



Southway Housing Trust (Manchester) Limited Group Accounts

2023/24

Co-operative and Community Benefit Society No. 30348R

Regulator of Social Housing No. L4507



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Board Members, Executive Directors, Advisors and Bankers

Board Members

Hazel Makinson	Chair	
David Hampton	Vice Chair	
Claire Brown		
Shefali Kapoor		
Gavin White		
Steve Wilson		
Andrea Griffiths		Resigned 22 May 2023
Clare Tostevin		Resigned 19 September 2023
Mark Taylor		Resigned 19 September 2023
Faisal Butt		Appointed 19 September 2023
Laura Green		Appointed 19 September 2023
Katie McGrouther		Appointed 20 January 2024
Dean Owens-Cooper	Co-optee	Two-year term to 30 November 2024

Executive Directors

Karen Mitchell	Chief Executive	to 14 July 2024
John Bowker	Chief Executive	from 15 July 2024
Jane Gant	Strategic Director People and Places Executive Director Landlord and Community Services	to 28 February 2024 from 1 March 2024
Matt Roberts	Strategic Director Property and Development	to 31 March 2024
David Clermont	Chief Financial Officer Executive Director Finance and Business Development	to 28 February 2024 from 1 March 2024

Registered Office Southern Gate, 729 Princess Road, Manchester, M20 2LT

Registered Number Co-operative and Community Benefit Society: 30348R
Regulator of Social Housing: L4507

Website www.southwayhousing.co.uk

External Auditors Crowe UK LLP, 3rd floor, St George's House, 56 Peter Street, Manchester, M2 3NQ

Internal Auditors TIAA, Artillery House, Fort Fareham, Newgate Lane PO14 1AH

Principal Solicitors Anthony Collins LLP, 134 Edmund Street, Birmingham, B3 2ES

Bankers Barclays Bank UK PLC, 3 Hardman Street, Spinningfields, Manchester, M3 3AX

Introduction by the Chair

As anticipated, 2023/24 proved to be a challenging year. The cost-of-living crisis placed additional pressure on tenants, our communities and our cost base. We, and some of our contractors, also experienced staff turnover and shortages alongside increased demand for services from tenants, resulting in some dips in performance. High levels of interest receivable from investments is helping to fund mitigating measures.

The focus of our core landlord service is to improve and respond to the expectations of our tenants and communities. During 2023/24 we answered 45,000 calls and the in-house team completed over 18,000 repairs. We recognise the importance of improving our delivery of these large volume transaction services as key to achieving high tenant satisfaction. Action plans are in place, with the Board and our People & Places Committee tracking performance. Relet times for void properties have already improved.

The underlying financial health of the organisation remains sound, our Audit & Risk Committee continues its effective assessment of the Group's risks and exposures, and there were several areas of good performance during the year:

- Community Investment delivered gains to tenants of over £4m in social value, compared to spend of £1.5m.
- The development programme is accelerating, with schemes getting underway in 2023/24 attracting £12m grant, and around 600 new homes to be completed over the next two years.

Future home improvement programmes will be informed by a new 100% stock condition survey which commences later this year. A number of zero carbon projects are underway, with £2.6m grant support received last year and bids for further phases being prepared.

In the summer our Chief Executive retired, Karen Mitchell's contribution to Southway has been an inspiration to Board members and staff since Southway was formed in 2007. I'd like to thank her for all we've achieved over the years and her service to our tenants and communities of South Manchester.

The Board has appointed a new Chief Executive, John Bowker, who has wide ranging experience in the sector with a number of landlords. The new CE and the planned strategic review of activities for 2025-2030 will see Southway well placed to achieve our future objectives and continue to deliver our vision of Thriving Communities.

Strategic Report and Report of the Board

Corporate Structure and Strategy

Vision and Values

Southway Housing Trust (Manchester) Limited ('Southway' or 'the Trust') is a society registered under the Co-operative and Community Benefit Societies Act 2014, and a Registered Provider with the Regulator of Social Housing.

The Trust is a community based social landlord working in and around South Manchester. At March 2024 it owns and manages c6,000 social/affordable rented and c600 shared ownership/leasehold properties. The development programme which is underway will add another 600 homes over the next two years.

Southway is ambitious for the people and communities it works with. Our vision is of **Thriving Communities**, which means a community that people are proud of with secure and good quality homes and a neighbourhood that is safe, clean, green, and sustainable. People choose to live in a thriving community, equality and diversity is valued and people look out for each other.

As an organisation with a strong community focus, Southway's level of community investment is significantly higher than other housing associations, more than 3 times the average on a per property basis.

We listen and respond to the views of our tenants and residents and work with other stakeholders who share our objectives to build strong partnerships in our neighbourhoods.

The way we do things is determined by our values: We are **Caring, Committed** and we will be **Successful Together**.

