fee income receivable, fees and revenue grants from local authorities and Homes England, development income as a result of the e² consortium, and subsidiary company activities. Rental income is recognised on the execution of tenancy agreements. Development income as a result of the e² consortium is recognised on an equivalent basis to the proportion of cost incurred at year end compared to total anticipated cost. Proceeds on sale are recognised on practical completion. Other income is recognised as receivable on the delivery of services provided. Turnover in respect of properties for sale on the open market is recognised at point of sale.

Government Grants

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

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Reasonable assurance is considered to be the point where the grant claim, in accordance with the previously approved project approval, has been submitted to Homes England.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset and, where applicable, the individual components of the structure (excluding land) under the accruals model.

Government grants relating to revenue are recognised as income over the periods when the related costs are incurred once reasonable assurance has been gained that the Association will comply with the conditions and the funds will be received.

Other grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

Donated land or acquired below market value

Land or other assets which have been donated by a government source is added to cost of assets at the fair value of the land at the time of the donation. The difference between the fair value of the asset donated and the consideration paid is treated as a non-monetary government grant and included within the Statement of Financial Position as a liability. The terms of the donation are considered to be performance related conditions. Where the donation is not from a public source, the value of the donations less the consideration is included in income.

Intangible fixed assets

Intangible fixed assets are stated at cost, less amortisation. Amortisation is provided at a rate calculated to write off the cost, less estimated residual values, on a straight-line basis over the expected economic useful lives of the assets as follows:

Software	-	3 years
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Fixed assets - housing, land and buildings

Housing properties are properties for the provision of social housing and are principally properties available for rent and shared ownership.

Completed housing and shared ownership properties are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, and expenditure incurred during the development period.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)***Fixed assets - housing, land and buildings (continued)*

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;
- A significant extension to the life of the property.

Shared ownership properties are split proportionally between fixed assets and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Where the first tranche has been sold prior to the acquisition of the properties, these are included in fixed assets only.

Depreciation of housing properties

Freehold land or assets under construction are not depreciated.

The group separately identifies the major components of 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 the following years:

Housing leasehold buildings	Length of lease
Property structure	100 years
Roofs	60 years
Kitchens	20 years
Windows and doors	30 years
Bathrooms	30 years
Lifts	15 years
Boilers	15 years
Heating systems	30 years

Impairment of fixed assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the recoverable amount of the asset is estimated.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)***Other tangible fixed assets*

Other fixed assets are stated at cost, less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual values, of all fixed assets, with the exception of freehold offices, on a straight-line basis over the expected economic useful lives of the assets as follows:

Freehold Offices	-	100 years
Motor vehicles	-	4 years
Office furniture and equipment	-	5 years
Gardening equipment	-	4 years
Computer equipment	-	3 years

Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, turnover and costs are recognised over the period of the contract.

When it is probable that total contract costs will exceed total contract turnover, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract turnover is recognised only to the extent of contract costs that are recoverable and the contract costs are expensed as incurred.

The group uses the “percentage of completion method” to determine the appropriate amount to recognise in a given period. The stage of completion is measured by the proportion of contract costs incurred for work performed to date compared to the estimated total contract costs. Costs incurred in the year in connection with future activity on a contract are excluded for contract costs in determining the stage of completion. These costs are presented as stocks, prepayments or other assets, depending on their nature, and provided it is probable they will be recovered. Amounts held as work in progress at the year end represent costs incurred in respect of potential e² schemes where a development contract is not yet in place.

Stock of properties for market sale

Stock of market sale properties are held at the lower of cost or net realisable value.

Borrowing costs

The costs incurred in raising long term finance are expensed.

Value Added Tax (VAT)

The group is registered for VAT but a large proportion of its income, including rents, is exempt for VAT purposes. The majority of the Association’s expenditure is subject to VAT which cannot be reclaimed and expenditure is therefore shown inclusive of VAT. Any input VAT recovered is credited against operating costs.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)**

Taxation

The Association has charitable status and is therefore exempt from paying Corporation Tax on charitable activities. The tax expense represents the sum of the current tax expense and deferred tax expense arising from its subsidiary company activities. Current tax assets are recognised when tax paid exceeds the tax payable.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Temporary Supported Housing

Where hostels are operated by other organisations under management agreements, the financial statements include only the amounts payable and receivable in respect of the hostels and any deficits arising are funded from other operations of the relevant organisations. Where hostels are managed by the Association, their income and expenditure is included in full in the income and expenditure account.

Operating leases

Annual rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

*Retirement benefits**Defined contribution plans*

For defined contribution schemes the amount charged to income and expenditure is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

Defined benefit plans

The group participates in two funded multi-employer defined benefit schemes, the Suffolk County Council Local Government Pension Scheme (LGPS) and the Social Housing Pension Scheme (SHPS).

For LGPS, the cost of providing benefits is determined using the projected unit credit method.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligations minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from the calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)**

*Retirement benefits (continued)**Gains/Losses*

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument and are offset only when the group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

*Financial assets**Debtors*

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

*Financial liabilities**Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)*****Financial liabilities (continued)******Borrowings***

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only where the contractual rights to cashflows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Provisions

Provisions are recognised when there is an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

3 Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension scheme liability

The LGPS pension liability is based on the actuarial valuation as at 31 December 2021 and full details are disclosed in note 26.

