

# Orwell Housing Association Ltd

# Report and Consolidated Financial Statements

Year Ended

31 December 2022

Co-operative and Community Benefit Societies Act 2014 Registration  
No 16460R



## Annual report and financial statements for the year ended 31 December 2022

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## ORWELL HOUSING ASSOCIATION LIMITED

### Officers and general information

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#### Board (elected unless otherwise stated)

Kim Newman BSc (Hons) FCIPS MCMI  
– Chair – C G R  
Helen Galbraith BA (Hons) CFA CFAB  
DiPFA – Vice-Chair – A C R  
Cynthia Alers MBA MA MIRSoc – A G  
Jeanette Alfano BTEch (Hons) MBA CITP  
– A C G R  
Stuart Appleby MA-Ed – C G  
Dayle Bayliss BSc (Hons) MSc MBA  
FRICS C. Build E FCABE FCIQB FRSA  
CMgr MCMI – A G

Lauren Bayliss-Fuller – A C  
Daniel Gaul BSc (Eng) MSc – G (*retired*  
30 March 2022)  
Ian Pinches FCCA FRSA – A R  
Brett Rennolds MBA Dip MC – A R  
Alastair Thomas BSc (Hons) FRICS – R (*retired*  
30 March 2022)  
Barbara Thorndick OBE BA (Hons) FCIQH  
– A C G R  
Stephen White – Co-optee (appointed  
1 September 2022) - A

#### Committee membership key

Audit Committee – A  
Customer Insight - C (from 1 July 2022)

Governance Committee – G (until 30 June 2022)  
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 (left 11 November 2022)

#### Director of Customers and Communities

Cairistine Foster-Cannan BA (Hons) FCMI

#### 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)**

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**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 2022

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We are now approaching the 60th Anniversary of the creation of Orwell Housing Association, and I am delighted to say that the business has had a good year despite the many and varied challenges being felt within the sector.

We have maintained our G1 rating during 2022 but, like many organisations with a development and sales programme, have been regraded to a compliant V2 financial viability rating by The Regulator of Social Housing due to the inflationary and interest rate pressures within the broader economy. As we move into 2023 and the economy begins to recover, we remain optimistic that we will return to a V1 grading in the short-term.

With regard to Covid-19, whilst it may remain a fact of life for some time yet, we have adapted as an organisation to maintain the smooth running of our business and we have now redesigned and remodelled parts of our business to operate flexibly and efficiently in the face of Covid and other challenges.

I would like to mention various aspects of Orwell's work in putting our people and our customers at the heart of the business. I would like to thank all of 'Team Orwell' for their good work over the past year – and for their support and goodwill in a time of change. We have now successfully completed the implementation of our transformation programme and transitioned our team to a new flexible working model – taking what we have learnt from changes in our operating environment and remote working over the last 2 years and embedding them in permanent arrangements.

With the Social Housing Bill on the horizon, we have continued to improve our engagement with our customers through our Customer and Communities Team. This has been supported by the implementation of the recommendations from our external Governance Review and the co-creation work with the Orwell Residents Group. As a result, we have reviewed our committee structure and established a new Customer Insight Committee.

We are also very conscious of the pressures our customers face, with big increases in the cost of living; and although 2022 has seen implementation of a rental increase, we will continue to do all we can to help customers in need through the work of our Tenancy Sustainment Team and by utilising our 'Make a Difference' fund where appropriate.

Our People and Culture Team have had a great year with the launch of our Partnership Model, updating of our core processes and the roll out of a programme of leadership and coaching. Our Learning and Development Team are also fully embedded, and our Talent Team have provided exceptional support to our operational and front-line teams to successfully recruit new team members in a very challenging market.

This fantastic progress culminated in Orwell being a finalist in the Suffolk Business Awards in the category of Employer of the Year, the achievement of our Housing Diversity Network accreditation and award of a Gold Workplace Wellbeing Accreditation.

As an organisation we have maintained our continual awareness of sector and macro-economic changes and review our plans as a Board to reset our strategic objectives and Strategic Plan for the next 5 years. We also finalised our decarbonisation strategy and roadmap to EPC C and Net Zero and we worked with Independent East colleagues in relation to a SHDF Wave 2 bid.

We also maintained our investment in technology and key achievements included the implementation of a new CRM system, continued roll out of the PCS system to our care and support schemes and achievement of Cyber Essentials Plus accreditation.

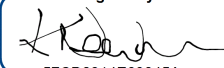
**ORWELL HOUSING ASSOCIATION LIMITED****Chair's Report for the year ended 31 December 2022 (Continued)**

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We have continued to work in partnership with a number of organisations in relation to our development programme and we have been working closely with our Independent East colleagues to progress a number of joint initiatives. This culminated in the Joint Independent East Conference in November 2022 attended by both staff and residents of each organisation with keynote speakers from the Housing Ombudsman and the Regulator of Social Housing Director of Consumer Regulation.

Last year also saw some changes to the Board with both retirements and new appointments. Dan Gaul retired from the Board and Alastair Thomas who was also Chair of our Orwell Homes subsidiary retired from the Board after nine years of service. Our sincere thanks to Dan and Alastair for their contribution to Orwell during their term of office. We were also very pleased to welcome Steve White to the Board as a Co-Opted Board Member pending full Board membership in March 2023.

In closing, I would like to thank Team Orwell, the Executive and fellow Board Members for all their hard work and support throughout the year. I will be standing down as Chair in March 2023 after 8 years on the Board; it has been a pleasure working with everyone at Orwell – a lot has been achieved in the last 8 years but there is always more to do and I am sure that my successor as Chair, Helen Galbraith, together with the Board and Executive will do a great job in taking Orwell forward, and I wish all involved every success.

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**Kim Newman, Chair**

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022****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. Orwell 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.

Orwell 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 Housing 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, Orwell 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.

Orwell undertakes its own development of social housing and market sale properties and also provides development services to other organisations. Orwell is also a member of Eastern Procurement Limited, a company formed to enable organisations with similar buying needs, to benefit from joint procurement initiatives, improved quality and lower costs.

Orwell 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 Orwell during the year is as set out in Orwell'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.

**Strategic report for the year ended 31 December 2022 (Continued)**

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***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***

2022 has been a challenging year and Orwell has not been immune to the financial uncertainty and inflationary impacts we have seen across the UK. During the year, the two biggest areas of challenge have been managing the increasing property repair costs due to inflation in material costs, and a shortage of skilled labour in both the repairs team and in the care and support division. This coupled with ongoing repairs catch up due to a delay in customers reporting day to day repairs during the previous two years affected by Covid has put additional pressure on the in-house repairs teams and external contractors. Despite these challenges, Orwell has worked hard to ensure that our service continues to be customer focused and we remain committed to putting customers and employees at the heart of Orwell, thereby ensuring that the decisions and investments made deliver the mission of “Together we make a difference”, demonstrated by the fact that customer and employee satisfaction has remained high throughout the year.

The business remains strong despite the challenging environment and whilst costs have increased in the year, in particular in the care and support division due to labour shortages, other areas of the business have performed well and have helped to keep costs under control and mitigate somewhat the impact of inflation and agency staff costs. We remain focused on improving value for money across the business and continuing to develop new services to help meet the ever increasing demand for our affordable homes and our care and support services.

The delivery of the growth objectives of developing more homes has progressed during the year despite the cost pressures on development materials and labour shortages, with an increased number of starts on site of new homes within the year. Whilst the focus in Orwell’s Care and Support services has been largely dominated by managing the shortage of staff in the year rather than on growth, Orwell has been able to launch its Staying Close project in Ipswich, in partnership with Suffolk County Council, enabling children leaving care to be provided with their first home, supported from our service at Christchurch House. During the year we have taken on the lease of 130 extra care flats, 70 in Harwich and a further 60 in Walton-on-the-Naze, taking over the care and support contract and employment of 70 members of staff. Orwell are working in partnership with the building owners, Funding Affordable Homes, and Essex County Council to put these schemes on a long term sustainable footing. A further 36 new build homes were developed in the year for social and affordable rent and shared ownership and Orwell has 69 homes under construction at the end of 2022 that will hand over in 2023.

Orwell 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. Orwell also remains the lead partner for the e<sup>2</sup> development consortium which now includes Ipswich Borough Council and East Suffolk Council. Grant of £1.1m for the delivery of 17 homes at the end of 2022 was secured as part of continuous market engagement, and the Consortium has a pipeline of around 500 units for delivery over the next two years.



**Strategic report for the year ended 31 December 2022 (Continued)**

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***Delivery against Objectives (continued)***

Orwell'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 Babergh and Mid Suffolk Council as well as the market sale programme for its subsidiary Orwell Homes Limited.

Throughout the year, Orwell has felt the impact of people leaving the employment market post covid and this has been felt most severely in the care and support service. In addition, ongoing challenges due to employee absences linked to the Covid-19 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. Orwell 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 2022 has enabled us to put in place an enhanced package for all care staff in January 2023 which has already seen an increase in applications and successful appointments to our care and support division.

Towards the end of 2022 Orwell completed the re-procurement of several of its major repairs contracts, which resulted in new contractors being appointed to complete gas servicing and repairs, electrical repairs, warden call and fire alarm servicing. With any change in contractors there is always a concern that customer satisfaction may suffer, however, this has been managed well and although there has been some disruption, the service is returning to the expected levels of service delivery. The procurement of new contracts is a high priority for Orwell as many of its contracts were extended during the pandemic and during 2023 a further £10.2m of property related spending will be retendered. There has been ongoing disruption during the year due to a shortage of appropriately skilled craftsman to fill vacancies within the repairs team and this has impacted Orwell's completion times for some repairs. However, due to regular communications with customers, satisfaction levels with the repair service have remained good. Towards the end of the year, Orwell has managed to fully staff the repairs team and service levels in 2023 should return to pre-pandemic levels. Property improvement contracts were also retendered during the year with three-year contracts now in place to deliver replacement kitchens, bathrooms, heating, windows and doors. Orwell remains fully compliant across gas and electrical safety checks, asbestos monitoring, legionella testing and fire risk assessments.

Orwell benefits from an empowered and motivated employee base and their continued commitment and dedication is recognised as vitally important to future growth plans. Orwell was shortlisted as Eastern Region Employer of the Year as recognition for the work it has done to ensure its teams are well supported and encouraged to be their authentic selves. This was further supported by retaining the Investors In People Silver award and being accredited by the Housing Diversity Network as an employer who recognises the importance of diversity across its organisation.

Orwell has continued to focus on how it can ensure that customers and tenants voices are heard, and people are engaged and involved with Orwell. During the year the Board created a new sub-committee, the Customer Insight Committee, to 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 Orwell, 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.

The scale of Orwell's investment in information technology and digital platforms during 2022 demonstrates the commitment to the delivery of the Digital Strategy and its importance to the organisation. The design and implementation of a Tenants App was developed during the year along

**Strategic report for the year ended 31 December 2022 (Continued)**

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***Delivery against Objectives (continued)***

with a new CRM system. Both went live in January 2023 and will help improve Orwell's service to customers. During the year a new digital system for monitoring the quality and consistency of the care service in Orwell's Extra Care schemes was introduced. It enables greater performance monitoring across the services and ensures a consistency of approach. This, along with an electronic medication management system (EMARS) has resulted in our Extra Care services having improved management oversight. Orwell recognises the data that it holds and computer systems used as a key area of risk and ongoing investment in cyber-security applications and training was a key feature in the year. In order to measure progress, and identify any further areas for improvement and strengthening, Orwell undertook the Cyber Essentials Plus accreditation and was recognised as being fully compliant 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, seeing increased sales activity throughout the year. Phase one of the largest combined market sale and affordable housing scheme undertaken by the Group to date at Cockfield in Suffolk completed during the year and all properties were sold off plan. Phase two of the market sale homes commenced in the year with the marketing and sale of the 2nd phase taking place in 2023. One further scheme at Washbrook was started and completed in the year by Orwell Homes with 4 out of the 5 homes being sold in 2022 and the final sale taking place in January 2023. Both schemes achieved their expected profit margins for the company.

During the year, the wholly owned subsidiary of Orwell Housing Association, Orwell Homes Limited, continued to provide construction services to Orwell Housing Association, resulting in a net saving to the Group of approximately £57,000.

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***

Orwell 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' (Orwell'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 Orwell's Strategic Plan and Financial Performance take place at Employee Voice meetings and are standing items on the quarterly agenda.

***Disabled persons***

Orwell 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 Orwell, 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, Orwell's aim will always be to support continued employment in the substantive role through provision of reasonable

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2022 (Continued)

adjustments and involvement of external support agencies, where available; where this does not provide the necessary support, suitable alternative employment will be explored.

#### Operating Performance And Value For Money

##### *Approach to Value for Money*

Orwell'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 Orwell is to deliver measurable benefits to all and demonstrate that Orwell'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 Orwell's social purpose of making a difference, which runs through all the Rules, Strategic Plan and is fundamental to Orwell.

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



##### **VfM framework**

The vision of Orwell 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 Orwell'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 Orwell to adhere to its ten VfM objectives.

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022 (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 Orwell, and regional and national groups. For all peer and comparison groups, metric scores are sourced from 31 March 2022 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 2022, compared to target performance for 2019 to 2022. Additionally, a look-forward 2023 target is also included.