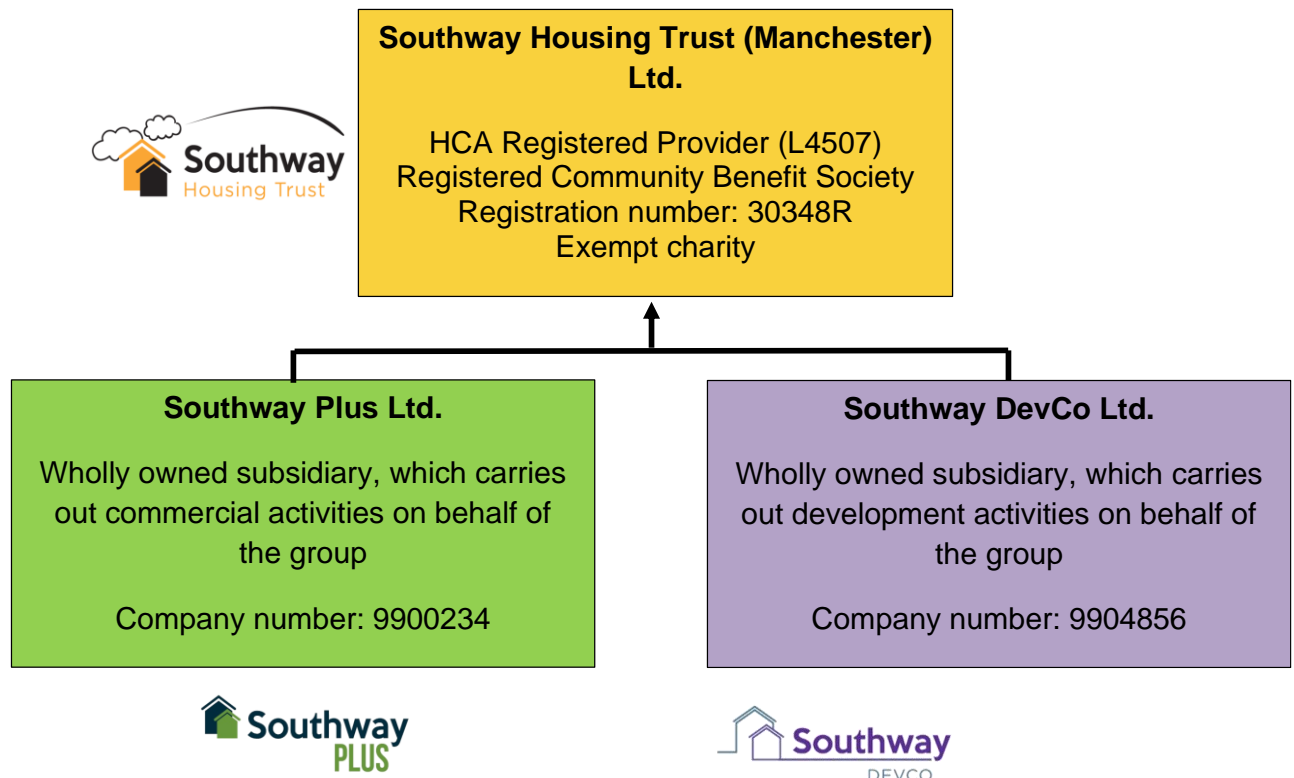
Structure

The Group structure is designed to facilitate the delivery of our corporate strategy, with the Trust owning and managing the Group's social/affordable housing assets and two subsidiaries involved in the delivery of:

- our development programme via Southway DevCo Limited,
- our commercial activities via Southway Plus Limited.

The structure allows projects with a commercial risk and return to be undertaken, whilst protecting the social housing assets of the Trust. Profits generated by the subsidiaries are to be returned to Southway Housing Trust via gift aid to support its wider social objectives.

SOUTHWAY GROUP STRUCTURE



Corporate Strategy

The current Futures Strategy 2020-2025 sets the direction for the Group. It was adopted in March 2020 and revised in March 2021 in response to the pandemic.

A new corporate Futures Strategy for 2025-2030 will be adopted in March 2025. A review process to determine the new strategy is underway, focusing on:

- delivering improvements in the Landlord service and tenant satisfaction,
- reviewing a range of options and opportunities,
- assessing and setting priorities for investment around asset management, zero carbon and new property development,
- considering consequential funding requirements,
- maintaining a sound financial position and resilience to withstand adverse events.

Our current strategic priorities to 2025 reflect our interest in **People, Homes, Neighbourhoods** and making sure we are effective as a **Social Business**. They are summarised in the table below.

People	Homes	Neighbourhoods
We will provide homes that are affordable for the people who most need them.	We will maintain and improve our homes so that they are safe, secure, and meet up to date standards.	We will work with partners and the community to make sure our neighbourhoods are desirable and safe places to live with accessible and integrated services.
Our tenants and other customers will be at the heart of our services. We will be flexible, treat people as individuals and communicate effectively.	We will deliver our Carbon Reduction Strategy and make sure our homes are zero carbon by 2038.	We will make the most of the unique selling points of our neighbourhoods, including our green spaces.
We will invest in people and their communities to tackle poverty and promote opportunity and provide support and advice when it is needed.	We will deliver 1,340 new affordable homes in the 10 years to 2025 and generate cross subsidy from 220 private rent and sale homes delivered by Southway Plus.	We will make sure our neighbourhoods and services are age friendly, and that older people have more opportunities to stay connected and tackle loneliness and isolation.
A Social Business		
We are well governed and financially strong.	We lead and support our staff to focus on efficiency and innovation, delivering more customer centred outputs from our resources.	Our staff feel valued, are motivated by our shared vision, and are trusted to do the right thing.

Summary of Outcomes

As we begin the final delivery year of the 5-year strategy, performance against the strategic priorities is generally strong with some areas for improvement.

The external environment has been particularly challenging over the last 3 to 4 years, alongside a growing demand for our services and the need for increased investment in our homes.

Overall tenant satisfaction has dipped in the last year, mostly related to issues around communication and repairs performance. Some of these issues arose from staff turnover and shortages in the local market for some roles. Staff are working hard to deliver objectives, and the Board have been proactive in responding to service needs and using the financial capacity of the Trust to support delivery of successful outcomes.

We have clear targets in 2024/25 to improve our core landlord services and recover our tenant satisfaction ratings.

Areas that went well during 2023/24 included the ongoing delivery of our 10-year development programme, delivering new social and affordable homes in our core south Manchester and neighbouring areas.

Our community and social investment also continued to perform well, making a difference every day to people's quality of life. And the areas that we are known for, as an innovator and leader in the field, continued to grow including our age.

Additional commentary on individual service areas can be found in the Value for Money section of this report.

Value for Money

The commentary, tables and charts below provide evidence to stakeholders of Southway's plans and achievements to deliver value for money and demonstrate compliance with the Regulator's VFM Standard.

(i) Approach to VFM

Southway's Futures Strategy 2020-2025 defines our strategic aims and priorities and sets the framework for our longer-term approach to making the most of our financial capacity. The Group's VFM Strategy was adopted in November 2020. It covers the same period as the Futures Strategy.

Factors which influence Southway's decision-making when determining how to deploy resources for optimal benefit include: how we manage our assets; balancing cost, quality, and tenant satisfaction; assessing the social return on investment; and deriving improved value from the development programme.

Southway's VFM position is summarised in this report, including achievement of regulatory requirements by:

- considering the strategic objectives set by the Board.
- demonstrating delivery of value for money to stakeholders.
- ensuring that optimal benefit is derived from resources, including returns from non-social housing activities.
- setting targets for measuring performance in achieving value for money in delivering our strategic objectives.
- monitoring delivery against these targets, including the assessment of VFM metrics and other indicators comparing performance to peers.
- outlining measurable plans where improvements are required.

Each June the Board considers an annual VFM report. The 2024 report:

- Evaluated benchmarking information for 2022/23, noting better than median performance in most VFM metrics, with the exception of operating margins.
- Identified that social housing costs were rising, reflecting continuing budget pressures and decisions taken by the Board to invest in landlord services.
- Assessed progress in meeting the actions set out in Southway's VFM Delivery Plan for 2023-2025. While a significant proportion of outcomes were achieved several important aspects remain to be delivered. Board has committed additional resources in 2024/25 to maintain the organisation's progress, particularly in our landlord services, funded from higher amounts of interest receivable.

Further details are presented in the following sections.

(ii) VFM metrics - 2023/24 performance and 2022/23 comparison vs peers

The table below presents Southway's VFM metrics including:

- results for the last four years,
- comparison of current/forecast performance vs 2022 Business Plan which set the Group financial projections following successful debt refinancing in 2021,
- quartile results for 2022/23 vs the whole sector,
- peer group comparison to landlords with 5000-9999 homes and the results for Northwest RPs.

The data source is the Regulator's VFM metrics and reporting annex to the 2023 Global Accounts, which report the financial performance of all Registered Providers with over 1,000 properties.