The SHPS pension liability is based on the SHPS valuation as at 31 December 2021 and full details are disclosed in note 27.

Construction contracts

The outcome of a construction contract is an estimate and during the period of construction, things may come to light which have a material adverse impact on the cost.

Useful economic life of assets

During 2020 an assessment was made in respect of the residual value of the property structures at the end of the asset's useful life as detailed in the policy above. As part of this process there was also a reassessment of the expected remaining useful life of the properties. These judgements resulted in a change in estimation technique with depreciation being recognised from 1 January 2020 in respect of property structures. The estimation of the useful economic life of the components of social housing assets for depreciation is therefore a judgement.

ORWELL HOUSING ASSOCIATION LIMITEDNotes forming part of the financial statements for the year ended 31 December 2021 (*Continued*)**3 Critical accounting estimates and areas of judgement (*continued*)***Critical areas of judgement**Finance and operating leases*

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Association as lessee, or the lessee, where the Association is a lessor.

Impairment

Impairment of housing assets is considered annually. In making the judgement, the Board consider the detailed criteria set out in the SORP. There has been no impairment in 2021 (2020: £Nil).

4 Turnover, operating costs and operating surplus

2021	Turnover £000	Operating costs £000	Operating surplus £000
Social housing lettings (see note 5)	21,793	17,115	4,678
Other social housing activities:			
Current asset property sales	3,168	2,646	522
Charges for support services	3,569	3,569	-
Care	8,039	7,797	242
Development activities	9,095	9,070	25
Non-social housing activities:			
Lettings	566	453	113
	<u>46,230</u>	<u>40,650</u>	<u>5,580</u>
Association activities			
Subsidiary company	1,238	962	276
	<u>47,468</u>	<u>41,612</u>	<u>5,856</u>
Group activities			

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****4 Turnover, operating costs and operating surplus (continued)**

<i>2020</i>	<i>Turnover £000</i>	<i>Operating costs £000</i>	<i>Operating surplus £000</i>
Social housing lettings (see note 5)	20,338	15,268	5,070
Other social housing activities:			
Current asset property sales	643	504	139
Charges for support services	3,826	3,826	-
Care	7,327	7,108	219
Development activities	3,597	3,649	(52)
Non-social housing activities:			
Lettings	249	148	101
	<u>35,980</u>	<u>30,503</u>	<u>5,477</u>
Association activities			
Subsidiary company	1,252	1,036	216
Group activities	<u>37,232</u>	<u>31,539</u>	<u>5,693</u>

Other social housing activities - charges for support services includes £1,051,000 of Supporting People income (2020: £948,000).

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****5 Particulars of the Group's and Association's income and expenditure from social housing lettings**

	General needs housing £000	Supported housing £000	Shared ownership accommo- dation £000	2021 Total £000	<i>2020 Total £000</i>
Rent receivable net of identifiable service charges	13,711	3,051	328	17,090	<i>16,173</i>
Service income	635	1,905	127	2,667	<i>2,504</i>
Management services and other income	43	662	2	707	<i>703</i>
Gross rental income	14,389	5,618	457	20,464	<i>19,380</i>
Voids	(127)	(331)	-	(458)	<i>(372)</i>
Net rental income	14,262	5,287	457	20,006	<i>19,008</i>
Amortised government grants	699	248	-	947	<i>918</i>
Government grants taken to income	329	505	-	834	<i>369</i>
Revenue grant for major repairs	-	6	-	6	<i>43</i>
Turnover from social housing lettings	15,290	6,046	457	21,793	<i>20,338</i>
Management	4,658	1,914	19	6,591	<i>5,887</i>
Services	503	1,816	115	2,434	<i>2,136</i>
Routine maintenance	2,453	741	2	3,196	<i>2,515</i>
Planned maintenance	963	275	4	1,242	<i>1,022</i>
Bad debts	21	5	-	26	<i>151</i>
Depreciation of housing properties	2,693	538	75	3,306	<i>3,232</i>
Other costs	201	119	-	320	<i>325</i>
Operating costs on social housing lettings	11,492	5,408	215	17,115	<i>15,268</i>
Operating surplus on social housing lettings	3,798	638	242	4,678	<i>5,070</i>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****6 Employees**

The average monthly number of employees of the Group and Association during the year was:

	2021		2020	
	Full time	Part time	Full time	Part time
Administration	107	72	94	79
Wardens/Care Workers	53	477	50	426
Gardeners/Caretakers/Repairs	54	53	52	52
	214	602	196	557

The above represents full time equivalents of 526 (2020: 510).

	2021	2020
	£000	£000
Staff costs consist of:		
Wages and salaries	12,620	12,475
Social security costs	990	947
Defined contribution pension costs	370	216
Other pension costs and current service cost	452	266
	14,432	13,904

The Association made payments of £64,000 (2020: £150,000) under redundancy and settlement agreements costs have been included within wages and salaries. In relation to this cost associated Employers NI costs of £3,000 (2020: £9,000) are included in social security costs.

