Co-operative & Community Benefit Society
Registered Number: 18925R

Regulator of Social Housing
Registered Number: L2188

Harrogate Housing Association Limited

Report and Financial Statements

For the year ended 31 March 2023

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For the year ended 31 March 2023

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Harrogate Housing Association Limited

Board of Management, Registered Office and Advisers
For the year ended 31 March 2023

Chairman:	Mr Andy Gamble	Retired 22 September 2022
	Mr Stuart Whyte	Appointed 22 September 2022
Board of Management:	Mrs Angela Macready	Retired 22 September 2022
	Mr Bill Truin	Retired 22 September 2022
	Ms Megan Henderson	Chair of Remuneration Committee
	Ms Joanne Watson	
	Mr Jonathan Place	
	Ms Jane Fowler	
	Ms Joanna Chambers	
	Ms Carmen McCormack	Appointed 26 October 2022
	Mr David Smith	Chair of Audit, Risk and Governance Committee
	Mr Ilyas Lunat	
Officers:	Mr Steven Brook (Chief Executive and Secretary)	
Registered Office:	10 High Street Harrogate North Yorkshire HG2 7HY	
Registered Number:	Co-operative & Community Benefit Society 18925R Regulator of Social Housing (RSH) L2188	
External Auditors:	Beever and Struthers Statutory Auditor One Express 1 George Leigh Street Manchester M4 5DL	
Bankers:	Virgin Money 21 James Street Harrogate North Yorkshire HG1 1QU	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ
	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW	Handelsbanken Large Corporates North 101 Barbirolli Square Manchester M2 3BG

Accounts

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2023. Applegarth Homes, an almshouse charity, became a subsidiary of the Association on 1 October 2017. The financial results of the charity are not significant and therefore consolidated accounts, incorporating those results, have not been prepared.

Principal activities

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 18925R) and with the Regulator of Social Housing (Registered Number L2188).

Its rules state that the Association is formed for the benefit of the community and its objects shall be to carry on for the benefit of the community:

> "the business of providing and managing housing and social housing and providing assistance to help house people and associated facilities and amenities or services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people".

In addition the Association is able to undertake any other charitable object that can be carried out by an association registered with the Regulator of Social Housing, its regulator.

The Association only works within the Harrogate District, thus guaranteeing that any surplus generated is reinvested in that area.

The Association helps people create a home near family and work by providing a growing number of quality affordable rented and shared ownership properties following its values of being local, approachable and customer-focussed.

Involving our customers

The Customer Liaison Committee (CLC) are the voluntary representatives of our customers. Their involvement helps to ensure that the Association delivers excellent services that customers want in an efficient manner. The Committee members are involved in and contribute to the key customer focused activities that form part of our housing management function.

Meetings are usually held quarterly where the CLC members monitor the key performance targets with staff being present, and held accountable, for performance matters. A Board member attends to ensure there is a direct link between the two groups. These meetings are also used to discuss any difficult customer related decisions, including recommending the conversion of assured shorthold tenancies and being a sounding board for staff on their management of complaints with active discussions around lesson learned. The CLC members views and recommendations on an appropriate course of action are obtained and then put into place. The CLC discuss and review all new policies and procedures that have a direct impact on customers with their views taken on board and where necessary incorporated. Members can attend either virtually or in person, whichever best meets their needs.

Involving a broad range of customers in formal meetings is a challenge. Other involvement activities include estate walkabouts (dates are published and customers invited to take part), service charge consultation meetings, home reviews (a bi annual one to one meeting with customers in their own homes), an annual customer conference hosted by the CLC to which all customers are invited and a telephone survey of new customers to get an insight into the signing up process and their first impressions of their home and the Association.

A lot of focus for our customers has been around cost-of-living increases and the CLC wanted this to be the theme of our 2022 customer conference. Guided by customers the conference held in October 2022 centred around energy costs. This was delivered in a fun and engaging way using the gameshow theme of "Play your cards right". Customers led on the activity which helped people to understand what devices can be expensive to run. Customers were also updated on the Association's plans for our homes to be more energy efficient.

During the year the Association also hosted a neighbourhood event to engage with customers and others living in the area to identify their priorities to make the area a "better place to live". This was attended by 29 different households with 31% of our customers from the neighbourhood, by household, being represented – this was an excellent result. Post year end the Association has also supported a number of coronation events in our neighbourhoods.

A customer satisfaction survey was also undertaken in the year with data on the new Tenant Satisfaction Measures required by the Regulator collected. In common with many other associations there was a reduction in overall satisfaction from 94% to 85% but this is still above the average of 75% and is in the top quartile. 83% (previous survey 92%) of customers were satisfied they were kept informed about things that affected them as customers, 85% (previous survey 76%) were satisfied that the Association listens to their views and acts upon them and 95% felt the Association delivered on its values of Local, Approachable and Customer-focussed (new measure). All these measures are in the top quartile.

The survey was a great opportunity to engage with a diverse range of customers and it highlighted a number of areas, complaint handling, communication and communal area condition, where performance could be better and an improvement plan has been developed in conjunction with the CLC.

We now regularly engage with customers by text, keeping them informed of progress on matters and using lightening surveys to get feedback on issues that matter to them. We have also been successful in gathering information on how customers want us to tailor our contact with them to meet their requirements and now hold the information for over 95% of customers.

Supporting our community

The Association continues to work with the Positive Footprints Network in supporting the delivery of the "Raising Aspirations Project" for children and young people in local primary schools. The project enables primary school children to "discover their potential in the world of work". It aims to raise the children's aspirations for their future and shows them how they can develop employability skills which will help them overcome barriers and build their resilience. The Association has funded the project in two schools in the Starbeck area which have been chosen because a large proportion of its customers' children will attend those schools which are also in an area of relative low income and employment opportunities. This project is supported by staff and Board members getting involved in events, such as the Careers Carousel where local businesses talk to pupils about their careers and what their roles involve which enables pupils to learn about different opportunities. The project will have a positive impact for those schools and the Associations customers' children who have engaged with it. The project costs £1,000 per school per year and is delivered primarily by teachers. By providing the funding for these schools to deliver the programme, the Association is investing in the workforce of the future and delivering corporate, social responsibility. The Board review the outcomes and success of the project each year prior to determining if the programme should be renewed.

The year also saw the Association establish the Helping Hand Fund. With an initial allocation of £10,000 the fund is available to help customers who are struggling with the cost of living crisis, providing them with some of the life essentials they need but can not readily afford.

We have continued to work with the CLC to refocus our attention on the management of our neighbourhoods and our "Better place to live" initiative (the focus of the neighbourhood event mentioned above).

The Association supported an initiative, originating through the CLC, to support those hardest hit with the cost of living increase. The Association administered the collection of donations from customers and local businesses and matched the contributions to enable the delivery of Christmas hampers to customers in our communities.

Environmental sustainability statement

The Association is committed to protecting and supporting Harrogate's environment and quality of life objectives. It aims to reduce the impact it has on the local environment resulting from its business activities. As part of this it manages its activities in the workplace in various ways including:

- Reducing its energy consumption by using digital LED fittings
- Electric supplied from sustainable sources
- Lower temperatures for central heating and using TRVs on radiators
- Reducing paper waste by providing electronic board papers, electronic works orders and scanning and sending documents electronically. Printing off is monitored to ensure that unnecessary printing is eliminated
- Recycling cardboard and plastic from the office including toner cartridges
- Limiting our carbon footprint by walking to local properties, sharing cars, using trains to external meetings and supporting working from home, use of Zoom/Teams and conference calls where appropriate
- Bulk ordering supplies to minimise transport of goods
- Using local contractors to avoid long journeys
- E mailing and texting customers using the housing administration system instead of sending letters
- E mailing newsletters to customers

For our homes the Association provides:

- Energy efficient new build properties with an EPC rating of B or above with a number of properties fitted with solar panels and air source heat pumps
- Increasing the number of air source heat pumps being installed in new build properties to improve efficiency
- Increased investment for properties to reach EPC C by 2030. This includes an EPC review of all void properties with action taken to improve the rating to a C where practicable and working with energy suppliers to access ECO4 funding for energy efficiency works
- Improved thermal efficiency by providing cavity wall and loft insulation, upgrading boilers to A* rated combination boilers and all properties being fully double glazed, triple glazing is now undertaken on window replacements
- Improved energy efficiency in our homes by providing LED light fittings and energy efficient light bulbs where possible
- Communal electricity supplied from sustainable sources.

The Association will aim to ensure full compliance with all relevant environmental legislation and continually improve its approach, striving towards best practice in all its business activities. This will include the direct impacts the business has on the environment and will also consider indirect impacts and areas where we can exert influence to stimulate sustainable development. The Association will seek to educate and facilitate good environmental practice in partners, suppliers and stakeholders as well as the many residents and individuals that make use of its services.