**Peer Group**

Orwell 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 Orwell'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
<b>Orwell Housing</b>	<b>4,085</b>	<b>£47,468</b>	<b>100%</b>	<b>8%</b>	<b>12%</b>
B3 Living Limited	4,290	£34,535	100%	0%	7%
Broadland Housing Association Ltd	5,549	£41,956	100%	2%	12%
Hightown HA	6,652	£103,887	77%	6%	1%
Saffron Housing	6,554	£40,613	100%	2%	9%
The Cambridge Housing Society	3,043	£34,708	100%	6%	7%
Two Rivers Housing	4,311	£24,928	N/A - South West/ West Mids (100%)	0%	14%
Westward Housing	7,407	£41,928	N/A – South West (100%)	5%	10%

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2022 (Continued)

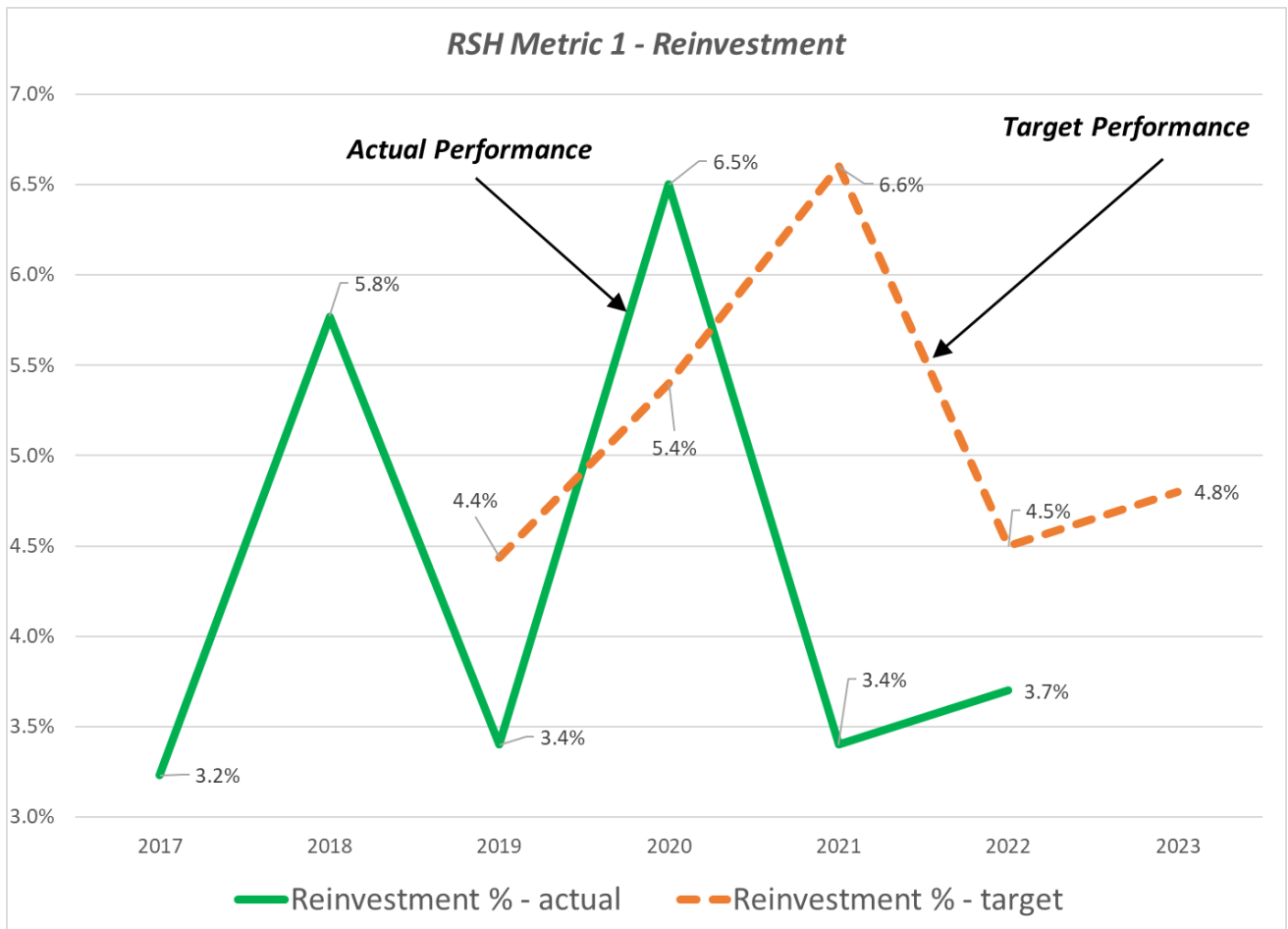
#### Regulator VfM metrics

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	0.9%	1.1%	1.3%	1.2%
New Stock	2.8%	7.8%	6.5%	5.0%
Total	3.7%	8.9%	7.8%	6.2%

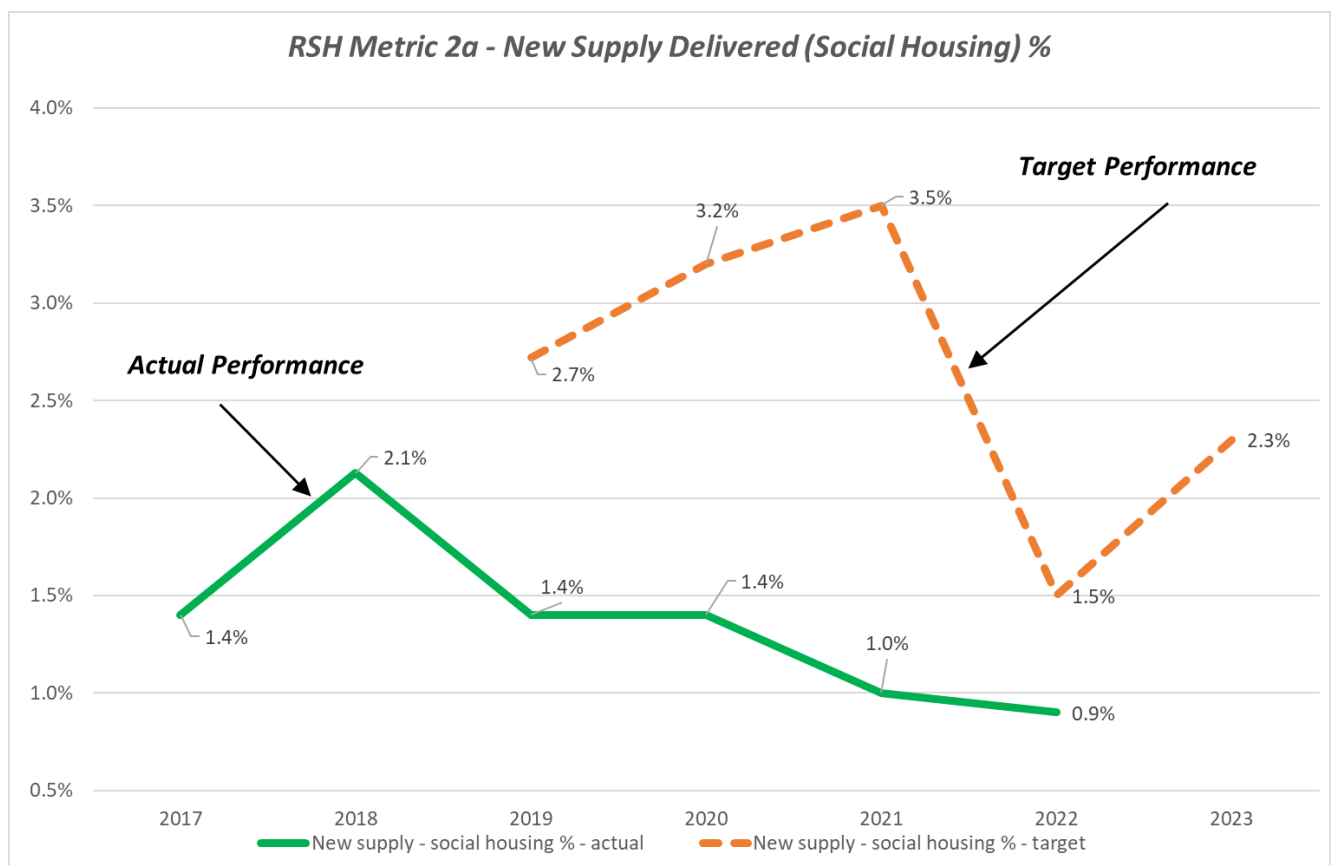


Orwell, with reinvestment of 3.7%, has seen an increase compared to last year's performance of 3.4%. Separating out the existing stock and new stock elements, as shown above, indicates that capital spend on existing stock is lower, reflecting procurement challenges in the year and a programme that ended £300K below budget spend. 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 due to unforeseen project delays across a number of on-site schemes resulting in 39 units which were due to complete in 2022, falling back into 2023.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2022 (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
0.9%	3.0%	2.3%	1.6%

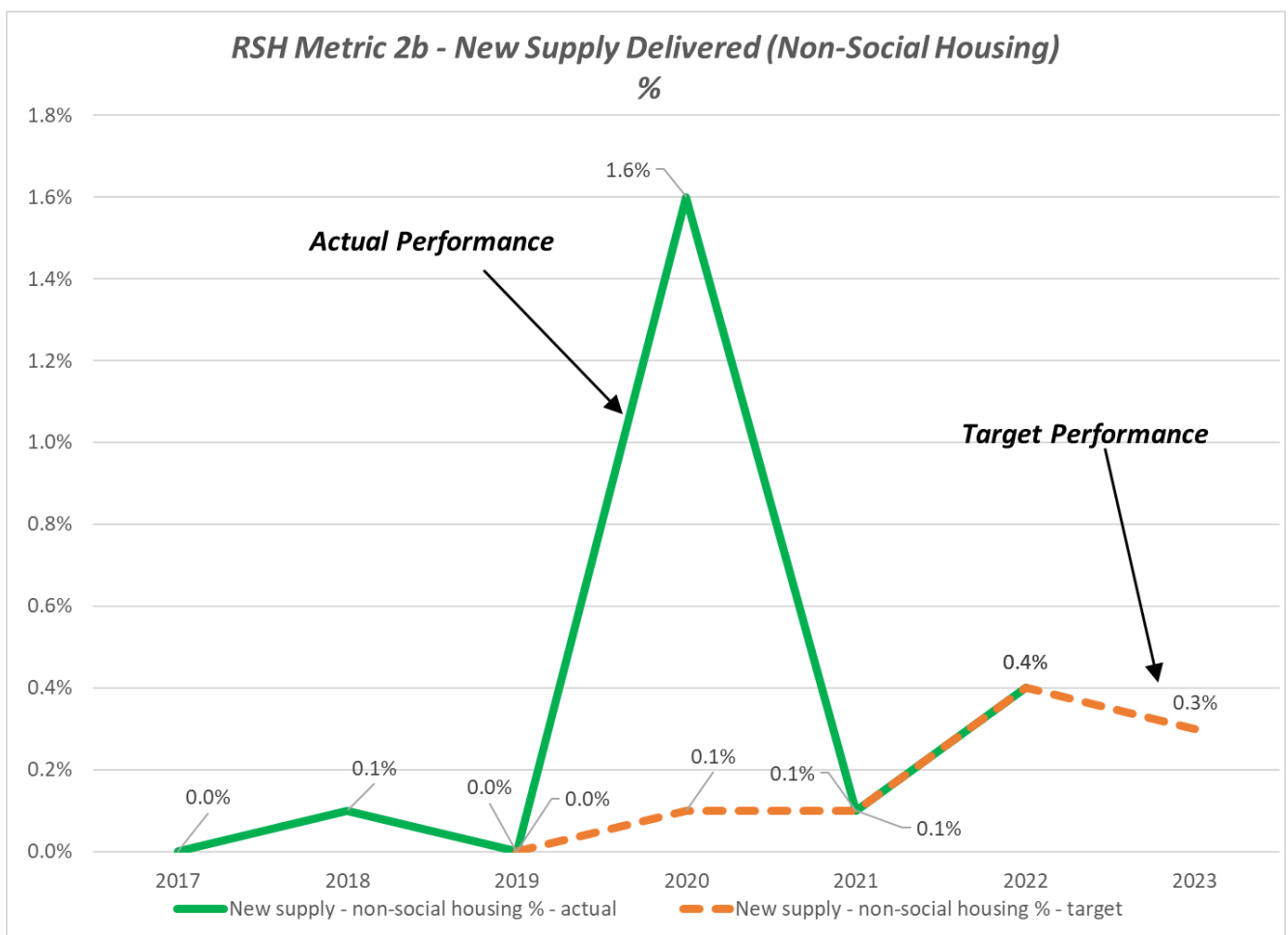


Orwell, with new supply delivered of 0.9%, has seen a decrease compared to last year's performance of 1.0%. In terms of units, this represented a decrease from 37 units completed last year, to 36 units this year, and below the target for the year of 60 units. This is due to unforeseen project delays across a number of on-site schemes resulting in 39 units which were due to complete in 2022, falling back into 2023.

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022 (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
0.40%	0.04%	0.09%	0.18%



Orwell, with new supply delivered of 0.4% has achieved the target for the year and recorded an increase of 0.3% on the previous year with 16 market sale units completed.

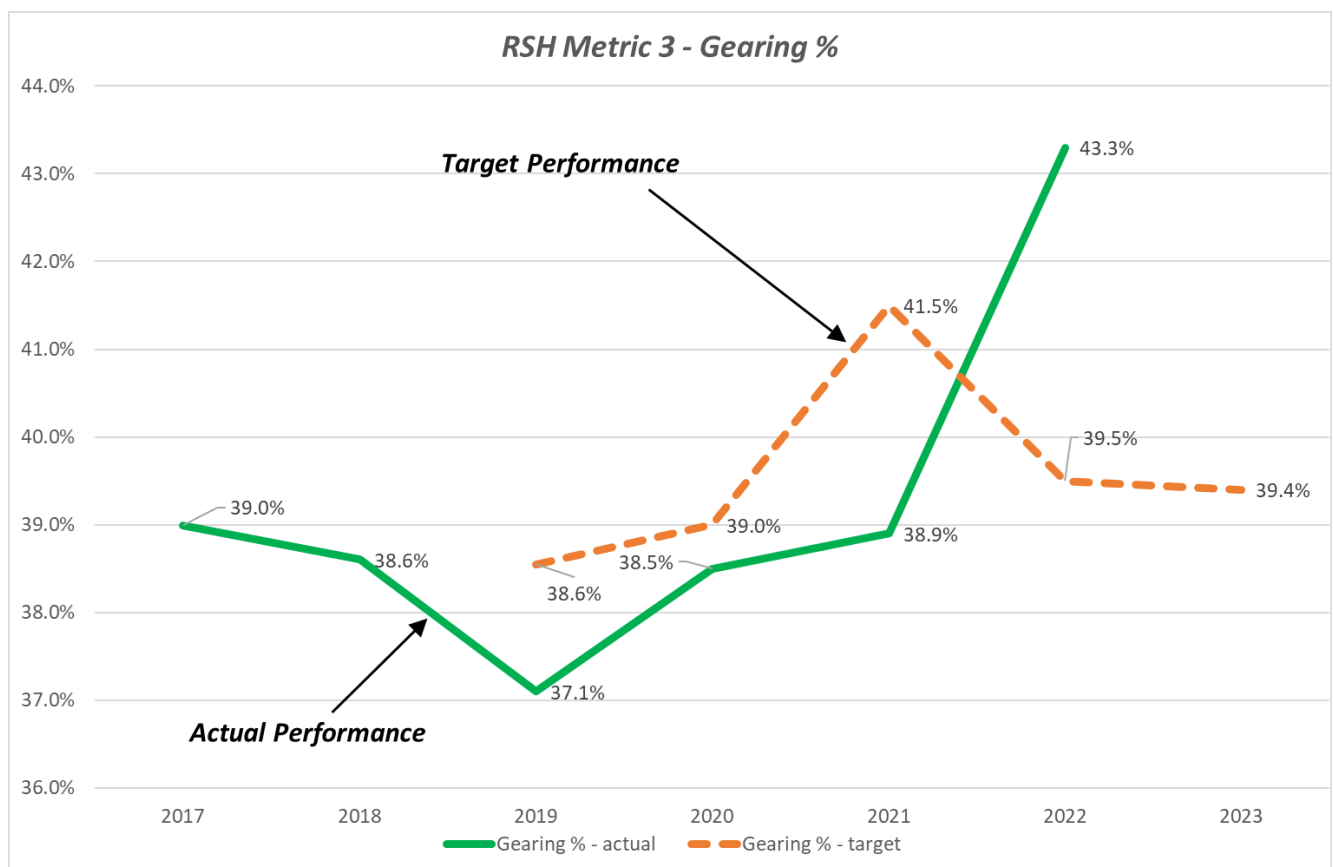
The target for 2023 has been set based upon the forecast level of 13 market sales by the subsidiary, Orwell Homes Limited.