	Regulator's Value for Money metrics									
	Reinvest-ment	New Supply (Social)	New Supply (Non-Social)	Gearing	EBITDA MRI Interest Rate Cover	Headline Social Housing Cost per unit	Operating Margin (SHL)	Operating Margin (Overall)	ROCE	
	Investment in properties (existing stock and new supply) as a % of the total cost of properties.	New social properties acquired or developed as a % of total social housing properties owned.	New supply of non-social housing as a % of all social and non-social housing.	The proportion of housing property cost funded by debt.	The level of surplus generated compared to interest payable.	Total costs per unit (£k) spent on management, services/support, maintenance, major repairs and other social activities.	The profitability of social housing activities as a % of turnover from social housing lettings.	The overall profitability of all operating activities as a % of total turnover	Operating surplus compared to total assets less current liabilities.	
Southway Group										
average of 2 years actuals (2023-2024) and 3 forecast years from 2024 BP (2025-2027)	13.1%	2.8%	0.2%	41.9%	281%	£4.67	20.2%	15.9%	4.2%	
outcome of above vs 2022 BP	favourable	favourable	adverse	favourable	adverse	adverse	adverse	adverse	favourable	
5 year average to 2027 per 2022 BP	10.6%	2.6%	0.4%	48.2%	301%	£3.97	23.6%	19.3%	3.8%	
2023/24 Southway	18.3%	1.7%	0.0%	39.8%	133%	£5.28	13.9%	11.2%	2.8%	
movement vs prior year	favourable	similar	similar	similar	adverse	adverse	adverse	adverse	adverse	
note					A, B	A	B	B	B	
2022/23 Southway	11.7%	1.8%	0.1%	37.9%	422%	£4.12	18.1%	16.2%	5.6%	
2021/22	12.3%	3.0%	0.5%	40.4%	77%	£3.46	17.4%	13.6%	3.6%	
2020/21	15.2%	1.0%	0.0%	33.1%	336%	£2.78	28.6%	24.4%	5.8%	
2022/23 Southway vs sector	Q1	Q2	Q1	Q1	Q1	Q2	Q3	Q3	Q1	
SECTOR TOP QUARTILE	9.4%	2.2%	0.1%	33.4%	169%	£4.08	25.5%	23.0%	3.6%	
SECTOR MEDIAN	6.7%	1.3%	0.0%	45.3%	128%	£4.59	19.8%	18.2%	2.8%	
SECTOR BOTTOM QUARTILE	4.3%	0.6%	0.0%	53.7%	89%	£5.85	14.4%	12.0%	2.2%	
5000-9999 LANDLORDS	6.8%	1.5%	0.0%	49.4%	129%	£4.51	20.0%	19.3%	3.2%	
Southway in comparison	favourable	favourable	favourable	favourable	favourable	favourable	adverse	adverse	favourable	
NORTH WEST RPs	7.7%	1.2%	0.0%	41.9%	123%	£4.47	18.7%	15.9%	3.2%	
Southway in comparison	favourable	favourable	favourable	favourable	favourable	favourable	adverse	favourable	favourable	
note A does not take into account grant received to deliver revenue and capital major repairs										
note B impacted by impairment charge which reduces operating surplus										

While historic results are well placed, the position in 2023/24 reflects an increasing number of operational challenges.

Reinvestment

We continue to deliver high levels of reinvestment. This reflects increasing stock investment in existing properties following the 2022 stock survey, continuation of net zero carbon projects and levels of new development activity. Results are in Quartile 1 of the sector, and the latest forecast is higher than the 2022 BP projection.

New supply

New Supply (Social) remains above the median of the sector and is projected to move to Quartile 1 as the existing development programme is delivered. New Supply (Non-Social) has slowed and is no longer forecast to meet the 2022 BP projection.

Gearing

Quartile 1 in 2022/23. The latest forecast is better than the 2022 BP projection, indicating continuing borrowing capacity.

Interest Cover - see also section (iii)

Quartile 1 in 2022/23. The 2023/24 result is impacted by a one-off impairment charge (£0.93m referred to on page 23) and increasing levels of major repairs spending. The grant associated with this investment (£1.12m for adapting properties and £2.56m to support net zero carbon projects) is not recognised in this ratio. Adjusting the result to take into account these items would give an underlying outturn of 278%.

Social Housing Costs - see also section (iv)

Quartile 2 in 2022/23. Costs have increased in 2023/24 reflecting budgetary pressures, including additional maintenance expenditure analysed below. Higher levels of major repairs and net zero carbon activity also impacts this ratio. Adjusting the result for grant received would give an outturn of £4.69k pu.

Operating Margins

Quartile 3 in 2022/23. Performance dipped further in 2023/24. Forecasts are for weaker results than projected in the 2022 BP, reflecting the impact of the below inflation rent increase in April 2023, continuing cost pressures and the impairment charge. Operating margins in 2023/24 excluding the impairment charge would be 13.4% for Social Housing, 16.5% Overall.

Return On Capital Employed

Quartile 1 in 2022/23. Reduction in 2023/24 reflects many of the performance factors noted above. Adjusting the result for impairment would give an underlying ratio of 3.1%, lower than the average projected per the 2022 BP.

(iii) Analysis of Interest Cover

The table below presents an analysis of the movement in the Earnings Before Interest Tax Depreciation Major Repairs Included (EBITDA-MRI) interest cover ratio, comparing the forecasts per the 2022 BP vs the last two years actuals.

The ratio excludes grant associated with major repairs. It also includes some non-cash accounting entries. Taking these factors into account the EBITDA-MRI result over two years is £0.3m higher than forecast in the 2022 BP even with the £0.9m impairment charge. This demonstrates operational surpluses continuing as planned.

The table also highlights the scale of additional interest receivable which the Board applied to support extra spending on management, maintenance and community investment in response to the challenges noted in this report.

	2023	2024	2 years
	£k	£k	£k
<u>Forecast per 2022 BP</u>			
EBITDA-MRI	7,874	9,880	17,754
Interest payable (incl. capitalised)	2,383	3,219	
Interest cover ratio	330%	307%	
<u>Actuals per Accounts</u>			
EBITDA-MRI	9,763	4,257	14,019
Interest payable (incl. capitalised)	2,316	3,193	
Interest cover ratio	422%	133%	
<u>Variation in EBITDA-MRI</u>			
analysed below	1,888	-5,623	-3,735
Rents & Service Charges, Voids, Bad Debts	-36	-49	-86
Management and Other Income	-436	-115	
Maintenance	-255	-1,922	-3,221
Social Investment	-172	-320	
Major Repairs revenue spend	-996	-1,973	
Major Repairs revenue grant	604	1,117	957
Major Repairs capital spend	2,189	-3,153	
Major Repairs capital grant	610	2,560	
SO sales, Dev. Services, Other Expenditure	1,670	-642	609
Non Social Housing	-354	-65	
Impairment	0	-928	-928
Interest Receivable	526	2,453	2,979
Total variation	3,349	-3,038	311
<u>included in the interest cover ratio</u>			
Pension adjustment (non cash item)	-727	859	132
Other Fixed Asset depreciation (non cash item)	479	233	712
<u>excluded from interest cover ratio</u>			
Major Repairs revenue grant	-604	-1,117	-4,891
Major Repairs capital grant	-610	-2,560	
Variation in EBITDA-MRI	1,888	-5,623	-3,735

(iv) Analysis of Social Housing Costs

The table below presents an analysis of social housing (SH) expenditure from 2019/20 pre pandemic, to 2023/24 per the Group accounts. It is based on the Regulator's VFM metric definition of social housing costs.

