

# Orwell Housing Association Ltd

# Report and Consolidated Financial Statements

Year Ended

31 December 2023

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



## Annual report and financial statements for the year ended 31 December 2023

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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 R (retired 29 March 2023)  
 Helen Galbraith BA (Hons) CFA CFAB DIPFA – Chair from 29 March 2023 – C R  
 Dayle Bayliss BSc(Hons) MSc MBA FRICS C.BuildE FCABE FCIOB FRSA CMgr MCMI Vice-Chair – A R  
 Cynthia Alers MBA MA MIRSoc – A (retired 29 March 2023)  
 Jeanette Alfano BTEch (Hons) MBA CIP – C R (retired 27 March 2024)  
 Stuart Appleby MA-Ed – C  
 Joanna Ballman – A (appointed 27 March 2024)  
 Lauren Bayliss-Fuller – C (resigned 25 September 2023)  
 Tom Brown – C (appointed 29 March 2023)  
 Pamhi Mulambo - A (appointed 29 March 2023)  
 Ian Pinches FCCA FRSA – A R  
 Brett Rennolds MBA Dip MC – A R  
 Barbara Thorndick OBE BA (Hons) FCIOH – A C (retired 27 March 2024)  
 Stephen White – A C (appointed 29 March 2023)

#### *Committee membership key*

Audit Committee – A

Remuneration and Nominations Committee - R

Customer Insight Committee - C

#### Chief Executive

Wendy Evans-Hendrick BA (Hons) Dip DM DMS

#### Director of Customers and Communities

Cairistine Foster-Cannan BA (Hons) FCMI (resigned 20 February 2024)  
 Tony Long (appointed 20 March 2024)

#### Director of People and Culture

Michelle Harrison FCIPD

#### Director of Resources and Growth

Christopher Wyer FCCA (retired 31 December 2023)  
 David Hall FCA (appointed 1 January 2024)

#### 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, 250 Bishopsgate, London EC2M 4AA

## **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 2023**

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As Orwell Housing Association's 60<sup>th</sup> anniversary draws to a close, it gives me great pleasure to report another year of progress, despite the many and varied challenges.

Orwell has a long history of helping customers in need, and 2023 was particularly difficult for many customers due to the increase in the cost of living. Our housing and tenancy sustainment teams have been busy, successfully supporting customers to secure tenancies, manage arrears and ensure another year of no evictions.

High inflation and rising interest rates placed significant pressures on our financial performance. Despite the difficult economic backdrop and slowdown in the wider new build market, we delivered 104 much needed new homes across a variety of tenures including social, affordable rent, market sale and shared ownership homes.

The Customer Insight Committee and Orwell's Customer and Communities team worked tirelessly ahead of changes in consumer regulation and the introduction of tenant satisfaction measures. This ensured that we are not only well prepared, but importantly improved our understanding of our customers' needs which will help shape our future services; a great example of the Board and 'Team Orwell' working together to put the customer at the heart of everything we do.

During the summer, we welcomed the Regulator of Social Housing as part of an in-depth assessment (IDA) reviewing Orwell's governance and financial viability. I am delighted to report that Orwell retained its G1 rating, the highest governance rating, and V2 rating for financial viability reflecting assurance that Orwell meets the requirements of the governance and financial viability standards.

Wendy and the executive team are committed to making Orwell a great place to work and we were proud to see this recognised receiving a Platinum award at the Best Employers Eastern Region event. The end of the year marked the retirement of our Director of Finance and Resources, Chris Wyer, after 17 years. The Board thanks Chris for his many years of dedicated service and wishes him a long and happy retirement. We have welcomed David Hall to the role of Director of Finance from the start of the New Year.

I would like to thank all of 'Team Orwell' for their hard work this year. As we look to 2024 and the inevitable change and challenge that the next 60 years will bring, one thing is certain: our commitment to the customers and communities we serve remains steadfast.

DocuSigned by:

*Helen Galbraith*

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**Helen Galbraith, Chair**

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023

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#### 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, Freebridge Community Housing, Havebury Housing Partnership 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 member of Placeshapers and Build East, Orwell is networked with both regional and national 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 an owner 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% owned 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 2023-2027 and the key strategic objectives included in that document are as follows:

- People focused: Put our customers, our communities and our people at the heart of our organisation
- Ambitious: Be ambitious and invest in our communities and our people. Be a great organisation and employer and somewhere where people feel proud to live and work.
- Collaborative: Know our customers and provide a service driven by their voice.
- Effective: Improve our efficiency, effectiveness and sustainability

The Board has agreed specific targets and measures to assess the success of the strategic objectives and track progress. Performance against all Strategic Plan objectives is reviewed by the Board at each meeting.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (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***

This year has been one of continuing economic and operational challenges. The sector risk profile published by the Regulator in 2023 highlighted clearly the issues that the housing sector has continued to face with shortages in the supply of materials and labour, inflationary pressures, funding market constraints and expectations all increasing. Interest rates have increased sharply over the year in the Bank of England's attempts to control inflation with base rates reaching 5.25%, the highest point in over 15 years. Orwell is an active developing organisation and these funding market changes impact directly on it. As we reach the end of the year it is forecast that economic conditions have stabilised and may improve in the future with reducing inflation.

Throughout this period the expectations and demands upon the sector from customers and from Government have continued to increase and we will need to continue to be diligent and innovative to meet these.

Orwell, as with all housing providers, is subject to Government control over the main source of income, rent from the properties owned by the company and these are linked to inflation. However as Orwell reports to a December year end this leads to a greater disconnection in the inflation link, of almost 15 months, between the period that is used to determine the increases in rents. It means that rents were increased in January 2023 at only 3.1%, based on September 2021 CPI, at a time when general cost inflation was greater than 10%, and with many elements of cost increasing at even higher rates. The disconnect between cost and income inflation has been most acute in this period. Cost inflation has been particularly high in the energy and utility sector, and this has led to significant additional service costs incurred by the company that cannot be recharged and recovered until future periods. Orwell will apply the capped increases of 7% for general needs tenants and 11% for supported housing in 2023.

Despite these challenges, we have worked hard to ensure that our service continues to be customer focused and we remain committed to putting customers and colleagues at the heart of Orwell, thereby ensuring that the decisions and investments made deliver the mission of "Together we make a difference", demonstrated by continuing positive customer and colleague satisfaction throughout this period.

The business remains strong despite the challenging environment and whilst this combination of income control and increased costs have led to pressure on financial performance, Orwell maintains a solid business base and the Board has forecast improvement in financial performance through the short term. 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 Board recognises that care and support activities generate greater social value outcomes than financial returns alone. The Board considers care and support activities to be a core element of the overall strategic housing and support offer and are committed that this should continue to be so. The Board has made the strategic decision to maintain and develop these services and considers that these services must continue to be viable and must provide reasonable contribution to the group as a whole.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

#### ***Objectives (continued)***

During the year we have sought to further address the staffing challenges that were experienced in the previous periods, and have increased the number of permanent staff to provide more stability, but we recognise that this continues to be a challenging area. In the coming year we will undertake a broader review of the service areas to better assess viability and ensure a greater long term sustainable footing within the ongoing funding constraints that exist for these service areas.

The support of people experiencing and fleeing domestic abuse is a priority area for Orwell. During the year we extended our existing service by providing a number of new homes with the support of Government funding, recognising the importance of supporting people who find themselves in this need. The new facilities provide independent self contained accommodation and importantly can now allow both women and men and women with older male children to find new homes. The homes are supported by outreach services from our existing refuge facilities. We are seeking DAHA accreditation for the services that Orwell provides.

Orwell has a strong heritage in the development of new homes and maintains an ambition to provide 100 new homes each year. In this year the Development Team have exceeded that and provided 104 new homes for rent and affordable home ownership across several sites in Suffolk. 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 includes Ipswich Borough Council and East Suffolk Council. Grant of over £2million was received for Orwell and £615,000 for e<sup>2</sup> partners to support the development of new homes as part of continuous market engagement.

Orwell also has a market sale programme through its wholly owned subsidiary Orwell Homes Limited. During the year Orwell Homes Limited, continued to provide construction services to Orwell Housing Association, resulting in a saving to the Group of approximately £107,000. Orwell Homes Limited, since 2016, has retained the profits earned within the company to enable it to build reserves and 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. The mixed tenure development opportunities that Orwell Homes brings to the Group enable a wider strategic development offer and enable the Group to access and develop sites that may not be available to Orwell Housing alone.

Property sales of both shared ownership homes for Orwell Housing Association and private house sales for Orwell Homes, have remained buoyant throughout this year both in terms of activity and price. 19 shared ownership sales were completed during the year from our sites in Felixstowe, Stutton, Parham, Thurston and Laxfield. We also completed 11 open market sales from our schemes in Cockfield and Washbrook.

Safety for customers in their homes is a key priority. We manage programmes of inspection and renewal to ensure that we remain compliant with the safety requirements and that Orwell customers can feel and be safe in their homes. We maintain 100% compliance on legionella, fire and lift inspections, and 99.6% for gas servicing and 98.2% for periodic electrical inspections during the year. Where we do not have full compliance we are taking action to access properties and address this. Within our planned works improvements programmes we upgraded 94 boilers, 18 air source heat pumps and 5 fire doors during the year to improve safety and performance. We also replaced 146 kitchens, 89 bathrooms and replaced the windows to 129 homes to ensure that we maintain decency of our homes. Our customers' satisfaction with the condition of their home was 84% and satisfaction with the improvements made was 90%.

We invested to bring our Orwell Repairs Team back to full capacity to enable us to provide a better response and to improve the cost control over this key service. Over the year we achieved 84% right first time completion from the team, against our target of 90%, and 93% satisfaction from customers with the service.



## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

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#### ***Objectives (continued)***

We have improved our level of stock survey inspections to cover 86% of our properties and the quality of these inspections and our financial assumptions have been independently validated by Turner & Townsend. This is important to confirm that our planned programmes of improvement address the most important aspects of safety and comfort in our homes for our customers. We are pleased that already 65% of our properties are at or above the EPC C standard. We have secured funding in Wave 2 of the Social Housing Decarbonisation Fund (SHDF) from the Department for Energy Security and Net Zero that will enable us to improve a proportion of our homes to EPC C standard with surveys completed for this work that will be undertaken early in 2024. We have also applied to join the Carbon Charter as a statement of commitment to reduce environmental impact. As part of this we assessed our baseline carbon footprint and pleased that we are already accredited at bronze level for this, we have set a further target to reduce our impact by 5% in the coming year.

We actively review our homes to ensure they remain appropriate for our customers needs and economically viable for us to maintain. During the year Orwell sold two homes that were no longer viable and use the proceeds of this to reinvest into improving our existing homes.

Orwell benefits from an empowered and motivated colleague base and their continued commitment and dedication is recognised as vitally important to future growth plans. We continue to build upon our track record as an employer of choice within the region and have been recognised this year with a Platinum level award from the Best Employers Eastern Region engagement survey recognising the positive workplace culture and colleague engagement and satisfaction. This sits alongside the existing Investors in People Silver accreditation. We have taken steps to improve our total reward offer to support the aim of building a happy, stable employee team, particularly within our large care and support activities where recruitment and retention had previously been a challenge. We are already experiencing the benefits of this with lower turnover and reduced reliance upon agency staffing within these service areas. We are continuing to offer apprenticeship programmes recruiting 5 new apprentices during the year and supporting 30 apprentices in total during year to build skills and experience.

Orwell continues to be accredited by Housing Diversity Network (DNA Equality, Diversity and Inclusion accreditation) to demonstrate our commitment to inclusivity and our support of customers and employees with diverse needs. We have also worked with Papworth Trust to achieve level 3 accreditation as a Disability Confident Leader. We recognize the importance of a diverse workforce and have established an Equality, Diversity and Inclusion group including an LGBTQ+ Ambassador to support our colleagues and 6 Knowledge Café sessions to raise awareness and increase knowledge around diverse topics. We are also committed to working towards Pledge Pioneer as part of the House Proud Pledge programme to demonstrate our commitment to provide safe homes for LGBTQ+ residents.

Orwell is committed to providing an inclusive, fair and equitable organization where there is equal opportunity for all within our diverse workforce. Reasonable adjustments will be made wherever possible to support accessibility. All colleagues have regular support and supervision discussions and performance reviews where individual learning needs and development opportunities are discussed as well as feedback around any additional support that may be beneficial. Orwell's aim is to have a healthy, safe and well group of colleagues providing the very best support for our customers.

We have continued to offer and expand our wellbeing programmes for our colleagues including support of physical and mental health and wellbeing. These include a number of wellbeing roadshows, an expanded mental health first aider programme, collaboration with the Ipswich Town foundation to spotlight Men's Mental Health and a new Men's Monday to encourage our male employees to come together. Alongside this we have increased our benefits to include a Health Cash Plan and lifestyle discounts for our colleagues.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

#### ***Objectives (continued)***

Effective tenant engagement is fundamental to understanding our customer service impact and driving improvement. Our customer engagement and insight team have supported the Orwell Residents Group (ORG) to scrutinise performance, carrying out reviews of our communication with residents and improving the form of our newsletter, completing an estate services review and working with development colleagues to provide better guidance for those moving into new homes.

We launched the Complaints Handling Assessment Team (CHAT) during the year involving six customers from the ORG to scrutinise and hold us to account on our handling and resolution of complaints. The initiative is important in promoting our learning and experience from complaints and improve our service offer overall. The team have made a number of recommendations that have been adopted and we are looking to grow this further in the new year. We received 183 complaints in 2023 and worked with customers to resolve these, addressing 84% at stage 1 and 92% within our published timescales. Two matters progressed to the Ombudsman and one has been closed and not upheld by the Ombudsman.

Orwell is preparing for the important changes in consumer regulation that will be introduced in 2024. During the year we further developed our reporting and monitoring of Tenant Satisfaction Measures (TSMs) and undertook 3 quarterly surveys of customer to develop our baseline, involving 450 customers in providing feedback. We were pleased that overall satisfaction was reported at 78% which benchmarks well with our peer organisations in the Independent East group.

It is a key priority to enable our customers to sustain their tenancy with us, during the year our tenancy sustainment service supported 103 customers and in every case they were able to maintain their tenancy. As well as financial support from Orwell directly, and our Make a Difference fund supported by our colleagues activities, we also work with partners to provide further financial support, helping to provide essential equipment. The team also provide advice and support to assist with benefit entitlement and other financial assistance. We have maintained our target of no evictions during the year and through effective engagement with customers we have been able to reduce arrears for our general needs customers to 2.2% by the end of the year.

We have an agreed digital strategy and are continuing to implement key technologies and systems to deliver and improve the resilience and operating efficiency of our technology. We are investing in improving our customers ability to access services at a time that suits them and our updated Tenants App is now live and we have seen positive uptake and feedback for this. We have set further targets to continue to increase the uptake for this year. We have implemented PCS (Person Centred Software) to support management of our care and support activities, providing more effective and efficient electronic management of care plans and delivery within our Extra Care and Learning Disability schemes. Our defence against the ever increasing threat of a cyber security attack continues to evolve and improve, during the year we implemented a Zero Trust security approach using Netskope's SASE solution to further enhance this.

