

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 2024

Harrogate Housing Association Limited

Report and Financial Statements For the year ended 31 March 2024

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Harrogate Housing Association Limited

Board of Management, Registered Office and Advisers For the year ended 31 March 2024

Chairperson:	Mr Stuart Whyte Ms Claire Stone	Retired as Chair 15 May 2024 Co-opted 31 January 2024, appointed Chair 15 May 2024
Board of Management:	Ms Megan Henderson Ms Joanne Watson Mr Jonathan Place Ms Jane Fowler Ms Joanna Chambers Ms Carmen McCormack Mr David Smith Mr Ilyas Lunat Ms Liz Jones	Chair of Remuneration Committee Resigned 27 June 2024 Chair of Audit, Risk and Governance Committee Co-opted 15 May 2024
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

Harrogate Housing Association Limited

Chair's foreword

For the year ended 31 March 2024

When I was asked by the then Chair of the Association, Stuart Whyte, if I would join the Board and become its Chair there was no hesitation. Having worked at a senior level in a large housing association, I relished the opportunity to work with a small association, at the heart of the community it serves, well placed and committed to working very closely with its customers. As a board member of a small housing association, you are able to more easily see its work first hand. To date I have not been disappointed

The Association is financially strong, as shown by the accounts on the following pages and has invested in its homes to ensure that they meet the standards required by all housing associations and our customers' expectations. The Association also has a significant development pipeline of new, energy efficient homes which will see the Association grow further over the next few years, providing much needed, below market rent, homes to new and existing customers. We also have plans to improve the energy efficiency of our existing homes through investment and modernisation.

The Association is very fortunate to have an experienced senior team who can deliver both strategically and operationally, as is often required in small teams. The same expectations for legal and regulatory compliance, rightly apply to small housing associations as well as large ones and the board has had to be mindful of the impact this has on resources to deliver services to residents. It is a credit to the team that, alongside these new requirements being fully met, the Association continues to deliver a good service to its customers with high customer satisfaction levels.

As a new Chair I am focused on sustaining the right skills and experience on the Board. This is becoming ever more challenging as the sector has moved to six year terms and small associations cannot readily fund payment to members. I am fortunate that I have a strong and committed board, including a resident member who also chairs the Customer Liaison Committee. I especially want to thank Stuart Whyte for agreeing to remain on the Board to support me and the rest of the board.

The Board is also sighted on the challenges of the skills shortage both in terms of directly employed staff and contractors. That said, as part of our commitment to manage our homes effectively we have recently recruited a specialist Repairs Surveyor who brings a wealth of practical experience and is keen to develop a career in the sector. As a small team we are uniquely placed to offer a broad range of experience to support this ambition. In terms of contractors, we prefer to work with local companies as we believe that this results in better services to our customers and onward investment into the town. Being based in Harrogate the team has excellent knowledge and connections with the market and so we have sustained a good framework of delivery partners. The Board is keen to keep this approach in place but acknowledges that it is challenging and will work with the senior team to avoid any risk to service.

As the Association grows it needs to make sure it remains true to its values of being local, approachable and customer focused. The Board will be working with customers at the annual strategic planning day in September to explore how customers can influence and be part of the decision making processes to continually improve what the Association does and how it does it, with a focus on there being a positive impact for customers.

This will not come without its challenges and the Association won't get everything right but it is an exciting time and with a good team and engaged customers positive progress will be made.

Lastly, I would like to thank two outgoing members who I had the pleasure of working with albeit for a short time. Jane Fowler and John Place both brought a sharp focus on customers and their needs at every meeting which was always welcome. I will do my best to maintain this approach. I am also delighted to welcome a new board member Liz Jones who comes with a wealth of experience from holding senior, strategically focused roles in the public sector and as a volunteer and board member with another housing association and a number of local charities. She is already making a valuable contribution to the Board.

I very much look forward to reporting on progress in next years report.

Claire Stone
Chair
25 September 2024

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2024

Accounts

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2024. 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.

The 2023 customer conference focussed on how the Association could improve satisfaction in relation to various activities which had been identified from the customer satisfaction survey as ones for improvement. Using the concept of the popular television quiz show Countdown customers views on complaints, management of communal areas and estate management were sought. The outcome was that customers would look to get more proactively involved in estate inspections, asked the Association to listen more to customers and do what we say we will do. The conference

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Report of the Board of Management For the year ended 31 March 2024

was also used as an opportunity to update customers on our proposed energy efficiency insulation works for over 40 properties in our Starbeck neighbourhood where we have a large concentration of houses

A number of customers living in the properties to be insulated also attended the Association's annual strategy event in September 2023 which explored, in detail, the exact nature of the energy efficiency works planned. As well as informing customers the event also improved the Board's understanding of the works.

The customers at Applegarth Homes have been involved in the redevelopment of their homes with a number of meetings being held with them to discuss the plans for the site and the proposed sequence of works. A site visit with six of the residents to a Manchester scheme in development was also undertaken.

The Association's ability to organise a neighbourhood focussed customer event in the year was hampered by staff changes with reduced numbers over the summer months, the prime time for such events. Staff concentrated on maintaining the service to customers and engaging in other ways through the home reviews and estate walkabouts. Work is already underway with the CLC on planning an event for 2024.

A customer satisfaction survey is undertaken every two years with the next one due in the year ending 31 March 2025. This is a great opportunity to engage with a diverse range of customers and obtain their views. The last survey undertaken in the year to 31 March 2023 put the Association in the top quartile for overall satisfaction (85%), keeping customers informed (83%) and that the Association listens to their views and acts upon them (85%). 95% of respondents confirmed the Association delivers on its values of Local, Approachable and Customer-focussed. The results of the survey, including the Regulators required Tenant Satisfaction Measures were circulated to customers in the newsletter published in August 2023.

Through the improvement plan arising from the survey, developed in conjunction with the CLC and customers at the conference we are texting more so that customer get a speedier outcome to queries, listening to what the customer wants, advising them of the services they expect and coaching staff on how to manage complaints effectively through training and support. All Association staff have undertaken externally facilitated training on customer service.