Results

The results for the year are set out in the accounts on pages 20 to 45.

Review of activities and performance for the year

The Association has had a successful year. The surge in inflation increased the costs being incurred but the increase in interest rates, given the cash reserves held by the Association and its level of fixed rate loans, helped mitigate the impact which together with a focussed effort to control costs and excellent operational performance on voids and bad debts has meant the Association performed financially better than planned.

The Board would like to take this opportunity to formally thank the staff team for their efforts in securing this position and their continued commitment to our customers and the Association. In addition the Board would like to take this opportunity to thank staff for there dedication to ensuring customers continued to receive the best service possible during the first few months of the new year after the loss of a key team member following a short illness.

The Association has continued delivering its growth strategy and has added a further 8 to its portfolio bringing the total number owned to 267. Together with the 34 units managed for other landlords the Association has 301 properties under management. During the year work has also progressed on a further 8 properties which are due to be handed over in the second quarter of the current year.

This focus on growth adopted by the Board a number of years ago has seen income rise faster than costs making the Association financially stronger and able to withstand significant adverse events.

The underlying operating surplus (excluding shared ownership first tranche sales) has improved from £653,742 to £813,220, primarily as a result of income growth from new properties not being matched by increasing costs which is in line with the Association's value for money strategy. In addition, a healthy surplus on shared ownership first tranche sales of £142,644 has been achieved.

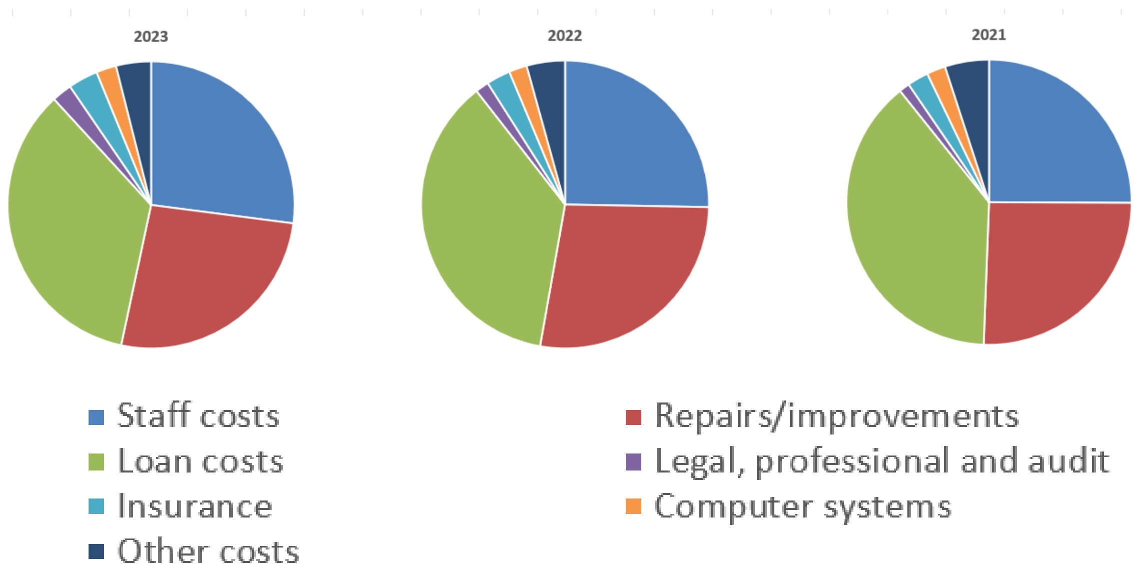
In addition to this growth the Association has also progressed on a number of other initiatives. Details of the primary ones are as follows:

- A customer satisfaction survey incorporating the new Tenant Satisfaction Measures (TSM's) questions, required by the Regulator under the new Government initiative, was undertaken towards the end of 2022. Responses were received from 63% of customers (up from 60% on the last survey) who gave us an overall satisfaction rating of 85% and a net promoter score of 56 (previous survey 94% and 57 respectively). Whilst both have fallen they remain top quartile levels based on the benchmarking undertaken. We have already started to work with customers on developing an action plan for the areas identified by the survey as requiring improvement – namely the upkeep of communal areas and complaints handling. The survey identified that 95% of customers agree the Association delivers on its values of Local, Approachable and Customer-focussed, a very pleasing outcome.
- In line with the Association's Equality, Diversity and Inclusion Strategy we continued to collect information from customers about whether they need our services to be delivered in a different way to meet their particular needs. We have now obtained the information from 248 households (last year 126) so are well on our way of reaching our target of 304 by 2024.
- The Association continued to work with the customers at Applegarth Homes on the provision of a more modern, environmentally friendly, energy efficient and safer place to live which better meets their needs. Work has started with architects on designs for replacing the existing homes and fully using the available land on the site. Customers are fully engaged and excited about the future but recognise it will take some time to realise.
- Continued working with the local development partnership through which S106 development opportunities are obtained. The Association was allocated one new 9 unit scheme in the year and the numbers on a further two schemes were finalised. Together these three schemes will add a further 76 properties to the portfolio. This is in addition to the 8 homes currently on site.
- We continued to develop the functionality of our housing management system and use the information it holds to improve performance, both operational and administrational. The Association explored the ability to receive inbound texts direct to the system during the year. The cost, however, outweighed the benefits for the volume anticipated but a different approach has been adopted to achieve the aim and improve this area of customer experience.
- Improving the energy efficiency of our properties continued and although the Association participated in the pre-application stage for SHDF2 funding it was unsuccessful in being included in the consortium bid for the North East. ECO4 funding though was progressed and the Association anticipates work will commence shortly on delivering external wall insulation on some of its older properties.
- A salary benchmarking exercise was undertaken for all positions in the Association with a move to median salaries being implemented from 1 April 2023 in line with a Board decision in March 2022.

Alongside the above the day to day operations of the Association have continued unabated. Focussing on the three most important areas of operation:

- Void losses have remained low at only £1,004 for the year (0.06% against a business plan assumption of 1%). The Association is fortunate in usually receiving notice of an impending departure with properties returned in a lettable condition but staff work hard to ensure a nomination or waiting list applicant is in place for when the tenancy ends. Staff have also worked hard to ensure new properties were let immediately on handover from the developer.
- Arrears over the year have reduced with the collection percentage remaining strong at 101.1%. Bad debts are also low at £3,647 (0.2%) compared to a business plan assumption of £14,600. Collecting and chasing arrears as well as encouraging customers to pay in line with their tenancy agreement, ie weekly/monthly in advance continues to be a key focus. Year end current tenant arrears were also lower than last year (see note 15).
- Repairs spend overall has increased due to a paucity of good quality tradesmen and high levels of inflation. In addition more properties than in the previous year were due their 5 year electrical safety inspections, which being small impacts on the costs. Overall costs were contained within the set budget. In the year we replaced 11 bathrooms, 11 boilers, 4 kitchens and 8 windows and doors. Damp works were also undertaken on 2 properties. In addition 21 properties benefitted from painting works. 96% of jobs were completed within timescales with an average repair time of 12 days. Satisfaction remained high at 99% over four different measures.

The growth of the Association has been undertaken using cash reserves and the proceeds from the disposal of shared ownership properties. There remains a significant amount of cash available (the bond finance obtained three years ago, pre pandemic, has not yet been utilised on developments as activity stopped due to the pandemic) which together with a £5m revolving facility with Yorkshire Building Society provides sufficient funds to meet the contracted developments of the Association as well as those allocated but not yet contracted. Additional borrowings though will be required to redevelop Applegarth Homes and undertake energy efficiency works earlier than originally envisaged. All loan covenants have been met.



As can be seen the Association's three main areas of spend are staff, repairs and interest. Each is important to the Association in different ways. Staff deliver customer service and manage the Association, repairs are the most important service to customers and interest is on loans obtained to purchase properties which enables more homes to be provided. The mix between these categories reflects the narrative above. Spending on repairs would have been a higher proportion but a number of age related roof replacements were postponed to be undertaken with the energy efficiency works planned over the next two years in order to improve value for money on the scaffolding costs.

Future activities

The strategic objectives for the Association are divided into a number of themes which are summarised below:

- Supply – to deliver a rolling 60 new properties over a three year period within Harrogate through S106 and to deliver the redevelopment of Applegarth Homes
- Sustainability – aim for all new properties to be EPC A, adopting a fabric first approach, and existing stock to reach EPC C by 2028 using proven technologies. Options for those properties that can not reach this benchmark to be determined with disposal being a last resort and dependant on location
- Safety and service – to comply with all relevant health and safety requirements, including those emerging from the Social Housing White Paper, and use technology where relevant to engage with customers to collect data about their property as well as listen to and deliver services and homes that they want in line with the NHF code of governance 2020 and the Housing White Paper

The top two strategic aims require significant sums of money. The Association currently has significant cash reserves and access to a £5m loan facility, however, Yorkshire Building Society, the facility provider, has withdrawn from offering new loans to the sector and have confirmed the facility will not be renewed when it expires in March 2027. As already noted though together these funds are not sufficient to deliver the strategic aims therefore preparation has started to obtain additional loan facilities to meet the Association’s ambitions. The new facility will enable the Association to withdraw from the Yorkshire Building Society arrangement and thus remove the risk of them ending the agreement prematurely.