#### ***Employee involvement***

Orwell strongly believes in the importance of keeping colleagues 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.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

#### 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 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.



A significant proportion of Orwell's activities are within the care and support activities, they represent approximately 20% of the properties owned and managed but employ approximately 66% of Orwell's total employee team. These services are a fundamental element of the strategic priorities for Orwell. The Board is committed to these activities and recognises that they offer significantly greater social value outcomes for the individuals and families that Orwell supports than financial value alone. The Board also recognizes that the delivery of these has an impact of the overall financial performance that Orwell achieves when compared to peers. The Board is committed to continuing to support and develop these services and strives to ensure they are delivered in a manner that optimises the overall value provided.

##### **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.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

#### ***VfM framework (continued)***

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.

#### ***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 2023 audited financial statements filed with the Regulator for Social Housing for the global accounts and VFM monitoring for 2023, being the most up to date information available at the time of publication.

Further performance measuring looks at actual performance for 2017 to 2023, compared to target performance for 2019 to 2023. Additionally, a look-forward 2024 target is also included.

The reporting demonstrates that there has been a widespread decline in performance in VFM metrics over recent periods, this has been seen in reduced operating margins, increased costs per unit of operation and reduced interest cover. This has been a result of the economic challenges experienced by all providers within the sector and indeed across other operating sectors, with increasing operating costs, increasing interest rates and reducing headroom. All providers including Orwell are required to work harder with less, in order to achieve our outcomes.

#### ***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, with a significant proportion of their activity made up of care and support and sheltered housing for older people (HfOP). We have placed less emphasis on the geography and therefore a number of the peer group members are not based in the East of England. We have separately benchmarked against the East of England as a pool and the UK overall median values. Details of the peer group are shown in the table below:

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2023 (Continued)****Peer group (continued)**

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>4,066</b>	<b>£43,393</b>	<b>100%</b>	<b>8%</b>	<b>12%</b>
Honeycomb Housing Group	3,106	£19,284	N/A – West Mids based	4.7%	14.1%
Leeds Federated Housing	4,452	£28,007	N/A – Yorks & Humber based (100%)	4.7%	5.7%
Origin Housing	6,164	£63,827	22%	4.6%	7.2%
The Cambridge Housing Society	3,066	£30,922	100%	6.2%	7.0%
Trident Housing Association	3,158	£24,688	N/A – Midlands based	18.3%	14.1%
Tuntum Housing	1,571	£10,282	N/A – Midland based	6.4%	5.9%
Warrington Housing	1,298	£7,697	N/A – North West based (100%)	5.5%	12.1%
Westward Housing	7,276	£43,964	N/A – South West (100%)	4.6%	9.0%

**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:

## ORWELL HOUSING ASSOCIATION LIMITED

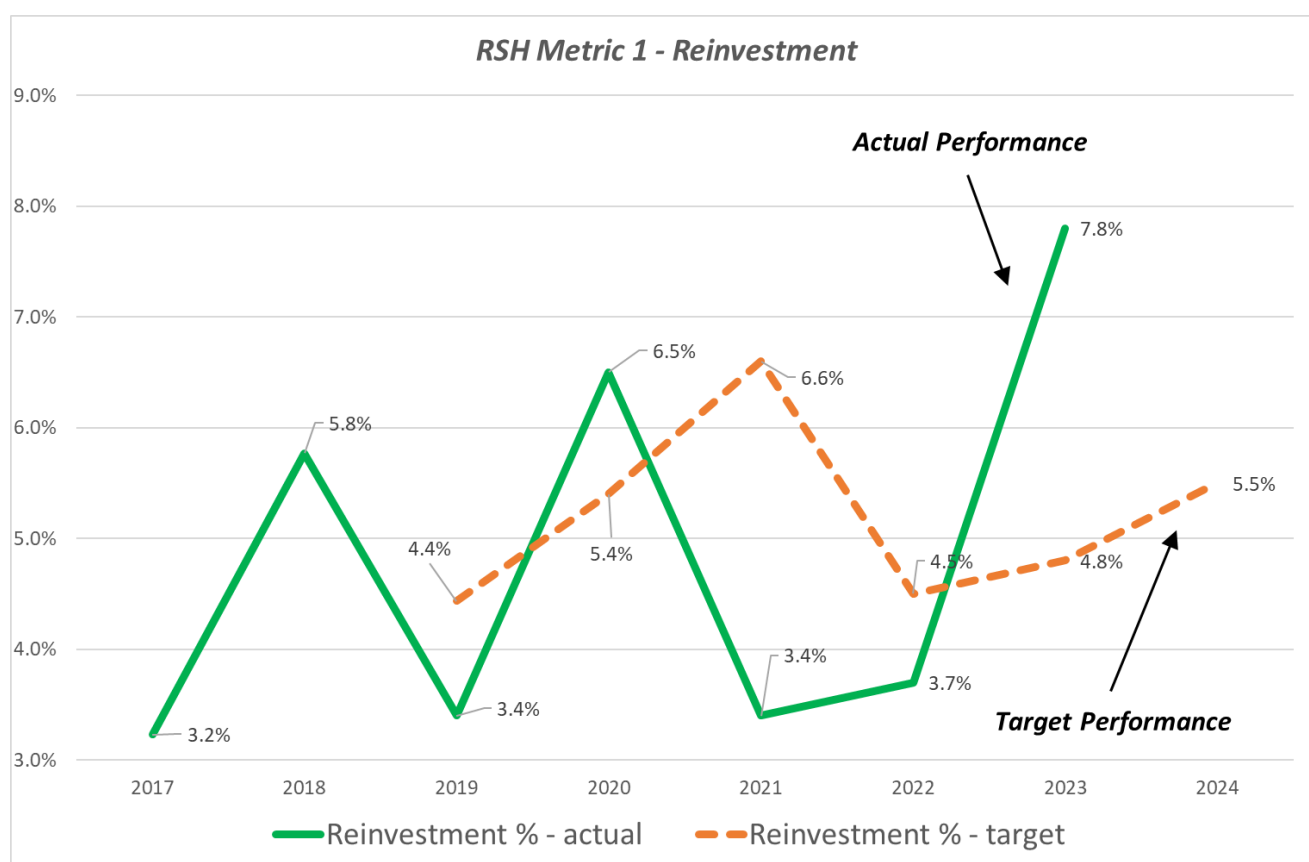
### Strategic report for the year ended 31 December 2023 (Continued)

#### VFM Metrics (continued)

##### 1. RSH Metric 1 – Reinvestment %

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

Orwell Housing	Peer group	East of England	UK
7.8%	5.5%	7.1%	6.6%

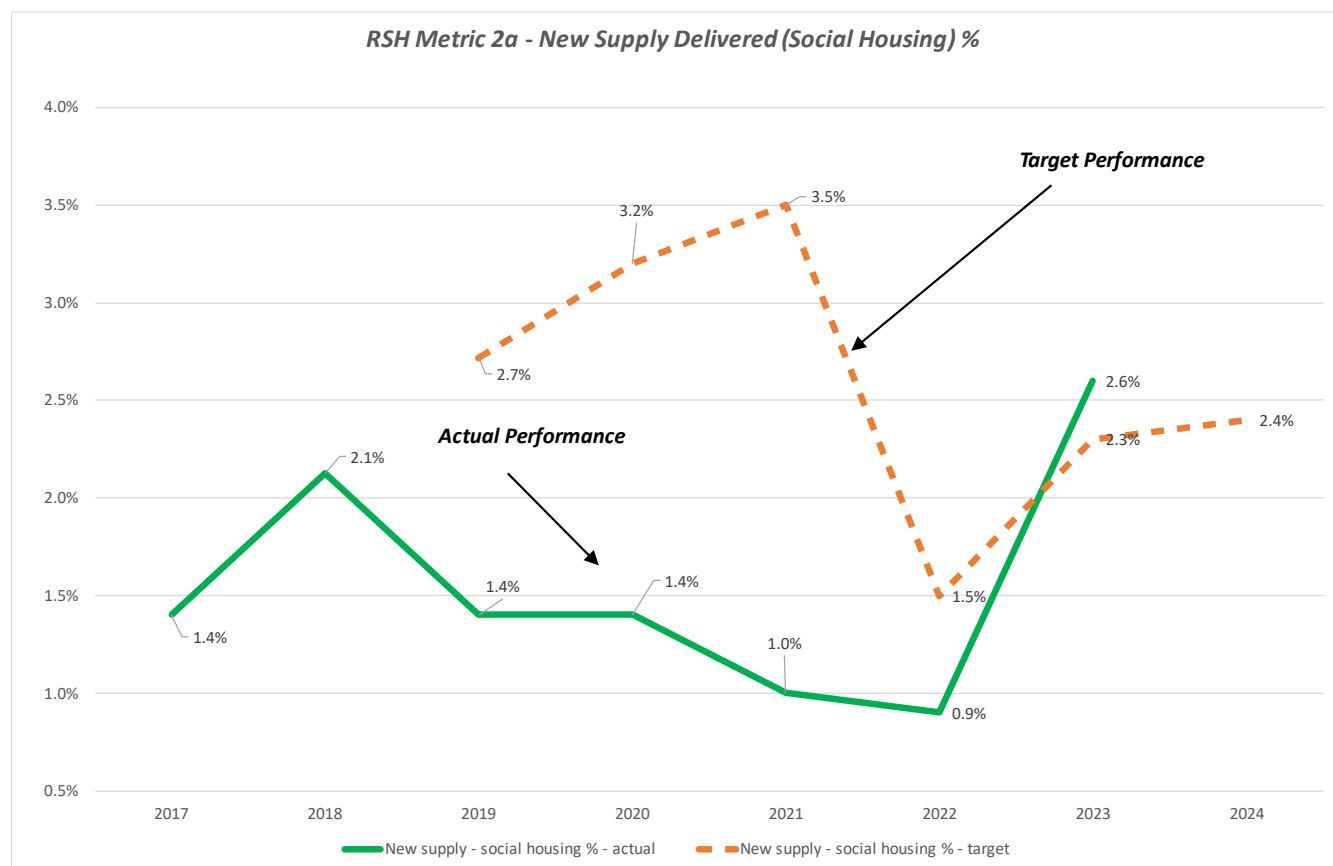


Orwell, has seen an increase in reinvestment to 7.8% compared to last year's performance of 3.7%. Capital spend on existing stock is on a par with peer group. However, spend on new stock has benefited from an opportunity to acquire an additional portfolio from a developer.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2023 (Continued)**
**VFM Metrics (continued)**
**2a. 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
2.6%	1.4%	2.2%	1.3%



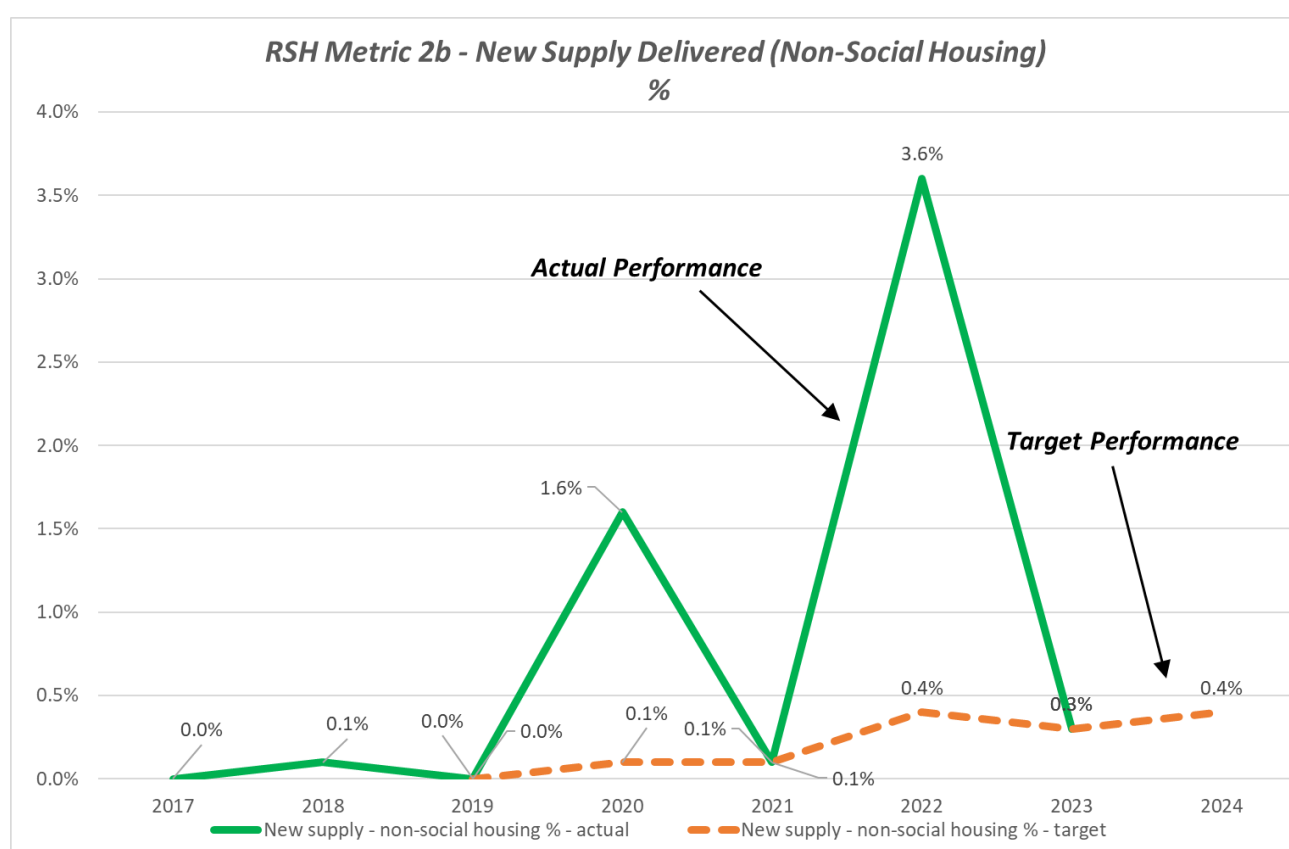
Orwell, with new supply delivered of 2.6% has seen an increase compared to last year's performance of 0.9%. In terms of units, this represented an increase to 104 new homes completed in the period. The increase arose from an opportunity to acquire an additional portfolio of new build homes from an existing development partner partly for shared ownership sale. The long term target is 100 new homes per year.



**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2023 (Continued)**
**VFM Metrics (continued)**
**2b. 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
0.30%	0.01%	0.2%	0.01%



Orwell has completed the planned delivery of 13 new homes for this year.