The Association completed its work in the year of gathering information on how customers want us to tailor our services to meet their requirements and we now hold the information for all households. Due to the size of the data sets involved the Board believe this is more important than collecting and analysing protected characteristic information, however, due to changes in regulation for the sector work has commenced collecting the required information from 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.

Like many associations we help customers by providing some of the life essentials they need but can not readily afford. During the year we have provided support to 28 customers which has included buying white goods, food, furniture, curtains, cleaning materials, soft furnishings and issuing food bank vouchers. Christmas food hampers were provided again this year. Customers have been very appreciative of our support. Our Helping Hand Fund remains available for those who need it.

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Report of the Board of Management For the year ended 31 March 2024

We are committed to ensuring our neighbourhoods are places where people want to live. The customer conference attendees suggested the Association recruit customer representatives for each neighbourhood to act as the main conduit for communication. Recruiting volunteers though has proved difficult. We are varying the times of our estate walkabouts in 2024/25 to see if recruitment improves.

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 2028, two years ahead of the target. 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. The latter though has stalled as we progress planning through the system
- 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.

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Report of the Board of Management For the year ended 31 March 2024

Review of activities and performance for the year

The Association has had a successful year despite the impact of higher costs and the restriction of the rent increase in April 2023 to 7% when inflation was running at over 10%. Higher interest rates, given the cash reserves held by the Association, have provided a significant boost to income, voids and bad debts have been managed well (combined less than 0.4%) and other costs controlled.

Property numbers have continued to increase with an additional eight properties being added to the portfolio increasing the total number of owned properties to 275. Together with 34 units managed for other landlords the Association has 309 properties under management. The Association also has a healthy development pipeline of 85 properties across three sites.

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, like those experienced over the last two years.

The underlying operating surplus (excluding shared ownership first tranche sales) has increased to £870,000 from £813,000 in 2023. Income growth from new properties has kept pace with the increased cost inflation and repairs costs and also absorbing the Government imposed lower than inflation increase in rents. In addition, a healthy surplus on two shared ownership first tranche sales of £58,422 has been achieved. Both sales were at a 25% ownership level reflecting the affordability of properties in the Harrogate District.

Surpluses have been impacted by a surge in repairs volumes, especially around damp and mould. With the cost of living crisis impacting on how people maintain a warm home, with many adopting a much lower room temperature meaning damp and mould problems have increased. A number of customers have also sought compensation through no win no fee disrepair claims which are costly to manage. The Association takes any report of damp and mould or water ingress seriously and aims to visit customers within two days of the report. Identifying a solution though can take some time and securing contractors to undertake remedial works is also challenging. This swift response, coupled with records from property inspections, provides the Association with significant information to manage the position

In addition to delivering the day to day activities a number of key strategic projects have progressed:

- Planning permission has been submitted for the redevelopment of the Applegarth Homes site to increase the provision of much needed older persons accommodation from 10 to 26 apartments. A decision is awaited. These 16 additional apartments have not been included in the development pipeline noted above
- The project with Eon to improve the energy efficiency of over 40 properties in the Starbeck area continued but is being hampered by planners refusing planning permission. Work though continues with the planners to deliver this initiative
- An additional loan facility to continue the growth aspirations of the Association was negotiated during the year and put into place after the year end. The new £15m facility with Triodos Bank replaced an existing £5m one with Yorkshire Building Society who had withdrawn from the market. The new facility has secured the Association's ability to grow
- Property allocations have been agreed with developers and other registered providers on two shared sites and contract negotiations have progressed. The Association has secured 76 properties across the two schemes which will start to be delivered in the 2025/26 financial year. A contract for 42 of the units was put in place in June 2024. The developer of a third site with nine affordable homes secured planning permission for the scheme and contract discussions have started.

With regards the day to day operations of the Association performance has been good across all key areas although, as noted above, repairs remain a challenging area. Focussing on the three most important areas of operation:

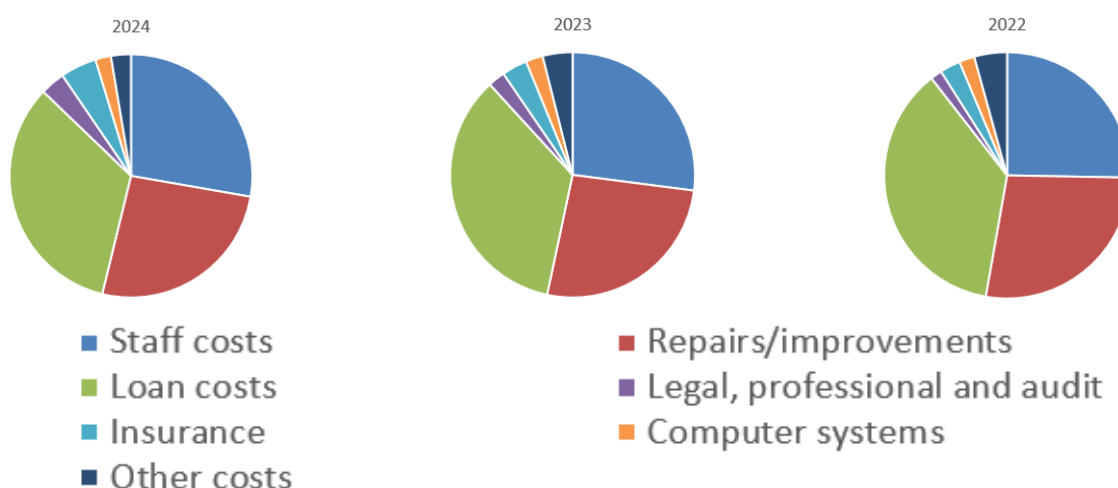
- Void losses have remained low at only £3,841 for the year (0.2% against a business plan assumption of 1%). The Association is fortunate in usually receiving notice of an impending departure with properties generally returned in a lettable condition, but staff work hard to ensure a nomination or waiting 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