**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2022 (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
43.3%	56.1%	54.0%	47.0%



Orwell's gearing ratio of 43.3% compares favourably with peer group and the other comparators although is above target due to the receipt of £10.6m of bond funding falling into 2023 whilst being included in borrowings at the end of 2022. These funds were utilised in early 2023 to restore the Lloyds revolving credit facility to the maximum available of £20m. As a result, gearing fell to a more usual level of below 40%.

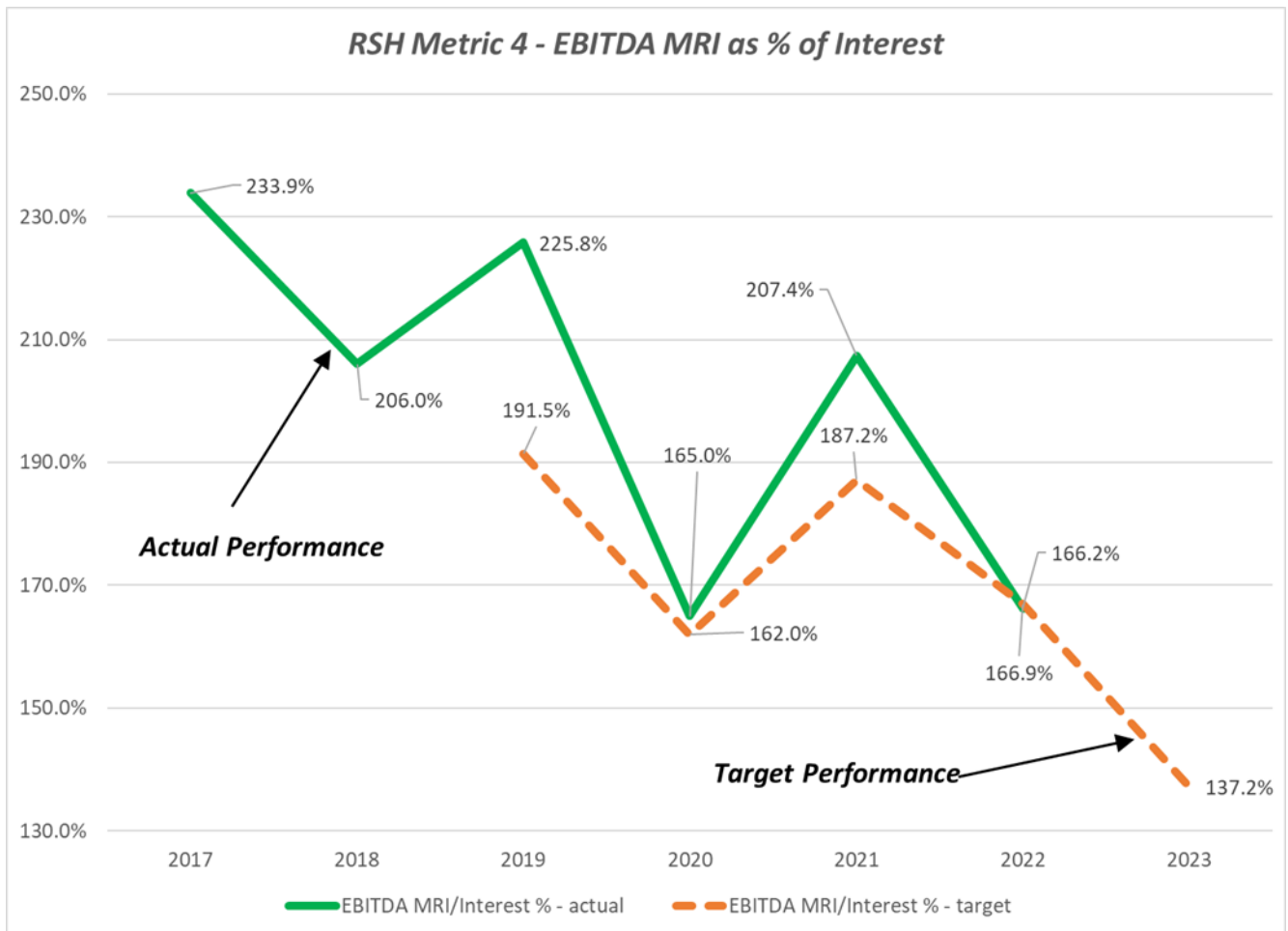
Going forward, starting from the base of a comparatively low level of gearing will provide headroom to support the funding required to deliver Net Zero Carbon works.



**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022 (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
166.2%	120.1%	157.5%	128.2%



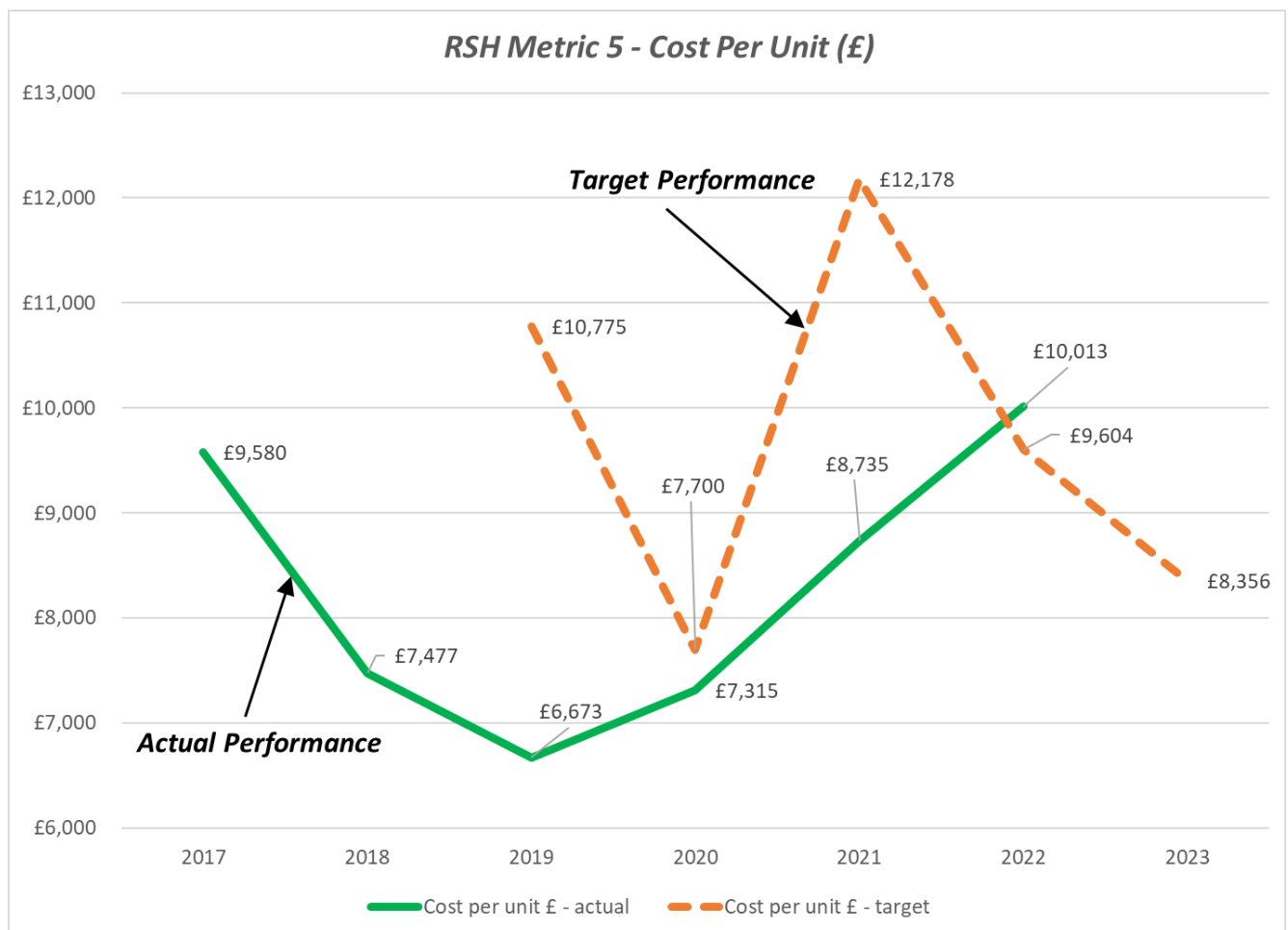
Orwell's EBITDA MRI performance of 166.2% compares favourably with the peer group and the other comparators, and is above target for the year, despite ongoing challenges presented by the economic challenges surrounding availability of labour and cost inflationary pressures. The comparatively lower figure reflects the significant proportion of lower margin Care and Support activities.

Looking forward to 2023, it is anticipated that the level will decrease as a result of lower operating margin, together with increased capitalised major repairs spend, which is part of Orwell's 10-year planning cycle and investment in Orwell's properties towards achieving Net Zero Carbon requirements.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2022 (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
£10,013	£4,450	£4,160	£4,600

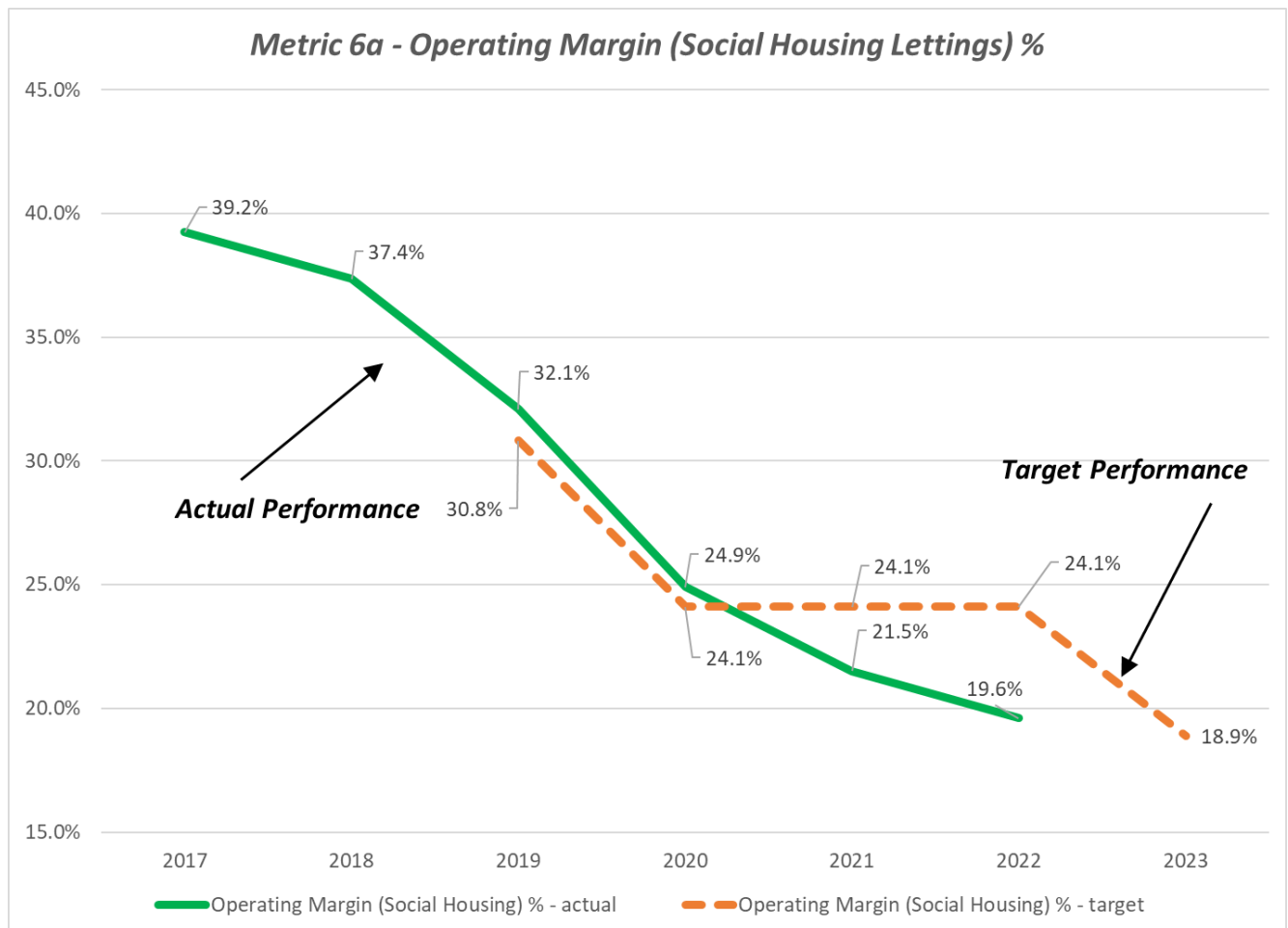


Calculation of this metric includes both support and care activities and also provision of development services (e<sup>2</sup>). Inclusion of these elements makes meaningful comparison very difficult as it makes Orwell's figures higher than they would otherwise be. A more reflective measure of cost per unit performance is included within this report under metric 8.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2022 (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 (e<sup>2</sup>), thereby providing more meaningful comparison.

Orwell Housing	Peer group	East of England	UK
19.6%	31.5%	30.0%	25.3%



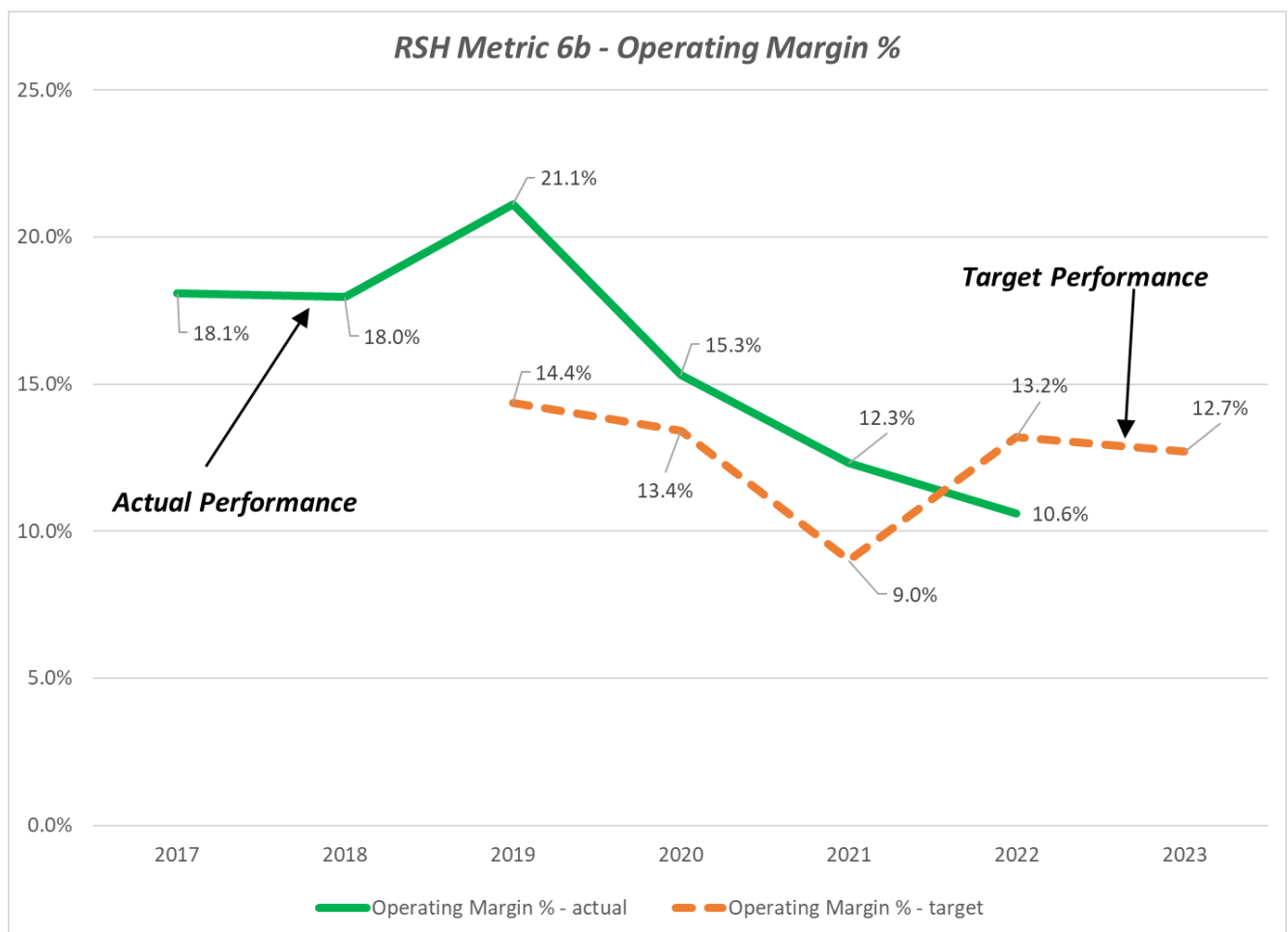
Orwell, with a performance of 19.6% has fallen short of the target for the year. Whilst this performance reflects ongoing challenges presented by the current economic circumstances, with material cost pressures and direct labour shortages impacting significantly upon responsive repairs expenditure we will work in 2023 to deliver improvements.