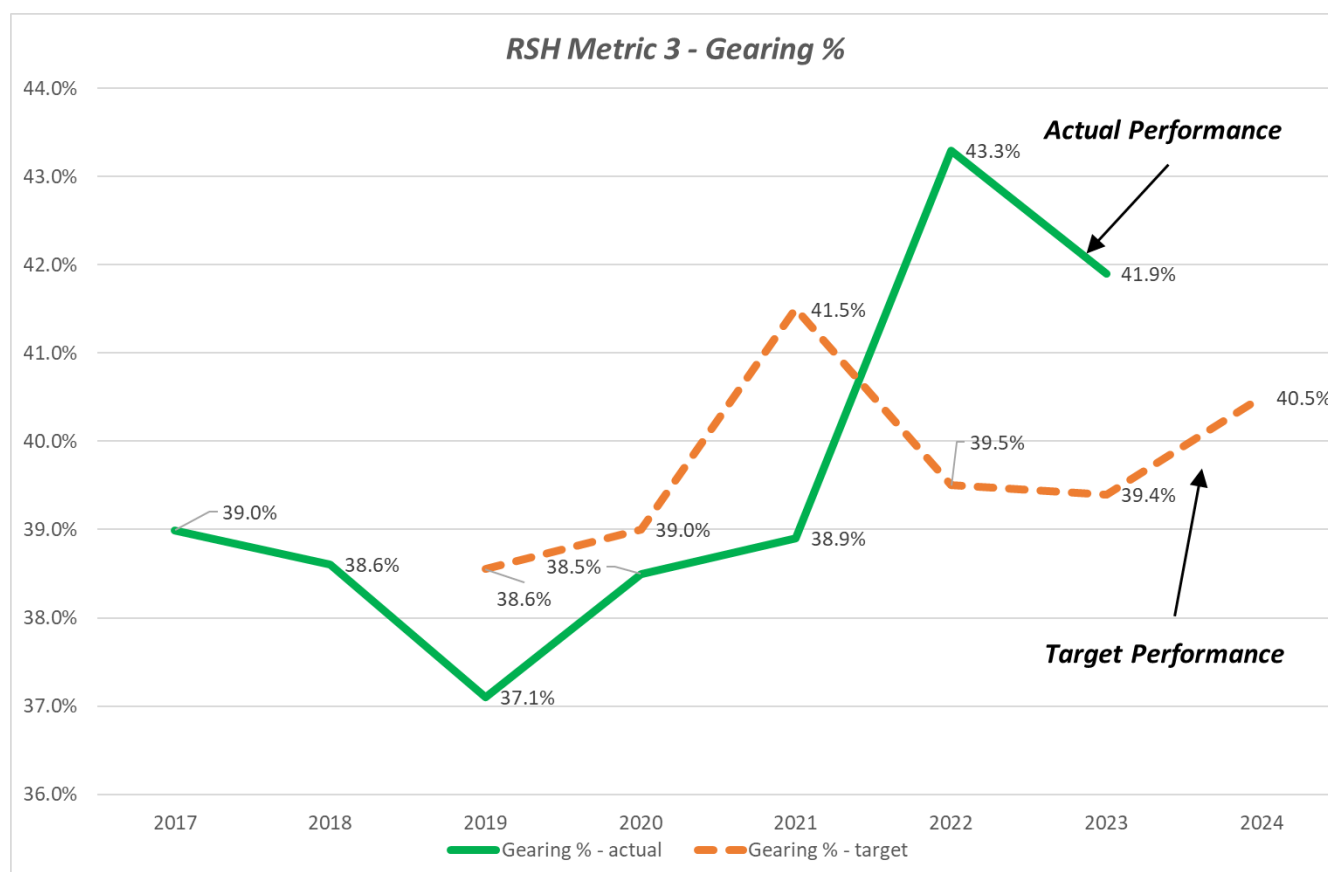
The target performance reflects the steady programme of development of homes for sale by the trading subsidiary Orwell Homes Limited.



**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2023 (Continued)**
**VFM Metrics (continued)**
**3. 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
41.9%	40.4%	54.3%	45.5%



Orwell's gearing ratio at 41.9% compares favourably with peer group and the other comparators. It has moved above the target following the arrangement of new bond finance in 2022 which was used to repay some existing debt in 2023, restoring the ratio to a more comparable level.

The favourable level of overall gearing will provide headroom to support the funding required to continue the build programme and deliver Net Zero Carbon works.

## ORWELL HOUSING ASSOCIATION LIMITED

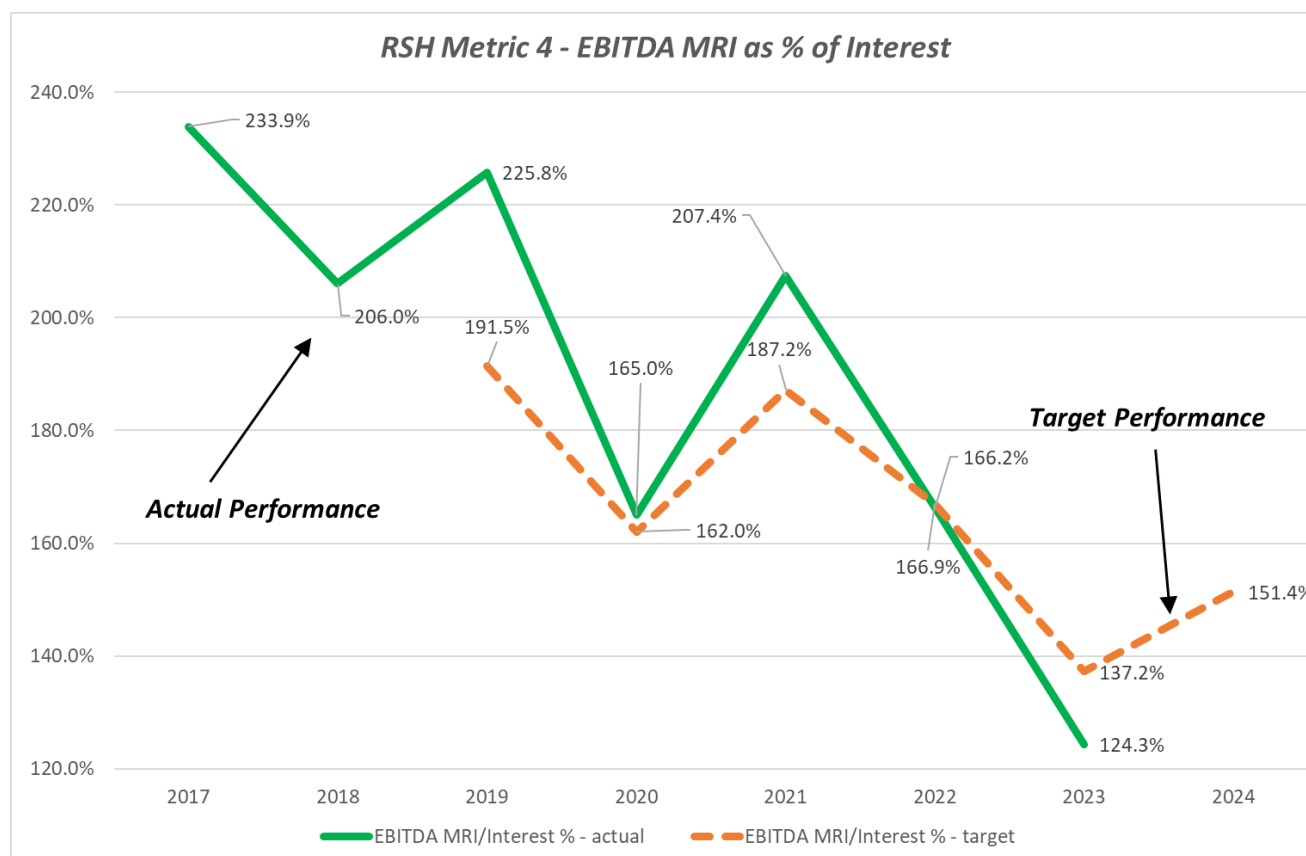
### Strategic report for the year ended 31 December 2023 (Continued)

#### VFM Metrics (continued)

#### 4. 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
124.3%	146.6%	139.9%	124.4%



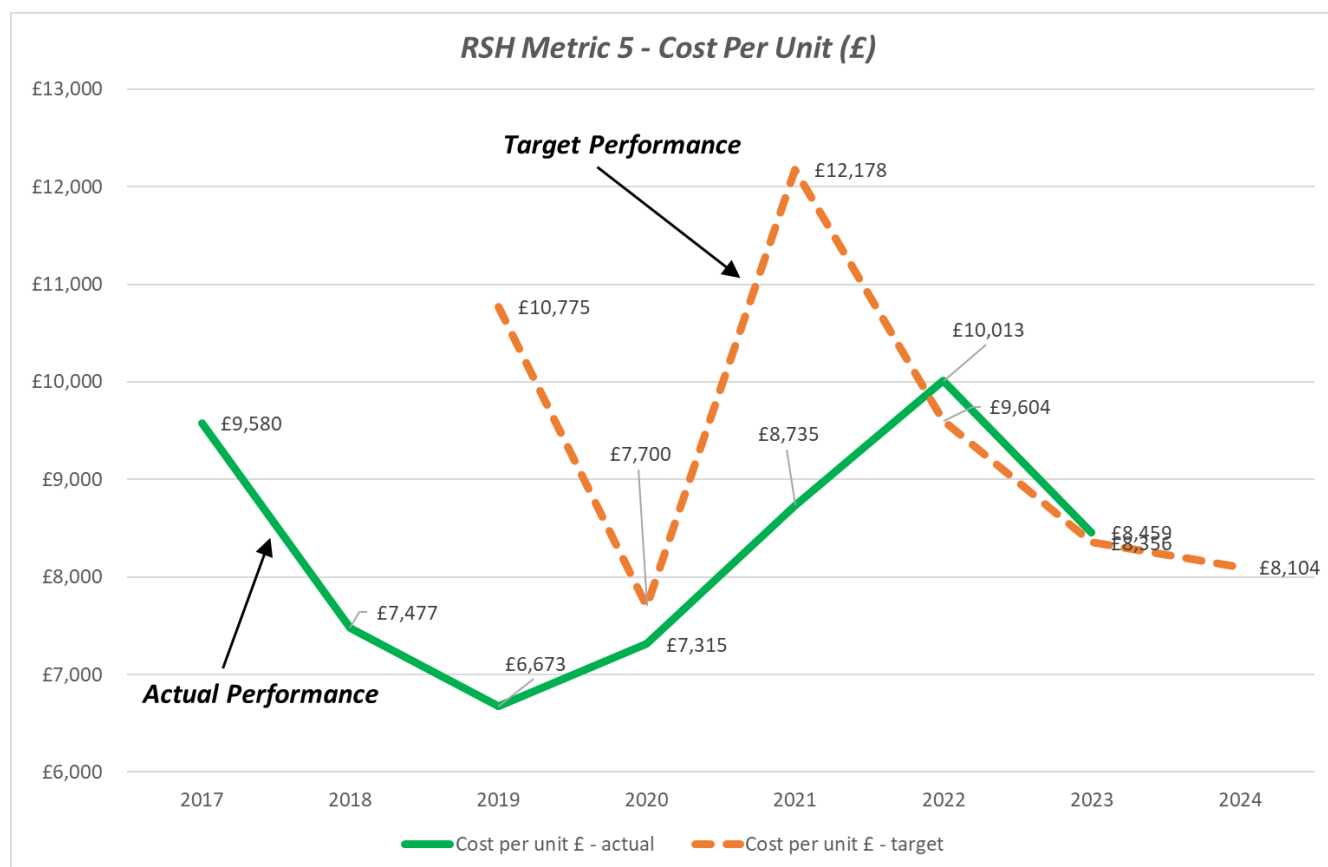
Orwell's EBITDA at 124.3% has fallen significantly over the last two periods. This has arisen from a combination of factors, primarily market driven increases in operating spend on maintenance, utilities and agency staffing for care and support activities. This has been combined with significant increases in variable interest costs in the same period.

Looking ahead steps have been taken to mitigate the expenditure pressures and with favourable interest forecast the measure is forecast to recover through 2024 and beyond.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2023 (Continued)**
**VfM metrics (continued)**
**5. RSH Metric 5 – Headline Social Housing Cost Per Unit (£)**

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

Orwell Housing	Peer group	East of England	UK
£8,459	£4,568	£4,350	£4,568

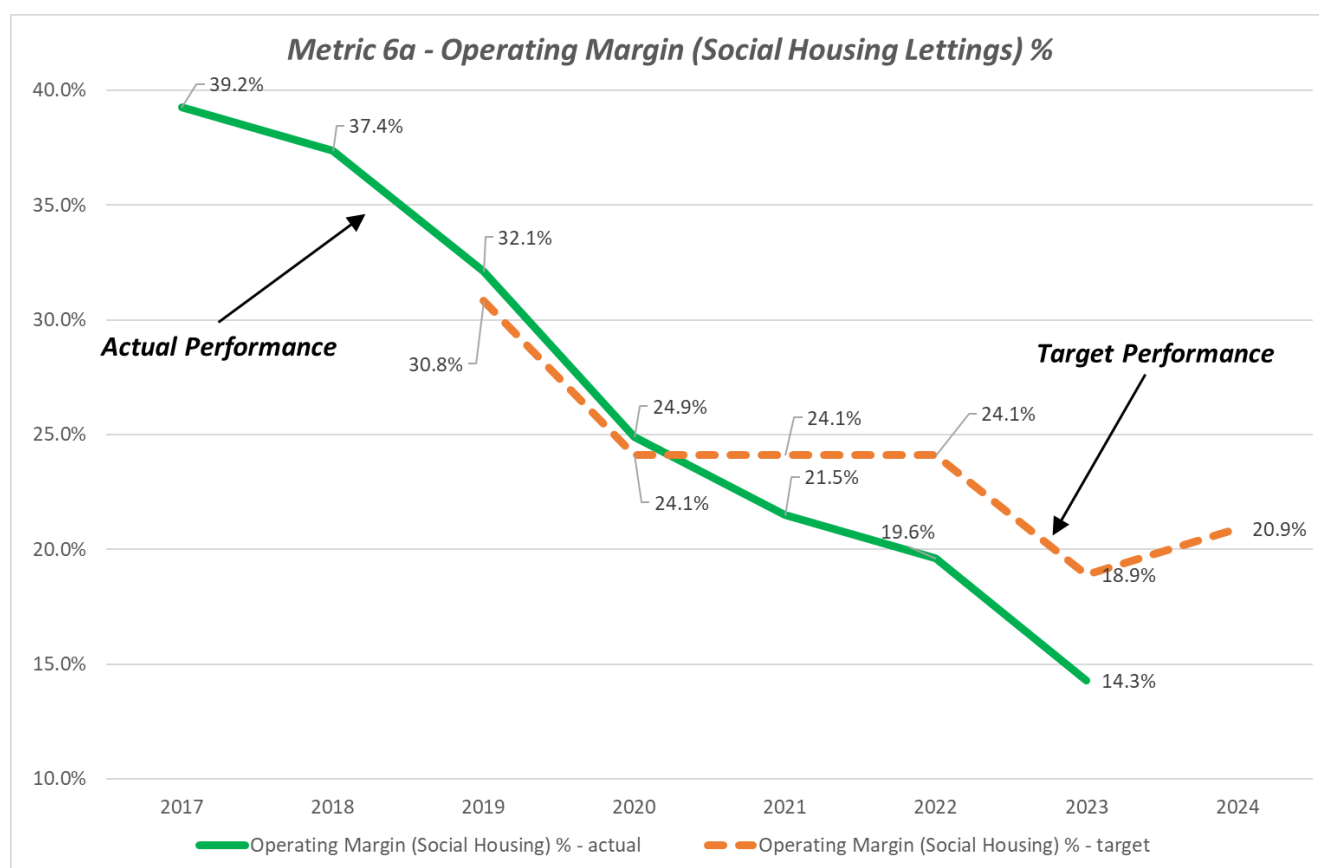


Calculation of this metric includes both support and care activities and also provision of development services (e<sup>2</sup>). Inclusion of these elements makes meaningful comparison very difficult as it makes Orwell's figures higher than they would otherwise be. A more reflective measure of cost per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