Full time equivalent number of employees who received remuneration during the year above £60,000 was:

	2021	2020
£60,000 - £69,999	4	3
£70,000 - £79,999	2	2
£80,000 - £89,999	2	-
£90,000 - £99,999	-	1
£100,000 - £109,999	1	1
£110,000 - £119,999	1	1
£120,000 - £129,999	-	1
£130,000 - £139,999	1	1

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****7 Directors**

Directors are defined as the twelve members of the Board (2020: twelve) together with the five members of the senior management team (2020: five), which includes the Chief Executive. Board member remuneration during the year was as follows:

Group and Association

	2021	<i>2020</i>
	£000	<i>£000</i>
Cynthia Alers	6	4
Jeanette Alfano	7	9
Dayle Bayliss	4	3
Helen Galbraith	7	5
Daniel Gaul	4	4
Peter Jones (retired 25 March 2020)	-	1
Robyn Llewellyn (retired 24 March 2021)	2	7
Kim Newman	11	11
Ian Pinches	4	3
Brett Rennolds	5	3
Barbara Thorndick	7	7
Alastair Thomas	7	7
Stuart Appleby (appointed 24 March 2021)	3	-
Lauren Bayliss Fuller (appointed 24 March 2021)	3	-
	<hr/>	<hr/>
Total emoluments – non-executive	70	64
Emoluments (including social security costs of £61,103 (2020: £54,379) – executive	587	520
Pension scheme contributions – executive	71	62
	<hr/>	<hr/>
Total Key Management compensation – seventeen directors (2020: seventeen)	728	646
	<hr/>	<hr/>
Emoluments of the highest paid director	156	140
	<hr/>	<hr/>

Four executive directors (2020: five) were members of the Association's defined benefit pension scheme.

The Chief Executive was an ordinary member of the pension scheme with no enhanced or special terms applied. Contributions towards the Chief Executive's pension by the company amounted to £28,957 (2020: £20,952). The Chief Executive's notice period is 6 months.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****8 Operating surplus**

	2021		2020	
	Group £000	Association £000	Group £000	Association £000
This has been arrived at after charging:				
Housing properties depreciation	3,448	3,448	3,066	3,066
Other depreciation and amortisation	300	300	284	284
Impairment	-	-	-	-
Internal auditors' remuneration	54	54	46	46
Hire of assets – operating leases – land and buildings	323	323	325	325
Hire of assets – operating leases – motor vehicles	264	264	228	228
Fees payable to Crowe UK LLP and its associates in respect of both audit and non audit services are as follows:				
Audit services – statutory audit of the company	22	19	22	19
Taxation compliance services	3	1	2	-

9 Profit on disposal of housing properties

	2021		2020	
	Group £000	Association £000	Group £000	Association £000
External disposals				
Disposal proceeds	566	566	340	340
Cost, less Social Housing Grant not recycled	(455)	(455)	(291)	(291)
Profit	111	111	49	49

10 Interest receivable

	2021		2020	
	Group £000	Association £000	Group £000	Association £000
On bank and building society deposits	2	2	13	12
On intragroup loans	-	-	-	6
	2	2	13	18

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****11 Interest and finance costs**

	2021		<i>2020</i>	
	Group £000	Association £000	<i>Group £000</i>	<i>Association £000</i>
On bank loans and other loans repayable wholly or partly within 5 years	161	139	38	38
On bank loans and other loans repayable wholly or partly after more than 5 years	2,964	2,964	3,032	3,032
Bond premium released	(53)	(53)	(51)	(51)
Defined benefit pension charge	89	89	79	79
	<u>3,161</u>	<u>3,139</u>	<u>3,098</u>	<u>3,098</u>

12 Taxation

	2021		<i>2020</i>	
	Group £000	Association £000	<i>Group £000</i>	<i>Association £000</i>
Current tax:				
UK Corporation tax on profits of current year	-	-	-	-
Group relief claimed in respect of prior years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year:

For years ending 31 December 2021 and 31 December 2020, the profit of Orwell Homes Limited has been offset against Group interest paid and no UK Corporation tax is assessed as payable.

	2021 £000	<i>2020 £000</i>
Subsidiary profit on ordinary activities before tax	351	360
Group Relief	(351)	(360)
	<u>-</u>	<u>-</u>

ORWELL HOUSING ASSOCIATION LIMITEDNotes forming part of the financial statements for the year ended 31 December 2021 (*Continued*)**13 Intangible fixed assets**

Group and Association	Software £000	2021 Total £000
<i>Cost</i>		
At beginning of year	454	454
Additions during year	-	-
Disposals during year	(252)	(252)
	<hr/>	<hr/>
At end of year	202	202
	<hr/>	<hr/>
<i>Less: Amortisation</i>		
At beginning of year	(322)	(322)
Charge for year	(79)	(79)
Disposals during year	252	252
	<hr/>	<hr/>
At end of year	(149)	(149)
	<hr/>	<hr/>
<i>Net book value</i>		
At beginning of year	132	132
	<hr/>	<hr/>
At end of year	53	53
	<hr/>	<hr/>

ORWELL HOUSING ASSOCIATION LIMITEDNotes forming part of the financial statements for the year ended 31 December 2021 (*Continued*)**14 Tangible fixed assets - Housing properties**