Through the development partnership the Association is able to express an interest in affordable housing under the S106 allocation process as opportunities become available. Properties are allocated based on demand from housing associations and numbers previously received by associations. The price is pre-determined based on property size. The Association is well placed to receive additional allocations during 2023/24. There are over 2,000 affordable homes due to be built within the Harrogate District within the next five years so the prospects for growth are favourable.

The current year will see the 8 units currently being built on site completed and contract negotiations for the other 76 already allocated to the Association progress. During these negotiations the Association will consider what enhancements are required to reach a zero carbon operating position and whether they are affordable.

Investing in existing properties remains important. We have allocated a budget of £262,000 for planned maintenance work in the coming year and a further £400,000 for works to increase the thermal comfort of our properties. The Association is close to finalising contracts to deliver external wall insulation, and other related works, to over 40 terraced properties in Starbeck over the next two years using its cash reserves and loans and ECO4 funding provided by EON. The other planned maintenance work envisaged in the coming year concentrates on boiler, windows, doors, bathroom and kitchen replacements. Allowance has also been made for a number of roof replacements which will be linked where possible to the energy efficiency works.

The Association will continue to meet its health and safety obligations and report compliance with the Associations gas, electric, asbestos and fire safety obligations on a regular basis. The Association does not have any passenger lifts or high rise blocks but will monitor the obligations being introduced to identify if any improvements in its approach should be introduced. With no sheltered or older peoples accommodation legionella obligations are in relation to empty properties where the Association will undertake the necessary checks.

Home reviews will continue to be undertaken in line with a two year cycle. These visits identify property improvements that are required as well as collecting customer views on service delivery and any improvements which can be made. The Better Social Housing Review undertaken by the National Housing Federation has highlighted the need for accurate property condition information to be available. The Association will monitor the developments in this area and look to improve how the information it holds on its properties is stored and accessed. The stock condition survey due in 2024/25 will be the catalyst for this work.

The Association can only successfully deliver on these activities with suitably qualified and engaged staff. The Association will continue to invest in its employees through training and development. In addition to an apprentice who is studying for CIH level 3 the Assistant Neighbourhood Officer is studying for her CIH level 4 qualification. The Neighbourhood Officer has already achieved CIH level 5 with the Association's support. In addition the Association will invest in external support to explore with staff the importance of our values of local, approachable and customer-focussed in the delivery of excellent customer service.

Achieving all the above requires a strong and continuous income stream. In line with the requirements of the Regulator the Associations rents were restricted to a maximum increase of 7%. As the Association does not charge rents above the local housing allowance level the overall increase was only 5.9%. In addition rents on shared ownership properties were also restricted to 7%. This below inflation increase in income is manageable for the time being but ultimately continued restrictions will undoubtedly impact on service delivery and the improvements planned for the Associations properties.

Reserves

The aim of the Association is to hold limited cash reserves with cash flow managed via a surplus generated on its housing activities and loan facilities. The long term additional funding obtained from The Housing Finance Corporation (THFC) in 2019 and other subsequent property disposals has resulted in significant cash reserves being held at the year end. These cash reserves will be used to fund the development activities and energy efficiency works noted above. The Board approved the drawdown from THFC recognising the growth of the Association, supported by long term financing, outweighed the cost of carry of the debt until development schemes were realised, however, these have been delayed by the pandemic. The Board have also confirmed that no capital project can be contracted until adequate funding has been secured which is facilitated by the above approach. It is worth noting that due to the recent increases in base rate the interest being earned on the excess funds exceeds the interest being paid.

Creditor payment terms

Invoices received by the Association by the 7th calendar day of a month are paid on the last working day of that month where there are no issues with the work undertaken and no other payment terms have been agreed with the supplier.

Fixed assets

The changes in fixed assets during the year are set out in note 12 of the accounts.

Political and charitable donations

During the year the Association made no political or other donations.

Value for money

The Association's definition of Value for Money (VFM) is simple: to deliver our social objectives in the most cost-effective way possible by:

- Providing an increasing number of quality homes at affordable rents for customers
- Providing the services customers want, cost effectively, efficiently and to the standards customers expect
- Contributing to improving the physical and social sustainability of the areas in which it works

whilst upholding our values of Local, Approachable and Customer-focussed.

The Association recognises that it needs to constantly look at how it delivers its core services to ensure they are cost effective and efficient, monitor the satisfaction of customers in relation to those services, taking action where appropriate, and ensure demand for its properties remains high. However, the key strategic objective to deliver value for money centres on property growth without a corresponding increase in the costs of management. There should be no requirement to change the organisational structure, the biggest element of overhead costs, in the near future, so if more properties are added to the portfolio overhead efficiency will be generated.

This is unlikely to reflect itself though in the standard social housing cost per unit value for money metric below as the Association intends to invest in energy efficiency works in its properties to fully utilise its available budgets and this would be included in that measure. The Association has, therefore, developed an overhead cost per property metric based on the total salaries and administration overheads incurred by the Association to measure efficiency gains.

Delivering on its value for money objective the Association has grown during the year increasing the number of properties it owns by 8 – a 3.0% increase as measured by the value for money metric below. The pipeline of development opportunities already mentioned above will ensure growth continues for a number of years.

Total affordability of living in one of our properties is key. Our rent policy sets rents at 80% of market levels or the local housing allowance level whichever is lower where properties are EPC C or above, 70% of market levels or the local housing allowance level whichever is lower where properties are EPC D and social rents where the EPC is lower than D. This makes the rent lower for properties which cost more to heat. It was recognised during the year that this rent policy could act as a deterrent for downsizing as long standing tenants may not downsize as their rent would increase, ie move from a social rent to an affordable one. As a result customers downsizing who are currently paying a social rent will pay a social rent on their new home. This policy has been applied to all Association lettings during the year.

All our assets are located within the Harrogate district, the only area in which we operate, and are in high demand. No individual asset has been identified as loss making.

The management of properties for other housing associations is not, in itself, a social housing activity for the Association, but it has an underlying social housing purpose. Management services are currently supplied to one association, Harrogate Flower Fund Homes (HFFH) which has 33 properties. We set our charges for the services we deliver at a level which ensures the costs we incur in undertaking the activity are covered. The cost per property is reset every 3 years with any changes (both increases and reductions) in our underlying costs per property being passed on. The renewal on 1 April 2023 saw a substantial increase in the cost per property due to high levels of general inflation on office accommodation provision and a move by the Association (proposed in March 2022 to take effect from 1 April 2023) to pay all positions a median salary for their role. This was deemed essential in order to retain and attract staff, however, it has added £52 to the social housing cost per unit from 1 April 2023, and consequently the fee.

The cash reserves of the Association have been used efficiently by on lending up to £150,000 to HFFH. The loan is on normal commercial terms, repayable on or before 23 March 2026 and is secured by a charge over the six flats the facility helped refurbish. The set up costs of the loan for HFFH were significantly less than other offers they had received, making it a win win value for money proposition. At the year end £60,000 of the facility was drawn. A repayment of £25,000 has taken place subsequently.