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- Arrears over the year have increased but from an exceptionally low base in 2023. Collection percentage though has remained strong at 99.17%. Bad debts are also low at £2,624 (0.1%) compared to a business plan assumption of £16,300 (1%). 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. Arrears information can be found in note 15 to the accounts
- Repairs spend overall has continued to increase partly due to inflation but also the number of repairs. As already noted damp and mould related reports have increased with the Association taking a proactive approach to their management. Overall costs were contained within the set budget. In the year we replaced four bathrooms, eight boilers, four kitchens, one roof and 14 windows and doors. Damp related works were also undertaken on nine properties. In addition 24 properties benefited from both internal to the communal area and external fence painting works. 95% of jobs were completed within timescales with an average repair time of 11.5 days. Satisfaction with the service from call backs to over 50% of repairs remained high at just under 98% on average 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 four years ago, pre pandemic, has not yet been utilised on developments as activity stopped due to the pandemic). The new facility noted above is sufficient to meet the costs of all properties in the development pipeline, the cost to redevelop Applegarth Homes and the energy efficiency works planned with Eon. The facility also leaves further capacity for growth. 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. The charts also show the increasing cost of insurance (it was difficult to find a replacement insurer following Aviva's withdrawal from the market and premiums doubled) and legal and professional costs which in part is related to disrepair claims but fire risk assessments were undertaken during the year and fees were incurred on a review of the pension offering to staff. No change was made following the review.

The Board would like to take this opportunity to formally thank the staff team for their efforts in securing this positive position and their continued commitment to our customers and the Association.

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

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- 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 as set out in the new consumer standards, 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.

With existing cash reserves and the new loan facility the Association can meet the financial requirements of the first two objectives. The Association has been allocated 85 properties through S106 and it is expecting to invest just over £3.4m in 2024/25 on their development. Handovers are expected to start in 2025/26. Work will also continue to secure the necessary planning permission to undertake the energy efficiency works in Starbeck. Contractors are lined up to start as soon as planning is obtained. The decision on the planning application for Applegarth Homes is pending.

The Association will continue to meet its health and safety obligations and report compliance with the Associations gas, electric, asbestos and fire safety obligations in line with the requirements of the Regulator. The Association does not have any passenger lifts or high rise blocks. With no sheltered or older peoples accommodation legionella obligations are in relation to empty properties where the Association will undertake the necessary checks. The compliance with the above are reported to Board on a quarterly basis.

In addition to the £800,000 included in the 2024/25 budget for energy efficiency works (the project with Eon) a further £520,000 has been budgeted to improve and maintain the Association's properties. This includes replacing four kitchens, two bathrooms, nine doors, three whole house windows, 14 boilers and six roofs. The roofs will be undertaken as part of the Eon project and the volume may increase once the energy efficiency works commence. Budget has also been allocated for damp and mould related repairs, the replacement of a substantial garden wall, gas and electrical certificates and repairs and general day to day repairs.

Home reviews (visits to properties to identify property improvements that are required as well as collecting customer views on service delivery and any improvements which can be made) will continue to be undertaken in line with a two year cycle. This is likely to be accelerated towards the end of the year due to the recruitment of a repairs surveyor, a new post for the Association. This role will undertake a stock condition survey, recording and then keeping up to date, the information on a new module of the housing management database. This will provide a much more detailed assessment of properties and the work required to maintain them to the new, as yet unpublished, decent homes standard. This aligns with the recommendations of The Better Social Housing Review undertaken by the National Housing Federation.

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 with CIH training available to all. Employees also attend targeted, role specific courses, have access to funded general development opportunities and are part of an externally facilitated in house customer service development initiative ensuring we continue to deliver against our values of Local, Approachable and Customer-focused.

Cash 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 during the year more interest has been received on the funds on deposit than was paid on the underlying loans due to the increase in interest rates. This is an anomaly and the Association does not speculate on the market.

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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. This has been achieved over the past few years but with the increasing focus by the Regulator on property condition and the requirement for associations to know their homes and who lives in them at a greater level of detail than currently the Association is recruiting a repairs surveyor. Whilst this role will be part funded through a saving on stock condition survey costs it will significantly increase overheads. No other changes are expected in the near future so as the development pipeline is delivered the costs of management per property should fall.

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. This is shown below.

Delivering on its value for money objective the Association has grown during the year increasing the number of properties it owns by 8 – a 2.9% 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. To ensure rent parity is maintained rents on new lets are not reduced from current levels on re let. It has been recognised 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.

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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.

The Association used its cash reserves in 2021 to support HFFH in the acquisition and refurbishment of a property. This approach significantly reduced the set up costs of a loan for them and, as the loan terms were on a commercial basis, increased the interest income of the Association above that which could be earned by placing the money on deposit. This was a value for money win for both associations. The loan was repaid in the year and the facility reduced to £75,000. The Association is still benefiting from the receipt of a non utilisation fee on the facility.

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

VFM Standard metrics	Target 2025**	Actual 2024	Target 2024	Actual 2023	Actual 2022	Sector median*
1 Reinvestment percentage	16.9%	2.0%	10.5%	5.4%	3.7%	3.7%
2 New supply delivered ***	0.0%	2.9%	3.0%	3.0%	5.8%	0.7%
3 Gearing	39.4%	26.1%	32.6%	28.0%	28.2%	32.9%
4 EBITDA MRI interest cover	(9.0%)	283.0%	94.9%	257.1%	222.6%	171%
5 Social housing costs per unit	£7,231	£2,788	£5,250	£2,728	£2,683	£5,721
6 Operating margin social housing	22.2%	47.5%	27.7%	49.0%	43.1%	18.7%
Operating margin overall	22.2%	46.9%	30.1%	49.6%	46.4%	16.8%
7 Return on capital employed	1.9%	4.4%	2.9%	4.6%	4.4%	2.1%

* - traditional registered providers with between 1,000 and 2,500 units as per the Regulator of Social Housing's 2023 Global Accounts VFM metrics