Group	Shared Ownership under construction £000	Housing properties under construction £000	Shared Ownership properties completed £000	Housing properties for letting completed £000	2021 Total £000
<i>Cost</i>					
At beginning of year	837	4,253	8,290	244,834	258,214
Additions during year	1,058	5,752	-	1,263	8,073
Disposals during year	-	-	(518)	(6,285)	(6,803)
Transfer	(1,399)	(4,248)	1,399	4,248	-
At end of year	496	5,757	9,171	244,060	259,484
<i>Depreciation</i>					
At beginning of year	-	-	-	(21,402)	(21,402)
Charge for the year	-	-	(72)	(3,376)	(3,448)
Reversal of impairment	-	-	-	-	-
On disposal	-	-	-	6,176	6,176
At end of year	-	-	(72)	(18,602)	(18,674)
<i>Net book value</i>					
At beginning of year	837	4,253	8,290	223,432	236,812
At end of year	496	5,757	9,099	225,458	240,810
					2021 £000
Freehold land and buildings					232,289
Long leasehold land and buildings					6,715
Short leasehold land and buildings					1,806
					240,810

During the year, £1,263,000 of works to existing properties were capitalised (2020: £2,998,000) and £3,829,000 (2020: £2,820,000) were charged to the Group's statement of comprehensive income.

ORWELL HOUSING ASSOCIATION LIMITEDNotes forming part of the financial statements for the year ended 31 December 2021 (*Continued*)**15 Tangible fixed assets - Housing properties**

Association	Shared Ownership under construction £000	Housing properties under construction £000	Shared Ownership properties completed £000	Housing properties for letting completed £000	2021 Total £000
<i>Cost</i>					
At beginning of year	638	4,176	8,290	245,031	258,135
Additions during year	1,042	6,250	-	1,263	8,555
Disposals during year	-	-	(518)	(6,285)	(6,803)
Transfer	(1,399)	(4,248)	1,399	4,248	-
At end of year	281	6,178	9,171	244,257	259,887
<i>Depreciation</i>					
At beginning of year	-	-	-	(21,599)	(21,599)
Charge for the year	-	-	(72)	(3,376)	(3,448)
Reversal of impairment	-	-	-	-	-
On disposal	-	-	-	6,176	6,176
At end of year	-	-	(72)	(18,799)	(18,871)
<i>Net book value</i>					
At beginning of year	638	4,176	8,290	223,432	236,536
At end of year	281	6,178	9,099	225,458	241,016
					2021 £000
Freehold land and buildings					232,495
Long leasehold land and buildings					6,715
Short leasehold land and buildings					1,806
					241,016

During the year, £1,263,000 of works to existing properties were capitalised (2020: £2,998,000) and £3,829,000 (2020: £2,820,000) were charged to the Association's statement of comprehensive income.

ORWELL HOUSING ASSOCIATION LIMITEDNotes forming part of the financial statements for the year ended 31 December 2021 (*Continued*)**16 Tangible fixed assets - Other**

Group and Association	Freehold offices £000	Motor vehicles £000	Office furniture, plant & equipment £000	Gardening equipment £000	2021 Total £000
<i>Cost</i>					
At beginning of year	2,600	4	639	50	3,293
Additions during year	-	-	108	-	108
Disposals during year	-	(4)	(49)	(6)	(59)
At end of year	2,600	-	698	44	3,342
<i>Less: Depreciation</i>					
At beginning of year	(26)	(4)	(207)	(20)	(257)
Charge for year	(26)	-	(183)	(12)	(221)
Disposals during year	-	4	38	6	48
At end of year	(52)	-	(352)	(26)	(430)
<i>Net book value</i>					
At beginning of year	2,574	-	432	30	3,036
At end of year	2,548	-	346	18	2,912

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****17 Investments**

	2021		2020	
	Group £000	Association £000	Group £000	Association £000
Liquidity reserve at beginning of year	397	397	394	394
Additions in the year	292	292	-	-
Interest accrued in the year	2	2	3	3
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liquidity reserve at end of year	691	691	397	397
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The above funds are held in trust for the Association as security against one year's interest cost on bond proceeds and cannot be accessed until bond maturity when they will be utilised as part repayment of the bond.

Association	£
At 1 January 2021 and 31 December 2021	4
	<u> </u>

At the year end the Association held shares in the following:

Company	Country of Incorporation	Ordinary shares held		Cost £	Nature of business
		Number	%		
Orwell Homes Limited	England and Wales	2	100	2	Property development
Suffolk Rural Housing Limited	England and Wales	2	100	2	Dormant

18 Stocks and work in progress

	2021		2020	
	Group £000	Association £000	Group £000	Association £000
First tranche disposals Shared Ownership Properties	345	345	1,590	1,590
Land banked for market sale	-	-	-	-
Market sale properties	2,836	-	1,614	-
Work in progress	1	1	22	22
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	3,182	346	3,226	1,612
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****19 Debtors**

	2021		2020	
	Group £000	Association £000	<i>Group £000</i>	<i>Association £000</i>
Arrears of rent and service charges	582	582	751	751
Less: Provision for bad/doubtful debts	(189)	(189)	(378)	(378)
	<u>393</u>	<u>393</u>	<u>373</u>	<u>373</u>
Trade debtors	1,955	1,955	1,224	1,224
Less: Provision for bad/doubtful debts	(356)	(356)	(391)	(391)
	<u>1,599</u>	<u>1,599</u>	<u>833</u>	<u>833</u>
Amounts recoverable on contracts	2,780	2,780	967	967
Amounts due from group companies	-	320	-	82
Other debtors	2,018	2,009	1,801	1,784
	<u>6,790</u>	<u>7,101</u>	<u>3,974</u>	<u>4,039</u>

All debtors above are considered to be recoverable within one year.