The metrics required under the value for money standard are as follows:-

VFM Standard metrics	Target 2024**	Actual 2023	Target 2023	Actual 2022	Actual 2021	Sector median*
1 Reinvestment percentage	10.5%	5.4%	10.2%	3.7%	3.97%	4.7%
2 New supply delivered ***	3.0%	3.0%	3.4%	5.8%	1.6%	0.9%
3 Gearing	32.6%	28.0%	35.2%	28.2%	28.7%	32.3%
4 EBITDA MRI interest cover	94.9%	257.1%	160.2%	222.6%	197.8%	194%
5 Social housing costs per unit	£5,250	£2,728	£3,472	£2,683	£2,447	£4,801
6 Operating margin social housing	27.7%	49.0%	30.0%	43.1%	46.9%	19.9%
Operating margin overall	30.1%	49.6%	32.2%	46.4%	78.8%	17.7%
7 Return on capital employed	2.9%	4.6%	2.8%	4.4%	6.1%	2.4%

* - traditional registered providers with between 1,000 and 2,500 units as per the Regulator of Social Housing's 2022 Global Accounts VFM metrics
** - these are based on the Board approved business plan. In comparison to 2023 they are impacted by the timing of developments with a number of schemes planned to start on site but no units delivered on these schemes in the year, a higher spend on planned maintenance and major repairs (including £400,000 on EPC works), a higher allowance for responsive repairs due to inflation and a prudent budget
*** - all new supply delivered are social housing units. A rolling target of 60 units over a three year period is in place (equating to approximately 7% per annum)

Other key statistics for the Association are shown below:-

Other metrics	Target 2024 [a]	Actual 2023	Target 2023 [a]	Actual 2022	Actual 2021
Overhead cost per property	£1,811	£1,590	£1,669	£1,505	£1,431
Percentage of rent collected	100%	101.1%	100%	100.4%	100.6%
Voids and bad debts percentage	0.2%	0.3%	0.2%	0.6%	0.1%
Units owned (Association)	275	267	269	259	234
Total units managed	309	301	302	293	278
Net debt per Association owned unit £000s	24	20	25	21	23
Customer satisfaction [b]					
Overall	85%	85%	94%	94%	94%

a - these are the stretch targets used for monitoring and management. Overall the Association is operating well within the parameters used in the business plan. The overhead cost per property is based on the budget for the year
b - surveys undertaken in years ended 31 March 2023 and 31 March 2021. Next survey due in year ending 31 March 2025 so target is per latest survey

The VFM metrics for the year and performance against the 2023 target have been impacted by:

- Development schemes overall (including assets under construction) not progressing as fast as the 2023 business plan assumed so investment was lower than anticipated, although the number of assets handed over was only slightly less than expected. A number of allocated S106 development schemes are edging closer to commencement on site so spend is anticipated to increase in 2024, however, these are large sites and no property additions are expected to be forthcoming from them in the coming year. The new supply is expected from existing schemes currently on site. As development is mainly through S106 opportunities the Association has very little control on timing of delivery.
- Major works spend being lower than planned as the budget for energy efficiency works was not utilised pending progress on grant applications and a number of roof replacements were put on hold to tie in with the energy efficiency works to improve value for money. In addition some major works expensed in previous years were identified as ones which should have been capitalised. These were corrected in the year. Combined these have improved the metrics when compared to the target.
- Increasing interest rates which had a positive impact due to the Association's significant cash reserves, which are held waiting investment in additional properties, and the funds being borrowed at long term low fixed rates. This coupled with lower development spend and planned maintenance expenditure has had a positive impact on the metrics when compared to targets.
- The reduced costs of pension provision. The increased interest rates had a beneficial impact as the cost, based on actuarial calculations, were lower than the amounts paid. The calculations do not impact on the cash flows of pension costs but how they are reported. The benefit this year is likely to reverse in subsequent years but the £30,000 credit to the operating profit has impacted the metrics.
- A lower spend on planned maintenance than budget. Budget was allocated to energy efficiency works utilising green homes grant but we were unsuccessful and did not receive any funding, but did not get confirmation of this until late in the year meaning we were unable to use the budget on other measures. This impacts on metrics 5 and 6.

The 2024 target for VFM metric 4 is less than 100% which reflects the £400,000 anticipated investment in energy efficiency works in the year. The loan covenants of the Association exclude capitalised major works from their interest cover calculations which means the Association will continue to meet the requirements of its loan agreements.

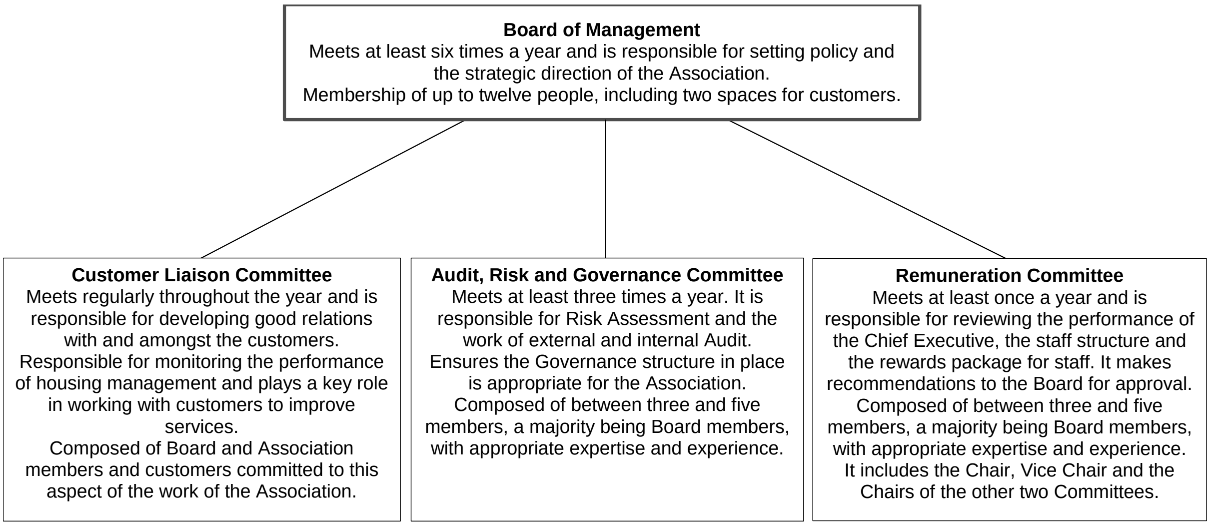
Comparing the metrics of the Association to the sector median ones for smaller associations shows the Association is expanding at a much higher rate than its comparators and producing higher rates of return. This is helped by the Association being a member of the development partnership through which it receives an equal share of S106 properties in line with the larger stock holding members and the high rents in Harrogate.

In relation to the other metrics of the Association there has been a steady, inflation adjusted, reduction in the overhead cost per property in line with the VFM strategy for growth. The overhead cost per property in 2023 was impacted by above inflation increases in insurance and auditor costs but in the year increased by only 5.6% compared to inflation at over 10%. The target for 2024 is based on prudent budget and growth assumptions and includes the cost of moving staff to median salary levels (an impact of £52 per property) as well as the impact of high inflation levels.

The Association subscribes to SPBM – the smaller providers benchmarking group run by Acuity. Comparing ourselves with other associations of less than 1,000 units who predominately have general needs housing stock we sit firmly in the top quartile on the VFM metrics where quartiles are published except on reinvestment percentage where we are second quartile (data extracted 6 July 2023). The latter is impacted by only developing through S106 opportunities where we have no control over the speed of development. In relation to void losses and rent collected we are in the top quartile and for customer satisfaction a second quartile performer in the above noted benchmarking group. We are a top quartile performer on all three measures when compared to the wider Housemark survey data.

Governance

The following governance structure has been in place throughout the year and the Board have confirmed that it still meets the needs of the Association:



Details of the Board of Management and the changes during the financial year and up to the date of the approval of this report are included on page 1.

The National Housing Federation's Code of Governance 2020 was adopted from 1 April 2022 and was in operation throughout the year. The Association complies fully with the code except three Board members have been in post longer than the six years required by the 2020 code. This was rectified at the annual general meeting in September 2022 when all retired from office and were not re-elected. This had been anticipated and a Board recruitment exercise had already been undertaken to replace the skills being lost. The Board continues to have a broad range of skills.

During the year the Association's governance arrangements were subject to an independent review by an external consultancy. The review did not find any evidence of material non-compliance with the Governance and Financial Viability Standard or the NHF Code of Governance 2020. The review further concluded that governance practice was good and appropriate for the size and complexity of the Association. The recommendations arising from the review are being implemented.

The Association has also adopted the NHF Code of Conduct 2022.

The Association has adopted the National Housing Federations voluntary code for Mergers, Group Structures and Partnerships. There was no activity in this area during the year.

The Group has insurance policies in place that indemnify its Board and Chief Executive against liability when acting for the Association. The policy also covers the Association when it is acting as Corporate Trustee for Applegarth Homes.

Equality, diversity and inclusion

The Association updated its Equality, Diversity and Inclusion Strategy during the year, a copy of which is available at www.hhal.org.uk. The principle targets and actions are discussed below.

The Association has collected diversity information for all staff and Board members which identified that LGBTQ and disabled people were underrepresented in both groups and men were underrepresented in the staff group. The lack of availability of vacancies in both groups makes immediate change difficult and revolves around recruitment opportunities. There was one staff vacancy in the year and this opportunity was positively promoted to the underrepresented groups in line with the strategy.

With only a relatively small number of customers and even smaller subsets of those with protected characteristics collecting and analysing service performance by these subsets would not be statistically sound, be resource hungry and likely lead to anomalous results. The Association therefore took the decision to ask customers what changes they needed to be made to the service to best meet their individual requirements. At the decision point (January 2022) the Association held the information for seven customers. The Association has now collected the requirements of 248 customers out of a target of 304, with 47 requesting a change in service delivery. Staff are informed about the required change each time they access a customer record so they can react appropriately.