** - these are based on the Board approved business plan. In comparison to 2024 they are impacted by the timing of stage payments on developments with a number of schemes planned to start on site but no units delivered in the year, a higher spend on planned maintenance and major repairs (including £800,000 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 2025 ^a	Actual 2024	Target 2024 ^a	Actual 2023	Actual 2022
Overhead cost per property	2,199	1,661	£1,811	£1,590	£1,505
Percentage of rent collected	99.5%	99.2%	100%	101.1%	100.4%
Voids and bad debts percentage	0.5%	0.4%	0.2%	0.3%	0.6%
Units owned (Association)	275	275	275	267	259
Total units managed	309	309	309	301	293
Net debt per Association owned unit £000s	33	19	24	20	21
Customer satisfaction^b					
Overall	85%	85%	85%	85%	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 and is impacted by the recruitment of the repairs surveyor

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

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2024

The VFM metrics for the year and performance against the 2024 target have been impacted by:

- Development schemes overall (including assets under construction) not progressing as fast as the 2024 business plan assumed so investment was lower than anticipated. As development is S106 based the Association has no control over a developers speed of build. A number of schemes are edging closer to commencement on site so spend is anticipated to start in the current year, but no handovers are expected. Handovers in 2024 were as anticipated
- Major works spend being lower than planned as the budget for energy efficiency works was not utilised pending progress on grant and planning applications. This impacted on some roof replacements which were put on hold to tie in with the energy efficiency works to improve value for money. Looking forward the 2025 budget assumes £800,000 will be spent on energy efficiency works (previously this had been split equally over two years) reflecting the approaching deadline for achieving EPC C on all properties
- 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 2025 target for VFM metric 4 is negative reflecting the significant investment in energy efficiency works and the development pipeline which will only produce income from 2025/26 onwards. 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 2024 was impacted by a doubling of insurance premiums (the full year effect coming in 2025 as the renewal is in November) and a move to median salaries for all posts. These were offset though by vacant positions taking time to fill and good management of general overheads. The target for 2025 is based on a prudent budget and the addition of the repairs surveyor to the staffing structure of the Association. The other metrics show operational performance remains strong.

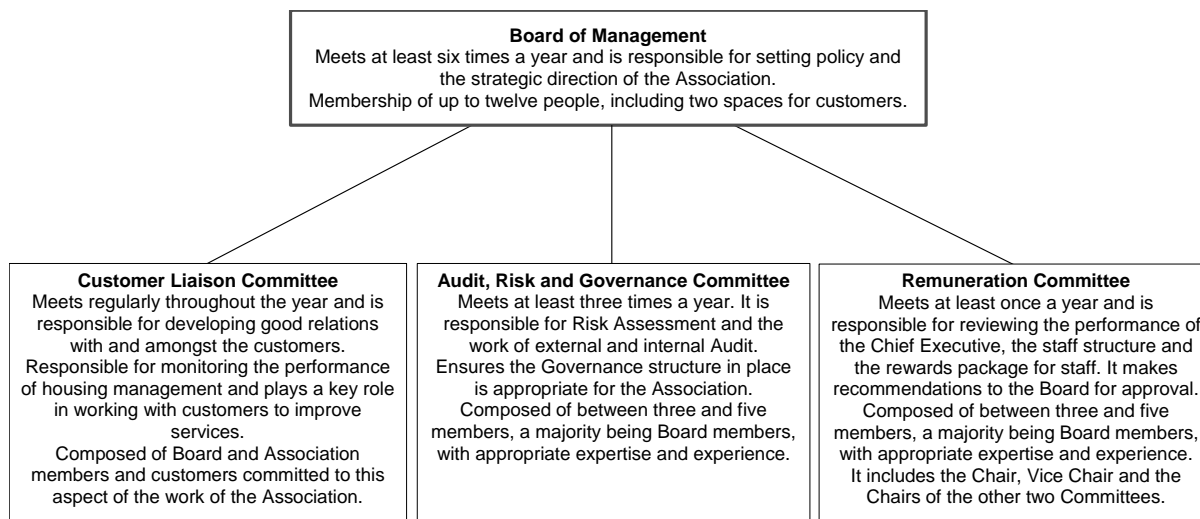
The Association subscribes to SPBM – the smaller providers benchmarking group run by Acuity. Comparing ourselves with other associations of less than 1,000 units who predominately have general needs housing stock we sit firmly in the top quartile on the VFM metrics where quartiles are published except on reinvestment percentage where we are second quartile (data extracted 3 July 2024). The latter is impacted by only developing through S106 opportunities where we have no control over the speed of development and the delay in energy efficiency works spend. In relation to void losses we are in the top quartile and for repairs performance and income collection we are in the top half. On overall customer satisfaction we are again in the top half.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2024

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 Association follows the National Housing Federation's Code of Governance 2020. The Association complies fully with the code. 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. In line with the requirements of the code the association received one first stage proposal during the year. This was considered by the Board who determined it did not offer sufficient additional benefits to current and future customers over what could be delivered by the Association itself. The approach was rejected.

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. The Association was successful in recruiting a disabled male employee during the year. Vacancies will continue to be promoted to the underrepresented groups.

Through direct contact with customers the Association has identified which customers want a change in how its services are delivered to meet their particular circumstances. For example we know which customers are hard of hearing and require a louder door knock. In total 50 customers have requested a service change. Staff are informed about the required change each time they access a customer record so they can react appropriately. Likewise contractors are informed when they need to undertake work at a customers property. In line with recent regulatory pronouncements and the NHF's Better Social Housing Review we have commenced collecting other protected characteristic information. With only a relatively small number of customers and even smaller subsets of those with protected characteristics

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2024

collecting and analysing service performance by these subsets would not be statistically sound, be resource hungry and likely lead to anomalous results. However, once the data is collected analysis will be undertaken and a decision made on its value to the Association.

Protected characteristic information will again be collected as part of the bi-annual customer satisfaction survey due in late 2024. No meaningful analysis could be obtained from this data in the 2023 survey.