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2023 (Continued)**
**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
14.3%	20.5%	24.9%	19.9%



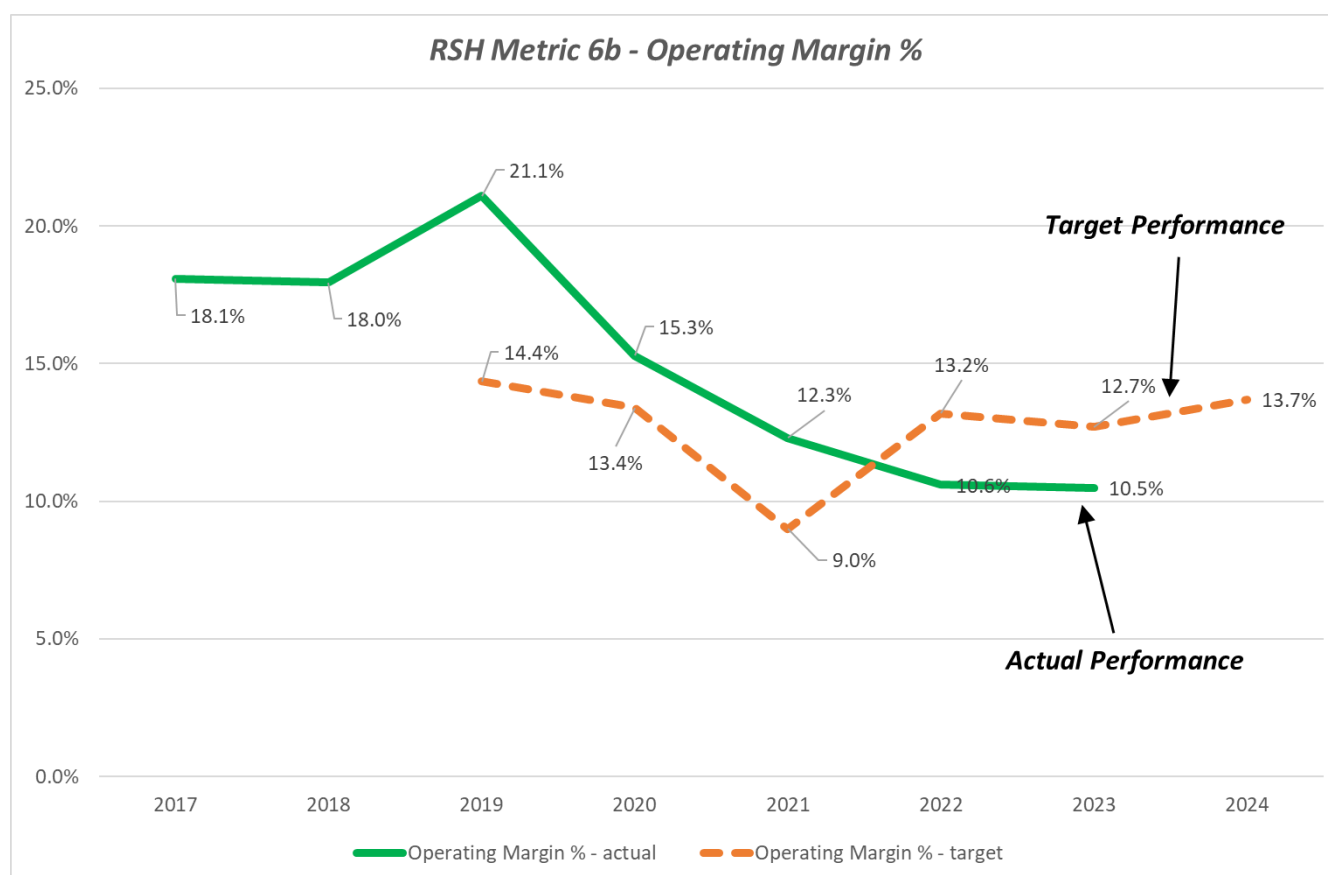
Orwell, with a performance of 14.3% has fallen short of the target for the year and this performance reflects ongoing challenges presented by the current economic circumstances. Increases in utility costs have been a major factor in this period and in addition material cost pressures and direct labour shortages have impacted upon responsive repairs expenditure.

The target has been set at a level of performance reflecting challenging ongoing economic conditions, improved control over utility and service costs, and with a rent increase of 7% effective for January 2024.

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2023 (Continued)**
**VfM metrics (continued)**
**6b. RSH Metric 6b – Operating Margin %**

This metric demonstrates the profitability of operating assets before exceptional expenses are taken into account and includes both care and support activities and also provision of development services (e<sup>2</sup>). Inclusion of these elements makes meaningful comparison very difficult and the metric above, 6a - Operating Margin (Social Housing Lettings) %, excludes these elements from the calculation and thereby provides more meaningful comparison.

Orwell Housing	Peer group	East of England	UK
10.5%	19.8%	24.4%	18.8%

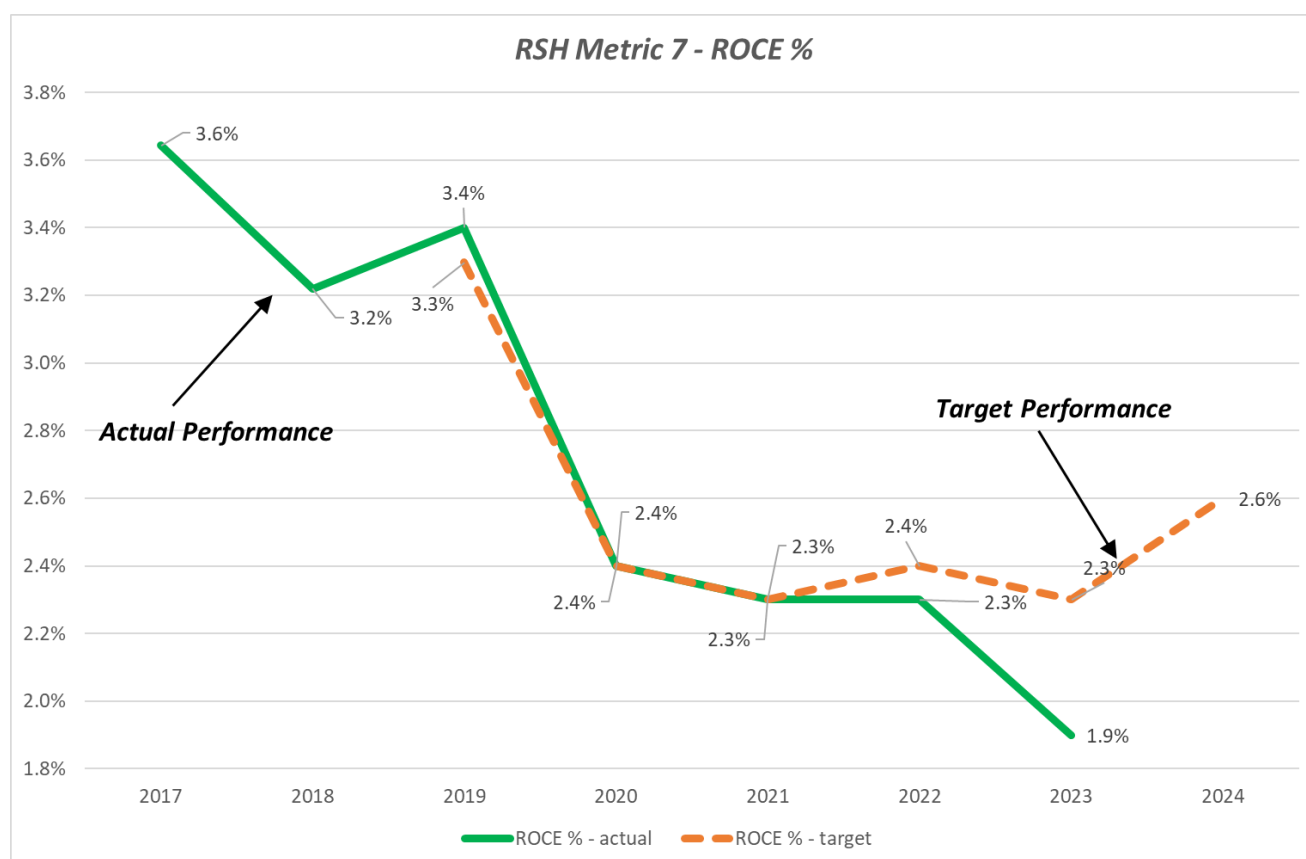


Calculation of this metric includes both support and care activities and also provision of development services (e<sup>2</sup>). Inclusion of these elements makes meaningful comparison very difficult as it makes Orwell's figures lower than they would otherwise be. A more reflective measure of operating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

**ORWELL HOUSING ASSOCIATION LIMITED**
**Strategic report for the year ended 31 December 2023 (Continued)**
***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
1.9%	2.7%	3.5%	2.8%



Orwell, with ROCE % of 1.9% has fallen just below the target for the year of 2.3%, 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.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

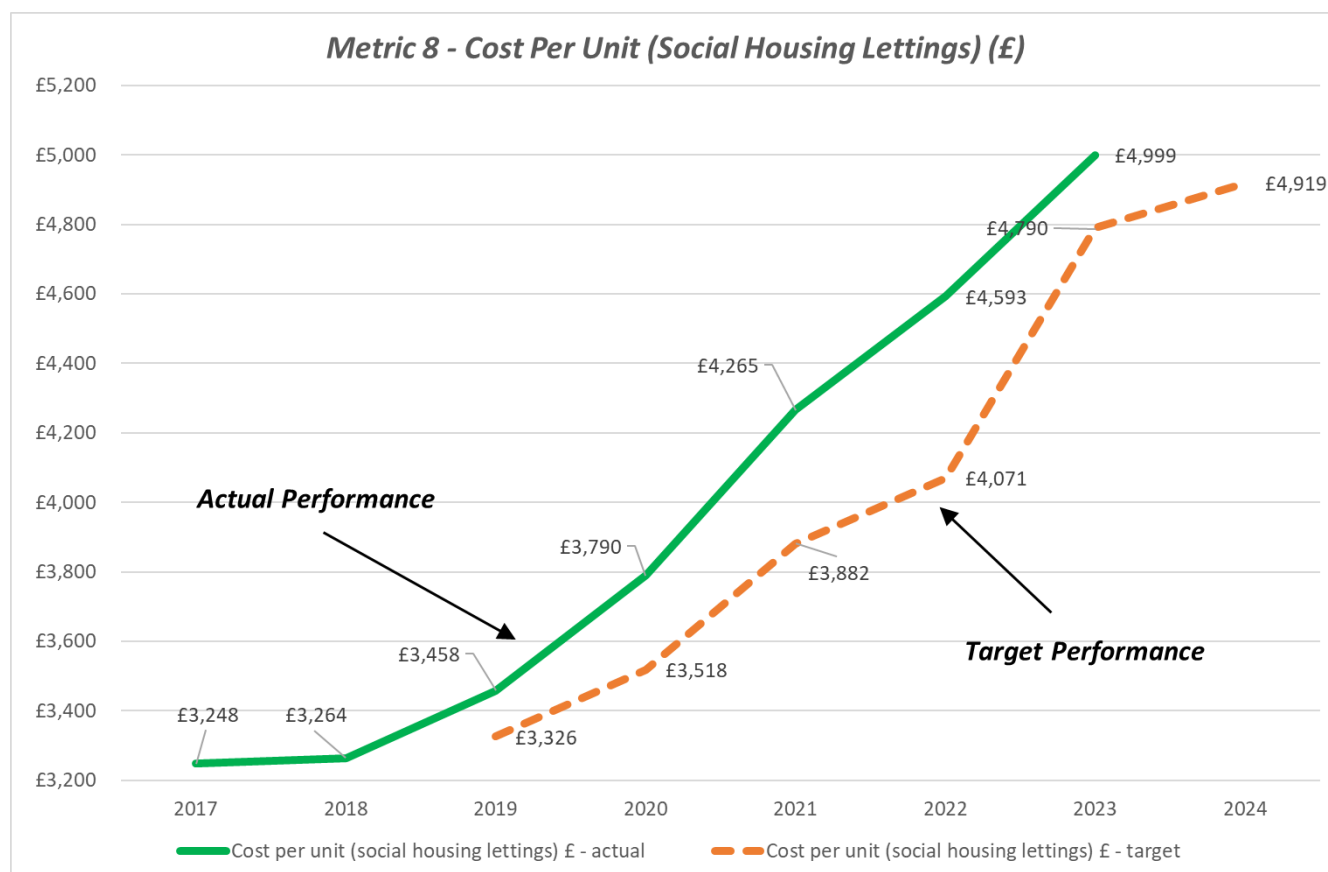
#### Sector Scorecard and own metrics

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
£4,999	£4,416	£4,481	£4,417



Having adjusted the metric, the level is above target and both the peer group and the other comparators. This reflects material cost pressures and direct labour shortages, both of which have impacted significantly upon responsive repairs expenditure.