In line with the strategy property allocation information is reported to the Board on an annual basis and diversity information was captured as part of the customer satisfaction survey undertaken in the year. In the latter 5% of respondents identified themselves as non white, which is in line with the population profile of Harrogate but the number is too small to generate any meaningful analysis.

The Association will continue to deliver the actions and targets in its Equality, Diversity and Inclusion Strategy 2023.

Board Members and their interests

The Board Members in office during the year are listed on page 1.

Each Board Member holds one fully paid share of £1 in the Association.

Statement of the Board's responsibilities in respect of the financial statements

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

In preparing these financial statements, the Board is required to:

1. Select suitable accounting policies and then apply them consistently,
2. Make judgements and estimates that are reasonable and prudent,
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Association and to enable it 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. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to Auditors

The Board members who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Statement on the Association's system of internal control

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

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk, and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with principles incorporated in the regulator's guidance.

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

Identification and evaluation of key risks

The Board reviewed its appetite for risk in the year across the key areas of activity of the Association. The outcome was the confirmed recognition that no activity is free from risk. The Association adopts safe and proven delivery options for its operational activities, bases its plans for the future on realistic assumptions looking to use its resources, including its borrowing capacity, to increase the number of affordable homes available but balancing this with investing in and improving its existing homes using existing, proven methods.

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks in the Risk Assurance Framework. There is a formal ongoing process of management review in each area of the Association's activities. The results continue to be reviewed by the Board on a regular basis. The Chief Executive is responsible for reporting significant risks or any changes in significant risks facing the Association to the Board within these reports. The Board formally approve a strategic risk map, which considers those risks which might prevent the Association delivering the strategic objectives, each year.

The key strategic risks as identified by the Board with additional commentary are given below:

- Development opportunities through S106 cease – the Association has 76 properties allocated through the development partnership which was renewed on 1 April 2021 for a further three years. In addition to these, as yet, unstarted developments the Association has eight properties under construction. This represents a significant pipeline given the size of the Association. In the event of opportunities ceasing to come forward the Board will develop other avenues for growth. The amalgamation of Harrogate Borough Council into a combined North Yorkshire authority may impact on the longevity of the development partnership but indications at present are this may be a number of years in the future. The Association will aim to obtain as many allocations as possible during this period of uncertainty.

- Lack of development funding prevents acquisitions – the existing cash reserves and loan facilities are sufficient to meet the current S106 development pipeline but not the reprovisioning of Applegarth Homes and the accelerated investment in energy efficiency works, both key strategic aims of the Association. Early discussions with funders and our treasury advisors indicate there is a willingness to lend to the sector and associations of our size. The Association also has uncharged properties with a value in excess of £13m to use as security for borrowing. The Association aims to obtain additional loan facilities during the year to replace the Yorkshire Building Society facility, ahead of its term end in 2027 as the provider has already indicated the facility will not be renewed as they have withdrawn from the market, and to get access to additional funds to meet its growth ambitions.
- Stock does not meet EPC C by 2028 – the business plan has made a significant allowance for EPC improvement works (£800,000 over the next 2 years) with activity on some properties already started. Annual monitoring of progress undertaken and individual property plans have been developed which are delivered when a property becomes void. The Association is in contact with an energy company in relation to receiving ECO4 funding for external wall insulation, a key element of energy efficiency improvements. This remains a work in progress and recognising the risk appetite of the Association it will not be a trail blazer in adopting new technologies. 27% (64 properties) currently do not reach this benchmark.
- Additional health and safety requirements arising from the White Paper will not be met – an initial gap analysis against the white paper has been prepared but as the Association does not have any high rise blocks or any dangerous cladding this risk is not considered significant
- Unable to involve customers or listen to their ideas to develop and deliver the right services and homes for them – CLC is in place with an increased core of engaged customers. In the 2023 satisfaction survey 85% of customers were satisfied that the Association listened to their views and acted upon them – a top quartile result against the sector
- Cyber attack impacts on ability to deliver services – the Association's housing management system and e mail are cloud based with IT support outsourced to experts. The Association has also obtained the cyber essentials plus accreditation which is indicative of a potentially secure system. Staff are also regularly reminded of the need to be vigilant with external files and e mails.

The Association does not have any tower blocks or buildings with unsafe cladding. Externally commissioned fire risk assessments have been undertaken for all properties with communal areas and any items identified as requiring attention have been dealt with. Regular inspections of the communal areas take place.

The Board have considered the high inflation rates and the shortage of repairs materials and the impact this will have on the finances of Association. The impact on customers from increased utility costs and the higher general cost of living, including food inflation has also been considered. The business plan scenarios undertaken indicate the Association is financially strong and able to withstand significant increases in costs and remain financially viable. The Board have also established a fund to help alleviate the problems being faced by customers. The Board receive regular updates on costs, repairs performance and the use of the fund to enable them to take action as required to manage the risks being faced by the Association.

Monitoring and corrective action

The Board is responsible for ensuring the process of control through self-assessment is effective and that management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that effective monitoring is in place and that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

Control environment and control procedures

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

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also reviews key performance indicators regularly to assess progress towards the achievement of key business objectives, targets and outcomes.

Auditors

In accordance with the Co-operative and Community Benefit Societies Act 2014 a resolution to re-appoint Beever and Struthers as the Association's auditors, will be proposed at the Annual General Meeting.

Governance and Financial Viability

The Board confirms that the Association complies with the Regulator of Social Housing's Governance and Financial Viability Standard.

Statement of compliance

The Board of Management confirm that this report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

Approved by the Board of Management on 26 July 2023

Mr S Whyte
Chairman

Opinion
We have audited the financial statements of Harrogate Housing Association (the Association) for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity (Reserves), Statement of Cash Flows and the notes to the financial statements, including a summary of principle accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 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 other information comprises the information included in the Report of the Board of Management, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board
As explained more fully in the Statement of Board's Responsibilities set out on page 13, 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 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 Association or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

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

- We obtained an understanding of laws, regulations and guidance that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.

- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

This report is made solely to the members of the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the members of the Association those matters we are required to state to it 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 members of the Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 3 August 2023

Harrogate Housing Association Limited

Statement of Comprehensive Income
For the year ended 31 March 2023

	Notes	2023 £	2022 £
Turnover	3	1,925,519	1,934,773
Operating expenditure	3	(969,655)	(1,037,232)
Operating surplus		955,864	897,541
Interest receivable	5	51,097	3,234
Interest and financing costs	6	(405,326)	(408,638)
Surplus before taxation		601,635	492,137
Taxation	11	-	-
Surplus for the year	7	601,635	492,137
Other comprehensive income			
Actuarial (losses)/gains in respect of pension scheme	10	(30,000)	31,000
Total comprehensive income for the year		571,635	523,137

All of the above results derive from the continuing operations of the Association.

Historical cost surpluses and deficits were identical to those shown in the statement of comprehensive income.

The notes on pages 24 to 45 form an integral part of these financial statements.

The financial statements on pages 20 to 45 were approved and authorised for issue by the Board of Management on 26 July 2023 and were signed on its behalf by:-

Mr S Whyte.......................... **Chair of the Board**

Mr D Smith.......................... **Chair of the Audit, Risk and Governance Committee**

Mr S Brook.......................... **Secretary**

Harrogate Housing Association Limited

Statement of Financial Position
For the year ended 31 March 2023

	Notes	2023		2022	
Fixed assets		£	£	£	£
Housing properties	12		18,053,024		17,350,042
Other tangible fixed assets	13		187,697		197,572
			18,240,721		17,547,614
Current assets					
Stock	14	45,074		105,329	
Trade and other debtors	15	154,318		157,424	
Current asset investments	16	287,000		287,318	
Cash and cash equivalents	17	2,523,990		2,684,555	
		3,010,382		3,234,626	
Less:					
Creditors: amounts falling due within one year	18	(388,260)		(375,476)	
Net current assets			2,622,122		2,859,150
Total assets less current liabilities			20,862,843		20,406,764
Creditors: amounts falling due after more than one year	19		(13,041,763)		(13,149,319)
Provisions for liabilities					
Pension – defined benefit liability	10		(127,000)		(135,000)
Total net assets			7,694,080		7,122,445
Reserves					
Non-equity share capital	22		21		21
Income and expenditure reserve	23		7,694,059		7,122,424
Total reserves			7,694,080		7,122,445

The notes on pages 24 to 45 form an integral part of these financial statements.