The target for 2023 has been set at a level of performance reflecting ongoing economic conditions, including labour supply difficulties and high inflation, together with a below inflation rent increase of 4.1% effective January 2023.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2022 (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.

Orwell Housing	Peer group	East of England	UK
10.6%	29.1%	27.1%	19.6%

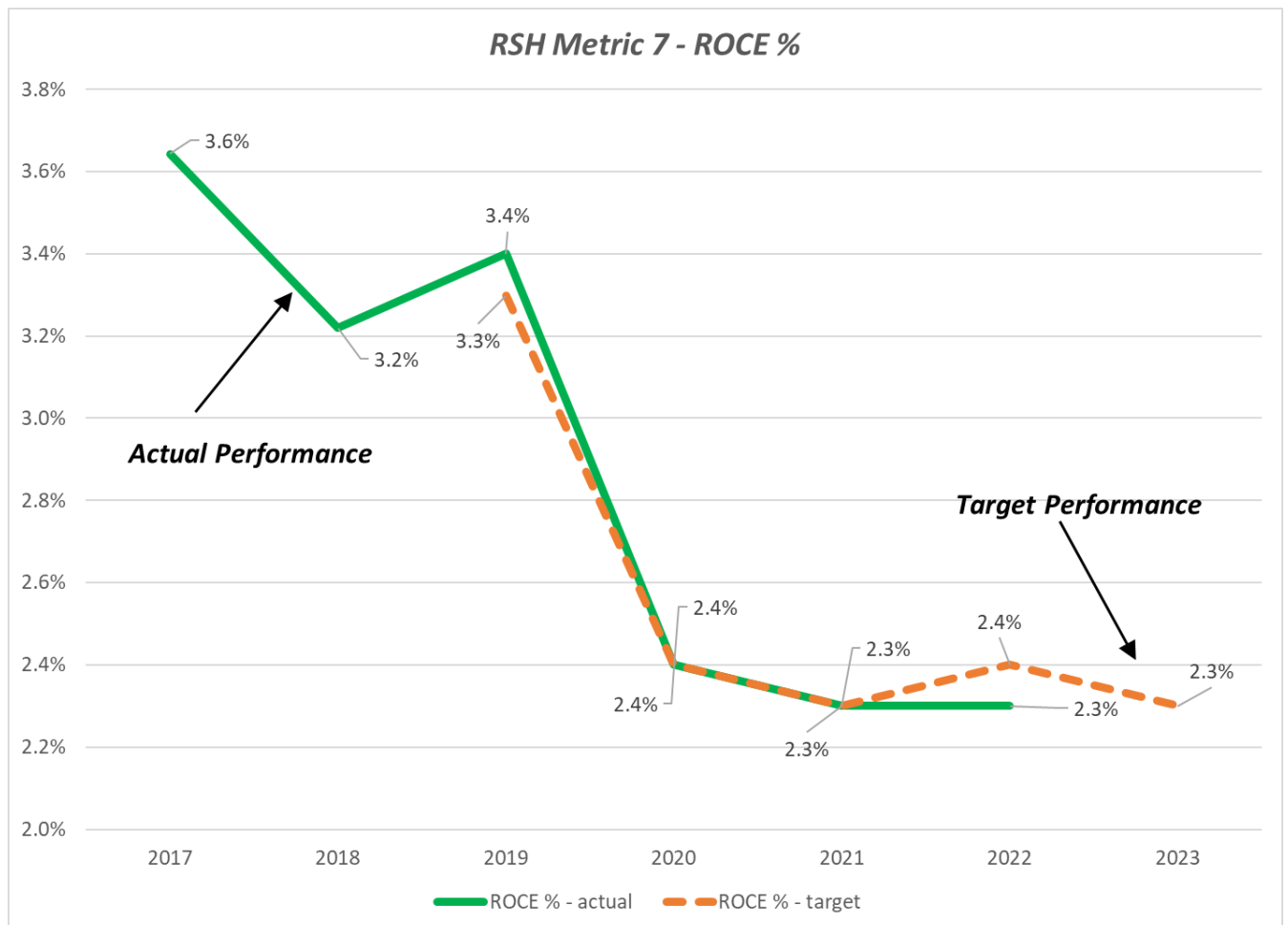


Calculation of this metric includes both support and care activities and also provision of development services (e<sup>2</sup>). Inclusion of these elements makes meaningful comparison very difficult as it makes Orwell's figures lower than they would otherwise be. A more reflective measure of operating margin performance is included within this report under metrics 6a and 10.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2022 (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%	3.7%	3.7%	2.9%



Orwell, with ROCE % of 2.3% has fallen just below the target for the year of 2.4%, due to the ongoing inflationary cost pressures and availability of labour impacting negatively upon margins. In terms of comparison with peer group and the other comparators, the lower level is mainly due to Orwell having higher levels of care and support.

The target for 2023 has been set at a budgeted level of performance and in line with 2022.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2022 (Continued)

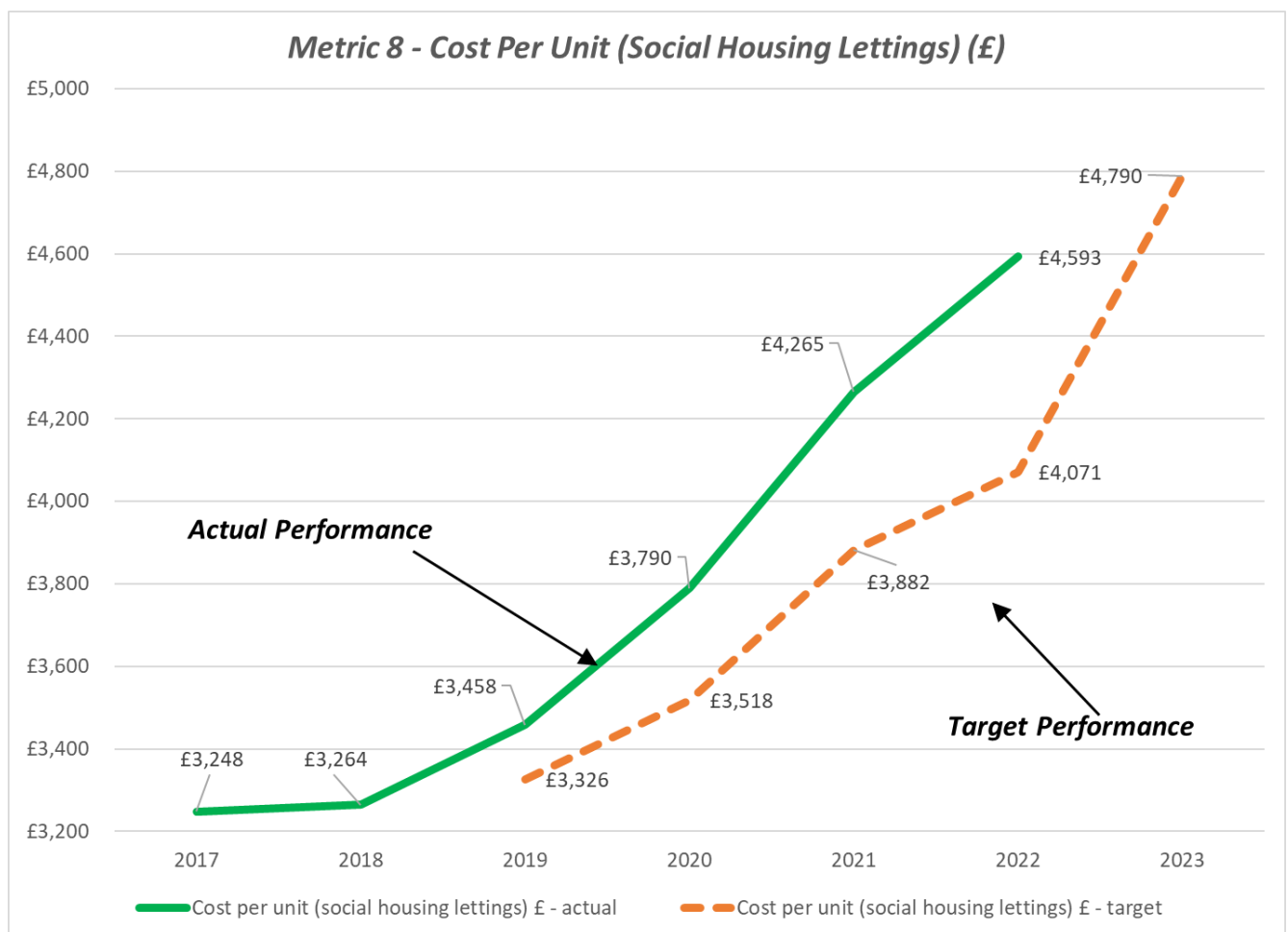
#### Sector Scorecard and own metrics

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 (e<sup>2</sup>). Inclusion of these elements makes meaningful comparison very difficult and this metric, removes these elements from the calculation for Orwell.

Orwell Housing	Peer group	East of England	UK
£4,593	£4,450	£4,160	£4,600

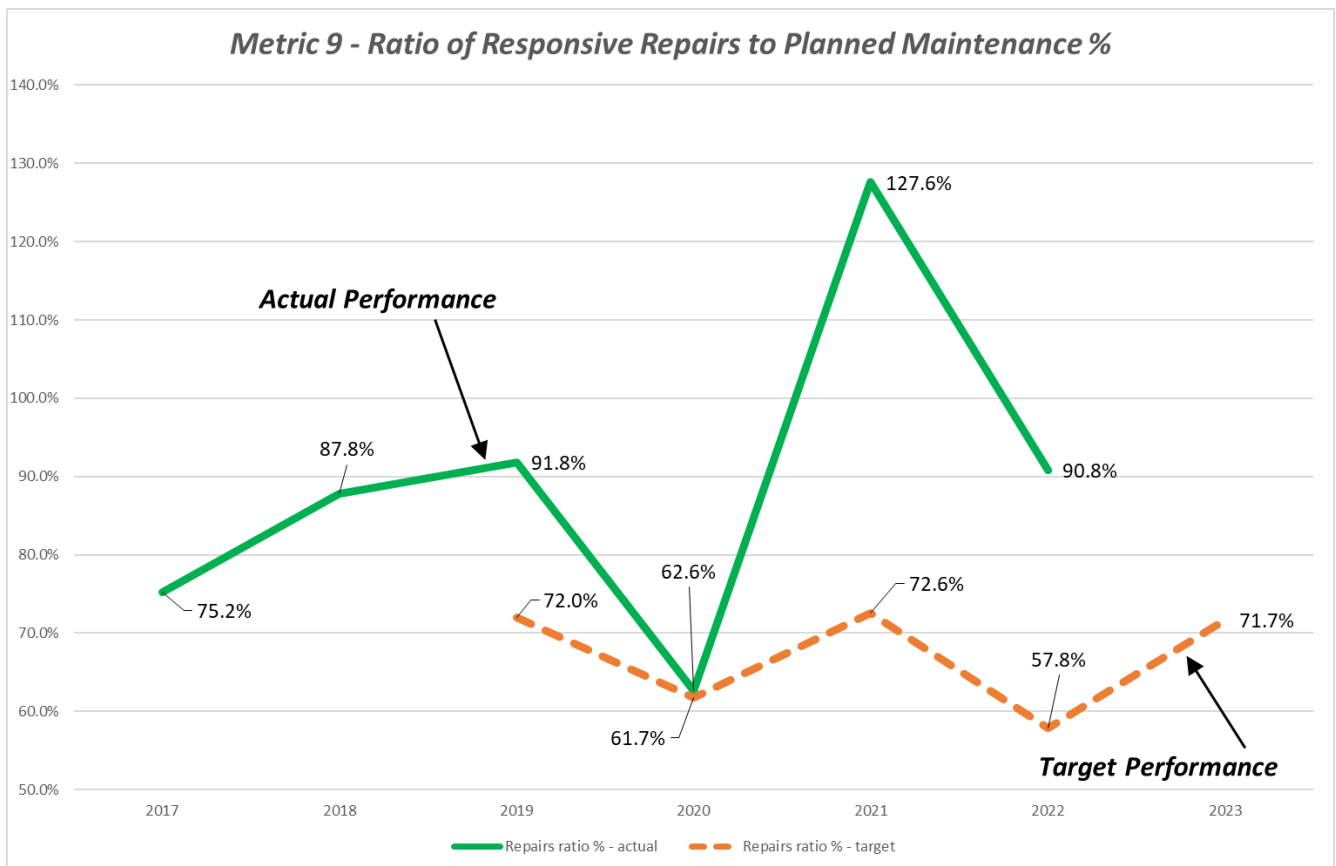


Having adjusted the metric, the 2022 level at £4,593 is broadly in line with both the peer group and the other comparators. The increase compared to the previous year reflects material cost pressures and direct labour shortages, both of which have impacted significantly upon responsive repairs and void repair expenditure. These cost pressures are expected to continue in 2023.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2022 (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
90.8%	71.2%	65.4%	65.3%