Social Housing Costs	2019/20	2020/21	2021/22	2022/23	2023/24	avg. increase p.a. over 4 yrs
Total SH cost	£15.7m	£16.5m	£21.1m	£25.4m	£33.0m	
No. of SH properties	5,889	5,929	6,100	6,163	6,251	1.5%
cost per property	£	£	£	£	£	
Management	1,077	1,131	1,241	1,252	1,268	4%
Service Charges (SC)	77	69	127	209	280	38%
Maintenance	830	821	1,077	1,114	1,339	13%
Major Repairs (MR)	313	265	588	1,034	2,023	59%
Other Exp. and Dev. Services	168	307	210	233	130	-6%
Community Investment	200	185	216	281	238	4%
	2,664	2,778	3,459	4,124	5,278	19%
CPI preceding September		1.7%	0.5%	3.1%	10.1%	3.9%
SH cost pp excl. SC and MR	£2,275	£2,445	£2,744	£2,880	£2,975	6.9%

Costs per property have significantly increased over the four years - primarily due to service charges (arising from growth in new development activity) and major repairs (linked to the phasing of stock investment). Excluding these two factors the average rate of increase is 6.9% pa, compared to CPI averaging 3.9% pa.

The main driver for the above inflation rise is maintenance spending - related to a greater volume of day-to-day repairs, a higher mix of major void repairs, a larger number of disrepair cases, increases in contractor costs for labour and materials and reintroduction of a cyclical painting programme.

The rate of increase in spending on management and community investment activity on a per property basis is in line with inflation.

Effective control of corporate overheads continues to be maintained, with spending as % of turnover less than the sector average and is projected to reduce as the development programme increase Southway's stock base.

(iv) Operational Performance

A summary of outcomes for the last two years is shown in the table below. These KPIs and a range of others are tracked quarterly by People and Places Committee and Board. Performance during 2023/24 was less effective than 2022/23.

Key Performance Indicator	2022/23		2023/24			
	Outcome	GM peers	Target	Rating	Outcome	GM peers
Rent collected from current tenants *per Business Plan	98.89%	99.35%	99.50%		98.65%	99.15%
			*98.50%			
Customer Hub % of calls answered	75%	-	90%		74%	-
Void rent loss % (general needs)	0.60%	0.97%	0.50%		0.93%	1.12%
Average relet time for minor voids (in days)	47	-	35		67	-
Repairs: % appointments made and kept	93.5%	-	97.5%		93.4%	-
Repairs: customer satisfaction (out of 5)	4.67	-	4.75		4.63	-

Rent collection performance was better than the provision set aside in the Business Plan, but it has been lower than peers in Greater Manchester for the last two years.

Void rent loss worsened in 2023/24 but remains better than peers in Greater Manchester. This ratio and void turnaround times have both improved significantly at the start of 2024/25 reflecting implementation of the Voids Improvement Plan.

The targets to improve call answering and repairs performance were not achieved during 2023/24. Section (vii) below provides further commentary.

Additional performance results at the end of March 2024:

- 99.93% of homes are at Decent Homes Standard (2023 99.87%)
- 100% of homes had an up-to-date gas safety certificate (2023 100%)

(v) Tenant Satisfaction

Regulator of Social Housing requires Tenant Satisfaction Measures (TSMs) to be submitted annually. Our first round of TSMs were incorporated with the bi-annual STAR survey of all tenants in spring 2023. The results were lower than expected and due to this, in early 2024 officers commissioned a second independent survey of 550 tenants with the performance shown below:

	Feb 24 results	July 23 results	Diff +/-
Satisfaction overall	63%	69%	-6%
Home is safe	76.6%	69%	7.6%
Home is well maintained	61.3%	63%	-1.7%
Communal areas clean and maintained	70.9%	66%	4.9%
Repairs service in last 12 months	62.9%	68%	-5.1%
Time taken to complete last repair	59.0%	65%	-6.0%
Listens to views and acts on them	58.9%	56%	2.9%
Being kept informed	75.8%	65%	10.8%
Treated fairly and with respect	80.2%	72%	8.2%
Approach to handling complaints	22.6%	26%	3.4%
Makes a positive contribution to the area	73.8%	64%	9.8%
Approach to handling ASB	62.1%	55%	7.1%

There was positive feedback on keeping people informed, treating people with respect, and health and safety.

However, our satisfaction remains low on the repairs service, quality of home and overall satisfaction and we know from customer feedback that the two main reasons are customers not being able to get through on the phone and not getting their repairs completed on time.

We have committed additional resource to deliver improvements in these areas during 2024/25, which should result in increased customer satisfaction. Key to this is an improvement in call waiting times and improving our communication on repairs and their timely completion.

(vi) Efficiency Targets

Board previously adopted efficiency targets to be lower than the sector median in three key operational cost areas (a) Routine and Void Repairs, (b) Housing Management, (c) Overheads as a % of Turnover.

In June 2023, recognising the need to increase resource in core landlord service areas, Board noted that costs above the median for (a) and (b) are likely to result from the plans and objectives it has set to ensure improvements in service quality are delivered.

The slower than anticipated pace of the development programme gave rise to higher cash balances. This combined with increasing interest rates resulted in additional amounts of interest receivable, which were used to fund extra spending. The 2023/24 budget included:

- £200k Living Well Fund – cost of living advice and financial support.
- £245k backlog of overdue day to day repairs
- £120k additional disrepair costs
- £130k other items of routine maintenance

Additional pressure on operating costs resulted from a sizeable increase in insurance premiums in November 2023. While not out of step with others in the sector, this reflected (a) current insurance market conditions, (b) adjustments to the risk profile of the housing movement and (c) Southway having an increase in claims related to escape of water. The higher premium was funded from a prudent cost growth assumption previously included in the Business Plan. All relevant teams will receive training on claims management, and we will consider options for procurement when it is assessed this would deliver a cost-effective outcome.

An efficiency target of 2% was introduced in the 2024/25 budget, this delivered savings of £350k, applied to a £17.5m cost base - management, service charges, maintenance, and community support.

(vii) VFM and Delivery of Corporate Plan Objectives

Southway produces an annual Corporate Plan, approved by the Parent Board in March with the high-level objectives for the forthcoming financial year. The 2023/24 plan contained 7 high priority actions. Progress against these, and other significant areas and VFM challenges are detailed in the sections below. Reference is also made to key objectives from Team Performance Statements (each team's performance plan for the year) and VFM Delivery Plan actions for 2023-2025.

1. Customer Care Culture and Tenant Communication

As noted above tenant surveys, including the bi-annual STAR survey and TSMs in 2023/24, highlighted this as an area for improvement. Poor Communication is the most common theme in customer complaints, which can be time and resource intensive to address. We are also seeing higher compensation payments being ordered by the Housing Ombudsman when they adjudicate on complaints.