The financial statements on pages 20 to 45 were approved and authorised for issue by the Board of Management on 26 July 2023 and were signed on its behalf by:-

Mr S Whyte.................... **Chair of the Board**

Mr D Smith.................... **Chair of the Audit, Risk and Governance Committee**

Mr S Brook.................... **Secretary**

Harrogate Housing Association Limited

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

	Non-equity share capital £	Income and expenditure reserve £	Total £
Balance at 1 April 2021	22	6,599,283	6,599,305
Surplus for the year	-	492,137	492,137
Actuarial gains in respect of pension scheme	-	31,000	31,000
Shares issued during the year	3	-	3
Shares surrendered during the year	(4)	4	-
Balance at 31 March 2022	21	7,122,424	7,122,445
Surplus for the year	-	601,635	601,635
Actuarial losses in respect of pension scheme	-	(30,000)	(30,000)
Shares issued during the year	-	-	-
Shares surrendered during the year	-	-	-
Balance at 31 March 2023	21	7,694,059	7,694,080

The notes on pages 24 to 45 form an integral part of these financial statements.

Harrogate Housing Association Limited

Statement of Cash Flows
For the year ended 31 March 2023

	2023	2023	2022	2022
	£	£	£	£
Net cash generated from operating activities (see Note 1 below)		1,187,609		1,383,203
Cash flow from investing activities				
Purchase of tangible fixed assets	(914,911)		(634,481)	
Purchase of shared ownership properties	-		-	
Proceeds from shared ownership staircasing sales	-		-	
Proceeds from sale of fixed assets	-		11,000	
Loan to Harrogate Flower Fund Homes	-		(60,000)	
Grants repaid	-		-	
Release/(increase) of THFC sinking fund	318		(318)	
Interest received	40,914		2,935	
		(873,679)		(680,864)
Cash flow from financing activities				
Shares issued	-		3	
Interest paid	(433,223)		(433,223)	
Refinancing/other loan related costs	(41,272)		(37,440)	
New secured loans	-		-	
Repayments of loans	-		(11,000)	
		(474,495)		(418,660)
Net change in cash and cash equivalents		(160,565)		220,679
Cash and cash equivalents at beginning of year		2,684,555		2,463,876
Cash and cash equivalents at end of the year		2,523,990		2,684,555

	2023 £	2022 £
Note 1		
Surplus for the year	601,635	492,137
Adjustments for non-cash items:		
Components capitalised from previous years	(31,843)	-
Depreciation of tangible fixed assets	290,086	284,541
Amortisation of Government grants	(60,903)	(60,903)
Decrease in stock	60,255	2,227
Increase/(decrease) in trade and other debtors	18,804	(8,233)
Decrease/(increase) in trade and other creditors	(3,654)	265,030
Pension costs less contributions payable	(41,000)	3,000
Adjustments for investing or financing activities:		
Interest and financing costs	405,326	408,638
Interest received and similar income	(51,097)	(3,234)
	1,187,609	1,383,203

The notes on pages 24 to 45 form an integral part of these financial statements.

1. General information

Harrogate Housing Association Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 10 High Street, Harrogate, North Yorkshire, HG2 7HY.

The Group comprises the following entities:

Name	Incorporation	Registration status
Harrogate Housing Association Limited	Co-operative and Community Benefit Societies Act 2014	Registered – Regulator of Social Housing
Applegarth Homes	Charitable Incorporated Organisation	Registered – Charity Commission

2. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2022.

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 accounts are prepared on the historical cost basis of accounting and are presented in sterling £ for the year ended 31 March 2023.

The financial statements have been prepared in compliance with FRS 102. The Association meets the definition of a public benefit entity (PBE).

Basis of consolidation

Consolidated financial statements have not been prepared for the year ended 31 March 2023 as there were no activities in the subsidiary.

Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future.

The current business plan is financially strong and stress testing indicates the Association can easily withstand significant adverse financial impacts, like increased voids and arrears, and remain compliant with its loan obligations.

The Board of Management also has a reasonable expectation that working capital is adequate to continue in operational existence for the foreseeable future. The Association holds various loan facilities (as detailed in note 19) which were taken out for the acquisition of housing properties. The Board of Management is not aware of any circumstances that may adversely affect the renewal of these facilities. Accordingly, it believes it is appropriate to prepare the financial statements on a going concern basis.

2. Principal accounting policies (continued)

Judgements and key sources of estimation uncertainty

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

Key areas of judgement:

a. Categorisation of housing properties
The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, it has considered if the asset is held for social benefit or to earn commercial rentals.

b. Impairment
The Association has identified a cash generating unit for impairment assessment purposes at a property scheme level.

c. Impairment of non-financial assets
Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified. The Association has assessed that no trigger for an impairment review has occurred.

d. Lease of properties from Applegarth Homes
The Association considers this an operating lease.

Other key sources of estimation and assumptions:

a. Tangible fixed assets
Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. Shared ownership properties
Shared ownership properties are split between fixed assets and current assets with the split determined by the % of the property to be sold under a first tranche disposal. The carrying value of shared ownership properties held within current assets is judged to be the lower of cost and net realisable value.

c. Pension and other post-employment benefits.
The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations, and these valuations involve making assumptions. The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation are standard rates of inflation, property valuations, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 10.

2. Principal accounting policies (continued)

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership properties, management income and other income and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Service charges

Service charge income and costs are recognised on an accruals basis.

Loan interest costs

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

Loan finance issue costs

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

Taxation

The Association has charitable status and is therefore exempt from UK corporation tax on charitable activities.

The Association is not registered for VAT and therefore expenditure is stated inclusive of VAT.

Tangible fixed assets and depreciation

Housing properties
Housing properties are stated at cost less accumulated depreciation.

Housing properties under construction are stated at cost and not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

2. Principal accounting policies (continued)

The Association capitalises expenditure on housing properties that increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

UELs for identified components are as follows:

Structure (including external wall insulation)	80 years
Windows and doors	30 years
Kitchens	20 years
Bathrooms	30 years
Boilers/heat exchangers/pumps	15 years
Plumbing	30 years
Electrics	40 years
Roofs	70 years
External wall insulation	Over remaining life of structure

The Association depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

Office furniture	10% on cost
Computer equipment	20% on cost
White goods for properties	12.5% on cost
Property held for own use	Between 15 and 80 years (see above UEL's)

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

Shared ownership properties

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

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

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

2. Principal accounting policies (continued)

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 3 months which are not accessible on demand.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants

Where developments have been financed wholly or partly by Social Housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant received for items of cost written off in the statement of comprehensive income is included as part of turnover.

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

Social Housing Grant must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the Social Housing Grant can be used for projects approved by Homes England. However, Social Housing Grant may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover. In certain circumstances, Social Housing Grant may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the Social Housing Grant is credited to a fund which appears as a creditor until used to fund the acquisition of new properties or remodelling existing ones, where recycled grant is known to be repayable it is shown as a creditor due within one year.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Association has a participating interest.

2. Principal accounting policies (continued)

Provisions

The Association only provides for contractual liabilities.

Operating leases

All costs are written off to the Statement of Comprehensive Income as they are incurred.

The acquisition of the Applegarth Homes properties on a 125 year full insuring and repairing lease has been treated as an operating lease as no premium was paid on acquisition and no rent is due under the lease. Component replacements/additions to the properties will be treated as per the housing properties accounting policy.

Financial Instruments

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments, where a financing transaction, are initially recognised at fair value including any premium or discount on issue and subsequently measured at amortised cost using the effective interest method.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

3. Particulars of turnover, operating expenditure and operating surplus

	2023		
	Turnover	**Operating Expenditure**	**Operating Surplus**
	£	**£**	**£**
Social housing lettings (see note 4)	1,659,025	(846,311)	812,714
Other social housing activities			
First tranche low cost home ownership sales	219,050	(76,406)	142,644
Management income	37,450	(39,338)	(1,888)
Other	9,994	(7,600)	2,394
Total	1,925,519	(969,655)	955,864

	2022		
	Turnover	**Operating Expenditure**	**Operating Surplus**
	£	**£**	**£**
Social housing lettings (see note 4)	1,514,306	(861,064)	653,242
Other social housing activities			
First tranche low cost home ownership sales	369,700	(125,901)	243,799
Management income	38,524	(39,889)	(1,365)
Other	12,243	(10,378)	1,865
Total	1,934,773	(1,037,232)	897,541

4. Particulars of turnover and operating expenditure from social housing lettings

	General needs housing £	Supported housing £	Shared ownership £	Total 2023 £	Total 2022 £
Income					
Rent receivable net of identifiable service charges and net of voids	1,419,954	57,752	79,404	1,557,110	1,414,805
Service charge income	34,314	1,196	5,502	41,012	38,598
Amortised government grants	48,496	10,626	1,781	60,903	60,903
Total turnover from social housing lettings	1,502,764	69,574	86,687	1,659,025	1,514,306
Operating expenditure					
Management	260,990	14,305	30,994	306,289	313,594
Service charge costs	31,462	1,121	4,634	37,217	33,911
Routine maintenance	146,920	2,438	-	149,358	135,635
Planned maintenance	46,087	673	-	46,760	53,434
Major repairs expenditure	52,437	-	-	52,437	42,805
Major repairs capitalised from previous years	(31,843)	-	-	(31,843)	-
Bad debts	3,647	-	-	3,647	5,051
Depreciation of housing properties	247,985	17,060	11,060	276,105	270,293
Lease costs	6,341	-	-	6,341	6,341
Total operating expenditure on social housing lettings	764,026	35,597	46,688	846,311	861,064
Operating surplus on social housing lettings	738,738	33,977	39,999	812,714	653,242
Voids losses (being rental and service charge income lost as a result of property not being let, although it is available for letting)	1,004	-	-	1,004	4,186

During the year we identified a number of property components which had not been capitalised when component accounting was introduced. They have been capitalised during the year and depreciated in line with their original acquisition date. The correction of the error is not considered a prior year adjustment so has been made in the year.