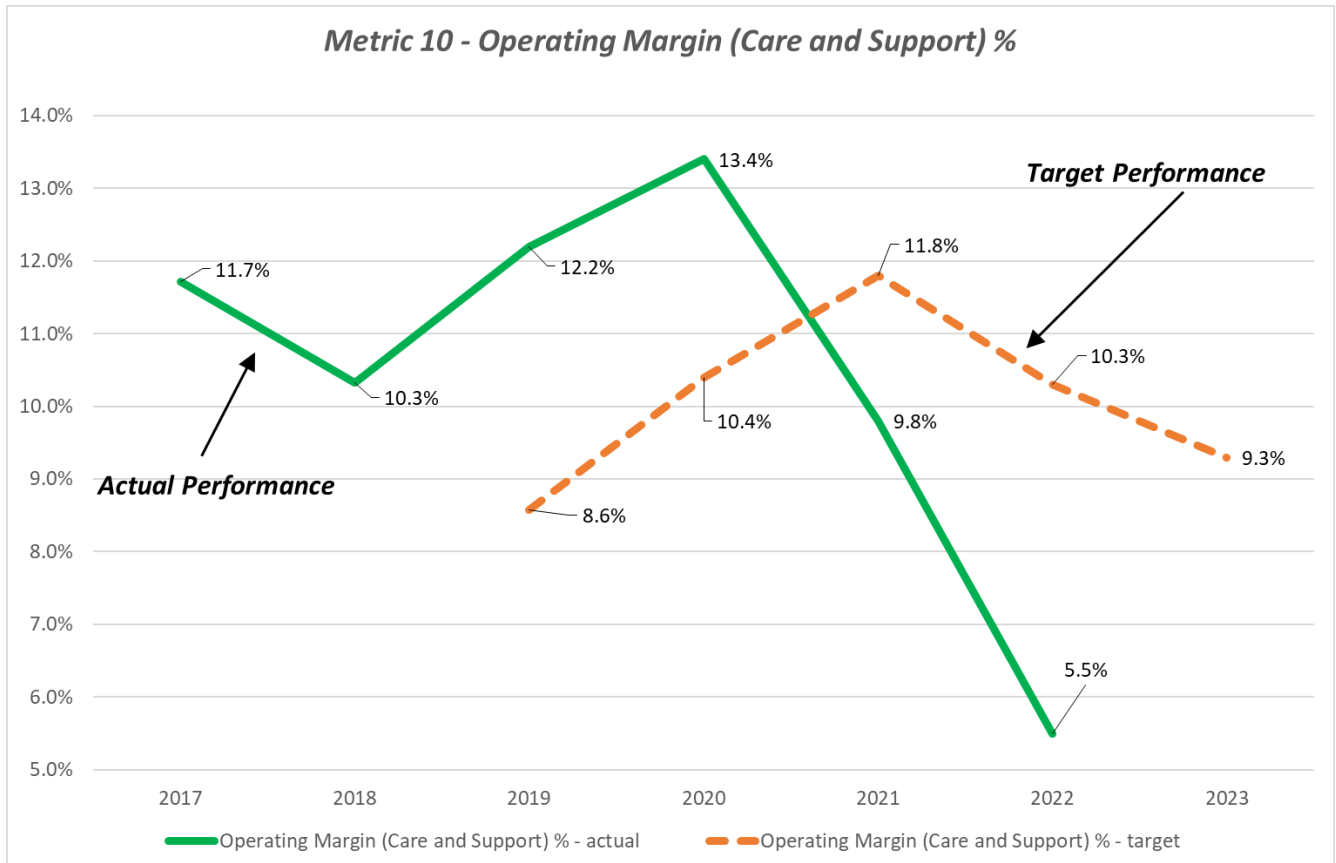


Actual performance in 2022 is significantly above target, and higher than both the peer group and the other comparators. This is the result of a combination of high responsive repairs spend, due to material cost pressures and direct labour shortages, combined with lower than planned maintenance spend, due to difficulties in placing contracts.

Looking forward, the target for 2023 assumes a lower and improved ratio arising from an increase in planned maintenance spend.

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022 (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 Orwell given that it is expected that these activities generate an overall surplus.



2022 has been an extremely challenging year within the Care and Support activities of Orwell and maintaining employed staffing at budget levels has not been possible, resulting in significantly over-budget, higher cost Agency cover. Staffing within Care and Support is the major cost area and therefore the margin has been reduced, as shown in the above graph.

Reduction in Agency costs remain the main area of focus moving into 2023 with pay rate improvements and recruitment campaigns beginning to improve the situation. The target has therefore been set at an improved level of performance.



## ORWELL HOUSING ASSOCIATION LIMITED

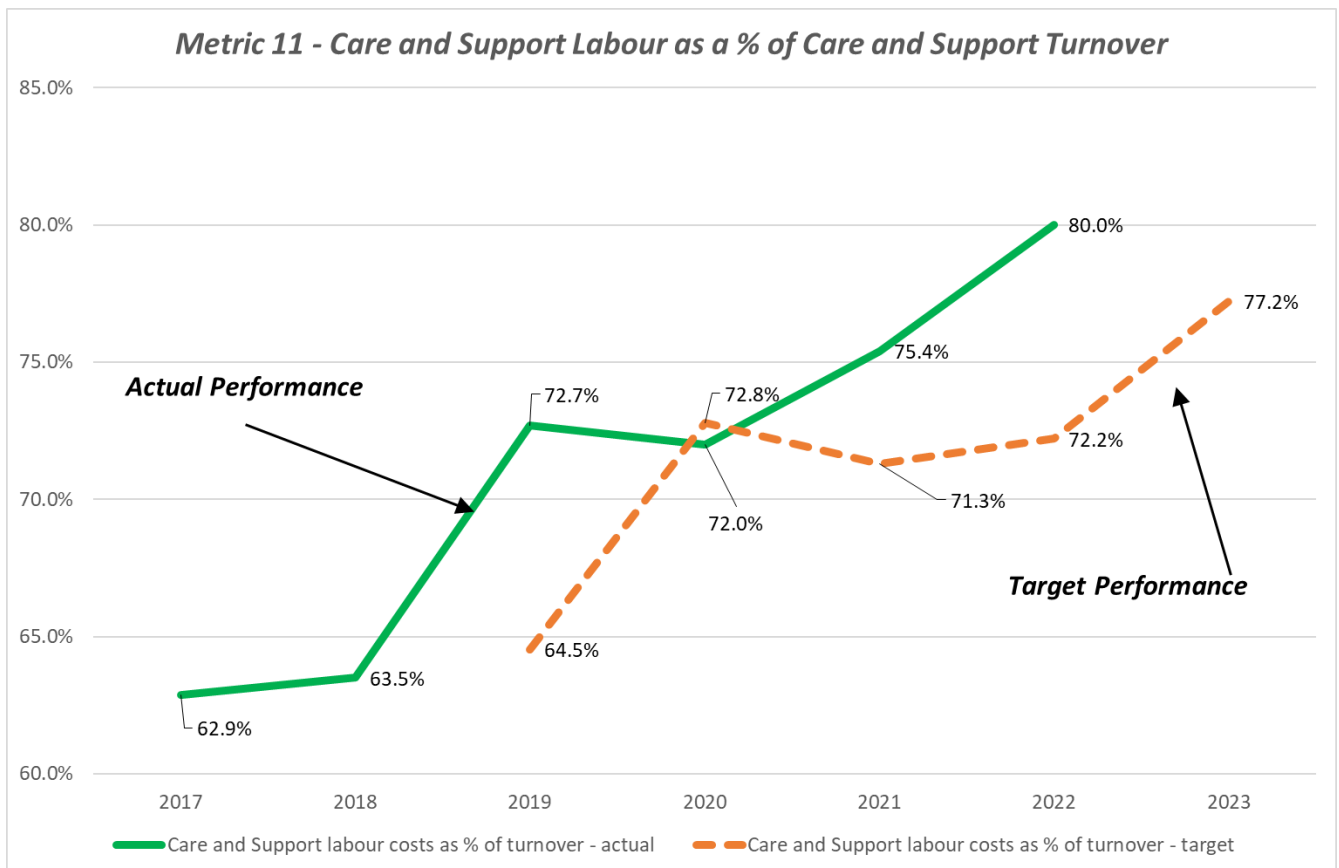


## Strategic report for the year ended 31 December 2022 (Continued)

## 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.



2022 has been an extremely challenging year within the Care and Support activities of Orwell and maintaining employed staffing at budget levels has not been possible, resulting in significantly over-budget, higher cost Agency cover. The impact of this is shown in the above graph.

Reduction in Agency costs remain the main area of focus moving into 2023 with pay rate improvements and recruitment campaigns beginning to improve the situation. The target has therefore been set at an improved level of performance.


# Social Value 2022

 **2** apprentices recruited, enabling local people to gain hands-on work experience, alongside an accredited qualification, whilst earning a wage.

 **12** colleagues supported to gain additional skills through apprenticeships in either care or leadership.


 **156** adaptations made to customers' homes at a cost of **£76,327** enabling people to stay in their own homes and reducing reliance on health and social care services.

 **36** new homes built, 7 of which were shared ownership. Investing in more affordable homes for local people is one of our priorities.

 **2** unaccompanied asylum-seeking children housed in an Orwell home dedicated for this purpose.

Our rents are, on average, **56.3%** of private rent levels and **68.2%** of local housing allowance rates, making them more affordable for our customers.



 **24** colleagues across the organisation are Mental Health First Aiders, 21 of these trained by Orwell. They increase awareness, reduce stigma and offer support to colleagues, helping them remain in, or return to work.

 **10** local students supported through work experience placements, giving them a greater understanding of future career opportunities and choices.

 **940** volunteer hours donated, enabling local people to gain valuable work experience and build confidence.

 **14** customers living in our sheltered schemes up-skilled through 'ease the squeeze' financial and digital skills workshops.

**Social Impact – Our Social Value 2022 (continued)**



**445,000**  
personal care hours delivered.

**£5,858**   
from the tenancy sustainment fund used to support Orwell customers facing financial hardship.



**£36,903**  
in external funding obtained by our team, on behalf of customers, for goods, services and support for customers experiencing financial hardship.



**134**  
families helped by our Tenancy Sustainment Team to manage their tenancies, reducing the chances of tenancy failure and homelessness.

**49** engaged customers accessed training empowering them to share their views and have a say in the services we provide.



**44** customers attended Your Own Place workshops funded by Orwell, increasing life skills and boosting confidence.



**750** hours of support provided to our customers.



**25**   
general needs homes let to people who were previously homeless.

**£2,400**   
allocated to customers to purchase essential items for their homes and ease financial pressure.

**£5,182**   
raised through the Make A Difference fund provided tenants with essential items when they were most needed.

**381** properties improved, at a cost of **£1.4 million**, contributing to our net carbon zero plans.



**5**   
procurement exercises carried out involving our customers.

**65%** of our stock is rated EPC C or above, investing in energy efficient homes for our customers is a priority.



**35**   
successful move-ons from our temporary supported housing services.

**542**   
people received care and support services enabling them to retain their independence.

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022 (Continued)****Financial Review**

The Group is pleased to report another successful year and has achieved a surplus for the year after tax of £2,441,000, compared to the plan target of £2,725,000, falling short due to increased costs as explained below, together with the delay of 2 market sale properties, which should have happened December 2022, occurring in January 2023. From an income perspective, the year includes a rent increase of 1.5% effective 1 January 2022.

Group turnover for the year rose to £51,949,000, from £47,468,000 the previous year; an increase of £4,481,000. This was primarily due to additional market sale income of £3,102,000 within Orwell Homes, additional Care income of £1,475,000 and £1,278,000 of Extra Care market rent income, from the addition of Beaumont House and Rosebank Park. Shared ownership completions reduced in the year and as a result, turnover fell by £2,062,000. All other areas of the business recorded a combined increase of £688,000.

Group operating expenditure for the year increased to £41,773,000 from £38,004,000 last year; an increase of £3,769,000. The main areas of increase were Care activities £1,638,000, Extra Care market rent activities of £1,113,000 and Social Housing Lettings £746,000, with 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 £5,926,000, a reduction of £41,000 on last year's figure of £5,967,000.

Expenditure on housing stock maintenance comprises both revenue and capital spend and for the year was £7,124,000 (2021: £5,092,000), an increase of £2,032,000 on the previous year and demonstrating the ongoing investment in Orwell's housing stock.

Net interest costs for the year have risen to £3,485,000, from £3,159,000 last year, reflecting on the one hand, increased interest costs from an increasing loan balance, together with increasing interest costs on existing variable funding as a result of increasing interest rate levels over the course of the year. Orwell's average interest rate now stands at 3.4% compared to 3.2% last year. As shown on the face of the Consolidated Statement of Cashflows, funds generated have been invested in the income generating assets of Orwell with £4,578,000 (cost less grant) expended on the acquisition and construction of housing properties.

Orwell 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 £2,183,000 compared to a gain of £1,698,000 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 £4,624,000 (2021: £4,506,000) which has been transferred to General reserves and ultimately will support the ongoing development work of Orwell and provision of new accommodation.

***Treasury policies***

Orwell and the Group's Treasury Policies are designed to ensure that:

- Appropriate funding is in place to support the various activities undertaken by Orwell 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 Orwell and Group.



**Strategic report for the year ended 31 December 2022 (Continued)**

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***Financial Review (continued)***

In recent years, the Board has taken advantage of competitive low fixed rate interest deals and sought to ensure that the loan portfolio is not over-exposed to variable interest rate risk when, as has happened in 2022, rates begin to rise. In pursuing this strategy, the Board recognised 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 2022 the loan portfolio comprised 9% (2021 - 18%) short term variable interest rates and 91% (2021 – 82%) fixed interest rates.

As reported last year and towards the end of 2021, Orwell secured long-term funding via a £20,000,000 bond with bLEND Funding Plc. This was long term funding of 33 years and took advantage of low interest rates with a nominal rate of 2.92%. The first £10,000,000 was drawn December 2021 at an effective rate of 2.52%, and the second £10,000,000 drawn October 2022 at an effective rate of 2.64%. Asset charging was not completed until late December 2022 with the £10,600,000 proceeds passed across to Orwell in January 2023. As a result, the £10,600,000 proceeds are shown on the Statement of Financial Position as an Investment at the year-end, will move across into cash holdings in the 2023 accounts and be used to repay £6,500,000 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 £6,433,000 compared with £5,374,000 for 2021. Cash less grant expended for the construction and purchase of housing properties during the year was £4,578,000.

During December 2022, Orwell completed charging to enable the second £10,000,000 drawdown of long-term funding via a bond with bLEND Funding Plc with the proceeds received in January 2023.

The £10,000,000 bond facility drawn in 2021, was utilised in early 2022 to top-up the existing revolving credit facility and loan drawdowns for the remainder of the year were £4,000,000. The bond funding drawn in December 2022 will be used to top-up the existing revolving credit facility in 2023.

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

At 31 December 2022 Orwell had secured undrawn facilities of £21,000,000 (2021: £15,000,000) and the Group had cash balances of £4,259,000 (2021: £13,133,000).

***Going concern***

In the opinion of the Board, Orwell Housing 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 on Orwell 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 Orwell Housing Association and Group's properties during the year or since then.

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022 (Continued)****Corporate Governance**

The Board currently comprises 11 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 Customer Insight Committee and the Remuneration and Nominations Committee.