In line with the strategy property allocation information should be reported to the Board on an annual basis although due to problems extracting the information from the CORE system this was not possible in the year just ended. This will be undertaken for lettings in 2023/24. Equality, Diversity and Inclusion training took place in May 2024 with all staff attending and all Board members given the opportunity to.

The Association will continue to deliver the actions and targets in its Equality, Diversity and Inclusion Strategy 2024.

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.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2024

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 early 2023 across the key areas of activity of the Association. The outcome was the continued 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. The appetite remained unchanged following the recruitment of the new Association Chair.

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks in the Risk Assurance Framework which was updated during the year. 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 its 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 85 properties allocated through the development partnership which was extended for a further year from 1 April 2024 following the creation of North Yorkshire Council on 1 April 2023. The Association is in contract for 42 of the properties. This represents a significant pipeline given the size of the Association. The future of the development partnership is under review by the new Council. In the event of opportunities ceasing to come forward the Board will develop other avenues for growth. The Association though will aim to obtain as many allocations as possible during this period of uncertainty.
- Lack of development funding prevents acquisitions – a £15m loan facility has been obtained from Triodos Bank which is sufficient to meet the current S106 development pipeline, the reprovisioning of Applegarth Homes and the accelerated investment in energy efficiency works. The facility will also enable the development of a further 75 homes. Triodos have confirmed, subject to satisfactory approvals, a further £5m is available. GBSH have also confirmed they are willing to increase their loans to the Association. Whilst this risk was included in the year end strategic risk map it has subsequently been removed.
- Stock does not meet EPC C by 2028 – the business plan has made a significant allowance for EPC improvement works (£800,000 during 2024/25) with activity on some properties already started. The main project with Eon has yet to obtain the necessary approvals from the local authority planners. Contingency arrangements are being drawn together should the project not progress. Annual monitoring of progress against the target is undertaken by the Board. 25% (69 properties) currently do not reach this benchmark.
- Additional health and safety requirements arising from the new consumer standards will not be met – a gap analysis against the standards has been undertaken which has not highlighted any major concerns especially as the Association does not have any high rise blocks or any dangerous cladding.
Unable to involve customers or listen to their ideas to develop and deliver the right services and homes for them – whilst the Association has the CLC in place and a Customer Engagement Strategy it is exploring how a broader range of customers can be given the opportunity to get involved in determining the role of the Association. 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.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2024

- 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 through training videos and newsletters by KnowBe4.

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 as well as weekly fire alarm checks. None of the Associations properties contain RAAC.

The Board have considered the impacts of high inflation, high interest rates and other cost related scenarios on the long term finances of Association. The business plan scenarios undertaken indicate the Association is financially strong and able to withstand significant increases in costs and remain financially viable. The impact on customers from increased utility costs and the higher general cost of living, including food inflation has also been considered. In response the Board 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 regularly reviews key performance indicators 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.

Harrogate Housing Association Limited

Report of the Board of Management For the year ended 31 March 2024

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 25 September 2024

**Ms C Stone
Chair**

Harrogate Housing Association Limited

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

Opinion

We have audited the financial statements of Harrogate Housing Association (the Association) for the year ended 31 March 2024 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 2024 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.

Harrogate Housing Association Limited

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

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.

Harrogate Housing Association Limited

Independent Auditor's report to Harrogate Housing Association Limited

- 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

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

Date: 26 September 2024

Harrogate Housing Association Limited

Statement of Comprehensive Income For the year ended 31 March 2024

	Notes	2024 £	2023 £
Turnover	3	1,982,578	1,925,519
Operating expenditure	3	<u>(1,053,768)</u>	<u>(969,655)</u>
Operating surplus		928,810	955,864
Interest receivable	5	125,406	51,097
Interest and financing costs	6	<u>(414,241)</u>	<u>(405,326)</u>
Surplus before taxation		639,975	601,635
Taxation	11	<u>-</u>	<u>-</u>
Surplus for the year	7	639,975	601,635
Other comprehensive income			
Actuarial (losses)/gains in respect of pension scheme	10	<u>(43,000)</u>	<u>(30,000)</u>
Total comprehensive income for the year		<u><u>596,975</u></u>	<u><u>571,635</u></u>

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 2024 and were signed on its behalf by:-

Ms C Stone..... 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 2024

	Notes	2024		2023	
		£	£	£	£
Fixed assets					
Housing properties	12		18,134,505		18,053,024
Other tangible fixed assets	13		182,439		187,697
			<u>18,316,944</u>		<u>18,240,721</u>
Current assets					
Stock	14	-	45,074		
Trade and other debtors	15	250,127	154,318		
Current asset investments	16	287,000	287,000		
Cash and cash equivalents	17	2,839,267	2,523,990		
			<u>3,376,394</u>		<u>3,010,382</u>
Less:					
Creditors: amounts falling due within one year	18	(327,663)	(388,260)		
			<u>3,048,731</u>		<u>2,622,122</u>
Net current assets			<u>3,048,731</u>		<u>2,622,122</u>
Total assets less current liabilities			21,365,675		20,862,843
Creditors: amounts falling due after more than one year					
	19		(12,936,617)		(13,041,763)
Provisions for liabilities					
Pension – defined benefit liability	10		(138,000)		(127,000)
Total net assets			<u>8,291,058</u>		<u>7,694,080</u>
Reserves					
Non-equity share capital	22		21		21
Income and expenditure reserve	23		8,291,037		7,694,059
Total reserves			<u>8,291,058</u>		<u>7,694,080</u>

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:-

Ms C Stone..... 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 2024

	Non-equity share capital £	Income and expenditure reserve £	Total £
Balance at 31 March 2022	21	7,122,424	7,122,445
Surplus for the year	-	601,635	601,635
Actuarial gains in respect of pension scheme	-	(30,000)	(30,000)
Shares issued during the year	-	-	-
Shares surrendered during the year	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2023	21	7,694,059	7,694,080
Surplus for the year	-	639,975	639,975
Actuarial losses in respect of pension scheme	-	(43,000)	(43,000)
Shares issued during the year	3	-	3
Shares surrendered during the year	(3)	3	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2024	21	8,291,037	8,291,058