Group and Association**Bad and
doubtful
debts
£000**

At 1 January 2020	623
Charge to income and expenditure account for the year	153
Expenditure charge to the provision for the year	(7)
	<u>769</u>
At 31 December 2020	769
Charge to income and expenditure account for the year	26
Expenditure charge to the provision for the year	(250)
	<u>545</u>
Balance at 31 December 2021	545

The bad and doubtful debts provisions are in place to cover all debts where the Association considers that there are doubts that payment will be received.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****20 Creditors: amounts falling due within one year**

	2021		2020	
	Group £000	Association £000	<i>Group £000</i>	<i>Association £000</i>
Payments on account of long term work in progress	1,477	1,477	654	654
Current instalments of loans (see note 24)	2,128	1,409	1,579	1,378
Trade Creditors	2,338	2,088	3,362	2,141
Contractors for certificate work and unpaid retentions	802	394	505	206
Other taxation and social security	281	281	245	245
Corporation tax	-	-	-	-
Amounts due to group companies	-	196	-	1
Deferred income	1,548	1,200	1,616	1,616
Recycled capital grants (see note 22)	-	-	-	-
Deferred capital grants (see note 23)	1,456	1,456	1,721	1,721
Other creditors and accruals	1,772	1,735	1,730	1,690
	<u>11,802</u>	<u>10,236</u>	<u>11,412</u>	<u>9,652</u>

21 Creditors: amounts falling due after more than one year

Amounts due are payable as follows:

	2021		2020	
	Group £000	Association £000	<i>Group £000</i>	<i>Association £000</i>
Recycled capital grant fund (see note 22)	17	17	111	111
Deferred capital grants (see note 23)	75,915	75,915	73,759	73,759
Borrowings (see note 24)	104,798	104,798	93,334	93,334
	<u>180,730</u>	<u>180,730</u>	<u>167,204</u>	<u>167,204</u>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****22 Recycled capital grants**

	2021		<i>2020</i>	
	Group £000	Association £000	<i>Group £000</i>	<i>Association £000</i>
At the beginning of the year	111	111	510	510
Inputs to RCGF: grants recycled	59	59	42	42
interest accrued	-	-	2	2
Recycling of grant: new build	(153)	(153)	(443)	(443)
At the end of the year	<u>17</u>	<u>17</u>	<u>111</u>	<u>111</u>

There are no amounts three years old or older where repayment may be required.

23 Deferred capital grant

Group and Association	2021 £000	<i>2020 £000</i>
As at 1 January	75,480	74,270
Grant received in the year	2,854	2,145
Capital grant released	(950)	(925)
Reinstatement of grant re disposals	4	80
Disposals	(17)	(90)
As at 31 December	<u>77,371</u>	<u>75,480</u>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****24 Borrowings**

	Group	Association	<i>Group</i>	<i>Association</i>
	2021	2021	<i>2020</i>	<i>2020</i>
	£000	£000	<i>£000</i>	<i>£000</i>
Creditors: amounts falling due within one year (see note 20):				
Bank and other loans	2,128	1,409	1,579	1,378
	<u>2,128</u>	<u>1,409</u>	<u>1,579</u>	<u>1,378</u>
Creditors: amounts falling due after more than one year (see note 21):				
Bank and other loans repayable:				
By instalments due after 1 year & up to 5 years	6,946	6,946	17,015	17,015
By instalments due after 5 years	30,020	30,020	65,081	65,081
Other than by instalment due 1 year & up to 5 years	12,500	12,500	-	-
Other than by instalment due after 5 years	55,332	55,332	11,238	11,238
	<u>104,798</u>	<u>104,798</u>	<u>93,334</u>	<u>93,334</u>

Borrowings are denominated and repaid in pounds sterling, have contractual interest rates that are either fixed rates or variable rates linked to SONIA that are not leveraged, and do not contain conditional returns or repayment provisions other than to protect the lender against credit deterioration or changes in relevant legislation or taxation.

All Association borrowings are secured against the Association's housing properties. Group borrowings included a loan agreement with a contractor at fixed rate interest of 4%, secured against the properties under construction and repayable upon sale of those properties.

Bank borrowings are repayable by regular instalments of principal and interest, the last instalments of which fall to be repaid on dates between 2022 and 2050; the loans bear interest at variable and fixed rates of between 0.67% and 15.0%.

The bank borrowings are subject to a variety of covenants including interest cover and gearing covenants. During the year, there have been no covenant breaches.

The Association also has borrowings in the form of bond finance upon which interest is charged at nominal rates between 2.92% and 3.8% with bullet repayments of £10m in 2042 and £10m in 2054.