Related actions in the year include:

- Action Plans for improvement from the results of the STAR Survey and TSM Surveys.
- New Customer Care Standards, approved by our People and Places Committee in November 2023.
- Weekly updates on performance delivering core landlord services published to tenants for greater transparency and accountability.
- Investment in our Communications Team, with a restructure that includes an External Communications specialist. The costs are offset by reduced reliance on outsourcing and more consistency and quality in the way we communicate with tenants.

Priorities for 2024/25 include:

- A review of high volume and significant external communications to ensure consistency and tone.
- Customer Care Training for all frontline staff.

2. Community Investment Strategy and Age Friendly

Southway invested £1.5m (2023 £1.7m) in community investment activity during the last year. Central to this is the Community Investment Strategy. A revised version was approved by the People and Places Committee in November 2023.

We have a well-established metric of overall financial gain for our tenants, based on support we provide through our employment and training, financial advice, food pantry clubs and maximising benefit take-up. We achieved £4.3M against a target of £2.8m during the year, with £4m of this being benefits that tenants were supported to access.

We also measure value to the public purse for those who we help to find employment (calculated primarily through reduced reliance on welfare benefits). This totalled £104k during the year and was affected as we were only able to support 46 tenants in finding work against a target of 90.

Our Age Friendly offer provides services so that older people living in our homes and neighbourhoods can age well and have built a strong reputation for commitment and innovation.

A project funded by the Dunhill Medical Trust £41k to develop a new cohousing model working with a community of interest started in the year, with a steering group set up and plans to form a working group to develop the model further.

The Greater Manchester Combined Authority Ageing in Place Pathfinder project started in October 2022, with £180k of funding secured for three years to increase opportunities for greater social connections and neighbourhood environmental improvements to make Gorton and Abbey Hey age friendly, working in co-production with local older people and stakeholders.

Southway took part in a Greater Manchester Pension Credit take up campaign and helped 46 tenants to secure £821k in additional benefits.

Other highlights:

- Providing £109k of food support to tenants through our 6 Quids In food clubs, the majority of which was covered by membership fees and a small investment of £15k by Southway.
- 164 tenants to carry out over 10,000 hours of volunteering through our Timebank scheme.
- Supported 35 local projects that promote neighbourliness through our Beautiful South Fund.

Priorities for 2024/25 include:

- Benchmarking our performance against other Greater Manchester Housing Providers and contributing to a city-wide annual report.
- To carry out a value for money review of our employment and training service to enable more tenants and residents to access employment.
- A review of our food offer to tenants to reach more households.
- Launching a Trishaw Project giving free Trishaw rides to older people to reduce social isolation.

3. Digital Workplace

This was a major change project to utilise Microsoft Teams to communicate and work collaboratively. It was delivered alongside introduction of a new IT Infrastructure platform. Obsolete file storage systems have been decommissioned and a new staff intranet was launched at the end of November. Cyber security arrangements have also been strengthened with investment in staff training and a new AI monitoring system which detects and can immediately respond to threats.

The new Digital Workplace is one of the key achievements from the 2022-2024 ICT improvement plan. A new plan was approved by Board in March 2024. ICT is a significant area of spend for the Trust, therefore it is vital that we maximise efficiency. The plan is aligned to the Corporate Plan to ensure investment matches delivery.

Priorities for 2024/25 include:

- Implementing a new customer friendly Website and App.
- Introducing a new housing management system that enables our staff to work more efficiently.
- Delivering a Data Plan to improve collection and analysis of property attributes and other information.

4. Repairs and Voids

Dealing with the repairs backlog that built up during the Covid lockdowns was a key Corporate Priority for 2023/24. In January 2024 we returned to our pre Covid service standards: 20 working days for routine repairs and 5 working days for urgent repairs. During 2023/24 the in-house team delivered 18,335 responsive repairs, against a requested volume of 21,085, in comparison to an original start of year forecast of 18,896 jobs.

The increased volume of repair requests compared to the forecast has contributed to difficulties in meeting targets. 81% of routine repairs and 64% of major repairs were completed on time during the final three months of the financial year. The number of repairs not completed within timescale, which was at around 200 in October, built up to 1,176 at the end of the financial year, due to demand and staffing shortages in some trades.

Productivity of operatives has increased throughout the year. Measurable basic time increased from an average of 57% in Q1 to 70% in Q4 (against a target of 80%) with the cash value, measured since October, averaging £65 against a target of £90.

Void performance was disappointing, with an average of 67 days to let 'routine' voids against a target of 35. Again, staffing issues contributed, but there were also process weaknesses and difficulties with some external contractors and material suppliers.

Property maintenance and repairs is the area that is most important to our tenants, and it is essential that we address this. We have carried out a detailed end to end review of our Repairs Service, built on customer journey mapping, and we are starting to see improved results. We also have a Void Improvement Plan in place with phased targets through 2024/25.

Other planned improvement actions:

- Bring work streams currently contracted out back into direct labour organisations remit.
- Build on relationships within our materials framework to increase value for money in procurement and forecasting potential demand.
- Improve back-office processes through better use of technology and resource management.

5. Customer Hub

Virtually all inbound customer contact comes through our Customer Hub, the majority via telephone calls. In 2023/24 we answered 74% of calls, against a target of 90%. In total we received 60,423 calls, 2,817 more than the previous year.

Repeat calls due to a service failure have been a factor. Performance duty lines have been re-introduced, and additional administrative resources have been brought into the Property and Assets Teams to triage calls more effectively.

There was an improving trend up to the middle of Q3, but a shortage of staff resources and higher call volumes resulted in a dip in performance in Q4. Five new advisors are now in post and improvements have been seen, as they have completed their induction.

Delivery of process improvements and enhancements to the telephony system should enable us to review the additional staff that were recruited, pending achievement of service standards.

6. Tenant Voice in Decision Making

Involving tenants in decisions that affect their homes and communities is a key corporate priority for a Community Based organisation like Southway. It will also enhance compliance with the new Consumer Standards, introduced by the Regulator of Social Housing in April 2024.

We already have tenant representation on our Board and Committees as well as several panels and Service Improvement Groups. To bolster this we introduced tenant forums, reaching out into the community to people who may not normally speak to us about the issues that matter to them. We have held four events, attended by nearly 100 tenants.

We have also recruited 3 Community Feedback Officers on part time fixed term contracts. These are all tenants from the local community who listen to other tenants and help us to shape policy based on the data and intelligence that they gather.

During 2024/25 we will develop a robust tenant feedback impact framework, so that we are able to evidence that all relevant decisions have been taken and policy and strategy have had meaningful tenant input and influence.

7. Staffing and Culture

Effective collaborative working is essential for efficient working and delivery of objectives. To improve staff engagement and connection we have adopted a 'One Team' approach to encourage our workforce to work, achieve and celebrate together.

There have been several examples of this:

- Multi team working on the end-to-end Repairs Service Review.
- Corporate wide implementation on the new Digital Workplace model.
- A successful in person staff festival, with a range of sessions designed and delivered by staff.