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 2024

	2024		2023	
	£	£	£	£
Net cash generated from operating activities (see Note 1 below)		1,114,710		1,187,609
Cash flow from investing activities				
Purchase of tangible fixed assets	(481,250)		(914,911)	
Purchase of shared ownership properties	-		-	
Proceeds from shared ownership staircasing sales	-		-	
Proceeds from sale of fixed assets	-		-	
Loan repayment from Harrogate Flower Fund Homes	60,000		-	
Grants repaid	-		-	
Release/(increase) of THFC sinking fund	-		318	
Interest received	118,912		40,914	
		(302,338)		(873,679)
Cash flow from financing activities				
Shares issued	3		-	
Interest paid	(433,292)		(433,223)	
Refinancing/other loan related costs	(63,806)		(41,272)	
New secured loans	-		-	
Repayments of loans	-		-	
		(497,095)		(474,495)
Net change in cash and cash equivalents		315,277		(160,565)
Cash and cash equivalents at beginning of year		2,523,990		2,684,555
Cash and cash equivalents at end of the year		2,839,267		2,523,990
Note 1				
Surplus for the year		639,975		601,635
Adjustments for non-cash items:				
Components capitalised from previous years		-		(31,843)
Depreciation of tangible fixed assets		282,490		290,086
Amortisation of Government grants		(60,903)		(60,903)
Decrease in stock		45,074		60,255
Increase/(decrease) in trade and other debtors		(34,059)		18,804
Decrease/(increase) in trade and other creditors		(9,702)		(3,654)
Pension costs less contributions payable		(37,000)		(41,000)
Adjustments for investing or financing activities:				
Interest and financing costs		414,241		405,326
Interest received and similar income		(125,406)		(51,097)
		1,114,710		1,187,609

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

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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 2024.

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 2024 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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

3. Particulars of turnover, operating expenditure and operating surplus

	2024		
	Turnover £	Operating Expenditure £	Operating Surplus £
Social housing lettings (see note 4)	1,817,535	(953,871)	863,664
Other social housing activities			
First tranche low cost home ownership sales	105,000	(46,578)	58,422
Management income	46,200	(41,947)	4,253
Other	13,843	(11,372)	2,471
Total	1,982,578	(1,053,768)	928,810
	=====	=====	=====
	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
	=====	=====	=====

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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

	General needs housing £	Supported housing £	Shared ownership £	Total 2024 £	Total 2023 £
Income					
Rent receivable net of identifiable service charges and net of voids	1,570,391	61,753	88,128	1,720,272	1,557,110
Service charge income	28,736	1,878	5,746	36,360	41,012
Amortised government grants	48,496	10,626	1,781	60,903	60,903
Total turnover from social housing lettings	1,647,623	74,257	95,655	1,817,535	1,659,025
Operating expenditure					
Management	283,220	15,253	34,320	332,793	306,289
Service charge costs	26,309	1,878	6,569	34,756	37,217
Routine maintenance	164,641	2,563	-	167,204	149,358
Planned maintenance	58,310	6,345	-	64,655	46,760
Major repairs expenditure	69,335	-	-	69,335	52,437
Major repairs capitalised from previous years	-	-	-	-	(31,843)
Bad debts	2,624	-	-	2,624	3,647
Depreciation of housing properties	246,601	16,902	12,645	276,148	276,105
Lease costs	6,356	-	-	6,356	6,341
Total operating expenditure on social housing lettings	857,396	42,941	53,534	953,871	846,311
Operating surplus on social housing lettings	790,227	31,316	42,121	863,664	812,714
Voids losses (being rental and service charge income lost as a result of property not being let, although it is available for letting)	3,841	-	-	3,841	1,004

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

5. Interest receivable and similar income

	2024	2023
	£	£
Bank interest received	122,984	46,401
Other interest	2,422	4,696
	<u>125,406</u>	<u>51,097</u>

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

	2024	2023
	£	£
Loan interest	433,964	433,392
Costs associated with financing and refinancing	46,250	44,556
Amortisation of bond premium	(63,708)	(61,726)
Interest on pension scheme deficit	5,000	3,000
Less: interest capitalised/prepaid	(7,265)	(13,896)
	<u>414,241</u>	<u>405,326</u>

The average cost of borrowing used to capitalise interest was 3.05% (2023 – 3.83%).

7. Surplus for the year

	2024	2023
	£	£
Surplus for the year is stated after charging/(crediting):		
Auditor's remuneration (excluding VAT):		
In their capacity as auditors	10,322	9,675
In respect of other services	348	325
Operating lease rentals	768	768
Depreciation of housing properties	276,148	276,105
Depreciation of office fixtures and fittings	6,342	13,980
Amortisation of government grants	(60,903)	(60,903)
	<u></u>	<u></u>

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

8. Employee information

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

	2024 No	2023 No
Housing management and administration	6	7
	=====	=====
	2024 £	2023 £
Staff costs (for the above persons):		
Wages and salaries	263,391	250,612
Social security costs	18,259	19,857
Other pension costs	50,425	48,383
	=====	=====
	332,075	318,852
	=====	=====
Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the year	2024 No	2023 No
£80,000 – £90,000	-	1
£90,000 – £100,000	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 (2023 – none).