The Association secured fixed price bond finance in 2021 with a principal value of £20m, £10m was drawn in 2021 with a further £10m on a forward fix to be drawn in October 2022.

25 Financial instruments

	2021	<i>2020</i>
	£000	<i>£000</i>
Group		
Carrying amount of financial assets:		
Debt instruments measured at amortised cost	6,289	3,280
	<u>6,289</u>	<u>3,280</u>
Carrying amount of financial liabilities:		
Measured at amortised cost	113,332	101,276
	<u>113,332</u>	<u>101,276</u>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****26 Pension provision – Local Government Pension Scheme**

The Association is an admitted body of the Local Government Pension Scheme (LGPS) which is funded by the payment of contributions to a separately administered trust fund.

The most recent formal actuarial valuation was carried out as at 31 December 2021 by a qualified independent actuary

Fair value of assets and defined benefit liability

	2021	<i>2020</i>
	£000	<i>£000</i>
Fair value of plan assets	1,315	<i>1,111</i>
Present value of funded liabilities	(1,867)	<i>(1,836)</i>
Net liability	<u>(552)</u>	<u><i>(725)</i></u>

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

	2021	<i>2020</i>
	£000	<i>£000</i>
Fair value of plan assets at 1 January	1,111	<i>1,005</i>
Interest income	15	<i>22</i>
Contribution by scheme participants	9	<i>9</i>
Contributions by the employer	44	<i>47</i>
Experience on plan assets (excluding amounts in interest income) – gain	150	<i>29</i>
Benefits paid	(14)	<i>(1)</i>
Fair value of plan assets at 31 December	<u>1,315</u>	<u><i>1,111</i></u>

Reconciliation of opening and closing balances of the defined benefit obligation:

	2021	<i>2020</i>
	£000	<i>£000</i>
Defined benefit obligation at 1 January	1,836	<i>1,357</i>
Current and past service cost	77	<i>58</i>
Interest cost	25	<i>29</i>
Contribution by scheme participants	9	<i>9</i>
Actuarial gains due to scheme experience	(24)	<i>(5)</i>
Actuarial gains due to changes in demographic assumptions	27	<i>-</i>
Actuarial losses due to changes in financial assumptions	(69)	<i>389</i>
Benefits paid	(14)	<i>(1)</i>
Defined benefit obligation at 31 December	<u>1,867</u>	<u><i>1,836</i></u>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****26 Pension provision – Local Government Pension Scheme (continued)**

The actual return on the plan assets (including any changes in share of assets) over the year ended 31 December 2021 was £165,000.

Defined benefit costs recognised in Statement of Comprehensive Income

	2021	<i>2020</i>
	£000	<i>£000</i>
Expenses	33	11
Net interest expense	10	7
	<u>43</u>	<u>18</u>

Defined benefit costs recognised in other comprehensive income

	2021	<i>2020</i>
	£000	<i>£000</i>
Experience gains and losses arising on the plan liabilities	174	34
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(27)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	69	(389)
	<u>216</u>	<u>(355)</u>
Actuarial (loss)/gain in respect of pension scheme		

Major categories of plan assets as a percentage of total plan assets:

	2021	2020
Equities	66%	64%
Bonds	25%	26%
Property	8%	8%
Cash	1%	2%

Financial Assumptions

The main financial assumptions used by the actuary in assessing scheme liabilities were:

	31 Dec 2021	<i>31 Dec 2020</i>
	% per annum	<i>% per annum</i>
Rate of increase in salaries	3.55	3.15
Discount rate	1.90	1.35
Inflation assumption (CPI)	2.85	2.45

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****26 Pension provision – Local Government Pension Scheme (continued)****Mortality assumptions**

The valuation was carried out using life expectancy figures based on the Fund's VitaCurves with improvements in line with the CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (sk7), initial adjustment of 0.5% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	31 December 2021	
	Males	Females
Current pensioners	22.1 years	24.5 years
Future pensioners	23.2 years	26.4 years

Contributions

The Association's contributions to the LGPS Scheme for the period ended 31 December 2021 were £44,000 (2020: £47,000) and the employers' contributions rate has been fixed as 31.3% of pensionable pay until 31st March 2022. At the year-end £4,000 (2020: £9,000) contributions were payable to the scheme and are included in creditors. The estimated employer's contributions for the year to 31 December 2022 will be approximately £41,000.

27 Pension provision – the Pensions Trust Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme SHPS (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. The Association's liability has been determined by calculating the liability of our members allowing for members with service split across multiple SHPS employers as appropriate. The liability for orphan members (members with no remaining sponsoring employer for historical reasons) has been allocated in proportion to each employer's share of the overall liabilities. This approach follows the same methodology as the allocation of the liabilities for participating employers in the Scheme when deriving the deficit recovery plan contributions at the latest trustee's triennial scheme funding valuation.