The responsibility for the day to day operations is delegated to the Chief Executive and the executive 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 Board to make improvements and or adjustments to governance where gaps or opportunities are identified;
- 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 Orwell, 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 Customer Insight Committee usually comprises 6 members. It reports to the Board on matters of compliance with consumer based regulatory standards, scrutiny of customer performance indicators, service delivery and quality. It also provides Board with the customer perspective enabling the customer voice to shape and continuously improve the homes and services provided

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 Board succession planning and supports the selection, interview and recruitment of new Board members.

**The Board**

Kim Newman BSc (Hons) FCIPS MCMI – Chair  
Helen Galbraith BA (Hons) CFA CFAB DiPFA -Vice Chair  
Cynthia Alers MBA MA MIRSoc  
Jeanette Alfano BTech (Hons) MBA CITP  
Stuart Appleby MA-Ed

Dayle Bayliss BSc (Hons) MSc MBA FRICS  
C. Build E FCABE FCIOB FRSA CMgr MCMI

Lauren Bayliss-Fuller  
Daniel Gaul BSc (Eng) MSc (retired 30 March 2022)  
Ian Pinches FCCA FRSA  
Brett Rennolds MBA Dip MC  
Alastair Thomas BSc (Hons) FRICS (retired 30 March 2022)  
Barbara Thorndick OBE BA (Hons) FCIOH  
Stephen White – Co-optee (appointed 1 September 2022)

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

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022 (Continued)****Chief Executive and Executive Team**

The executive officers of Orwell who served during 2022 were as follows:

Wendy Evans-Hendrick BA (Hons) Dip DM DMS	Chief Executive
Rowan Procter BSc (Hons) Dip CHN (left 11 November 2022)	Director of Care and Support
Michelle Harrison FCIPD	Director of People and Culture
Christopher Wyer FCCA	Director of Resources and Growth
Cairistine Foster-Cannan BA (Hons) FCMI	Director of Customers and Communities

The executive officers hold no interest in Orwell'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, Orwell 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. Orwell will normally look to manage, mitigate or monitor risk, as appropriate, but will avoid risk in excess of its clearly understood risk appetite.

Orwell 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:

- Financial viability sustaining business operations and growth ambitions;
- Macroeconomic and Political change impacting upon business direction;
- Information security including data protection and cyber-crime;
- Maintaining health and safety compliance, and appropriate quality of services;
- Orwell Homes growth and financial independence;

## Strategic report for the year ended 31 December 2022 (Continued)

### Risk Management And Statement On Internal Controls Assurance (continued)

- Failure to deliver an effective service to customers, resulting in damage to reputation and/or financial difficulties putting assets and consumers at risk;
- Climate change effects and planning for the requirements of Net Carbon Zero.

Regular review of the risk register has confirmed that appropriate controls are in place for all of the strategic risks shown above. Orwell 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 Orwell 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 Orwell;
- 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 Orwell 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 speaking up (whistleblowing).



**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2022 (Continued)****Risk Management And Statement On Internal Controls Assurance (continued)**

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.

**Internal audit**

Orwell 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 Orwell'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 2022 annual report from Orwell's internal auditors sets out the following internal audits and advisory reports:

<b>Review</b>	<b>Grading</b>	<b>Update</b>	<b>Actions remaining</b>
November 2020 Key Financial Controls – Fraud Prevention and Payroll	Partial assurance with improvements required - improvement action plan put in place.	Improvement actions now all complete.	
November 2020 Medicines Management - Governance Framework	Significant assurance with minor improvement opportunities - improvement action plan put in place.	Improvement actions now all complete.	
April 2021 Infection Control	Partial assurance with improvements required - improvement action plan put in place.	Improvement actions now all complete.	
June 2021 Procurement Phase One	Partial assurance with improvements required - improvement action plan put in place.	49 improvement actions completed, with 2 improvement actions remaining.	To undertake a full review of spend and ensure compliance with PCR and OJEU threshold ( <i>High</i> )
July 2021 Responsive Maintenance and Service Charges	Significant assurance - improvement action plan put in place.	Improvement actions now all complete.	

## ORWELL HOUSING ASSOCIATION LIMITED



## Strategic report for the year ended 31 December 2022 (Continued)

## Risk Management And Statement On Internal Controls Assurance (continued)

<b>Review</b>	<b>Grading</b>	<b>Update</b>	<b>Actions remaining</b>
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.	Network security – emails with attachments to personal account monitoring ( <i>Low</i> )
November 2021 Key Financial Controls - Accounts Receivable and Accounts Payable	Significant assurance with minor improvement opportunities - improvement action plan put in place.	12 improvement actions completed, with 1 improvement action remaining.	Central register of all contractual income to monitor completeness and timeliness ( <i>Medium</i> )
November 2021 Health & Safety Regulatory Compliance (Asbestos, Legionella and Gas Safety)	Partial assurance with improvements required - improvement action plan put in place.	5 improvement actions completed, with 1 improvement action remaining.	To complete the remaining 126 property asbestos surveys ( <i>Medium</i> )
April 2022 Rent Collection	Significant assurance with minor improvement opportunities - improvement action plan put in place.	Improvement actions now all complete.	
September 2022 ASB & Complaints	Significant assurance with minor improvement opportunities - improvement action plan put in place.	4 improvement actions completed, with 5 improvement actions remaining.	Process for “Stage 0” complaint communication recording ( <i>Medium</i> )
September 2022 Safeguarding	Partial assurance with improvements required - improvement action plan put in place.	3 improvement actions completed, with 5 improvement actions remaining.	
January 2023 Procurement Part 2 Operating Effectiveness	Partial assurance with improvements required - improvement action plan put in place.	1 improvement action completed, with 13 improvement actions remaining.	
January 2023 Key Financial Controls – General Ledger and Treasury	Significant assurance with minor improvement opportunities - improvement action plan put in place.	9 improvement actions remaining.	

As part of the Procurement Part 2 Operating Effectiveness internal audit, one high priority improvement action was identified. To move this forward and gain assurance as quickly as possible in relation to this item, Audit Committee are monitoring an action plan, prioritised according to risk. In addition, external validation of progress will also be sought.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2022 (Continued)

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#### ***Fraud***

The Board has in place a set of fraud and speaking up (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. Orwell maintains a register of actual and attempted fraud, which the Board has reviewed as part of its annual review of the effectiveness of Orwell's system of internal control. During 2022, there were two incidences of fraud resulting in a loss of less than £1,500.

#### **Statement Of Compliance – Governance Code**

Under the Regulatory Framework 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 Orwell 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 Orwell is required to comply with the Regulatory Framework published by the Regulator of Social Housing (RSH). During the year, the Regulator of Social Housing confirmed that Orwell remains at the highest governance rating of G1 and re-assessed Orwell's financial viability rating from V1 to V2 which remains compliant.

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

#### **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 Orwell's and Group's state of affairs and of Orwell'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 Orwell 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 Orwell 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 2022. The Board also has general responsibility for taking reasonable steps to safeguard the assets of Orwell and Group and to prevent and detect fraud and other irregularities.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2022 (Continued)

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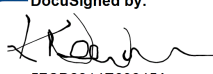
#### Disclosure Of Information To The Auditor

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 29 March 2023 and signed on its behalf by:**

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Kim Newman  
**Chair**

## ORWELL HOUSING ASSOCIATION LIMITED

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

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#### 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 2022 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 2022 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 2022.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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*)**

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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 group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the 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 33, 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.



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

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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:

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 together with the Housing SORP. We assessed the required compliance with these Laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing and the Care Quality Commission (CQC), health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of care and support income and shared ownership 1<sup>st</sup> tranches, the capital costs of development and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, designing audit procedures over the timing of the above 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. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

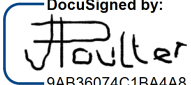


**ORWELL HOUSING ASSOCIATION LIMITED****Independent Auditor's report to the Members of Orwell Housing Association Limited (Continued)**

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**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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**Crowe U.K. LLP**

Statutory Auditor

55 Ludgate Hill

London

EC4M 7JW

30 March 2023

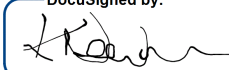
## ORWELL HOUSING ASSOCIATION LIMITED



## Statement of comprehensive income for the year ended 31 December 2022

	Note	2022		2021	
		Group £000	Association £000	Group £000	Association £000
<b>Turnover</b>	4	51,949	47,609	47,468	46,230
Cost of sales	4	(4,676)	(1,017)	(3,608)	(2,646)
Operating expenditure	4	(41,773)	(41,764)	(38,004)	(38,004)
Profit on disposal of housing properties	9	426	426	111	111
<b>Operating surplus</b>	4, 8	5,926	5,254	5,967	5,691
Interest receivable	10	60	117	2	2
Interest and finance costs	11	(3,545)	(3,525)	(3,161)	(3,139)
<b>Surplus for the year before tax</b>		2,441	1,846	2,808	2,554
Taxation	12	-	-	-	-
<b>Surplus for the year after tax</b>		2,441	1,846	2,808	2,554
Actuarial (loss)/gain in respect of pension schemes	26,27	2,183	2,183	1,698	1,698
<b>Total comprehensive income for the year</b>		4,624	4,029	4,506	4,252

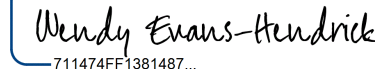
The financial statements on pages 39 to 76 were authorised and approved for issue by the Board on 29 March 2023 and signed on its behalf by

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Kim Newman  
Chair

DocuSigned by:  
  
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Helen Galbraith  
Vice-Chair

DocuSigned by:  
  
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Wendy Evans-Hendrick  
Chief Executive

The notes on pages 43 to 76 form part of these financial statements.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Statement of changes in reserves for the year ended 31 December 2022**

<b>Group</b>	<b>General reserve £000</b>	<b>Restricted reserve £000</b>	<b>Total £000</b>
<b>Balance at 1 January 2021</b>	63,935	2,129	66,064
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)	-
<b>Balance as at 31 December 2021</b>	<u>70,211</u>	<u>359</u>	<u>70,570</u>
Surplus for the year	4,624	-	4,624
Transfer from general reserve to restricted reserve	(62)	62	-
Transfer from restricted reserve to general reserve	-	-	-
<b>Balance as at 31 December 2022</b>	<u>74,773</u>	<u>421</u>	<u>75,194</u>
<b>Association</b>	<b>General reserve £000</b>	<b>Restricted reserve £000</b>	<b>Total £000</b>
<b>Balance at 1 January 2021</b>	63,378	2,129	65,507
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)	-
<b>Balance as at 31 December 2021</b>	<u>69,400</u>	<u>359</u>	<u>69,759</u>
Surplus for the year	4,029	-	4,029
Transfer from general reserve to restricted reserve	(62)	62	-
Transfer from restricted reserve to general reserve	-	-	-
<b>Balance as at 31 December 2022</b>	<u>73,367</u>	<u>421</u>	<u>73,788</u>

The notes on pages 43 to 76 form part of these financial statements.

## ORWELL HOUSING ASSOCIATION LIMITED

## Statement of financial position for the year ended 31 December 2022

	Note	2022		2021	
		Group £000	Association £000	Group £000	Association £000
<b>Fixed assets</b>					
Intangible fixed assets	13	7	7	53	53
Housing properties	14, 15	246,240	246,422	240,810	241,016
Other tangible fixed assets	16	2,639	2,639	2,912	2,912
Investments	17	11,379	11,379	691	691
		<u>260,265</u>	<u>260,447</u>	<u>244,466</u>	<u>244,672</u>
<b>Current assets</b>					
Stock and work in progress	18	4,405	352	3,182	346
Debtors	19	4,990	5,106	6,790	7,101
Cash and cash equivalents		4,259	4,239	13,133	13,075
		<u>13,654</u>	<u>9,697</u>	<u>23,105</u>	<u>20,522</u>
<b>Creditors: amounts falling due within one year</b>	20	(10,789)	(8,420)	(11,802)	(10,236)
<b>Net current assets</b>		<u>2,865</u>	<u>1,277</u>	<u>11,303</u>	<u>10,286</u>
<b>Total assets less current liabilities</b>		<u>263,130</u>	<u>261,724</u>	<u>255,769</u>	<u>254,958</u>
<b>Creditors: amounts falling due after more than one year</b>	21	(185,697)	(185,697)	(180,730)	(180,730)
<b>Provisions for liabilities</b>					
Defined benefit pension scheme liability	26, 27	(2,239)	(2,239)	(4,469)	(4,469)
Other provisions		-	-	-	-
<b>Total net assets</b>		<u>75,194</u>	<u>73,788</u>	<u>70,570</u>	<u>69,759</u>
<b>Capital and reserves</b>					
Called up share capital	30	-	-	-	-
Restricted reserves	30	421	421	359	359
General reserves	30	74,773	73,367	70,211	69,400
		<u>75,194</u>	<u>73,788</u>	<u>70,570</u>	<u>69,759</u>

The financial statements on pages 39 to 76 were authorised and approved for issue by the Board on 29 March 2023 and signed on its behalf by

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 Kim Newman  
 Chair

DocuSigned by:  
  
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 Helen Galbraith  
 Vice-Chair

DocuSigned by:  
  
 711474FF1381487...  
 Wendy Evans-Hendrick  
 Chief Executive

The notes on pages 43 to 76 form part of these financial statements.

## ORWELL HOUSING ASSOCIATION LIMITED

## Consolidated statement of cash flows for the year ended 31 December 2022

	Note	Group 2022		Group 2021
		£000	£000	£000
<b>Net cash inflow from operating activities</b>	34		6,433	5,374
<b>Cash flow from investing activities</b>				
Acquisition and construction of housing properties		(6,851)		(8,034)
Purchase of other tangible fixed assets		(1,318)		(108)
Sale of housing properties		598		566
Sale of other tangible fixed assets		225		-
Social Housing and Other Grants received		2,273		2,743
Interest received		60		-
<b>Net cash outflow from investing activities</b>			(5,013)	(4,833)
<b>Net cash (outflow)/inflow before financing activities</b>			1,420	541
<b>Cashflow from financing activities</b>				
Housing loans received		3,540		14,605
Housing loans repaid		(10,315)		(2,591)
Interest paid		(3,519)		(3,161)
<b>Net cash (outflow)/inflow from financing activities</b>			(10,294)	8,853
<b>Net change in cash and cash equivalents</b>	35		(8,874)	9,394
Cash and cash equivalents at beginning of the year			13,133	3,739
Cash and cash equivalents at end of the year			4,259	13,133
<b>Cash and cash equivalents comprise:</b>			<b>2022</b>	<b>2021</b>
			<b>£000</b>	<b>£000</b>
Cash at bank			4,259	13,133
			4,259	13,133

The notes on pages 43 to 76 form part of these financial statements.

## ORWELL HOUSING ASSOCIATION LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2022

#### 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 Orwell's registered office and principal place of business is Crane Hill Lodge, 325 London Road, Ipswich, Suffolk IP2 0BE.

Orwell'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 for market sale.

#### 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 2022, 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 Orwell have been prepared as required by the Housing SORP 2018 and incorporate, under the acquisition method, the financial statements of the Orwell and enterprises controlled by Orwell (its subsidiaries) made up to 31 December each year.