The remuneration paid to the Chief Executive was:

	2024 £	2023 £
Emoluments and total key management personnel remuneration:		
(Including pension contributions and benefits in kind)	103,454	95,747
	=====	=====
Emoluments: paid to the highest paid employee (the Chief Executive)		
(Excluding pension contributions)	94,685	87,467
	=====	=====

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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:

	2024	2023
	% per annum	% per annum
Discount rate	4.87	4.88
Inflation (RPI)	3.19	3.20
Inflation (CPI)	2.76	2.74
Salary growth	3.76	3.74
Allowance for commutation of pension for cash at retirement		75% of maximum allowance

Mortality Assumptions

The post retirement mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	2024	2023
	No. of years	No. of years
Male retiring in 2024	20.5	21.0
Female retiring in 2024	23.0	23.4
Male retiring in 2043	21.8	22.2
Female retiring in 2043	24.4	24.9

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

10. Pension obligations (continued)

Amount recognised in the Statement of Financial Position

	2024 £	2023 £
Fair value of plan assets	572,000	533,000
Present value of defined benefit obligation	(710,000)	(660,000)
Net liability to be recognised	(138,000)	(127,000)

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

	£	£
Current service cost	2,000	5,000
Expenses	3,000	3,000
Total operating charge	5,000	8,000

Analysis of pension finance (income) / expenses

	2024 £	2023 £
Interest expense	32,000	26,000
Interest income	(27,000)	(23,000)
Amounts charged to financing costs	5,000	3,000

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

	2024 £	2023 £
Actuarial losses on pension scheme assets	(32,000)	(336,000)
Actuarial gains on pension scheme liabilities	(11,000)	306,000
Actuarial (loss)/gain recognised	(43,000)	(30,000)

Movement in deficit during year

	2024 £	2023 £
Deficit in scheme at 1 April	127,000	135,000
Current service cost	2,000	5,000
Expenses	3,000	3,000
Employer contributions	(42,000)	(49,000)
Net interest expense	5,000	3,000
Actuarial loss/(gain)	43,000	30,000
Deficit in scheme at 31 March	138,000	127,000

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

10. Pension obligations (continued)

Reconciliation of opening and closing balances of the defined benefit obligation

	2024	2023
	£	£
Defined benefit obligation as at 1 April	660,000	926,000
Current service cost	2,000	5,000
Expenses	3,000	3,000
Interest expense	32,000	26,000
Contributions by plan participants	24,000	28,000
Actuarial (gains)/losses due to scheme experience	17,000	(69,000)
Actuarial (gains) due to changes in demographic assumptions	(8,000)	(2,000)
Actuarial (gains) due to changes in financial assumptions	2,000	(235,000)
Benefits paid and expenses	(22,000)	(22,000)
	<u>710,000</u>	<u>660,000</u>

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

	2024	2024
	£	£
Fair value of plan assets as at 1 April	533,000	791,000
Interest income	27,000	23,000
Experience on plan assets (excluding interest income)	(32,000)	(336,000)
Contributions by the employer	42,000	49,000
Contributions by plan participants	24,000	28,000
Benefits paid and expenses	(22,000)	(22,000)
	<u>572,000</u>	<u>533,000</u>

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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 2023	19,079,846	384,951	1,430,309	93,270	20,988,376
Property additions	-	230,982	-	43,493	274,475
Schemes completed	615,933	(615,933)	136,763	(136,763)	-
Component additions	83,154	-	-	-	83,154
Component disposals	(28,306)	-	-	-	(28,306)
	-----	-----	-----	-----	-----
At 31 March 2023	19,750,627	-	1,567,072	-	21,317,699
	-----	-----	-----	-----	-----
Depreciation					
At 1 April 2023	2,869,878	-	65,474	-	2,935,352
Charge for the year	263,502	-	12,646	-	276,148
Eliminated on component disposals	(28,306)	-	-	-	(28,306)
	-----	-----	-----	-----	-----
At 31 March 2024	3,105,074	-	78,120	-	3,183,194
	-----	-----	-----	-----	-----
Net book value					
At 31 March 2024	16,645,553	-	1,488,952	-	18,134,505
	=====	=====	=====	=====	=====
At 31 March 2023	16,209,968	384,951	1,364,835	93,270	18,053,024
	=====	=====	=====	=====	=====
Housing properties comprise:				2024	2023
				£	£
Freeholds				17,041,866	16,945,870
Long leaseholds				1,092,639	1,107,154
				-----	-----
				18,134,505	18,053,024
				=====	=====
The following amounts have been capitalised during the year:				2024	2023
				£	£
Interest				7,265	13,896
Management costs				14,116	26,220
				-----	-----
				21,381	40,116
				=====	=====

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

12. Tangible fixed assets – housing properties (continued)

Works to existing properties in the year:	2024 £	2023 £
Components capitalised from current year	83,154	125,218
Components capitalised from previous years	-	31,843
	<hr/>	<hr/>
	83,154	157,061
Amounts charged to expenditure	69,335	52,437
	<hr/>	<hr/>
	152,489	209,498
	<hr/> <hr/>	<hr/> <hr/>

13. Tangible fixed assets – other

	Freehold offices £	Office furniture and equipment £	Computer equipment £	Other fixed assets total £
Cost				
At 31 March 2023	214,584	21,350	43,739	279,673
Additions	-	-	1,084	1,084
Disposals	-	(932)	(503)	(1,435)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	214,584	20,418	44,320	279,322
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 31 March 2023	38,007	15,315	38,654	91,976
Charge for the year	3,054	1,047	2,241	6,342
Disposals	-	(932)	(503)	(1,435)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	41,061	15,430	40,392	96,883
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2024	173,523	4,988	3,928	182,439
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2023	176,577	6,035	5,085	187,697
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

14. Stock

	2024 £	2023 £
Shared ownership properties completed	-	-
Shared ownership properties under construction	-	45,074
	-	45,074

15. Debtors

	2024 £	2023 £
Due within one year		
Loan to Harrogate Flower Fund Homes	-	60,000
Rental debtors	24,602	23,642
<u>Less: Provision for bad debts</u>	<u>(9,568)</u>	<u>(15,577)</u>
	15,034	8,065
Prepayments	220,104	67,228
Other debtors	14,989	19,025
Total due within one year	250,127	154,318

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 £75,000. The loan was repaid in the year and no further drawdowns are anticipated.

16. Current asset investments

	2024 £	2023 £
THFC sinking fund	287,000	287,000

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.

The association has submitted a planning application to redevelop the Association Homes scheme. Cost incurred pending approval of £67,341 have been prepaid. In addition, costs associated with the new loan facility from Triodos totalling £31,944 have been prepaid.