The Association's fair value of assets is determined as the Association's share of the market value of the Scheme assets split in proportion to the Association's share of the trustee's triennial funding liabilities (termed "Technical Provisions") at the accounting date. This process has been adopted as it is the approach adopted by the trustee should an employer bulk transfer from the scheme to an alternative defined benefit scheme. Hence the output is deemed to be the employer's fair value of assets. In order to obtain this fair value for an employer, the trustee's funding liabilities are calculated for all employers at

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****27 Pension provision – the Pensions Trust Social Housing Pension Scheme (continued)**

the accounting date. Each employer's percentage share of the total funding liabilities is then determined. That percentage share is then applied to the market value of the assets of the Scheme as at the accounting date to determine the employer's fair value of assets at the accounting date. Assumptions have been set with reference to the Association's membership and liability profile.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2021	<i>2020</i>
	£000	<i>£000</i>
Fair value of plan assets	16,667	14,636
Present value of defined benefit obligation	-	-
Present value of funded liabilities	(20,584)	(20,072)
	<u> </u>	<u> </u>
Net liability	<u>(3,917)</u>	<u>(5,436)</u>

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

	2021	<i>2020</i>
	£000	<i>£000</i>
Fair value of plan assets at 1 January	14,636	11,780
Interest income	219	253
Contribution by scheme participants	139	249
Contributions by the employer	599	496
Experience on plan assets (excluding amounts in interest income) – gain	1,499	2,099
Benefits paid	(425)	(241)
	<u> </u>	<u> </u>
Fair value of plan assets at 31 December	<u>16,667</u>	<u>14,636</u>

Reconciliation of opening and closing balances of the defined benefit obligation

	2021	<i>2020</i>
	£000	<i>£000</i>
Defined benefit obligation at 1 January	20,072	15,363
Current and past service cost	469	192
Expenses	14	14
Interest cost	298	325
Contribution by scheme participants	139	249
Actuarial gains due to scheme experience	6	434
Actuarial losses/(gain) due to changes in demographic assumptions	72	(195)
Actuarial losses/(gain) due to changes in financial assumptions	(61)	3,931
Benefits paid	(425)	(241)
	<u> </u>	<u> </u>
Defined benefit obligation at 31 December	<u>20,584</u>	<u>20,072</u>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****27 Pension provision – the Pensions Trust Social Housing Pension Scheme (continued)**

The actual return on the plan assets (including any changes in share of assets) over the year ended 31 December 2021 was £1,718,000.

Defined benefit costs recognised in Statement of Comprehensive Income

	2021	<i>2020</i>
	£000	<i>£000</i>
Expenses	116	206
Net interest expense	79	72
	<u>195</u>	<u>278</u>

Defined benefit costs recognised in other comprehensive income

	2021	<i>2020</i>
	£000	<i>£000</i>
Experience gains and losses arising on the plan liabilities	1,493	1,665
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	(72)	195
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	61	(3,931)
Actuarial loss in respect of pension scheme	<u>1,482</u>	<u>(2,071)</u>
Total amount recognised in other comprehensive income	<u>1,482</u>	<u>(2,071)</u>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****27 Pension provision – the Pensions Trust Social Housing Pension Scheme (continued)****Major categories of plan assets as a percentage of total plan assets:**

	2021	2020
Equities	15.94%	14.62%
Bonds	5.91%	5.7%
Property	4.04%	3.93%
Absolute return fund	5.52%	5.22%
Cash	1.19%	0.04%
Other	67.40%	70.48%

Financial Assumptions

The main financial assumptions used by the actuary in assessing scheme liabilities were:

	31 Dec 2021	<i>31 Dec 2020</i>
	% per annum	<i>% per annum</i>
Rate of increase in salaries	3.94	3.51
Discount rate	1.81	1.48
Inflation assumption (CPI)	2.94	2.51

Mortality assumptions

Life expectancy is based on the S2PXA Tables and the CMI2017 improvement allowances. Based on these assumptions, the average future life expectancies from retirement age are summarised below:

	31 December 2021	
	Males	Females
Current pensioners	21.6 years	23.5 years
Future pensioners	22.9 years	25.1 years

Contributions

The Association's contributions to the SHPS Scheme for the period ended 31 December 2021 were £599,000 (2020: £485,000) with employers' contributions rate varying between 4.1% and 7% of pensionable pay, fixed until 31 March 2022. In addition, the Association has agreed to a deficit funding arrangement of £365,000 per annum, increasing to £501,000 on 1 April 2022 and thereafter annually by inflation of 5.5% and payable until 31 March 2028.

At the year-end £62,000 (2020: £83,000) contributions were payable to the scheme and are included in creditors. The estimated employer's contributions for the year to 31 December 2022 will be approximately £713,000.

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****28 Housing stock****Group and Association**

The number of units of housing under development and in management at 31 December was:

	2021	<i>2020</i>
<i>Housing units under development</i>	70	42
<i>Social housing accommodation under management</i>		
General needs housing – social rent	1,896	1,896
General needs housing – affordable rent	939	918
Supported housing and housing for older people	866	847
Low cost home ownership accommodation	148	138
Temporary social housing	110	108
Registered care home	10	10
Other	10	8
	<hr/>	<hr/>
	3,979	3,925
<i>Non-social housing accommodation under management</i>		
Market rented	68	68
	<hr/>	<hr/>
	4,117	4,035
	<hr/>	<hr/>

29 Accommodation managed by others**Group and Association**

	2021	<i>2020</i>
	Units	<i>Units</i>
Access Community Trust	63	62
Aspire	17	17
Break Disability	4	4
Heywoods Grange	10	10
Home Group	10	8
Selig Suffolk	2	2
	<hr/>	<hr/>
	106	103
	<hr/>	<hr/>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****30 Share capital and reserves***Share capital*

	2021	2020
Group and Association	£	£
At beginning of year	26	29
Shares cancelled	(5)	(6)
Shares issued	2	3
	<hr/>	<hr/>
At end of year	23	26
	<hr/>	<hr/>

The share capital of the Association consists of shares with a nominal value of £1 each which carry no rights to vote, dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member that person's share is cancelled, and the amount paid up thereon becomes the property of the Association.