Subsidiaries are entities over which Orwell has the power to govern the financial and operating policies to obtain economic benefit to Orwell. 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, Orwell, 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 the potential financial impacts of a variety of scenarios on Orwell 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 2022 (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 e<sup>2</sup> consortium, and subsidiary company activities. Rental income is recognised on the execution of tenancy agreements. Development income as a result of the e<sup>2</sup> 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 Orwell 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.



*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 2022 (*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 e<sup>2</sup> 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 Orwell’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.

### *Taxation*

Orwell 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 Orwell, 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 2022 (Continued)**

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*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.

***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 2022 and full details are disclosed in note 26.

The SHPS pension liability is based on the SHPS valuation as at 31 December 2022 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.

## ORWELL HOUSING ASSOCIATION LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (*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 Orwell as lessee, or the lessee, where Orwell 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 2022 (2021: £Nil).

**4 Turnover, operating expenditure and operating surplus**

<b>2022</b>	<b>Turnover £000</b>	<b>Cost of sales £000</b>	<b>Operating expenditure £000</b>	<b>Operating surplus £000</b>
Social housing lettings (see note 5)	22,214	-	17,861	4,353
Other social housing activities:				
First tranche low cost home ownership sales	1,106	1,017	-	89
Charges for support services	4,037	-	4,037	-
Development services	8,894	-	8,865	29
Care	9,514	-	9,435	79
Total other social housing activities	23,551	1,017	22,337	197
Non-social housing activities:				
Market Rent	1,814	-	1,559	255
Other	30	-	7	23
Profit on disposal of housing properties	-	-	-	426
Association activities	47,609	1,017	41,764	5,254
Subsidiary company	4,340	3,659	9	672
Group activities	51,949	4,676	41,773	5,926

## ORWELL HOUSING ASSOCIATION LIMITED



## Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

## 4 Turnover, operating expenditure and operating surplus (continued)

2021	Turnover £000	Cost of sales £000	Operating expenditure £000	Operating surplus £000
Social housing lettings (see note 5)	21,793	-	17,115	4,678
Other social housing activities:				
First tranche low cost home ownership sales	3,168	2,646	-	522
Charges for support services	3,569	-	3,569	-
Development services	9,095	-	9,070	25
Care	8,039	-	7,797	242
Total other social housing activities	23,871	2,646	20,436	789
Non-social housing activities:				
Market Rent	536	-	446	90
Other	30	-	7	23
Profit on disposal of housing properties	-	-	-	111
Association activities	46,230	2,646	38,004	5,691
Subsidiary company	1,238	962	-	276
Group activities	47,468	3,608	38,004	5,967

Other social housing activities - charges for support services includes £1,056,000 of Supporting People income (2021: £1,050,000).



## ORWELL HOUSING ASSOCIATION LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (*Continued*)**5 Particulars of the Group's and Association's turnover and operating expenditure from social housing lettings**

	<b>General needs housing £000</b>	<b>Supported housing £000</b>	<b>Low cost home ownership £000</b>	<b>2022 Total £000</b>	<b>2021 Total £000</b>
<b>Income</b>					
Rent receivable net of identifiable service charges	13,869	2,808	342	17,019	16,632
Service charge income	885	1,875	140	2,900	2,667
Amortised government grants	684	227	-	911	947
Government grants taken to income	176	-	-	176	834
Other grants	-	17	-	17	6
Other income	94	1,094	3	1,191	707
<b>Turnover from social housing lettings</b>	<b>15,708</b>	<b>6,021</b>	<b>485</b>	<b>22,214</b>	<b>21,793</b>
<b>Operating expenditure</b>					
Management	4,521	2,010	17	6,548	6,591
Service charge costs	842	1,700	28	2,570	2,434
Routine maintenance	2,498	886	6	3,390	3,196
Planned maintenance	1,133	311	3	1,447	1,242
Bad debts	139	38	-	177	26
Depreciation of housing properties	2,688	603	77	3,368	3,306
Lease costs	234	127	-	361	320
<b>Operating expenditure on social housing lettings</b>	<b>12,055</b>	<b>5,675</b>	<b>131</b>	<b>17,861</b>	<b>17,115</b>
<b>Operating surplus on social housing lettings</b>	<b>3,653</b>	<b>346</b>	<b>354</b>	<b>4,353</b>	<b>4,678</b>
<b>Void losses</b>	<b>(160)</b>	<b>(322)</b>	<b>-</b>	<b>(482)</b>	<b>(458)</b>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)****6 Employees**

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

	<b>2022</b>		<b>2021</b>	
	<b>Full time</b>	<b>Part time</b>	<i>Full time</i>	<i>Part time</i>
Administration	114	63	107	72
Wardens/Care Workers	61	501	53	477
Gardeners/Caretakers/Repairs	56	50	54	53
	231	614	214	602

The above represents full time equivalents of 575 (2021: 526).

	<b>2022</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Staff costs consist of:		
Wages and salaries	14,524	12,620
Social security costs	1,160	990
Defined contribution pension costs	463	370
Other pension costs and current service cost	584	452
	16,731	14,432

Orwell made payments of £59,975 (2021: £64,000) under redundancy and settlement agreements costs have been included within wages and salaries. In relation to this cost associated Employers NI costs of £1,137 (2021: £3,000) are included in social security costs.

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

	<b>2022</b>	<b>2021</b>
£60,000 - £69,999	-	4
£70,000 - £79,999	3	2
£80,000 - £89,999	1	2
£90,000 - £99,999	2	-
£100,000 - £109,999	-	1
£110,000 - £119,999	1	1
£120,000 - £129,999	-	-
£130,000 - £139,999	1	1

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)**
**7 Directors**

Directors are defined as the eleven members of the Board (2021: twelve) together with the four members of the senior management team (2021: five), which includes the Chief Executive. Board member remuneration during the year was as follows:

**Group and Association**

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Cynthia Alers	7	6
Jeanette Alfano	5	7
Stuart Appleby	5	3
Dayle Bayliss	5	4
Lauren Bayliss Fuller	5	3
Helen Galbraith	8	7
Daniel Gaul (retired 30 March 2022)	1	4
Robyn Llewellyn (retired 24 March 2021)	-	2
Kim Newman	11	11
Ian Pinches	5	4
Brett Rennolds	5	5
Barbara Thorndick	7	7
Alastair Thomas (retired 30 March 2022)	3	7
Stephen White (appointed 1 September 2022)	1	-
	<hr/>	<hr/>
Total emoluments – non-executive	68	70
Emoluments (including social security costs of £61,101 (2021: £61,103) – executive	593	587
Pension scheme contributions – executive	105	71
	<hr/>	<hr/>
Total Key Management compensation – sixteen directors (2021: seventeen)	766	728
	<hr/>	<hr/>
Emoluments of the highest paid director	191	176
	<hr/>	<hr/>

Three executive directors (2021: four) were members of the Orwell'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 £39,665 (2021: £28,957). 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 2022 (Continued)**
**8 Operating surplus**

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
This has been arrived at after charging:				
Housing properties depreciation	3,496	3,496	3,448	3,448
Other depreciation and amortisation	228	228	300	300
Impairment	-	-	-	-
Internal auditors' remuneration	52	52	54	54
Hire of assets – operating leases – land and buildings	1,103	1,103	323	323
Hire of assets – operating leases – motor vehicles	243	243	264	264
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	26	22	22	19
Taxation compliance services	4	-	3	1
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**9 Profit on disposal of housing properties**

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
<b>External disposals</b>				
Disposal proceeds	598	598	566	566
Cost, less Social Housing Grant not recycled	(172)	(172)	(455)	(455)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Profit	426	426	111	111
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**10 Interest receivable**

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
On bank and building society deposits	60	60	2	2
On intragroup loans	-	57	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	60	117	2	2
	<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 2022 (Continued)

## 11 Interest and finance costs

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
On bank loans and other loans repayable wholly or partly within 5 years	154	134	161	139
On bank loans and other loans repayable wholly or partly after more than 5 years	3,386	3,386	2,964	2,964
Bond premium released	(75)	(75)	(53)	(53)
Defined benefit pension charge	80	80	89	89
	<u>3,545</u>	<u>3,525</u>	<u>3,161</u>	<u>3,139</u>

## 12 Taxation

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
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 2022 and 31 December 2021, the profit of Orwell Homes Limited has been offset against Group interest paid and no UK Corporation tax is assessed as payable.

	2022 £000	2021 £000
Subsidiary profit on ordinary activities before tax	678	351
Group Relief	(678)	(351)
	<u>-</u>	<u>-</u>

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)**
**13 Intangible fixed assets**

<b>Group and Association</b>	<b>Software £000</b>	<b>2022 Total £000</b>
<i>Cost</i>		
At beginning of year	202	<b>202</b>
Additions during year	-	-
Disposals during year	(149)	<b>(149)</b>
<b>At end of year</b>	<b>53</b>	<b>53</b>
<i>Less: Amortisation</i>		
At beginning of year	(149)	<b>(149)</b>
Charge for year	(46)	<b>(46)</b>
Disposals during year	149	<b>149</b>
<b>At end of year</b>	<b>(46)</b>	<b>(46)</b>
<i>Net book value</i>		
At beginning of year	53	<b>53</b>
<b>At end of year</b>	<b>7</b>	<b>7</b>

## ORWELL HOUSING ASSOCIATION LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (*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	2022 Total £000
<i>Cost</i>					
At beginning of year	496	5,757	9,171	244,060	259,484
Additions during year	1,569	5,377	-	2,287	9,233
Disposals during year	-	-	(234)	(1,348)	(1,582)
Transfer	(1,469)	(4,604)	1,469	4,604	-
<b>At end of year</b>	<b>596</b>	<b>6,530</b>	<b>10,406</b>	<b>249,603</b>	<b>267,135</b>
<i>Depreciation</i>					
At beginning of year	-	-	(72)	(18,602)	(18,674)
Charge for the year	-	-	(77)	(3,419)	(3,496)
On disposal	-	-	3	1,272	1,275
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>(146)</b>	<b>(20,749)</b>	<b>(20,895)</b>
<i>Net book value</i>					
At beginning of year	496	5,757	9,099	225,458	240,810
<b>At end of year</b>	<b>596</b>	<b>6,530</b>	<b>10,260</b>	<b>228,854</b>	<b>246,240</b>
					<b>2022 £000</b>
Freehold land and buildings					237,667
Long leasehold land and buildings					6,756
Short leasehold land and buildings					1,817
					<b>246,240</b>

During the year, £2,287,000 of works to existing properties were capitalised (2021: £1,263,000) and £4,837,000 (2021: £3,829,000) were charged to the Group's statement of comprehensive income.



## ORWELL HOUSING ASSOCIATION LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (*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	2022 Total £000
<i>Cost</i>					
At beginning of year	281	6,178	9,171	244,257	259,887
Additions during year	1,569	5,353	-	2,287	9,209
Disposals during year	-	-	(234)	(1,348)	(1,582)
Transfer	(1,469)	(4,604)	1,469	4,604	-
<b>At end of year</b>	<b>381</b>	<b>6,927</b>	<b>10,406</b>	<b>249,800</b>	<b>267,514</b>
<i>Depreciation</i>					
At beginning of year	-	-	(72)	(18,799)	(18,871)
Charge for the year	-	-	(77)	(3,419)	(3,496)
On disposal	-	-	3	1,272	1,275
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>(146)</b>	<b>(20,946)</b>	<b>(21,092)</b>
<i>Net book value</i>					
At beginning of year	281	6,178	9,099	225,458	241,016
<b>At end of year</b>	<b>381</b>	<b>6,927</b>	<b>10,260</b>	<b>228,854</b>	<b>246,422</b>
					<b>2022 £000</b>
Freehold land and buildings					237,849
Long leasehold land and buildings					6,756
Short leasehold land and buildings					1,817
					<b>246,422</b>

During the year, £2,287,000 of works to existing properties were capitalised (2021: £1,263,000) and £4,837,000 (2021: £3,829,000) were charged to the Association's statement of comprehensive income.

## ORWELL HOUSING ASSOCIATION LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (*Continued*)**16 Tangible fixed assets - Other**

<b>Group and Association</b>	<b>Freehold offices £000</b>	<b>Office furniture, plant &amp; equipment £000</b>	<b>Gardening equipment £000</b>	<b>2022 Total £000</b>
<i>Cost</i>				
At beginning of year	2,600	698	44	3,342
Additions during year	-	33	-	33
Disposals during year	(124)	(101)	(26)	(251)
Transfers	(16)	16	-	-
<b>At end of year</b>	<b>2,460</b>	<b>646</b>	<b>18</b>	<b>3,124</b>
<i>Less: Depreciation</i>				
At beginning of year	(52)	(352)	(26)	(430)
Charge for year	(26)	(148)	(8)	(182)
Disposals during year	4	97	26	127
Transfers	-	3	(3)	-
<b>At end of year</b>	<b>(74)</b>	<b>(400)</b>	<b>(11)</b>	<b>(485)</b>
<i>Net book value</i>				
At beginning of year	2,548	346	18	2,912
<b>At end of year</b>	<b>2,386</b>	<b>246</b>	<b>7</b>	<b>2,639</b>

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)**
**17 Investments**

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
Liquidity reserve at beginning of year	691	691	397	397
Additions in the year	10,685	10,685	292	292
Interest accrued in the year	3	3	2	2
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Liquidity reserve at end of year	11,379	11,379	691	691
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>

Of the above funds, £964,000 are held in trust for Orwell 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. The remainder relates to the proceeds from the bLEND bond drawn October 2022 but not received as cash until January 2023.