## ORWELL HOUSING ASSOCIATION LIMITED

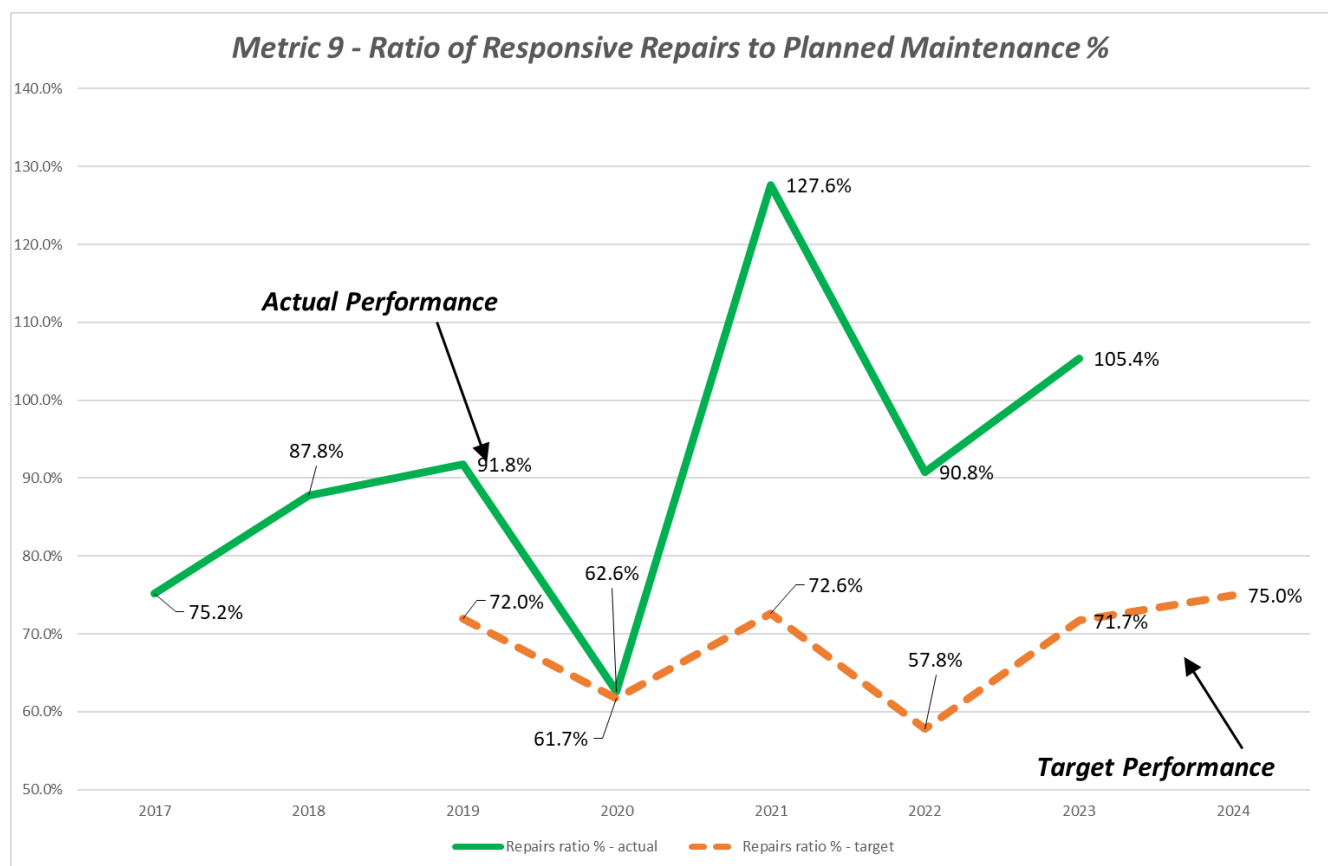
### Strategic report for the year ended 31 December 2023 (Continued)

#### 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
105.4%	67.8%	69.7%	63.0%



Actual performance has remained significantly above target. 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 assumes a lower and improved ratio arising from an increase in planned maintenance spend.



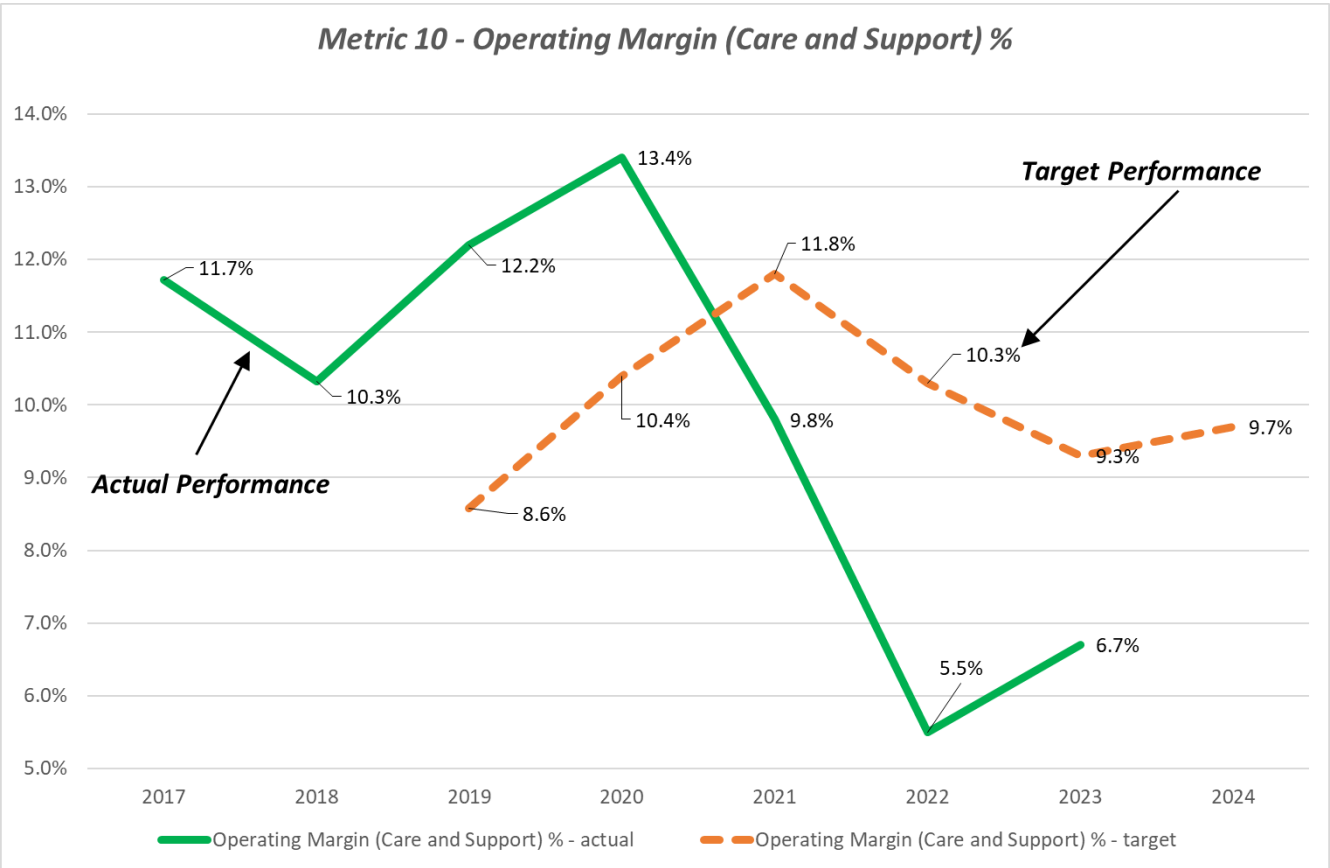


**ORWELL HOUSING ASSOCIATION LIMITED**  
**Strategic report for the year ended 31 December 2023 (Continued)**

**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.



2023 has been a further 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 in some areas. Staffing within Care and Support is the major cost area and therefore the margin has fallen below target but has started to recover towards target as we have taken steps to reduce the level of agency support.

Reduction in Agency staff usage and expenditure has remained the main area of focus through 2023 with pay rate improvements and recruitment campaigns improving the situation. The target has therefore been set at an improved level of performance.

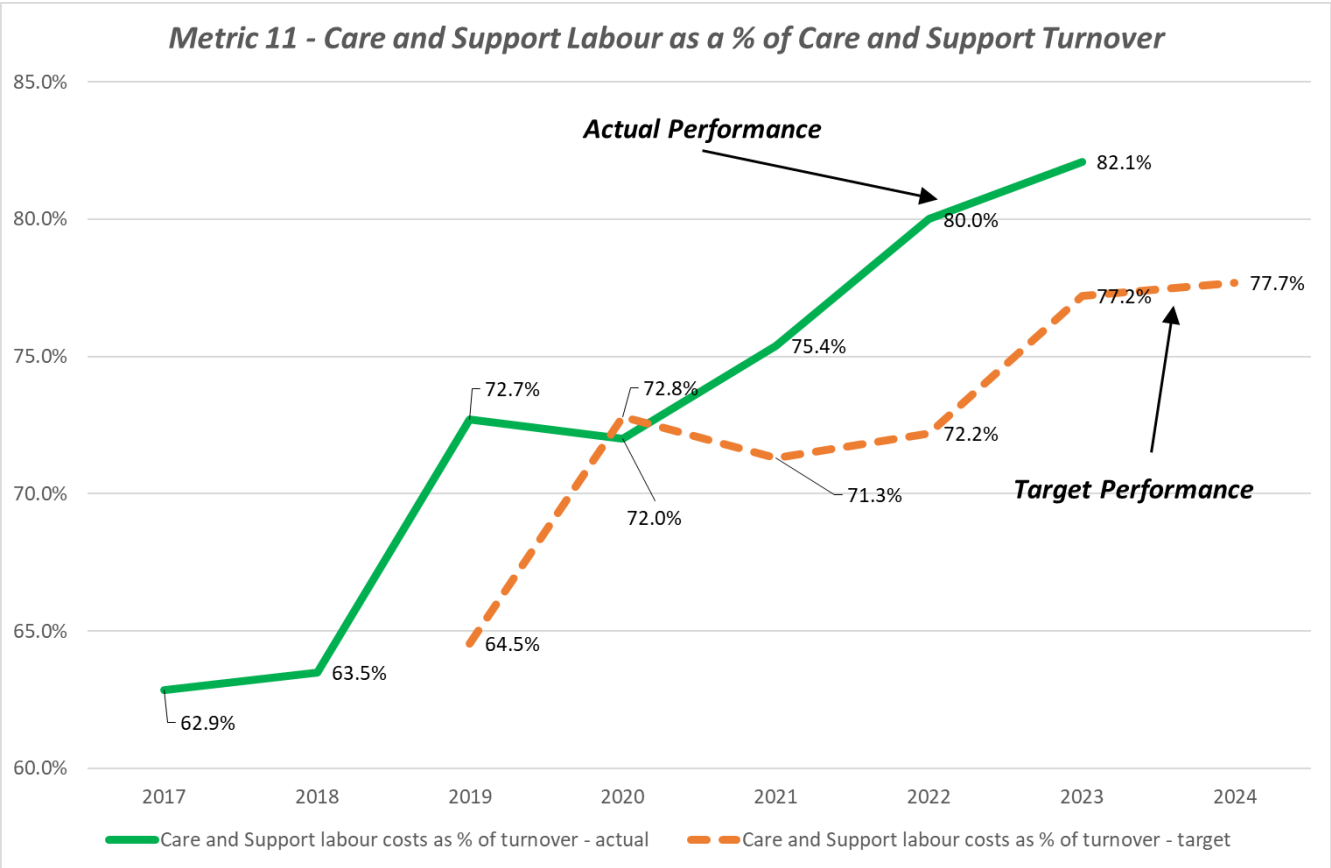


**ORWELL HOUSING ASSOCIATION LIMITED**  
**Strategic report for the year ended 31 December 2023 (Continued)**

**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.



Paycosts are the most significant element of cost within the care and support activities within Orwell. Significant agency spend continued through much of the year but has been reducing by year end. The continuing increase in cost through 2023 has put further pressure on the operating margin return from this activity.

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 been set accordingly.

Strategic report for the year ended 31 December 2023 (Continued)

Social Impact – Our Social Value

# Social Value 2023



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



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



**30** colleagues supported to gain additional skills through apprenticeships in Leadership and Management, Learning and Development, Care, Business Administration and Project Management.



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



**30** apprentices supported.



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



**104** new homes built, 20 of which were shared ownership. Investing in more affordable homes for local people is one of our priorities.



Our rents are, on average, **55.5%** of private rent levels and **75.8%** of local housing allowance rates, that's **£105.30** per week compared to **£189.69** for private rent and **£139.00** for local housing allowance.

**3**



county councils work in partnership with Orwell to support transforming care.

**124**



adaptations made to customers' homes at a cost of **£116,321** enabling people to stay in their own homes and reducing reliance on health and social care services.

## ORWELL HOUSING ASSOCIATION LIMITED

## Strategic report for the year ended 31 December 2023 (Continued)



**£2,700** allocated to customers to purchase essential items for their homes and ease financial pressure.



**103**

customers helped through our Tenancy Sustainment service. Of which, 100% maintained their tenancy.



**461,246** personal care hours delivered.

**£3,500** 

from the tenancy sustainment fund used to support Orwell customers facing financial hardship.



**6** customers accessed enhanced training on how to review our complaints process.



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



**445,000**

hours of support provided to our customers.



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

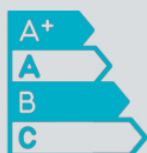


**£3,315** raised through the Make A Difference fund provided tenants with essential items when they were most needed.



**£19,823**

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



**65%**

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



**581**

properties improved, at a cost of **£1.88 million** contributing to our net carbon zero plans.

If you would like this leaflet in another language or format please email [comms@orwell-housing.co.uk](mailto:comms@orwell-housing.co.uk) or call **0345 60 100 30**

Version Feb 2024

## Strategic report for the year ended 31 December 2023 (Continued)

### Financial Review

The Group is pleased to report another successful year in challenging operating and economic circumstances and has achieved an operating surplus for the year of £5,206,000, compared to the previous year of £5,926,000. This year has seen growth in turnover from rental income, sales and care services, offset by a reduction in income from management of development activities for partner organisations. Operating expenditure has increased more significantly, in particular in utility costs, and with continuing cost pressure in materials and labour in the maintenance and care activities. From an income perspective, the year includes a rent increase of 4.1% effective 1 January 2023.

Group turnover for the year fell to £46,823,000, from £51,949,000 the previous year; a decrease of £5,126,000. Turnover from social housing lettings increased by £938,000 as a result of new homes and the increase in rents. Shared ownership sales were slightly higher for this year, with demand and prices holding well, contributing proceeds of £1,856,000, an increase of £750,000. Orwell Homes contributed market sale income of £3,430,000, slightly reduced due to fewer sales and easing of market prices. The Beaumont House and Rosebank Park market rent extra care schemes were in management for a full year contributing to additional £742,000 of market rent income and £1,081,000 of care income for the year. The increases in these areas were offset by a reduction in the income for development programme delivery services of £8,025,000; previously Orwell has managed a substantial build programme for e2 partners with a large sheltered housing scheme completing in 2022; this has now reduced as partners have developed independent capacity and the focus is now on programme management for local authority partners and on development activity for Orwell itself and Orwell Homes.

Group operating expenditure for the year fell to £37,129,000 from £41,773,000 last year; a decrease of £4,644,000. The most significant reduction was in the development services expenditure of £8,106,000. Cost increases were experienced in social housing lettings of £1,979,000, with utility costs, temporary and agency labour and maintenance driving much of this. Other cost increases were experienced in the cost of property sales, lease of market rented property and care functions.

The combined income and expenditure movements identified above have resulted in a Group operating surplus of £5,206,000, a reduction of £720,000 on last year's figure of £5,926,000.

Expenditure on housing stock maintenance comprises both revenue and capital spend and for the year was £7,890,000 (2022: £7,124,000), an increase of £766,000 on the previous year and demonstrating the ongoing investment in Orwell's housing stock.

Net interest costs for the year have risen to £3,983,000, from £3,485,000 last year, reflecting the net increase in drawn loan balances of £4,500,000 over the year and the increase in variable interest rates. The base rate has increased from 3.5% at December 2022 to 5.25% from August 2023. Orwell's weighted average interest rate now stands at 3.7% compared to 3.4% last year.

Orwell participates in both the Social Housing Pension Scheme (SHPS) and the Local Government Pension Scheme (LGPS) and this year reflects a combined actuarial loss of £704,000 compared to a gain of £2,183,000 last year, including the de-recognition of the LGPS asset of £384,000.