We lost 5% of working days to sickness during the year, mainly concentrated in our Customer Hub and Property Services Teams. Although this is above where we want to be it is an improvement on the 6% recorded in 2022/23.

Staff engagement, measured through an all-staff satisfaction survey increased from an average 73% in 2023 to 75% in 2024.

To build on this, the following actions are planned for 2024/25:

- Improve our annual planning of the Training and Development Plan to make sure we invest resources in the right things.
- Improve the management of sickness and bring attendance levels in line with the best in the sector.
- Carry out succession planning for business critical and senior management roles.

8. Other Significant Areas of Operation

Housing Management

In 2024/25 we carried out a full review of the Housing Management service that delivers tenancy related services, including ASB and Environmental Management.

This included bringing in new skills and experience at all levels of the team from the Head of Service to administrative assistants. Morale has increased and there is better collaborative working with other teams.

Managers are reviewing key processes, including allocations, fencing requests and successions to ensure they are efficient and effective and deliver the best service to the customer.

A competency and conduct framework for officers and assistants has been developed to strengthen and professionalise the service, including the following priority areas:

- Housing System and Data Management
- Delivery of Housing Services
- Equality & Diversity for Housing

Delivering our Anti-Social Behaviour service well is important to tenants. Although case management was largely to target, satisfaction with the service dropped from 3.3 to 2.9 (out of 5) the main cause of dissatisfaction was our approach to reports of Noise Nuisance. A new policy and service improvement plan was approved by the People and Places Committee in May 2024.

Asset Management

This is an area of increasing importance as we meet the combined challenges of ensuring property compliance, invest in and improve our existing stock base, maintain recent new build developments and work towards our objective of being a zero-carbon organisation by 2038.

Property compliance performance was good across the 6 main indicators, Electrical, Gas Safety, Fire, Legionella, Asbestos and Lift Maintenance. There was also progress in reducing the number of overdue Fire Risk Assessment actions from 39 at the beginning of the year to 13 by year end.

There were, however, challenges dealing with reports and remediation of Damp and Mould cases, with only 22% of inspections and 26% of repairs in target during the final month of the year. This was due to a combination of challenging targets and demand. We have recruited two inhouse Property Care Officers who are fully trained and will be able to improve performance and turnaround times during 2024/25.

An Asset Management Strategy was approved by Board in September 2022 and the Business Plan includes funding to ensure all stock is rated EPC C by 2030.

A 100% stock survey will be conducted over four years to capture detailed property information (including net zero carbon requirements and boundary works). The results will be loaded, analysed, and assessed in the asset management system to inform future investment plans. The survey is due to commence in Quarter 3 of 2024/25.

The Zero Carbon project on the Arrowfield Road estate concluded in 2023/24. This was a £4.2m project part funded by £1.9m ERDF grant. We delivered significant outcomes including:

- Installation of 225 air source heat pumps
- 225 houses fitted with loft insulation.
- 333 properties fitted with cavity wall insulation.

The Department for Energy Security and Net Zero approved a GMCA led consortium bid in March 2023. As part of the bid Southway was awarded £1.96m grant which was matched by £2.43m of Trust funding. This grant will part fund improvements in energy efficiency to a further 1,112 of our lowest energy rated homes. This project is underway, and we will use lessons learned from the Arrowfield project to ensure successful delivery.

Development

Starts on Site during 2023/24 were significantly above target (338 vs 237), which resulted in significantly higher levels of grant income than originally forecast. There was a shortfall of completions against the target (105 vs 130), but these are anticipated in the first half of 2024/25.

The next two years will be a critical period for Southway's Development Programme, as illustrated by the scale of activity summarised below.

	£k	2024/25	2025/26
Development Costs		85,197	55,187
Grant		-11,865	-6,356
Sales Income		-10,407	-26,623
Net Total Spend		62,925	22,208
No. of properties to be completed		208	435

Over the ten years 2016-2026 the latest projection is to complete 1,423 homes, 95% of planned affordable housing, and 126, 57% of planned commercial properties.

Delivering new build homes remains challenging with cost volatility affecting Southway, contractors and developers. A current scheme under construction has incurred additional costs to ensure its successful completion. A £928k impairment charge has been reflected in the accounts as a consequence.

To mitigate risks, we will undertake the following:

- Review procurement processes to ensure we maximise value for money through all competitive tendering and include qualitative assessments such as social value.
- Develop a framework of indicators to benchmark performance of schemes, contractors and staffing arrangements.
- Review the availability of bonds/warranties for cover against insolvency.
- Adapt updated site safety and Construction Design Management arrangements.
- Improve the process for managing component defects at new schemes.

The Board of Southway Plus are assessing the potential returns available from its two completed market rent schemes, a third project which is intended to enter into contract shortly, returns from proposed outright sale activity and profits due to be delivered from Plus's investment in a JV with other providers in Greater Manchester.

Plus also undertook a review to maximise rental income, which saw rents rise by an average of 10.8% across the portfolio. This increase did not impact lettings performance with 1.8% of void rent loss against a target of 2.5%.

9. Other VFM Challenges for 2024/25

A number of other areas have been identified as requiring VFM improvement during 2024/25. A brief summary is included below.

Service Charges

Growth in the Development Programme has led to an increase in the variety of tenures. Southway has moved from a straightforward service charge regime to a more complex one. There were some operational issues, assessing costs and issuing statements on time in 2023/24. A Project Team has been established working to an improvement plan to deliver an efficient customer focussed service, which complies with regulations and maximises income.

Defects Management

The majority of Southway developments have been successfully delivered, however there have been issues with post completion defects at some schemes, related in part to contractor and sub-contractor insolvency issues post completion.

We have restructured the Team that deals with aftercare and invested in additional resource to provide better customer service. In addition, we have invested in new technology to better manage reported defects and have reviewed our approach to contract management so that we can challenge contractors, while maintaining a constructive relationship.

Procurement

Due to a focus dealing with the operational issues referenced elsewhere in this report there have been delays in reprocurring major contracts in our Property and Assets Teams, meaning we may not be achieving full Value for Money. An action plan is in place, supported by staff training and a process review. In February 2024 we introduced a Social Value Statement, and we will apply this to ensure that we are maximising benefits for our tenants with each procurement.

Productivity and Efficiency

Our Staff are vital in helping us to achieve Value for Money. Although it is not possible to adopt a standard model of productivity for all teams due to the varied nature of the work that we do, we are challenging ourselves so that all teams have measures to drive performance, improvement and where possible reduce the costs of running services.

Financial Planning

Financial Management

Southway operates to a financial management regime where strategy is set and monitored by the Parent Board with input from the respective Subsidiaries.

Medium term Resource Plans are agreed annually for the Group as part of the Business Planning process to resolve how resources will be deployed to deliver the Futures Strategy objectives, taking account of constraints from the loan agreement and requirement to raise additional finance.

The Board receives reports four times a year which provide an assessment of financial health indicators, and income and expenditure results compared to the budget set at the start of the financial year.