5. Interest receivable and similar income

	2023 £	2022 £
Bank interest received	46,401	1,306
Other interest	4,696	1,928
	51,097	3,234

Other interest represents the non utilisation fees and interest on the loan to Harrogate Flower Fund Homes (see note 15).

6. Interest and financing costs

	2023 £	2022 £
Loan interest	433,392	433,223
Costs associated with financing and refinancing	44,556	60,152
Amortisation of bond premium	(61,726)	(58,347)
Interest on pension scheme deficit	3,000	3,000
Less: interest capitalised/prepaid	(13,896)	(29,390)
	405,326	408,638

The average cost of borrowing used to capitalise interest was 3.83% (2022 – 4.31%).

7. Surplus for the year

	2023 £	2022 £
Surplus for the year is stated after charging/(crediting):		
Auditor's remuneration (excluding VAT):		
In their capacity as auditors	9,675	6,600
In respect of other services	325	650
Operating lease rentals	768	768
Depreciation of housing properties	276,105	270,293
Depreciation of office fixtures and fittings	13,980	14,248
Amortisation of government grants	(60,903)	(60,903)

8. Employee information

The average weekly number of persons employed during the year (full time equivalents, i.e. 37 hours per week) was:

	2023 No	2022 No
Housing management and administration	7	7

	2023 £	2022 £
Staff costs (for the above persons):		
Wages and salaries	250,612	236,353
Social security costs	19,857	17,591
Other pension costs	48,383	43,229
	318,852	297,173

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year	2023 No	2022 No
£80,000 – £90,000	1	1

9. Key management personnel emoluments

Key management personnel are defined as Members of the Board of Management and the Chief Executive.

No member of the Board of Management received any remuneration in the year (2022 – none).

The remuneration paid to the Chief Executive was:

	2023 £	2022 £
Emoluments and total key management personnel remuneration: (Including pension contributions and benefits in kind)	95,747	87,577
Emoluments: paid to the highest paid employee (the Chief Executive) (Excluding pension contributions)	87,467	79,615

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the scheme and no enhanced or special terms apply. The Association did not make any further contribution to individual pension arrangements for the Chief Executive.

During the year the Board reviewed the remuneration package of the Chief Executive and following the receipt of independent advice awarded an annual car allowance of £7,000 to the post from August 2022.

10. Pension obligations

Social Housing Pension Scheme

The Association participates in 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 most recent formal valuation was completed on 30 September 2020 and rolled forward allowing for the different financial assumptions required under FRS102, to 31 March 2023 by a qualified independent actuary.

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

	2023	**2022**
	% per annum	**% per annum**
Discount rate	4.88	2.79
Inflation (RPI)	3.20	3.62
Inflation (CPI)	2.74	3.21
Salary growth	3.74	4.21
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Mortality Assumptions
The post retirement mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	2023	**2022**
	No. of years	**No. of years**
Male retiring in 2023	21.0	21.1
Female retiring in 2023	23.4	23.7
Male retiring in 2043	22.2	22.4
Female retiring in 2043	24.9	25.2

10. Pension obligations (continued)

Amount recognised in the Statement of Financial Position

	2023	2022
	£	£
Fair value of plan assets	533,000	791,000
Present value of defined benefit obligation	(660,000)	(926,000)
Net liability to be recognised	(127,000)	(135,000)

Analysis of amount charged to operating expenditure in the Statement of Comprehensive Income

	£	£
Current service cost	5,000	38,000
Expenses	3,000	3,000
Total operating charge	8,000	41,000

Analysis of pension finance (income) / expenses

	2023	2022
	£	£
Interest expense	26,000	20,000
Interest income	(23,000)	(17,000)
Amounts charged to financing costs	3,000	3,000

Amount of gains and losses recognised in the Statement of Comprehensive Income

	2023	2022
	£	£
Actuarial losses on pension scheme assets	(336,000)	(30,000)
Actuarial gains on pension scheme liabilities	306,000	61,000
Actuarial (loss)/gain recognised	(30,000)	31,000

Movement in deficit during year

	2023	2022
	£	£
Deficit in scheme at 1 April	135,000	160,000
Current service cost	5,000	38,000
Expenses	3,000	3,000
Employer contributions	(49,000)	(38,000)
Net interest expense	3,000	3,000
Actuarial loss/(gain)	30,000	(31,000)
Deficit in scheme at 31 March	127,000	135,000

10. Pension obligations (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	2023	2022
	£	£
Defined benefit obligation as at 1 April	926,000	931,000
Current service cost	5,000	38,000
Expenses	3,000	3,000
Interest expense	26,000	20,000
Contributions by plan participants	28,000	18,000
Actuarial (gains)/losses due to scheme experience	(69,000)	26,000
Actuarial (gains) due to changes in demographic assumptions	(2,000)	(15,000)
Actuarial (gains) due to changes in financial assumptions	(235,000)	(72,000)
Benefits paid and expenses	(22,000)	(23,000)
Defined benefit obligations as at 31 March	660,000	926,000

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

	2023	2022
	£	£
Fair value of plan assets as at 1 April	791,000	771,000
Interest income	23,000	17,000
Experience on plan assets (excluding interest income)	(336,000)	(30,000)
Contributions by the employer	49,000	38,000
Contributions by plan participants	28,000	18,000
Benefits paid and expenses	(22,000)	(23,000)
Fair value of plan assets as at 31 March	533,000	791,000

We have been notified 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 changes. The trustee has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

11. Taxation

The Association has Charitable Status and is therefore exempt from UK corporation tax on its charitable activities.

12. Tangible fixed assets – housing properties

	Social housing properties for letting completed £	Social housing properties for letting under construction £	Shared ownership properties completed £	Shared ownership properties under construction £	Housing properties total £
Cost					
At 1 April 2022	18,299,640	296,638	1,430,309	37,454	20,064,041
Property additions	-	766,210	-	55,816	822,026
Schemes completed	677,897	(677,897)	-	-	-
Component additions	157,061	-	-	-	157,061
Component disposals	(54,752)	-	-	-	(54,752)
At 31 March 2023	19,079,846	384,951	1,430,309	93,270	20,988,376
Depreciation					
At 1 April 2022	2,659,585	-	54,414	-	2,713,999
Charge for the year	265,045	-	11,060	-	276,105
Eliminated on component disposals	(54,752)	-	-	-	(54,752)
At 31 March 2023	2,869,878	-	65,474	-	2,935,352
Net book value					
At 31 March 2023	16,209,968	384,951	1,364,835	93,270	18,053,024
At 31 March 2022	15,640,055	296,638	1,375,895	37,454	17,350,042

Housing properties comprise:	**2023 £**	**2022 £**
Freeholds	16,945,870	16,236,980
Long leaseholds	1,107,154	1,113,062
	18,053,024	17,350,042

The following amounts have been capitalised during the year:

	2023 £	**2022 £**
Interest	13,896	29,390
Management costs	26,220	23,887
	40,116	53,277

12. Tangible fixed assets – housing properties (continued)

Works to existing properties in the year:	2023 £	2022 £
Components capitalised from current year	125,218	150,025
Components capitalised from previous years	31,843	-
	157,061	150,025
Amounts charged to expenditure	52,437	42,805
	209,498	192,830

13. Tangible fixed assets – other

	Freehold offices £	Office furniture and equipment £	Computer equipment £	Other fixed assets total £
Cost				
At 1 April 2022	214,584	19,791	48,652	283,027
Additions	-	2,745	1,361	4,106
Disposals	-	(1,186)	(6,274)	(7,460)
At 31 March 2023	214,584	21,350	43,739	279,673
Depreciation				
At 1 April 2022	34,953	15,335	35,167	85,455
Charge for the year	3,054	1,165	9,761	13,980
Disposals	-	(1,185)	(6,274)	(7,459)
At 31 March 2023	38,007	15,315	38,654	91,976
Net book value				
At 31 March 2023	176,577	6,035	5,085	187,697
At 31 March 2022	179,631	4,456	13,485	197,572

14. Stock

	2023 £	2022 £
Shared ownership properties completed	-	75,420
Shared ownership properties under construction	45,074	29,909
	45,074	105,329

15. Debtors

	2023 £	2022 £
Due after more than one year		
Loan to Harrogate Flower Fund Homes	-	60,000
Due within one year		
Loan to Harrogate Flower Fund Homes	60,000	-
Rental debtors	23,642	25,890
Less: Provision for bad debts	(15,577)	(12,621)
	8,065	13,269
Prepayments	67,228	60,814
Other debtors	19,025	23,341
Total due within one year	154,318	157,424

The loan to Harrogate Flower Fund Homes is a variable rate loan on normal commercial terms repayable on or before 23 March 2026. The total facility available for drawdown is £150,000. £25,000 of the loan was repaid on 11 May 2023 and the Association is of the opinion that the loan will be repaid in the current year.