The net result of the above financial performance is a Group retained surplus for the year of £519,000 (2022: £4,624,000) which has been transferred to General reserves and ultimately will support the ongoing development work of Orwell and provision of new accommodation.

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 £6,501,000 compared with £6,433,000 for 2022. Cash less grant expended for the construction and purchase of housing properties during the year was £14,445,000.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

#### Financial Review

##### *Treasury policies*

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

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

In 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 in December 2021 at an effective rate of 2.52%, and the second £10,000,000 was drawn in October 2022 at an effective rate of 2.64%. Asset charging was completed in December 2022 allowing the final proceeds of £10,600,000 proceeds to be released to Orwell in January 2023. The proceeds were used to repay £6,500,000 of revolving credit facilities.

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 interest rates begin to rise. 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. The proportion increased to 91% on fixed rate terms at December 2022 following the drawing of the funding from bLEND Funding plc in 2022 and over 2023 this has now reduced to 83% as development funding has been drawn from revolving credit facilities at variable rates.

Having reviewed the existing debt portfolio and the Group's development ambitions the Board expects to arrange new long term finance for the continuing development and investment programme during 2024.

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

At 31 December 2023 Orwell had secured undrawn revolving credit facilities of £16,500,000 (2022: £21,000,000) and the Group had cash balances of £2,285,000 (2022: £4,259,000).

##### **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 2023 (Continued)

#### Corporate Governance

The Board comprises up to 12 non-executive members and meets with the executive officers a minimum of six 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 comprises up to 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 comprises up to 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 comprises up to 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 (retired 29 March 2023)	Joanna Ballman (appointed 27 March 2024)
Helen Galbraith BA (Hons) CFA CFAB DiPFA - Chair from 29 March 2023	Lauren Bayliss-Fuller (resigned 25 September 2023)
Dayle Bayliss BSc (Hons) MSc MBA FRICS C. Build E FCABE FCIQB FRSA CMgr MCMI – Vice-Chair	Tom Brown (appointed 29 March 2023)
Cynthia Alers MBA MA MIRSoc (retired 29 March 2023)	Pamhi Mulambo (appointed 29 March 2023)
Jeanette Alfano BTech (Hons) MBA CITP (retired 27 March 2024)	Ian Pinches FCCA FRSA
Stuart Appleby MA-Ed	Brett Rennolds MBA Dip MC
	Barbara Thorndick OBE BA (Hons) FCIQH (retired 27 March 2024)
	Stephen White (appointed 29 March 2023)

Each member holds one share in Orwell during their period of office.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

#### **Chief Executive and Executive Team**

The executive officers of Orwell who served during 2023 were as follows:

Wendy Evans-Hendrick BA (Hons) Dip DM DMS	Chief Executive
Michelle Harrison FCIPD	Director of People and Culture
Christopher Wyer FCCA (retired 31 December 2023)	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. The effectiveness of this system is kept under review and the responsibility 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;
- 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.
- Long term viability of Care and Support as a service



## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

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

Regular review of the risk register has confirmed that appropriate controls are in place for all of the strategic risks shown above. 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 throughout the year covering monthly financial, operational and compliance 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).

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

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2023 (Continued)****Risk Management And Statement On Internal Controls Assurance (continued)*****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 scrutinises and approves the programme of audit work, provides challenge and scrutiny to reports received ensuring management responses to recommended actions are appropriate and implemented. The Audit Committee reports to the Board on its work after each meeting.

The 2023 annual report from Orwell's internal auditors sets out the following internal audits and advisory reports:

<b><i>Review</i></b>	<b><i>Grading</i></b>	<b><i>Update</i></b>
June 2021 Procurement Phase One	Partial assurance with improvements required	All agreed improvement actions have been completed
August 2021 General IT Controls (IT Security)	Significant assurance with minor improvement opportunities	All agreed improvement actions have been completed
November 2021 Key Financial Controls - Accounts Receivable and Accounts Payable	Significant assurance with minor improvement opportunities	All agreed improvement actions have been completed
November 2021 Health & Safety Regulatory Compliance (Asbestos, Legionella and Gas Safety)	Partial assurance with improvements required	All agreed improvement actions have been completed
September 2022 ASB & Complaints	Significant assurance with minor improvement opportunities	All agreed improvement actions have been completed
September 2022 Safeguarding	Partial assurance with improvements required	All agreed improvement actions have been completed

**ORWELL HOUSING ASSOCIATION LIMITED****Strategic report for the year ended 31 December 2023 (Continued)****Risk Management And Statement On Internal Controls Assurance (continued)**

<b><i>Review</i></b>	<b><i>Grading</i></b>	<b><i>Update</i></b>
January 2023 Procurement Part 2 Operating Effectiveness	Partial assurance with improvements required	Improvement actions were agreed and are monitored, currently 2 improvement actions remain and are within agreed timescale.
January 2023 Key Financial Controls – General Ledger and Treasury	Significant assurance with minor improvement opportunities	Improvement actions were agreed and are monitored, currently 1 improvement action remains and is within agreed timescale.
September 2023 Health & Safety (Corporate)	Partial assurance with improvements required	All agreed improvement actions have been completed
September 2023 Allocations and Lettings	Significant assurance with minor improvement opportunities	All agreed improvement actions have been completed
September 2023 Key Financial Controls – AP, AR and Payroll	Significant assurance with minor improvement opportunities	All agreed improvement actions have been completed
September 2023 Sales and Disposals	Significant assurance	All agreed improvement actions have been completed
September 2023 Fire Safety and Electrical Checks	Partial assurance with improvements required	Improvement actions were agreed and are monitored, currently 3 improvement actions remain and are within agreed timescale.
November 2023 Cyber Security	Significant assurance with minor improvement opportunities	All agreed improvement actions have been completed

From the internal audit reports finalised in the year, nine high priority observations were noted, seven actions have been completed two remain and are within the agreed timescales. Where actions have been agreed, Orwell has responded by investing time and resource to improve the position.

## ORWELL HOUSING ASSOCIATION LIMITED

### Strategic report for the year ended 31 December 2023 (Continued)

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

##### ***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 Regulator of Social Housing 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 2023, there was one incidence of fraud resulting in a loss of less than £2,000, following which additional controls have been implemented to prevent this recurring.

##### **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 RSH following an In-Depth Assessment (IDA) confirmed that Orwell remains at the highest governance rating of G1, and that Orwell's financial viability rating remains at a compliant V2.

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 2023 (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 18 June 2024 and signed on its behalf by:**

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Helen Galbraith  
**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 2023 which comprise the consolidated and Association 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 2023 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 34, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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



**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 applicable 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, current asset property sales, other significant activities 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.

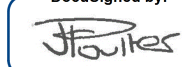


**ORWELL HOUSING ASSOCIATION LIMITED****Independent Auditor's report to the Members of Orwell Housing Association Limited (Continued)**

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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

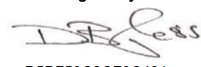
18 June 2024

**ORWELL HOUSING ASSOCIATION LIMITED****Statement of comprehensive income for the year ended 31 December 2023**

	Note	2023		2022	
		Group £000	Association £000	Group £000	Association £000
<b>Turnover</b>	4	46,823	43,393	51,949	47,609
Cost of sales	4	(4,791)	(1,532)	(4,676)	(1,017)
Operating expenditure	4	(37,129)	(37,032)	(41,773)	(41,764)
Profit on disposal of housing properties	9	303	303	426	426
<b>Operating surplus</b>	4, 8	5,206	5,132	5,926	5,254
Interest receivable	10	68	97	60	117
Interest and finance costs	11	(4,051)	(4,017)	(3,545)	(3,525)
<b>Surplus for the year before tax</b>		1,223	1,212	2,441	1,846
Taxation	12	-	-	-	-
<b>Surplus for the year after tax</b>		1,223	1,212	2,441	1,846
Actuarial (loss)/gain in respect of pension schemes	26,27	(704)	(704)	2,183	2,183
<b>Total comprehensive income for the year</b>		519	508	4,624	4,029

The financial statements on pages 40 to 79 were authorised and approved for issue by the Board on 18 June 2024 and signed on its behalf by

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 Helen Galbraith  
 Chair

DocuSigned by:  
  
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 Dayle Bayliss  
 Vice-Chair

DocuSigned by:  
  
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 Amanda Sargeant  
 Secretary

The notes on pages 44 to 79 form part of these financial statements.

**ORWELL HOUSING ASSOCIATION LIMITED****Statement of changes in reserves for the year ended 31 December 2023**

<b>Group</b>	<b>General reserve £000</b>	<b>Restricted reserve £000</b>	<b>Total £000</b>
<b>Balance at 1 January 2022</b>	70,211	359	70,570
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>	<b>74,773</b>	<b>421</b>	<b>75,194</b>
Surplus for the year	519	-	519
Transfer from general reserve to restricted reserve	(30)	30	-
Transfer from restricted reserve to general reserve	-	-	-
<b>Balance as at 31 December 2023</b>	<b>75,262</b>	<b>451</b>	<b>75,713</b>

<b>Association</b>	<b>General reserve £000</b>	<b>Restricted reserve £000</b>	<b>Total £000</b>
<b>Balance at 1 January 2022</b>	69,400	359	69,759
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>	<b>73,367</b>	<b>421</b>	<b>73,788</b>
Surplus for the year	508	-	508
Transfer from general reserve to restricted reserve	(30)	30	-
Transfer from restricted reserve to general reserve	-	-	-
<b>Balance as at 31 December 2023</b>	<b>73,845</b>	<b>451</b>	<b>74,296</b>

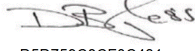
The notes on pages 44 to 79 form part of these financial statements.

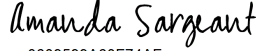
**ORWELL HOUSING ASSOCIATION LIMITED****Statement of financial position for the year ended 31 December 2023**

	Note	2023		2022	
		Group £000	Association £000	Group £000	Association £000
<b>Fixed assets</b>					
Intangible fixed assets	13	66	66	7	7
Housing properties	14, 15	262,884	263,523	246,240	246,422
Other tangible fixed assets	16	2,518	2,518	2,639	2,639
Investments	17	1,022	1,022	11,379	11,379
		<u>266,490</u>	<u>267,129</u>	<u>260,265</u>	<u>260,447</u>
<b>Current assets</b>					
Stock and work in progress	18	2,798	629	4,405	352
Debtors	19	6,401	6,402	4,990	5,106
Cash and cash equivalents		2,286	2,147	4,259	4,239
		<u>11,485</u>	<u>9,178</u>	<u>13,654</u>	<u>9,697</u>
<b>Creditors: amounts falling due within one year</b>	20	(9,692)	(9,441)	(10,789)	(8,420)
<b>Net current assets</b>		<u>1,793</u>	<u>(263)</u>	<u>2,865</u>	<u>1,277</u>
<b>Total assets less current liabilities</b>		<u>268,283</u>	<u>266,866</u>	<u>263,130</u>	<u>261,724</u>
<b>Creditors: amounts falling due after more than one year</b>	21	(190,177)	(190,177)	(185,697)	(185,697)
<b>Provisions for liabilities</b>					
Defined benefit pension scheme liability	26, 27	(2,393)	(2,393)	(2,239)	(2,239)
Other provisions		-	-	-	-
<b>Total net assets</b>		<u>75,713</u>	<u>74,296</u>	<u>75,194</u>	<u>73,788</u>
<b>Capital and reserves</b>					
Called up share capital	30	-	-	-	-
Restricted reserves	30	451	451	421	421
General reserves	30	75,262	73,845	74,773	73,367
		<u>75,713</u>	<u>74,296</u>	<u>75,194</u>	<u>73,788</u>

The financial statements on pages 40 to 79 were authorised and approved for issue by the Board on 18 June 2024 and signed on its behalf by

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 Helen Galbraith  
 Chair

DocuSigned by:  
  
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 Dayle Bayliss  
 Vice-Chair

DocuSigned by:  
  
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 Amanda Sargeant  
 Secretary

The notes on pages 44 to 79 form part of these financial statements.

**ORWELL HOUSING ASSOCIATION LIMITED****Consolidated statement of cash flows for the year ended 31 December 2023**

	<b>Note</b>	<b>Group 2023 £000</b>	<b>Group 2022 £000</b>
<b>Net cash inflow from operating activities</b>	34	6,501	6,433
<b>Cash flow from investing activities</b>			
Acquisition and construction of housing properties		(16,550)	(6,851)
Purchase of other tangible fixed assets		(2,747)	(1,318)
Sale of housing properties		619	598
Sale of other tangible fixed assets		-	225
Social Housing and Other Grants received		2,095	2,273
Withdrawal from investments		10,393	-
Interest received		68	60
<b>Net cash outflow from investing activities</b>		(6,122)	(5,013)
<b>Net cash (outflow)/inflow before financing activities</b>		379	1,420
<b>Cashflow from financing activities</b>			
Housing loans received		11,100	3,540
Housing loans repaid		(9,406)	(10,315)
Interest paid		(4,046)	(3,519)
<b>Net cash (outflow)/inflow from financing activities</b>		(2,352)	(10,294)
<b>Net change in cash and cash equivalents</b>	35	(1,973)	(8,874)
Cash and cash equivalents at beginning of the year		4,259	13,133
Cash and cash equivalents at end of the year		2,286	4,259
<b>Cash and cash equivalents comprise:</b>		<b>2023 £000</b>	<b>2022 £000</b>
Cash at bank		2,286	4,259
		2,286	4,259

The notes on pages 44 to 79 form part of these financial statements.

## ORWELL HOUSING ASSOCIATION LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2023

#### 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 2023 (*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.



## ORWELL HOUSING ASSOCIATION LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)

#### *Fixed assets - housing, land and buildings (continued)*

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

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

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

#### *Depreciation of housing properties*

Freehold land or assets under construction are not depreciated.

The group separately identifies the major components of its housing properties and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis over the following years:

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

#### *Impairment of fixed assets*

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

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

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

## ORWELL HOUSING ASSOCIATION LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2023 (*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.

## ORWELL HOUSING ASSOCIATION LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2023 (*Continued*)

#### *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 2023 (*Continued*)

#### *Retirement benefits (continued)*

##### *Gains/Losses*

Gains or losses recognised in profit or loss:

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

Gains or losses recognised in other comprehensive income:

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

##### *Financial instruments*

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

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

#### **Financial assets**

##### *Debtors*

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

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

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

#### **Financial liabilities**

##### *Trade creditors*

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

## ORWELL HOUSING ASSOCIATION LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2023 (*Continued*)

#### ***Financial liabilities (continued)***

##### *Borrowings*

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

##### *Derecognition of financial assets and liabilities*

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

##### *Provisions*

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

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

### **3 Critical accounting estimates and areas of judgement**

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

#### ***Critical accounting estimates and assumptions***

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

##### *Defined benefit pension scheme liability*

The LGPS pension liability is based on the actuarial valuation as at 31 December 2023 and full details are disclosed in note 26. At the financial year end the actuarial results included a Pension Asset, due to the uncertainty that this asset will actually materialise an asset ceiling has been applied. The remaining pension asset is noted as a contingent asset.