Financial Performance

The level of net operating resource generated by the Group for each of the last five years is set out in the table below. This shows:

- Steady levels of rental income from rising turnover from increasing property numbers and rent rises permitted by the Government.
- Running costs increasing, reflecting inflation and the impact of extending activity to deliver strategic objectives.
- Levels of stock investment increasing significantly, in line with the planned programme per the stock survey and delivery of zero carbon projects.
- Surpluses from sales higher in 2022/23 related to greater numbers of RTB/RTAs and increasing shared ownership/outright sale activity. And lower activity in 203/24 reflecting the timing of new development completions.

The excess of resources is primarily used to fund new properties and repay debt.

£m	2019/20	2020/21	2021/22	2022/23	2023/24
Rental and other income (excl. grant and sales)	26.8	27.4	28.8	31.7	34.0
Running costs	-13.5	-14.8	-16.9	-19.5	-21.0
Investment in existing properties less grant	-1.6	-1.2	-3.3	-5.9	-9.0
RTB/RTA/other sale surplus	3.6	2.3	2.6	5.3	3.2
SO & outright sale surplus	1.4	0.4	0.1	3.3	0.8
Net interest payable	<u>-3.4</u>	<u>-3.4</u>	<u>-2.4</u>	<u>-1.7</u>	<u>-0.6</u>
Net Resource	13.3	10.7	8.9	13.2	7.4

The table reports outcomes on an accrual's basis. It includes re-investment in current properties irrespective of accounting treatment, but excludes capital spending on new property assets, actuarial pension adjustments and fair value movements in investment properties.

The following table summarises the Group's assets and liabilities. Housing stock and investment in properties continue to increase. Other fixed assets reflect the office/IT infrastructure and community use facilities. Net current assets include available funds, and long-term loans includes the private placement bond.

As development activity has progressed, the number of homes owned has increased.

£m at year end	2020	2021	2022	2023	2024
Housing Properties net book value less grant	94.4	109.1	120.9	131.6	149.0
Investment Properties & JV	12.4	13.4	19.5	20.1	20.4
Other fixed assets	8.7	9.0	9.0	8.5	8.4
Net current assets	9.7	5.3	8.1	29.1	54.7
Long term loans	-43.9	-47.4	-66.5	-84.5	-119.6
Other long-term liabilities	<u>-4.6</u>	<u>-8.5</u>	<u>-0.2</u>	<u>-0.9</u>	<u>-1.1</u>
Reserves	<u>76.6</u>	<u>80.9</u>	<u>90.8</u>	<u>104.0</u>	<u>111.8</u>
Properties Owned (including market rent)	5,957	5,997	6,193	6,258	6,345

Treasury Strategy

A new funding arrangement was put in place in July 2021 to support the delivery of the Development Programme. A £120m Private Placement bond was successfully secured via a UK investor and another from North America, with a weighted average maturity of 26 years.

Low interest rates were achieved at a weighted average of 2.7%, substantially lower than is available in the current financial markets. This favourably benefits Southway, enabling the funds raised to support planned levels of development activity.

The Trust's revolving credit facility with Barclays was revised in December 2022, £10m is available to December 2025, and is currently undrawn. This could be extended by a further year. The interest cover loan covenant was also updated to EBITDA from EBITDA-MRI, thereby enabling stock investment to be undertaken without spending impacting the covenant ratio.

Southway recognises the inherent risk arising from uncertain interest rates. It has adopted a policy of fixing a high proportion of its debt over time. The proportion of fixed interest rates (from the Private Placement bond) and variable interest rates (on Revolving Credit Facilities) reflects the Trust's policy that a minimum 70% of borrowings are on fixed rates. Southway does not contract for derivative instruments outside of its loan contract.

The Group's future long term borrowing requirements will be considered alongside preparation of the new Futures Strategy 2025-2030.

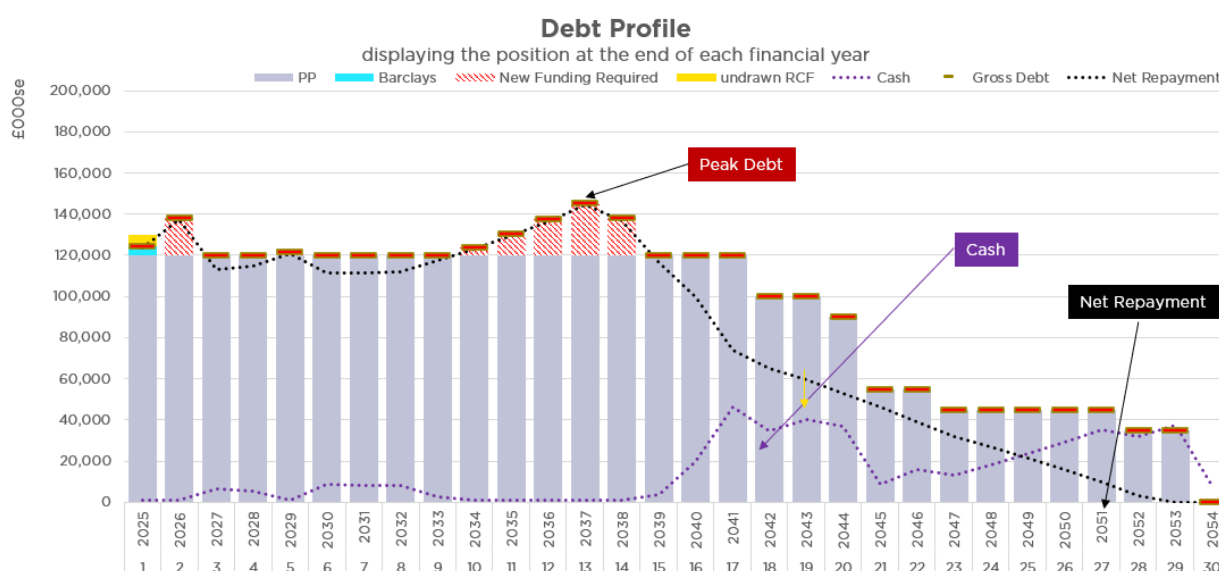
Cash Position and Projected Debt Profile

In May 2023 the final tranche of bond finance was received. At March 2024 the Group held cash and current asset investments totalling £56.6m (2023 £30.5m). This is higher than forecast when securing the Private Placement, reflecting slower delivery the development programme.

Excess funds have been deposited generating an appropriate return while limiting counterparty risk. The rate of interest receivable on deposits exceeds the cost of interest payable on the bond. The benefit derived has been allocated to provide additional support for one off items of spending as noted earlier in this report.

As the development programme progresses existing cash balances and the Barclays RCF will. It is projected additional borrowing will be required in Quarter 1 of 2024/25. The Board has approved a preferred funding solution, an approach to the market is underway, expected to be concluded by December 2024.

The projected net debt profile per the 2024 Business Plan is illustrated below (dotted back line). The chart also shows the bond finance which has already been secured (blue bars), existing RCF facilities (drawn blue, undrawn yellow), projected levels of cash (purple dotted line) and future RCF borrowing requirements (red hashed bars).