16. Current asset investments

	2023 £	2022 £
THFC sinking fund	287,000	287,318
	287,000	287,318

The THFC sinking fund is a designated interest bearing account charged in respect of The Housing Finance Corporation £3.5m facility (2022: £3.5m) to cover 12 months interest. It also includes £105,000 to replace the asset security on the right to acquire sale which occurred in late March 2021. The Association is not able to access the fund.

17. Cash and cash equivalents

	2023 £	2022 £
Cash at bank	2,523,990	2,684,555

18. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	92,941	76,508
Rents paid in advance	68,121	58,190
Accruals	98,617	113,761
Other taxation and social security	-	-
Other creditors	3,970	4,388
Premium on issue of bonds	63,708	61,726
Unamortised government grants (Note 20)	60,903	60,903
	388,260	375,476

19. Creditors: Amounts falling due after more than one year

	2023 £	2022 £
Loan balances – secured	7,856,309	7,856,309
Premium on issue of bonds	1,376,600	1,440,308
Loan issue costs	(116,798)	(131,827)
Total housing finance	9,116,111	9,164,790
Unamortised government grants (Note 20)	3,590,770	3,651,673
Recycled capital grant fund (Note 21)	60,362	60,193
Applegarth Homes major repairs fund	274,520	272,663
Total	13,041,763	13,149,319

Loans have been advanced by GB Social Housing and The Housing Finance Corporation Limited, and are secured on properties owned by the Association. The loans are all at fixed rates. At the year end the interest rates on the portfolio ranged from 3.5% to 5.1%.

The Association also has access to a £5m revolving facility with Yorkshire Building Society which was undrawn at the year end.

Applegarth Homes (the charity) has given the Association its cash reserves on the condition that the money is invested in the leased assets. The money is returnable at the end of the lease if it remains unutilised. As a result it is shown as a creditor until it is used.

Loan balances can be analysed as follows:-	2023 £	2022 £
Within one year	-	-
Between one and two years	-	-
Between two and five years	-	-
In more than five years	7,856,309	7,856,309
Total loans repayable	7,856,309	7,856,309
Premium on issue of bonds	1,440,308	1,502,034
Loan issue costs	(116,798)	(131,634)
	9,179,819	9,226,709

20. Deferred income

The amount of unamortised government grants at the year-end relate to social housing grant which is amortised in accordance with the stated accounting policy.

Unamortised government grant	**2023** **£**	**2022** **£**
At start of year	3,712,576	3,773,479
Grants received in the year	-	-
Grants recycled in the year	-	-
RCGF utilised within a year	-	-
Released to income in the year	(60,903)	(60,903)
Grants related to disposals		
Repaid to provider	-	-
Released to profit on disposal of fixed assets	-	-
	3,651,673	3,712,576
Amounts due to be released < 1 year	60,903	60,903
Amounts due to be released > 1 year	3,590,770	3,651,673
	3,651,673	3,712,576

21. Recycled capital grant fund

		Homes England **£**
Opening balance		60,193
Inputs to RCGF:	Grants recycled	-
	Interest accrued	169
	Transfers from other PRPs	-
		60,362
Recycling of grant:	New build	-
	Major works and works to existing stock	-
	Transfers from other PRPs	-
	Other	-
Repayment of grant to Homes England		-
Closing balance		60,362
Amount three years or older where repayment may be required		-

22. Non-equity share capital

	2023	2022
	£	£
Allotted, issued and fully paid:		
At 1 April	21	22
Issued during the year	-	3
Surrendered during the year	-	(4)
At 31 March	21	21

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding up, and are not redeemable. Each share has full voting rights.

23. Reserves

Income and expenditure reserve
The income and expenditure reserve represents the cumulative surplus and deficits net of other adjustments.

24. Capital commitments

	2023	2022
	£	£
Capital expenditure that has been contracted for but has not been provided for in the accounts:	203,000	335,860
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for:	11,240,000	6,758,000
	11,443,000	7,093,860

The contracted for commitments will be met from existing cash balances and secured loan facilities. The non contracted for commitments will need additional loan facilities and contracts will not be entered into if the loans are not in place. Work is already underway to secure the new facilities.

25. Accommodation in management

	2023 No	2022 No
Under development at end of year:		
General needs housing – affordable rent	6	6
Shared ownership	2	2
	8	8
Under management at end of year:		
General needs housing – social rent	88	91
General needs housing – affordable rent	131	120
Intermediate rent	11	11
Housing for older people	-	-
Shared ownership	26	26
Total number of properties owned and managed	256	248
General needs housing managed on behalf of others	33	33
Total number of properties managed	289	281

The Association owns property managed by other bodies:

	2023 No	2022 No
General needs housing – affordable rent	2	2
Supported housing	10	10
	12	12

25. Accommodation in management (continued)

Accommodation in management for each class of accommodation during the year was as follows:

	At 1 April 2022	Additions	Disposals	Other	At 31 March 2023
	No	No	No	No	No
Social housing					
General housing					
- social rent	91	-	-	(3)	88
- affordable rent	120	8	-	3	131
- shared ownership	26	-	-	-	26
- intermediate rent	11	-	-	-	11
Managed on behalf of others	33	-	-	-	33
Total owned and managed	281	8	-	-	289

26. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2022 - £Nil).

27. Commitments under operating lease commitments

The Association holds office equipment under non-cancellable operating leases. At the end of the year the Association had commitments of future minimum lease payments as follows:

	Other Commitments	
	2023	2022
	£	£
Leases expiring:		
Not later than one year	768	768
Later than one year and not later than five years	1,344	384
Later than five years	-	-
	2,112	1,152

There are no payments due under the Applegarth Homes property lease.

28. Social Housing and Other Grants

	2023 £	2022 £
The total accumulated government grant and financial assistance received or receivable at 31 March	4,848,420	4,848,420
Held as deferred capital grants	3,651,673	3,712,576
Recognised as income in the Statement of Comprehensive Income	1,196,747	1,135,844
	4,848,420	4,848,420

29. Related party transactions

Under FRS 102 related parties consist of the Board of Management and Harrogate Flower Fund Homes Limited for which Harrogate Housing Association Limited acts as managing agent.

Board members received expenses in the year totalling £301 (2022– £Nil).

During the year there was one tenant member of the Board who was appointed on 26 October 2022. Their tenancy was on normal commercial terms and they were not able to use their position to their advantage. During the year ended 31 March 2023, since being a board member, they were charged rent totalling £2,303. There were no arrears on their tenancy at the reporting period end. (2022 – none)

During the year the Association sold services to Harrogate Flower Fund Homes Limited totalling £43,142 (2022 – £38,375). At the balance sheet date £0 (2022 – £529) was due from Harrogate Flower Fund Homes Limited.

The Association has made available to Harrogate Flower Fund Homes a £150,000 loan facility. The loan facility is at normal commercial terms, carries a non-utilisation fee and is repayable on or before 23 March 2026. During the year the Association charged £874 (2022 - £1,917) non-utilisation fees and £3,822 (2022 - £11) in interest. At the year end £60,000 (2022: £60,000) of the facility was drawn and £0 (2022: £469) was due from Harrogate Flower Fund Homes for interest and non-utilisation fees. £25,000 of the loan has been repaid subsequent to the year end. The full facility remains in place.

30. Subsidiary undertakings

The results of Applegarth Homes for the year are as follows:

	£
Income	-
Surplus for the period	-

31. Analysis of changes in net debt

	At 1 April 2022	Cash flows	Other non-cash changes	At 31 March 2023
Cash at bank	2,684,555	(160,565)	-	2,523,990
Loans Due in One Year	-	-	-	-
Loans Due After One Year	(7,856,309)	-	-	(7,856,309)
	(5,171,754)	(160,565)	-	(5,332,319)