The SHPS pension liability is based on the independent actuarial scheme valuation as at 31 December 2023 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 2023 (Continued)**

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**3 Critical accounting estimates and areas of judgement (continued)*****Critical areas of judgement******Depreciation of assets***

Assets, including components of housing properties, are depreciated over their useful economic life, which is determined by the length of time the individual asset or component is expected to be used before being replaced. Management judges the estimates of economic lives based on historic replacement cycles and historic asset and component performance. Components are determined by management using the largest elements of the property by cost which can separately be identified as assets in their own right.

***Impairment***

Impairment of housing assets is considered annually. In making the judgement, the Board consider the detailed criteria set out in the SORP. In particular the Board has taken into account independent valuations in respect of contract work in progress and unsold properties held for sale in considering the recoverable value of such assets and concluding that no impairment should be recognised in 2023 (2022: £Nil).

***Housing property cost allocation***

Where a scheme under construction is a mixed tenure scheme, the total costs of the scheme are split using a suitable method, such as floor area, between the various elements, which may include housing property assets and stock. The allocation of the cost of low-cost home ownership schemes under construction between stock and housing properties is determined by looking at the predicted amount to be sold as a first tranche sale. This predicted amount is based on the likely demand for the scheme and the investment appraisal.

***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.

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****4 Turnover, operating expenditure and operating surplus**

<b>2023</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)	23,152	-	19,840	3,312
Other social housing activities:				
First tranche low cost home ownership sales	1,856	1,532	-	324
Charges for support services	4,498	-	4,498	-
Development services	869	-	759	110
Care	10,462	-	9,563	899
Total other social housing activities	17,685	1,532	14,820	1,333
Non-social housing activities:				
Market Rent	2,556	-	2,372	184
Other	-	-	-	-
Profit on disposal of housing properties	-	-	-	303
Association activities	43,393	1,532	37,032	5,132
Subsidiary company	3,430	3,259	97	74
Group activities	46,823	4,791	37,129	5,206



**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****4 Turnover, operating expenditure and operating surplus (continued)**

2022	Turnover £000	Cost of sales £000	Operating expenditure £000	Operating surplus £000
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

Other social housing activities - charges for support services includes £1,341,311 of Supporting People income (2022: £1,056,000).

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (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>2023 Total £000</b>	<b>2022 Total £000</b>
<b>Income</b>					
Rent receivable net of identifiable service charges	14,594	3,067	440	18,101	17,019
Service charge income	604	2,378	145	3,127	2,900
Amortised government grants	743	248	6	997	911
Government grants taken to income	-	1	-	1	176
Other grants	-	-	-	-	17
Other income	92	832	2	926	1,191
<b>Turnover from social housing lettings</b>	<b>16,033</b>	<b>6,526</b>	<b>593</b>	<b>23,152</b>	<b>22,214</b>
<b>Operating expenditure</b>					
Management	5,563	1,942	16	7,521	6,548
Service charge costs	1,370	1,863	51	3,284	2,570
Routine maintenance	3,261	675	11	3,947	3,390
Planned maintenance	770	318	-	1,088	1,447
Bad debts	65	10	(1)	74	177
Depreciation of housing properties	2,809	599	90	3,498	3,368
Lease costs	175	253	-	428	361
<b>Operating expenditure on social housing lettings</b>	<b>14,013</b>	<b>5,660</b>	<b>167</b>	<b>19,840</b>	<b>17,861</b>
<b>Operating surplus on social housing lettings</b>	<b>2,020</b>	<b>866</b>	<b>426</b>	<b>3,312</b>	<b>4,353</b>
<b>Void losses</b>	<b>(225)</b>	<b>(306)</b>	<b>(1)</b>	<b>(532)</b>	<b>(482)</b>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****6 Employees**

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

	<b>2023</b>		<b>2022</b>	
	<b>Full time</b>	<b>Part time</b>	<i>Full time</i>	<i>Part time</i>
Administration	118	56	114	63
Wardens/Care Workers	62	402	61	501
Gardeners/Caretakers/Repairs	53	37	56	50
	<u>233</u>	<u>495</u>	<u>231</u>	<u>614</u>

The above represents full time equivalents of 588 (2022: 575).

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Staff costs consist of:		
Wages and salaries	16,658	14,524
Social security costs	1,301	1,160
Defined contribution pension costs	563	463
Other pension costs and current service cost	173	584
	<u>18,695</u>	<u>16,731</u>

Orwell made payments of £11,980 (2022: £59,975) under redundancy and settlement agreements costs have been included within wages and salaries. In relation to this cost associated Employers NI costs of £1,116 (2022: £1,137) are included in social security costs.

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

	<b>2023</b>	<b>2022</b>
£60,000 - £69,999	5	-
£70,000 - £79,999	1	3
£80,000 - £89,999	2	1
£90,000 - £99,999	1	2
£100,000 - £109,999	1	-
£110,000 - £119,999	-	1
£120,000 - £129,999	1	-
£130,000 - £139,999	-	1
£140,000 - £149,999	1	-

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****7 Directors**

Directors are defined as the ten members of the Board (2022: eleven) together with the four members of the senior management team (2022: four), which includes the Chief Executive. Board member remuneration during the year was as follows:

<b>Group and Association</b>	<b>2023 £000</b>	<b>2022 £000</b>
Cynthia Alers (retired 29 March 2023)	2	7
Jeanette Alfano	5	5
Stuart Appleby	5	5
Dayle Bayliss	7	5
Lauren Bayliss Fuller (resigned 25 September 2023)	4	5
Tom Brown (appointed 29 March 2023)	4	-
Helen Galbraith	11	8
Daniel Gaul (retired 30 March 2022)	-	1
Pamhi Mulambo (appointed 29 March 2023)	4	-
Kim Newman (retired 29 March 2023)	3	11
Ian Pinches	6	5
Brett Rennolds	5	5
Barbara Thorndick	7	7
Alastair Thomas (retired 29 March 2022)	-	3
Stephen White	5	1
<b>Total emoluments – non-executive</b>	<b>68</b>	<b>68</b>
<b>Emoluments (including social security costs of £50,990 (2022: £61,101) – executive</b>	<b>512</b>	<b>593</b>
<b>Pension scheme contributions – executive</b>	<b>121</b>	<b>105</b>
<b>Total Key Management compensation – fourteen directors (2022: sixteen)</b>	<b>701</b>	<b>766</b>
<b>Emoluments of the highest paid director</b>	<b>204</b>	<b>191</b>

Four executive directors (2022: three) 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 £46,068 (2022: £39,665). 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 2023 (Continued)****8 Operating surplus**

	<b>2023</b>		<b>2022</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
This has been arrived at after charging:				
Housing properties depreciation	3,596	3,596	3,496	3,496
Other depreciation and amortisation	158	158	228	228
Impairment	-	-	-	-
Internal auditors' remuneration	59	59	52	52
Hire of assets – operating leases – land and buildings	1,531	1,531	1,103	1,103
Hire of assets – operating leases – motor vehicles	247	247	243	243
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	29	25	26	22
Taxation compliance services	4	-	4	-

**9 Profit on disposal of housing properties**

	<b>2023</b>		<b>2022</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
<b>External disposals</b>				
Disposal proceeds	619	619	598	598
Cost, less Social Housing Grant not recycled	(316)	(316)	(172)	(172)
	<u>303</u>	<u>303</u>	<u>426</u>	<u>426</u>

**10 Interest receivable**

	<b>2023</b>		<b>2022</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
On bank and building society deposits	68	68	60	60
On intragroup loans	-	29	-	57
	<u>68</u>	<u>97</u>	<u>60</u>	<u>117</u>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****11 Interest and finance costs**

	<b>2023</b>		<b>2022</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
On bank loans and other loans repayable wholly or partly within 5 years	342	308	154	134
On bank loans and other loans repayable wholly or partly after more than 5 years	3,704	3,704	3,386	3,386
Bond premium released	(89)	(89)	(75)	(75)
Defined benefit pension charge	94	94	80	80
	<u>4,051</u>	<u>4,017</u>	<u>3,545</u>	<u>3,525</u>

**12 Taxation**

	<b>2023</b>		<b>2022</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
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 2023 and 31 December 2022, the profit of Orwell Homes Limited has been offset against Group interest paid and no UK Corporation tax is assessed as payable.

	<b>2023 £000</b>	<b>2022 £000</b>
Subsidiary profit on ordinary activities before tax	146	678
Group Relief	(146)	(678)
	<u>-</u>	<u>-</u>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****13 Intangible fixed assets**

<b>Group and Association</b>	<b>Software £000</b>	<b>2023 Total £000</b>
<i>Cost</i>		
At beginning of year	53	<b>53</b>
Additions during year	66	<b>66</b>
Disposals during year	-	-
<b>At end of year</b>	<b>119</b>	<b>119</b>
<i>Less: Amortisation</i>		
At beginning of year	(46)	<b>(46)</b>
Charge for year	(7)	<b>(7)</b>
Disposals during year	-	-
<b>At end of year</b>	<b>(53)</b>	<b>(53)</b>
<i>Net book value</i>		
At beginning of year	7	<b>7</b>
<b>At end of year</b>	<b>66</b>	<b>66</b>

Included within Intangible fixed assets are asset in the course of development totalling £66,000.



**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****14 Tangible fixed assets - Housing properties**

<b>Group</b>	<b>Shared Ownership under construction £000</b>	<b>Housing properties under construction £000</b>	<b>Shared Ownership properties completed £000</b>	<b>Housing properties for letting completed £000</b>	<b>2023 Total £000</b>
<i>Cost</i>					
At beginning of year	596	6,530	10,406	249,603	267,135
Additions during year	3,387	14,455	5	2,651	20,496
Disposals during year	-	-	(137)	(273)	(410)
Transfer	(2,096)	(10,641)	2,096	10,641	-
<b>At end of year</b>	<b>1,887</b>	<b>10,344</b>	<b>12,370</b>	<b>262,622</b>	<b>287,223</b>
<i>Depreciation</i>					
At beginning of year	-	-	(146)	(20,749)	(20,895)
Charge for the year	-	-	(96)	(3,504)	(3,600)
On disposal	-	-	10	146	156
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>(232)</b>	<b>(24,107)</b>	<b>(24,339)</b>
<i>Net book value</i>					
At beginning of year	596	6,530	10,260	228,854	246,240
<b>At end of year</b>	<b>1,887</b>	<b>10,344</b>	<b>12,138</b>	<b>238,515</b>	<b>262,884</b>
					<b>2023 £000</b>
Freehold land and buildings					254,316
Long leasehold land and buildings					6,752
Short leasehold land and buildings					1,816
					<b>262,884</b>

During the year, £2,656,000 of works to existing properties were capitalised (2022: £2,287,000) and £5,035,000 (2022: £4,837,000) were charged to the Group's statement of comprehensive income. All Group borrowings are secured against the Association properties, utilising 2,332 properties with a security valuation of £205.7m.

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****15 Tangible fixed assets - Housing properties**

<b>Association</b>	<b>Shared Ownership under construction £000</b>	<b>Housing properties under construction £000</b>	<b>Shared Ownership properties completed £000</b>	<b>Housing properties for letting completed £000</b>	<b>2023 Total £000</b>
<i>Cost</i>					
At beginning of year	381	6,927	10,406	249,800	267,514
Additions during year	3,678	14,621	5	2,651	20,955
Disposals during year	-	-	(137)	(273)	(410)
Transfer	(2,096)	(10,463)	2,096	10,463	-
<b>At end of year</b>	<b>1,963</b>	<b>11,085</b>	<b>12,370</b>	<b>262,641</b>	<b>288,059</b>
<i>Depreciation</i>					
At beginning of year	-	-	(146)	(20,946)	(21,092)
Charge for the year	-	-	(96)	(3,504)	(3,600)
On disposal	-	-	10	146	156
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>(232)</b>	<b>(24,304)</b>	<b>(24,536)</b>
<i>Net book value</i>					
At beginning of year	381	6,927	10,260	228,854	246,422
<b>At end of year</b>	<b>1,963</b>	<b>11,085</b>	<b>12,138</b>	<b>238,337</b>	<b>263,523</b>
					<b>2023 £000</b>
Freehold land and buildings					254,955
Long leasehold land and buildings					6,752
Short leasehold land and buildings					1,816
					<b>263,523</b>

During the year, £2,656,000 of works to existing properties were capitalised (2022: £2,287,000) and £5,035,000 (2022: £4,837,000) were charged to the Group's statement of comprehensive income. All Association borrowings are secured against the Association properties, utilising 2,332 properties with a security valuation of £205.7m.

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (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>2023 Total £000</b>
<i>Cost</i>				
At beginning of year	2,460	646	18	3,124
Additions during year	-	30	-	30
Disposals during year	-	-	-	-
Transfers	-	-	-	-
<b>At end of year</b>	<b>2,460</b>	<b>676</b>	<b>18</b>	<b>3,154</b>
<i>Less: Depreciation</i>				
At beginning of year	(74)	(400)	(11)	(485)
Charge for year	(25)	(122)	(4)	(151)
Disposals during year	-	-	-	-
Transfers	-	-	-	-
<b>At end of year</b>	<b>(99)</b>	<b>(522)</b>	<b>(15)</b>	<b>(636)</b>
<i>Net book value</i>				
At beginning of year	2,386	246	7	2,639
<b>At end of year</b>	<b>2,361</b>	<b>154</b>	<b>3</b>	<b>2,518</b>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****17 Investments**

	<b>2023</b>		<b>2022</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
Liquidity reserve at beginning of year	11,379	11,379	691	691
Movement in the year	(10,393)	(10,393)	10,685	10,685
Interest accrued in the year	36	36	3	3
	<hr/>	<hr/>	<hr/>	<hr/>
Liquidity reserve at end of year	1,022	1,022	11,379	11,379
	<hr/>	<hr/>	<hr/>	<hr/>

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 remaining balance at December 2022 relates to the proceeds from the bLEND bond drawn October 2022 but not received as cash until January 2023.