Association	£
At 1 January 2022 and 31 December 2022	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**

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
First tranche disposals Shared Ownership Properties	330	330	345	345
Land banked for market sale	-	-	-	-
Market sale properties	4,053	-	2,836	-
Work in progress	22	22	1	1
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
	4,405	352	3,182	346
	<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 2022 (Continued)**
**19 Debtors**

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
Arrears of rent and service charges	801	801	582	582
Less: Provision for bad/doubtful debts	(307)	(307)	(189)	(189)
	<u>494</u>	<u>494</u>	<u>393</u>	<u>393</u>
Trade debtors	2,066	2,052	1,955	1,955
Less: Provision for bad/doubtful debts	(199)	(199)	(356)	(356)
	<u>1,867</u>	<u>1,853</u>	<u>1,599</u>	<u>1,599</u>
Amounts recoverable on contracts	517	517	2,780	2,780
Amounts due from group companies	-	252	-	320
Other debtors	2,112	1,990	2,018	2,009
	<u>4,990</u>	<u>5,106</u>	<u>6,790</u>	<u>7,101</u>

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

**Group and Association**

	<b>Bad and doubtful debts £000</b>
At 1 January 2021	769
Charge to income and expenditure account for the year	26
Expenditure charge to the provision for the year	(250)
	<u>545</u>
At 31 December 2021	545
Charge to income and expenditure account for the year	(177)
Expenditure charge to the provision for the year	138
	<u>506</u>
<b>Balance at 31 December 2022</b>	<b>506</b>

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 2022 (Continued)**
**20 Creditors: amounts falling due within one year**

	<b>2022</b>		<b>2021</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
Payments on account of long term work in progress	184	184	1,477	1,477
Current instalments of loans (see note 24)	2,878	1,615	2,128	1,409
Trade Creditors	3,149	2,749	2,338	2,088
Contractors for certificate work and unpaid retentions	692	355	802	394
Other taxation and social security	273	273	281	281
Corporation tax	-	-	-	-
Amounts due to group companies	-	-	-	196
Deferred income	468	468	1,548	1,200
Recycled capital grants (see note 22)	-	-	-	-
Deferred capital grants (see note 23)	939	939	1,456	1,456
Other creditors and accruals	2,206	1,837	1,772	1,735
	<u>10,789</u>	<u>8,420</u>	<u>11,802</u>	<u>10,236</u>

**21 Creditors: amounts falling due after more than one year**

Amounts due are payable as follows:

	<b>2022</b>		<b>2021</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
Recycled capital grant fund (see note 22)	12	12	17	17
Deferred capital grants (see note 23)	77,798	77,798	75,915	75,915
Borrowings (see note 24)	107,887	107,887	104,798	104,798
	<u>185,697</u>	<u>185,697</u>	<u>180,730</u>	<u>180,730</u>

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)**
**22 Recycled capital grants**

	2022		2021	
	Group £000	Association £000	Group £000	Association £000
At the beginning of the year	17	17	111	111
Inputs to RCGF: grants recycled interest accrued	50 -	50 -	59 -	59 -
Recycling of grant: new build	(55)	(55)	(153)	(153)
<b>At the end of the year</b>	<u>12</u>	<u>12</u>	<u>17</u>	<u>17</u>

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

**23 Deferred capital grant**

<b>Group and Association</b>	<b>2022 £000</b>	<b>2021 £000</b>
As at 1 January	77,371	75,480
Grant received in the year	2,345	2,854
Capital grant released	(911)	(950)
Reinstatement of grant re disposals	-	4
Disposals	(68)	(17)
<b>As at 31 December</b>	<u>78,737</u>	<u>77,371</u>

## ORWELL HOUSING ASSOCIATION LIMITED



## Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

## 24 Borrowings

	<b>Group 2022 £000</b>	<b>Association 2022 £000</b>	<i>Group 2021 £000</i>	<i>Association 2021 £000</i>
Creditors: amounts falling due within one year (see note 20):				
Bank and other loans	2,878	1,615	2,128	1,409
	<u>2,878</u>	<u>1,615</u>	<u>2,128</u>	<u>1,409</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	7,127	7,127	6,946	6,946
By instalments due after 5 years	28,928	28,928	30,020	30,020
Other than by instalment due 1 year & up to 5 years	6,500	6,500	12,500	12,500
Other than by instalment due after 5 years	65,332	65,332	55,332	55,332
	<u>107,887</u>	<u>107,887</u>	<u>104,798</u>	<u>104,798</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 2054; the loans bear interest at variable and fixed rates of between 1.26% 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.

Orwell 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 £20m in 2054.

Orwell secured fixed price bond finance in 2021 with a principal value of £20m, £10m was drawn in 2021 with a further £10m drawn in October 2022.

## 25 Financial instruments

<b>Group</b>	<b>2022 £000</b>	<i>2021 £000</i>
Carrying amount of financial assets:		
Debt instruments measured at amortised cost	4,192	6,289
	<u>4,192</u>	<u>6,289</u>
Carrying amount of financial liabilities:		
Measured at amortised cost	117,009	113,332
	<u>117,009</u>	<u>113,332</u>



## ORWELL HOUSING ASSOCIATION LIMITED



## Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

**26 Pension provision – Local Government Pension Scheme**

Orwell 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 2022 by a qualified independent actuary

**Fair value of assets and defined benefit liability**

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Fair value of plan assets	1,347	1,315
Present value of funded liabilities	(1,002)	(1,867)
Net asset/(liability)	<u>345</u>	<u>(552)</u>

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

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Fair value of plan assets at 1 January	1,315	1,111
Interest income	25	15
Contribution by scheme participants	8	9
Contributions by the employer	37	44
Experience on plan assets (excluding amounts in interest income)		
– (loss)/gain	(22)	150
Benefits paid	(16)	(14)
Fair value of plan assets at 31 December	<u>1,347</u>	<u>1,315</u>

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

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Defined benefit obligation at 1 January	1,867	1,836
Current and past service cost	68	77
Interest cost	36	25
Contribution by scheme participants	8	9
Actuarial gains due to scheme experience	3	(24)
Actuarial (loss)/gain due to changes in demographic assumptions	(6)	27
Actuarial losses due to changes in financial assumptions	(958)	(69)
Benefits paid	(16)	(14)
Defined benefit obligation at 31 December	<u>1,002</u>	<u>1,867</u>

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (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 2022 was £3,000.

**Defined benefit costs recognised in Statement of Comprehensive Income**

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Expenses	31	33
Net interest expense	11	10
	<u>42</u>	<u>43</u>

**Defined benefit costs recognised in other comprehensive income**

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Experience (loss)/gain arising on the plan liabilities	(25)	174
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	6	(27)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	958	69
	<u>939</u>	<u>216</u>
Actuarial gain in respect of pension scheme	939	216

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

	<b>2022</b>	<b>2021</b>
Equities	66%	66%
Bonds	23%	25%
Property	10%	8%
Cash	1%	1%

**Financial Assumptions**

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

	<b>31 Dec 2022</b>	<i>31 Dec 2021</i>
	<b>% per annum</b>	<i>% per annum</i>
Rate of increase in salaries	3.65	3.55
Discount rate	4.75	1.90
Inflation assumption (CPI)	2.95	2.85

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2022 (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:

	<b>31 December 2022</b>	
	<b>Males</b>	<b>Females</b>
Current pensioners	21.9 years	24.3 years
Future pensioners	22.9 years	26.1 years

**Contributions**

Orwell's contributions to the LGPS Scheme for the period ended 31 December 2022 were £37,000 (2021: £44,000) and the employers' contributions rate has been fixed as 31.3% of pensionable pay until 31st March 2023. At the year-end £3,000 (2021: £4,000) contributions were payable to the scheme and are included in creditors. The estimated employer's contributions for the year to 31 December 2023 will be approximately £36,000

**27 Pension provision – the Pensions Trust Social Housing Pension Scheme**

Orwell 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, Orwell 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 31 December 2022. Orwell'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.

Orwell's fair value of assets is determined as the Orwell's share of the market value of the Scheme assets split in proportion to Orwell'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 the accounting date. Each employer's percentage share of the total funding liabilities is then determined.

## ORWELL HOUSING ASSOCIATION LIMITED



## Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)

## 27 Pension provision – the Pensions Trust Social Housing Pension Scheme (continued)

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 Orwell's membership and liability profile.

	2022 £000	2021 £000
Fair value of plan assets	9,108	16,667
Present value of defined benefit obligation	-	-
Present value of funded liabilities	(11,692)	(20,584)
Net liability	<u>(2,584)</u>	<u>(3,917)</u>

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

	2022 £000	2021 £000
Fair value of plan assets at 1 January	16,667	14,636
Interest income	303	219
Contribution by scheme participants	25	139
Contributions by the employer	745	599
Experience on plan assets (excluding amounts in interest income) – (loss)/gain	(8,240)	1,499
Benefits paid	(392)	(425)
Fair value of plan assets at 31 December	<u>9,108</u>	<u>16,667</u>

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

	2022 £000	2021 £000
Defined benefit obligation at 1 January	20,584	20,072
Current and past service cost	572	469
Expenses	15	14
Interest cost	372	298
Contribution by scheme participants	25	139
Actuarial loss due to scheme experience	1,591	6
Actuarial (gain)/loss due to changes in demographic assumptions	(175)	72
Actuarial (gain)/loss due to changes in financial assumptions	(10,900)	(61)
Benefits paid	(392)	(425)
Defined benefit obligation at 31 December	<u>11,692</u>	<u>20,584</u>

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (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 2022 was (£7,937,000).

**Defined benefit costs recognised in Statement of Comprehensive Income**

	<b>2022</b>	2021 (restated)
	<b>£000</b>	£000
Expenses	587	483
Net interest expense	69	79
	<u>656</u>	<u>562</u>

**Defined benefit costs recognised in other comprehensive income**

	<b>2022</b>	2021
	<b>£000</b>	£000
Experience (loss) on the plan assets	(8,240)	-
Experience (loss)/gain arising on the plan liabilities	(1,591)	1,493
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	175	(72)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	10,900	61
	<u>1,244</u>	<u>1,482</u>
Actuarial gain in respect of pension scheme	1,244	1,482
	<u>1,244</u>	<u>1,482</u>
Total amount recognised in other comprehensive income	1,244	1,482

## ORWELL HOUSING ASSOCIATION LIMITED

Notes forming part of the financial statements for the year ended 31 December 2022 (*Continued*)**27 Pension provision – the Pensions Trust Social Housing Pension Scheme (*continued*)****Major categories of plan assets as a percentage of total plan assets:**

	<b>2022</b>	<i>2021</i>
Equities	19.19%	15.94%
Bonds	6.67%	5.91%
Property	5.27%	4.04%
Absolute return fund	4.01%	5.52%
Cash	0.34%	1.19%
Other	64.51%	67.40%

**Financial Assumptions**

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

	<b>31 Dec 2022</b>	<i>31 Dec 2021</i>
	<b>% per annum</b>	<i>% per annum</i>
Rate of increase in salaries	3.79	3.94
Discount rate	4.94	1.81
Inflation assumption (CPI)	2.79	2.94

**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:

	<b>31 December 2022</b>	
	Males	Females
Current pensioners	21.1 years	23.7 years
Future pensioners	22.4 years	25.2 years

**Contributions**

Orwell's contributions to the SHPS Scheme for the period ended 31 December 2022 were £746,000 (2021: £599,000) with employers' contributions rate varying between 4% and 10.8% of pensionable pay, fixed until 31 March 2023. In addition, Orwell has agreed to a deficit funding arrangement of £501,000 per annum, increasing to £529,000 on 1 April 2023 and thereafter annually by inflation of 5.5% and payable until 31 March 2028.

At the year-end £51,000 (2021: £62,000) contributions were payable to the scheme and are included in creditors. The estimated employer's contributions for the year to 31 December 2023 will be approximately £787,000.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)**
**28 Housing stock**
**Group and Association**

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

	<b>2022</b>	<i>2021</i>
<i>Housing units under development</i>	69	70
<i>Social housing accommodation under management</i>		
General needs housing – social rent	1,911	1,896
General needs housing – affordable rent	956	939
Supported housing and housing for older people	633	866
Low cost home ownership accommodation	153	148
Registered care home	28	10
Other social housing	100	120
	<hr/>	<hr/>
	3,781	3,979
<i>Non-social housing accommodation under management</i>		
Market rented	60	68
Market rented supported housing and housing for older people	130	-
	<hr/>	<hr/>
	4,040	4,117
	<hr/>	<hr/>

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

	<b>2022</b>	<i>2021</i>
	<b>Units</b>	<i>Units</i>
Access Community Trust	63	63
Aspire – Benjamin Foundation	19	17
Break Disability	4	4
Heywoods Grange	10	10
Home Group	6	10
Selig Suffolk	2	2
Inspiring Support	4	-
	<hr/>	<hr/>
	108	106
	<hr/>	<hr/>



**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)**
**30 Share capital and reserves**
**Share capital**

	<b>2022</b>	<b>2021</b>
<b>Group and Association</b>	<b>£</b>	<b>£</b>
At beginning of year	23	26
Shares cancelled	(8)	(5)
Shares issued	3	2
	<hr/>	<hr/>
At end of year	18	23
	<hr/>	<hr/>

The share capital of Orwell 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 Orwell.

**Reserves**

Reserves comprise the following:

*General reserve*

Accumulated surpluses from the Statement of Comprehensive Income which are used to further the work of Orwell 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**

	<b>2022</b>	<b>2021</b>
<b>Group</b>	<b>£000</b>	<b>£000</b>
Expenditure contracted, less certified	5,506	8,243
	<hr/>	<hr/>

The above expenditure will be financed using Social Housing Grant (SHG) of £862,000 (2021: £190,000) together with Local Authority Grant of £nil (2021: £nil) and a loan facility of £4,644,000 (2021: £8,053,000)

	<b>2022</b>	<b>2021</b>
<b>Association</b>	<b>£000</b>	<b>£000</b>
Expenditure contracted, less certified	4,947	5,151
	<hr/>	<hr/>

The above expenditure will be financed using Social Housing Grant (SHG) of £862,000 (2021: £190,000) together with Local Authority Grant of £nil (2021: £nil) and a loan facility of £4,085,000 (2021: £4,961,000)

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (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:	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Amounts due: Within one year	1,663	549
In one to five years	2,009	1,848
In more than five years	6,190	6,359
	<u>9,862</u>	<u>8,756</u>
Motor Vehicles:	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Amounts due: Within one year	231	177
In one to five years	173	149
	<u>404</u>	<u>326</u>
Other:	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Amounts due: Within one year	143	102
In one to five years	96	2
	<u>239</u>	<u>104</u>

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)**
**33 Related party transactions**
**Group and Association**

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

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

	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Purchases from Orwell Homes Limited	4,664	5,646
Salary costs recharged to Orwell Homes Limited	171	137
Interest credited to Orwell Homes Limited	2	1

At the year end, the net amount due to Orwell Homes Limited was £299,000 (2021: £124,000).

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

<b>Group</b>	<b>2022</b>	<i>2021</i>
	<b>£000</b>	<i>£000</i>
Surplus for the year	2,441	2,808
Depreciation, amortisation and impairment	3,724	3,748
Amortisation of grant	(911)	(947)
Defined benefit pension schemes	(127)	6
Provision movement	-	(475)
(Gain) on disposal of fixed assets	(426)	(111)
Loss on disposal of other fixed assets	-	11
Loss on disposal of components and other properties	24	133
Interest receivable	(60)	(2)
Interest payable	3,545	3,161
<b>Operating cashflows before movements in working capital</b>	<b>8,210</b>	<i>8,332</i>
(Increase) in investments	(3)	(292)
(Increase)/decrease in stocks	(1,223)	44
Decrease/(increase) in debtors	1,800	(2,816)
(Decrease)/increase in creditors	(2,351)	106
<b>Cash generated from operating activities</b>	<b>6,433</b>	<i>5,374</i>

**ORWELL HOUSING ASSOCIATION LIMITED**
**Notes forming part of the financial statements for the year ended 31 December 2022 (Continued)**
**35 Analysis of changes in net debt**

<b>Group</b>	At 1 January 2022 £000	Cash flow £000	Other non- cash movements £000	<b>At 31 December 2022 £000</b>
Cash at bank and in hand	13,133	(8,874)	-	<b>4,259</b>
Creditors due in < 1 year: Current instalment of loans	(2,129)	2,129	(2,878)	<b>(2,878)</b>
Creditors due in > 1 year: Bank loan	(104,798)	(5,967)	2,878	<b>(107,887)</b>
<b>Total</b>	<u>(93,794)</u>	<u>(12,712)</u>	<u>-</u>	<u><b>(106,506)</b></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 £96,783,000 (2021: £92,579,000).

**37 Establishment as a Registered Social Landlord**

Orwell 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.