17. Cash and cash equivalents

	2024 £	2023 £
Cash at bank	2,839,267	2,523,990

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

18. Creditors: Amounts falling due within one year

	2024 £	2023 £
Trade creditors	47,949	92,941
Rents paid in advance	66,415	68,121
Accruals	75,241	98,617
Other taxation and social security	-	-
Other creditors	11,399	3,970
Premium on issue of bonds	65,756	63,708
Unamortised government grants (Note 20)	60,903	60,903
	<u>327,663</u>	<u>388,260</u>

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

	2024 £	2023 £
Loan balances – secured	7,856,309	7,856,309
Premium on issue of bonds	1,310,844	1,376,600
Loan issue costs	(101,963)	(116,798)
Total housing finance	<u>9,065,190</u>	<u>9,116,111</u>
Unamortised government grants (Note 20)	3,529,867	3,590,770
Recycled capital grant fund (Note 21)	61,034	60,362
Applegarth Homes major repairs fund	280,526	274,520
Total	<u><u>12,936,617</u></u>	<u><u>13,041,763</u></u>

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. This loan has been replaced with a £15m facility unit, Triodos Bank in the current year.

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

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

	2024	2023
	£	£
Loan balances can be analysed as follows:-		
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	<u>7,856,309</u>	<u>7,856,309</u>
Premium on issue of bonds	1,376,600	1,440,308
Loan issue costs	<u>(101,963)</u>	<u>(116,798)</u>
	<u>9,130,946</u>	<u>9,179,819</u>

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.

	2024	2023
	£	£
Unamortised government grant		
At start of year	3,651,673	3,712,576
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	-	-
	<u>3,590,770</u>	<u>3,651,673</u>
Amounts due to be released < 1 year	60,903	60,903
Amounts due to be released > 1 year	<u>3,529,867</u>	<u>3,590,770</u>
	<u>3,590,770</u>	<u>3,651,673</u>

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

21. Recycled capital grant fund

	2024 Homes England £
Opening balance	60,362
Inputs to RCGF:	
Grants recycled	-
Interest accrued	672
Transfers from other PRPs	-
	<u>61,034</u>
Recycling of grant:	
New build	-
Major works and works to existing stock	-
Transfers from other PRPs	-
Other	-
Repayment of grant to Homes England	<u>-</u>
Closing balance	<u>61,034</u>
Amount three years or older where repayment may be required	<u>61,034</u>

22. Non-equity share capital

	2024 £	2023 £
Allotted, issued and fully paid:		
At 1 April	21	21
Issued during the year	3	-
Surrendered during the year	<u>(3)</u>	<u>-</u>
At 31 March	<u>21</u>	<u>21</u>

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.

Harrogate Housing Association Limited

Notes to the Financial Statements For the year ended 31 March 2024

24. Capital commitments

	2024	2023
	£	£
Capital expenditure that has been contracted for but has not been provided for in the accounts:	-	203,000
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for:	12,298,000	11,240,000
	<u>12,298,000</u>	<u>11,443,000</u>

The contracted for commitments will be met from existing cash balances and secured loan facilities, put in place subsequent to the year end.

25. Accommodation in management

	2024	2023
	No	No
Under development at end of year:		
General needs housing – affordable rent	-	6
Shared ownership	-	2
	<u>-</u>	<u>8</u>
Under management at end of year:		
General needs housing – social rent	87	88
General needs housing – affordable rent	138	131
Intermediate rent	11	11
Housing for older people	-	-
Shared ownership	28	26
Total number of properties owned and managed	<u>264</u>	<u>256</u>
General needs housing managed on behalf of others	33	33
Total number of properties managed	<u>297</u>	<u>289</u>

The Association owns property managed by other bodies:

	2024	2023
	No	No
General needs housing – affordable rent	2	2
Supported housing	10	10
	<u>12</u>	<u>12</u>

Harrogate Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2024

25. Accommodation in management (continued)

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

	At 31 March 2023 No	Additions No	Disposals No	Other No	At 31 March 2024 No
Social housing					
General housing					
- social rent	88	-	-	(1)	87
- affordable rent	131	6	-	1	138
- shared ownership	26	2	-	-	28
- intermediate rent	11	-	-	-	11
Managed on behalf of others	33	-	-	-	33
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total owned and managed	289	8	-	-	297
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

26. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2023 - £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	
	2024 £	2023 £
Leases expiring:		
Not later than one year	768	768
Later than one year and not later than five years	576	1,344
Later than five years	-	-
	<hr/>	<hr/>
	1,344	2,112
	<hr/> <hr/>	<hr/> <hr/>

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

Harrogate Housing Association Limited

Notes to the Financial Statements

For the year ended 31 March 2024

28. Social Housing and Other Grants

	2024 £	2023 £
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	3,590,770	3,651,673
Recognised as income in the Statement of Comprehensive Income	1,257,650	1,196,747
	<u>4,848,420</u>	<u>4,848,420</u>

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 £499 (2023– £301).

During the year there was one tenant member of the Board. 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 2024, since being a board member, they were charged rent totalling £5,825. There were no arrears on their tenancy at the reporting period end (2023 – none).

During the year the Association sold services to Harrogate Flower Fund Homes Limited totalling £50,462 (2023 – £43,142). At the balance sheet date £0 (2023 – £0) 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 £1,311 (2023 - £874 non-utilisation fees and £1,111 (2023 - £3,822) in interest. At the year end £0 (2023: £60,000) of the facility was drawn and £0 (2023: £0) was due from Harrogate Flower Fund Homes for interest and non-utilisation fees. The loan facility was reduced to £75,000 in the year.

30. Subsidiary undertakings

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

	£
Income	-
Surplus for the period	-
	<u> </u>

31. Analysis of changes in net debt

	At 31 March 2023	Cash flows	Other non- cash changes	At 31 March 2024
Cash at bank	2,523,990	315,277	-	2,839,267
Loans Due in One Year	-	-	-	-
Loans Due After One Year	(7,856,309)	-	-	(7,856,309)
	<u>(5,332,319)</u>	<u>315,277</u>	<u>-</u>	<u>(5,017,042)</u>