<b>Association</b>	<b>£</b>
At 1 January 2023 and 31 December 2023	4
	<hr/>

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

<b>Company</b>	<b>Country of Incorporation</b>	<b>Ordinary shares held</b>		<b>Cost £</b>	<b>Nature of business</b>
		<b>Number</b>	<b>%</b>		
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**

	<b>2023</b>		<b>2022</b>	
	<b>Group £000</b>	<b>Association £000</b>	<b>Group £000</b>	<b>Association £000</b>
First tranche disposals of shared ownership properties	607	607	330	330
Land banked for market sale	-	-	-	-
Market sale properties	2,169	-	4,053	-
Work in progress	22	22	22	22
	<hr/>	<hr/>	<hr/>	<hr/>
	2,798	629	4,405	352
	<hr/>	<hr/>	<hr/>	<hr/>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****19 Debtors**

	<b>2023</b>		<b>2022</b>	
	<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Arrears of rent and service charges	994	994	801	801
Less: Provision for bad/doubtful debts	(316)	(316)	(307)	(307)
	<u>678</u>	<u>678</u>	<u>494</u>	<u>494</u>
Trade debtors	1,935	1,939	2,066	2,052
Less: Provision for bad/doubtful debts	(215)	(215)	(199)	(199)
	<u>1,720</u>	<u>1,724</u>	<u>1,867</u>	<u>1,853</u>
Amounts recoverable on contracts	1,080	1,080	517	517
Amounts due from group companies	-	-	-	252
Other debtors	2,923	2,920	2,112	1,990
	<u>6,401</u>	<u>6,402</u>	<u>4,990</u>	<u>5,106</u>

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

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

At 1 January 2022	545
Charge to income and expenditure account for the year	(177)
Expenditure charge to the provision for the year	138
	<u>506</u>
At 31 December 2022	506
Charge to income and expenditure account for the year	(65)
Expenditure charge to the provision for the year	90
	<u>531</u>
<b>Balance at 31 December 2023</b>	<b>531</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 2023 (Continued)****20 Creditors: amounts falling due within one year**

	<b>2023</b>		<b>2022</b>	
	<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payments on account of long term work in progress	540	540	184	184
Current instalments of loans (see note 24)	1,829	1,829	2,878	1,615
Trade Creditors	2,003	1,464	3,149	2,749
Contractors for certificate work and unpaid retentions	687	359	692	355
Other taxation and social security	302	302	273	273
Corporation tax	-	-	-	-
Amounts due to group companies	-	610	-	-
Deferred income	274	274	468	468
Recycled capital grants (see note 22)	-	-	-	-
Deferred capital grants (see note 23)	968	968	939	939
Other creditors and accruals	3,089	3,095	2,206	1,837
	<u>9,692</u>	<u>9,441</u>	<u>10,789</u>	<u>8,420</u>

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

Amounts due are payable as follows:

	<b>2023</b>		<b>2022</b>	
	<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Recycled capital grant fund (see note 22)	106	106	12	12
Deferred capital grants (see note 23)	79,528	79,528	77,798	77,798
Borrowings (see note 24)	110,543	110,543	107,887	107,887
	<u>190,177</u>	<u>190,177</u>	<u>185,697</u>	<u>185,697</u>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****22 Recycled capital grants**

	<b>2023</b>		<b>2022</b>	
	<b>Group</b>	<b>Association</b>	<b>Group</b>	<b>Association</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At the beginning of the year	12	12	17	17
Inputs to RCGF: grants recycled	92	92	50	50
interest accrued	2	2	-	-
Recycling of grant: new build	-	-	(55)	(55)
<b>At the end of the year</b>	<b>106</b>	<b>106</b>	<b>12</b>	<b>12</b>

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

**23 Deferred capital grant**

	<b>2023</b>	<b>2022</b>
<b>Group and Association</b>	<b>£000</b>	<b>£000</b>
As at 1 January	78,737	77,371
Grant received in the year	2,834	2,345
Capital grant amortised	(1,005)	(911)
Reinstatement of grant re disposals	-	-
Disposals	(70)	(68)
<b>As at 31 December</b>	<b>80,496</b>	<b>78,737</b>
Deferred capital grant due within one year	968	939
Deferred capital grants due after one year	79,528	77,798
	<b>80,496</b>	<b>78,737</b>



**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****24 Borrowings**

	<b>Group 2023 £000</b>	<b>Association 2023 £000</b>	<b>Group 2022 £000</b>	<b>Association 2022 £000</b>
Creditors: amounts falling due within one year (see note 20):				
Bank and other loans	1,829	1,829	2,878	1,615
	<u>1,829</u>	<u>1,829</u>	<u>2,878</u>	<u>1,615</u>
Creditors: amounts falling due after more than one year (see note 21):				
Bank and other loans repayable:				
By instalments due after 1 year & up to 5 years	6,772	6,772	7,127	7,127
By instalments due after 5 years	24,662	24,662	28,928	28,928
Other than by instalment due 1 year & up to 5 years	11,390	11,390	6,500	6,500
Other than by instalment due after 5 years	67,719	67,719	65,332	65,332
	<u>110,543</u>	<u>110,543</u>	<u>107,887</u>	<u>107,887</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 during the year 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. This has been fully repaid in December 2023.

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 rates 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>2023 £000</b>	<b>2022 £000</b>
<b>Group</b>		
Carrying amount of financial assets:		
Debt instruments measured at amortised cost	<u>5,374</u>	<u>4,192</u>
Carrying amount of financial liabilities:		
Measured at amortised cost	<u>116,244</u>	<u>117,009</u>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (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 2023 by a qualified independent actuary

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets	1,509	1,347
Present value of funded liabilities	(1,125)	(1,002)
Asset restriction	(384)	
Net asset	-	345

At the financial year end actuarial results included Pension Assets, due to the uncertainty that these assets will materialise an asset ceiling has been applied to the asset, the ceiling applied is the Pension refunds that will be received from the scheme in the current actuarial cycle. The remaining pension asset is noted as a contingent asset.

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets at 1 January	1,347	1,315
Interest income	65	25
Contribution by scheme participants	6	8
Contributions by the employer	27	37
Experience on plan assets (excluding amounts in interest income)		
– gain / (loss)	138	(22)
Pension increase order impact	(71)	-
Benefits paid	(3)	(16)
Fair value of plan assets at 31 December	1,509	1,347

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****26 Pension provision – Local Government Pension Scheme (continued)****Reconciliation of opening and closing balances of the defined benefit obligation:**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Defined benefit obligation at 1 January	1,002	1,867
Current and past service cost	49	68
Interest cost	49	36
Contribution by scheme participants	6	8
Actuarial gains due to scheme experience	14	3
Actuarial gain / (loss) due to changes in demographic assumptions	(10)	(6)
Actuarial gain / (loss) due to changes in financial assumptions	18	(958)
Benefits paid	(3)	(16)
Defined benefit obligation at 31 December	<u>1,125</u>	<u>1,002</u>

The actual return on the plan assets (including any changes in share of assets) over the year ended 31 December 2023 was £203,000.

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Expenses	49	31
Net interest expense	(16)	11
	<u>33</u>	<u>42</u>

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Experience gain / (loss) arising on the plan liabilities	138	(25)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	10	6
Experience gain / (loss) on plan asset - loss	(85)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain / (loss)	(18)	958
Actuarial loss to restrict asset value to nil	(384)	
Actuarial gain / (loss) in respect of pension scheme	<u>(339)</u>	<u>939</u>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****26 Pension provision – Local Government Pension Scheme (continued)****Major categories of plan assets as a percentage of total plan assets:**

	<b>2023</b>	<b>2022</b>
Equities	61%	66%
Bonds	30%	23%
Property	8%	10%
Cash	1%	1%

**Financial Assumptions**

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

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>% per annum</b>	<b>% per annum</b>
Rate of increase in salaries	3.80	3.65
Discount rate	4.55	4.75
Inflation assumption (CPI)	2.80	2.95

**Mortality assumptions**

The valuation was carried out using life expectancy figures based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	<b>31 December 2023</b>	
	<b>Males</b>	<b>Females</b>
Current pensioners	21.5 years	25.0 years
Future pensioners	21.1 years	25.7 years

**Contributions**

Orwell's contributions to the LGPS Scheme for the period ended 31 December 2023 were £27,000 (2022: £37,000) and the employers' contributions rate has been fixed as 29.2% of pensionable pay until 31st March 2024. At the year-end £7,498 (2022: £3,000) contributions were payable to the scheme and are included in creditors. The estimated employer's contributions for the year to 31 December 2024 will be approximately £27,000.

## ORWELL HOUSING ASSOCIATION LIMITED

### Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)

#### 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 2023. 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.

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. We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these items. The Trustee is seeking clarification from the Court on these items, and the process on ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****27 Pension provision – the Pensions Trust Social Housing Pension Scheme (continued)****Present values of defined benefit obligation, fair value of assets and defined benefit liability**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets	9,397	9,108
Present value of defined benefit obligation	-	-
Present value of funded liabilities	(11,790)	(11,692)
Net liability	<u>(2,393)</u>	<u>(2,584)</u>

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Fair value of plan assets at 1 January	9,108	16,667
Adjustment by Trustee to opening value	23	-
Interest income	464	303
Contribution by scheme participants	20	25
Contributions by the employer	790	745
Experience on plan assets (excluding amounts in interest income) – (loss)/gain	(737)	(8,240)
Benefits paid	(271)	(392)
Fair value of plan assets at 31 December	<u>9,397</u>	<u>9,108</u>

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Defined benefit obligation at 1 January	11,692	20,584
Current and past service cost	108	572
Expenses	16	15
Interest cost	574	372
Contribution by scheme participants	20	25
Actuarial loss due to scheme experience	(457)	1,591
Actuarial (gain)/loss due to changes in demographic assumptions	(26)	(175)
Actuarial (gain)/loss due to changes in financial assumptions	134	(10,900)
Benefits paid	(271)	(392)
Defined benefit obligation at 31 December	<u>11,790</u>	<u>11,692</u>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (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 2023 was (£273,000).

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Expenses	124	587
Net interest expense	110	69
	<u>234</u>	<u>656</u>

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

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Experience (loss) on the plan assets	(737)	(8,240)
Trustee Adjustment to opening balance	23	
Experience (loss)/gain arising on the plan liabilities	457	(1,591)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation	26	175
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation	(134)	10,900
	<u>(365)</u>	<u>1,244</u>
Actuarial gain / (loss) in respect of pension scheme		
	<u>(365)</u>	<u>1,244</u>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (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>2023</b>	<b>2022</b>
Equities	8.15%	19.19%
Bonds	0%	6.67%
Property	6.77%	5.27%
Absolute return fund	1.87%	4.01%
Cash	1.41%	0.34%
Other	81.81%	64.51%

**Financial Assumptions**

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

	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>% per annum</b>	<b>% per annum</b>
Rate of increase in salaries	3.71	3.79
Discount rate	4.81	4.94
Inflation assumption (CPI)	2.71	2.79

**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 2023</b>	
	<b>Males</b>	<b>Females</b>
Current pensioners	21.0 years	23.4 years
Future pensioners	22.2 years	24.9 years

**Contributions**

Orwell's contributions to the SHPS Scheme for the period ended 31 December 2023 were £790,000 (2022: £746,000) with employers' contributions rate varying between 4% and 10.8% of pensionable pay, fixed until 31 March 2024. In addition, Orwell has agreed to a deficit funding arrangement of £529,000 per annum, increasing to £557,000 on 1 April 2024 and thereafter annually by inflation of 5.5% and payable until 31 March 2028.

At the year-end £50,000 (2022: £51,000) contributions were payable to the scheme and are included in creditors. The estimated employer's contributions for the year to 31 December 2024 will be approximately £829,000.



**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****28 Housing stock****Group and Association**

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

	<b>2023</b>	<b>2022</b>
<i>Housing units under development</i>	80	69
<i>Social housing accommodation under management</i>		
General needs housing – social rent	1,907	1,911
General needs housing – affordable rent	1,028	956
Supported housing and housing for older people	636	633
Low cost home ownership accommodation	177	153
Registered care home	10	28
Other social housing	123	100
	<b>3,881</b>	<b>3,781</b>
<i>Non-social housing accommodation under management</i>		
Market rented	54	60
Market rented supported housing and housing for older people	131	130
	<b>4,146</b>	<b>4,040</b>

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

	<b>2023 Units</b>	<b>2022 Units</b>
Access Community Trust	63	63
Aspire – Benjamin Foundation	17	19
Break Disability	4	4
Heywoods Grange	10	10
Home Group	6	6
Selig Suffolk	2	2
Inspiring Support	4	4
	<b>106</b>	<b>108</b>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****30 Share capital and reserves****Share capital**

	<b>2023</b>	<b>2022</b>
<b>Group and Association</b>	<b>£</b>	<b>£</b>
At beginning of year	18	23
Shares cancelled	(4)	(8)
Shares issued	1	3
	<hr/>	<hr/>
At end of year	15	18
	<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>2023</b>	<b>2022</b>
<b>Group</b>	<b>£000</b>	<b>£000</b>
Expenditure contracted, less certified	9,152	5,506
	<hr/>	<hr/>

The above expenditure will be financed using Social Housing Grant (SHG) of £460,000 (2022: £862,000) together with Local Authority Grant of £nil (2022: £nil) and a loan facility of £8,692,000 (2022: £4,644,000)

	<b>2023</b>	<b>2022</b>
<b>Association</b>	<b>£000</b>	<b>£000</b>
Expenditure contracted, less certified	9,152	4,947
	<hr/>	<hr/>

The above expenditure will be financed using Social Housing Grant (SHG) of £460,000 (2022: £862,000) together with Local Authority Grant of £nil (2022: £nil) and a loan facility of £8,692,000 (2022: £4,085,000)

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (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>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Amounts due: Within one year	1,837	1,663
In one to five years	2,085	2,009
In more than five years	6,183	6,190
	<u>10,105</u>	<u>9,862</u>
 Motor Vehicles:	 <b>2023</b>	 <b>2022</b>
	<b>£000</b>	<b>£000</b>
Amounts due: Within one year	215	231
In one to five years	241	173
	<u>456</u>	<u>404</u>
 Other:	 <b>2023</b>	 <b>2022</b>
	<b>£000</b>	<b>£000</b>
Amounts due: Within one year	110	143
In one to five years	8	96
	<u>118</u>	<u>239</u>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (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>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Purchases from Orwell Homes Limited	5,619	4,664
Salary costs recharged to Orwell Homes Limited	267	171
Interest credited to Orwell Homes Limited	29	2

At the year end, the net amount due to Orwell Homes Limited was £510,000 (2022: £299,000).

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

<b>Group</b>	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Surplus for the year	1,223	2,441
Depreciation, amortisation and impairment	3,747	3,724
Amortisation of grant	(1,005)	(911)
Recycling of grant	(70)	-
Defined benefit pension schemes	(644)	(127)
Provision movement	-	-
(Gain) on disposal of fixed assets	(303)	(426)
Loss on disposal of components and other properties	-	24
Interest receivable	(68)	(60)
Interest payable	4,051	3,545
<b>Operating cashflows before movements in working capital</b>	<b>6,931</b>	<b>8,210</b>
(Increase) in investments	(36)	(3)
(Increase)/decrease in stocks	1,607	(1,223)
Decrease/(increase) in debtors	(1,412)	1,800
(Decrease)/increase in creditors	(589)	(2,351)
<b>Cash generated from operating activities</b>	<b>6,501</b>	<b>6,433</b>

**ORWELL HOUSING ASSOCIATION LIMITED****Notes forming part of the financial statements for the year ended 31 December 2023 (Continued)****35 Analysis of changes in net debt**

<b>Group</b>	<b>At 1 January 2023 £000</b>	<b>Cash flow £000</b>	<b>Other non- cash movements £000</b>	<b>At 31 December 2023 £000</b>
Cash at bank and in hand	4,259	(1,973)	-	<b>2,286</b>
Creditors due in < 1 year: Current instalment of loans	(2,878)	2,878	(1,829)	<b>(1,829)</b>
Creditors due in > 1 year: Bank loan	(107,887)	(4,572)	1,916	<b>(110,543)</b>
<b>Total</b>	<b>(106,506)</b>	<b>(3,667)</b>	<b>87</b>	<b>(110,086)</b>

**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 £98,818,000 (2022: £96,783,000).

**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.