Reserves

Reserves comprise the following:

General reserve

Accumulated surpluses from the Statement of Comprehensive Income which are used to further the work of the Association and in particular support the ongoing development work and provision of new accommodation.

Restricted reserve

These are sinking funds in respect of specific items of major expenditure at specified supported housing schemes and which can only be spent in accordance with the principles laid down in the relevant lease or agreement.

31 Capital commitments

	2021	2020
Group	£000	£000
Expenditure contracted, less certified	8,243	2,772
	<hr/>	<hr/>

The above expenditure will be financed using Social Housing Grant (SHG) of £190,000 (2020: £558,000) together with Local Authority Grant of £nil (2020: £nil) and a loan facility of £8,053,000 (2020: £2,214,000)

	2021	2020
Association	£000	£000
Expenditure contracted, less certified	5,151	2,902
	<hr/>	<hr/>

The above expenditure will be financed using Social Housing Grant (SHG) of £190,000 (2020: £558,000) together with Local Authority Grant of £nil (2020: £nil) and a loan facility of £4,961,000 (2020: £2,344,000)

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****32 Commitments under operating leases****Group and Association**

As at 31 December, the Association and Group had commitments under non-cancellable operating leases for the following:

Land and buildings:	2021	<i>2020</i>
	£000	<i>£000</i>
Amounts due: Within one year	549	528
In one to five years	1,848	1,773
In more than five years	6,359	6,613
	<u>8,756</u>	<u>8,914</u>
Motor Vehicles:	2021	<i>2020</i>
	£000	<i>£000</i>
Amounts due: Within one year	177	190
In one to five years	149	172
	<u>326</u>	<u>362</u>
Other:	2021	<i>2020</i>
	£000	<i>£000</i>
Amounts due: Within one year	102	110
In one to five years	2	14
	<u>104</u>	<u>124</u>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****33 Related party transactions****Group and Association**

The ultimate controlling party of the Group is the Board of the Association collectively.

During the year, the following transactions occurred with Orwell Homes Limited, a non-regulated wholly owned subsidiary of Orwell Housing Association Limited:

	2021	<i>2020</i>
	£000	<i>£000</i>
Purchases from Orwell Homes Limited	5,646	7,862
Salary costs recharged to Orwell Homes Limited	137	152
Interest credited to Orwell Homes Limited	1	1

At the year end, the net amount due to Orwell Homes Limited was £124,000 (2020: £525,000).

34 Reconciliation of consolidated surplus on ordinary activities to net cash inflow from operating activities

	2021	<i>2020</i>
Group	£000	<i>£000</i>
Surplus for the year	2,808	2,657
Depreciation, amortisation and impairment	3,748	3,323
Amortisation of grant	(947)	(925)
Defined benefit pension schemes	6	(200)
Provision movement	(475)	-
Loss/(Gain) on disposal of fixed assets	(111)	(49)
Loss on disposal of other fixed assets	11	197
Loss on disposal of components and other properties	133	-
Interest receivable	(2)	(13)
Interest payable	3,161	3,098
Taxation	-	-
	<hr/>	<hr/>
Operating cashflows before movements in working capital	8,332	<i>8,088</i>
(Increase) in investments	(292)	(3)
(Increase)/decrease in stocks	44	(1,956)
Decrease/(increase) in debtors	(2,816)	808
Increase/(Decrease) in creditors	106	2,083
	<hr/>	<hr/>
Cash generated from operating activities	5,374	<i>9,020</i>
	<hr/>	<hr/>

ORWELL HOUSING ASSOCIATION LIMITED**Notes forming part of the financial statements for the year ended 31 December 2021 (Continued)****35 Analysis of changes in net debt**

Group	At 1 January 2021	Cash flow	Other non- cash movements	At 31 December 2021
	£000	£000	£000	£000
Cash at bank and in hand	3,739	9,394	-	13,133
Creditors due in < 1 year: Current instalment of loans	(1,579)	(549)	-	(2,128)
Creditors due in > 1 year: Bank loan	(93,334)	(11,464)		(104,798)
Total	<u>(91,174)</u>	<u>(2,619)</u>		<u>(93,793)</u>

36 Contingent liabilities**Group and Association**

Social Housing Grants (SHG) are repayable in the event of the disposal of the related property. When this occurs, the total original grant is repayable and this comprises the unamortised balance as per note 23, together with the amortised amount. At the end of the year, the total amount of SHG potentially repayable was £92,579,000 (2020: £91,267,000).

37 Establishment as a Registered Social Landlord

The Association is an exempt charity, registered under the Co-operative and Community Benefit Societies Act 2014 and with the Social Housing Regulator (formerly the Homes and Communities Agency) as a Registered Provider.