Peak Debt is projected at £144m in 2036/37. This reflects the timing of planned stock investment to properties, taking place 30 years after the original transfer of properties to Southway.

Southway has significant levels of asset cover to secure future levels of borrowing. The housing stock has an estimated value of £285m on a EUVSH (Existing Use Value for Social Housing) basis, and over £600m on a MVSTT (Market Value Subject to Tenancy) basis.

Intra Group Loan

The Trust has an intra group loan with Southway Plus, this currently runs to December 2026.

At March 2024 £15.3m (2023 £13.6m) of the available £33m was drawn, the facility rises to £35m by 2024/25. The additional funds are to be used to finance development of 90 homes for outright sale and market rent, and a further £0.7m investment in a Joint Venture (referenced in Accounting Policies and Note 16).

A profit of £3m is to be generated by Southway Plus and returned to the Trust via gift aid. The Parent Board has assessed the interest rate and security arrangements which apply, ensuring the charitable assets of the Trust are fully protected.

Further levels of commercial property development will also be assessed as part of setting the Futures Strategy 2025-2030. An updated Funding Prospectus will be prepared by Plus for approval by the Parent, followed by revision of the intra group loan.

Risk Management

Management of Risks

Southway continuously assesses the changing pattern of risk and considers variations in the economic environment, government policy which may impact rents, welfare reform and the availability of grant, commercial risks attached to new markets being entered, and the impact on the whole organisation associated with a process of growth and diversification.

Southway's Executive Group Risk Panel considers the corporate significant risk map on a quarterly basis. Each team also prepares assurance statements to identify emerging risks and any area where operational control issues have arisen.

The corporate significant risk map reflects assessment of the external risk environment, the sector risk profile, and a range of internal risks. Each risk is scored, with mitigations and further actions designed to reduce, or maintain, the score to a set target. Audit and Risk Committee review the results every quarter and reported to Board annually alongside a review of the Board's risk appetite. The Trust considers that it is appropriately placed to manage the consequential variations in risk profile that arise.

Top Ten Significant Risks

These are as reported to Audit and Risk Committee in July 2024, with comparison to July 2023. While there has been some variation in rankings the overall risk profile is very similar.

July 2024		July 2023
1	Costs and reputational issues arising from Development Programme	2
2	Loss of Rent due to Policy change brought about by high inflation/ affordability	1
3	Loss of Income as Rent Collection Targets are not achieved.	6
4	Impact of low customer satisfaction with Southway's services	9
5	Failure to deliver an effective and efficient property maintenance service to tenants.	5
6	Inefficient use of resources and poor Value For Money.	4
7	Property and Asset projects adversely affected by inflation, skills shortages, contractor failure or insolvency	3
8	Property assets not effectively managed	8
9	Inability to deliver thriving communities due to poverty and inequality.	7
10	Inability to deliver Strategic Objectives due to external pressures and lack of staff skill and resource.	12

Business Plan and Budget

Southway routinely manages the risks it faces by adopting prudent strategies within its business planning and budgeting processes to withstand shocks, illustrated by:

- Business Plan assumptions subject to review and assessment by Board each December, January and March.

- Annual Budget prepared within the parameters approved by Board.
- Stress Testing the Business Plan annually, results summarised below.
- Modelling the impact of development activity and future cash flows compared to available borrowing facilities.
- The final 20 properties, c£5m, of the existing development programme to be committed following updated assessment by Board of relevant exposures.

The latest Business Plan adopted in March 2024 reflects:

- 7.7% rent increase in April 2024, in line with the maximum permitted CPI+1%.
- Inflation returning to lower levels, with a long-term cost growth of 2.25%, which provides a 0.25% prudency factor compared to assumed CPI rental increase.
- Low interest rates achieved from the Private Placement and market rates for future borrowings and investment of surplus cash.
- Provision for 1.5% bad debts for 2024/25 reducing to 1.0% thereafter, and void rent losses of 0.5% pa.
- Projections of future investment from the 2021 stock condition survey (£210m over 30 years in 2021/22 prices), spending to achieve EPC C by 2030.
- Additional building safety and compliance work, including damp and mould, fire risk assessment actions, smoke detectors, carbon monoxide monitors.
- Development programme to deliver 1,423 new homes during 2016-2026, 95% of planned social/affordable properties and 57% of commercial properties anticipated in the Futures Strategy 2020-2025.
- 25 RTB/RTA sales p.a. to 2026/27.
- Contingencies against higher costs or other risks, c£500k pa, equivalent to around 1.5% of rental income.
- Net debt repayment by 2053 (2023 BP 2056).

The latest Business Plan illustrates continued compliance with loan covenants:

- interest cover low of 382% in 2036/37 (vs EBITDA min. 150%)
- gearing peak at 36.4% in 2024/25 (vs max. 50%)

Stress Testing and Mitigations

Stress Testing is a central part of the Board's consideration of the Business Plan. It also forms part of the Boards regular assessment throughout the year with tests applied to all significant financial decisions. Key variables and a combination of sensitivities are combined into scenarios which would stretch the business to fail.

Lons covenants, peak debt and loan repayment are modelled with results reviewed in comparison to Trigger Points, Golden Rules and contractual Covenants.

Under the majority of stress tests Southway's 2024 Business Plan performs well, the level of gearing is generally not an issue. The most prominent risks, which could lead to not passing loan covenants, were:

- high inflation and/or constrained rental increases.
- delivering zero carbon without grant support and above inflation rent rises.

A combined risk from 20% increased build costs (of non-contracted schemes), six months delayed sales, removal of RTB/RTA sales and failure of Southway Plus to deliver planned returned would lead to trigger points being exposed, but not a breach of loan covenants. So would 0.25% pa lower rental growth, combined with 1% higher bad debts and 1% higher interest rates.

A Resilience Plan is considered by Board annually. This identifies mitigation measures which Board could take in each service area to help remedy a financially challenged situation. It identifies priority actions and timescales (within 6 months or over the medium term) and potential impacts that would need to be considered.

Financial Viability Assessment

Southway's financial strength and its ability to withstand risk is also evidenced the favourable rate of interest on the £120m Private Placement secured in 2021. This is considerably lower than would be available in the current financial market.

The results of this analysis, combined with strong VFM metrics, available cash balances, contingencies to manage exposures, high asset values and comfort in loan covenants, has led to the Board's judgement that the Group has a financially sound Business Plan which will enable Southway to continue to deliver the objectives of its Futures Strategy 2020-2025 alongside planning Southway's Futures Strategy for 2025-2030.

Governance

Boards and Committees

The Trust is governed by a Board who are also shareholders of the Trust. Board members receive no dividends or remuneration (other than reimbursement of expenses) reflecting their commitment to the community and social values of the organisation. The Board members of the Trust and Executive Directors who have served Southway during the year and to the date of this report are set out on page 3.

The Board has the necessary depth of knowledge and experience to provide strategic leadership to the organisation.

Board and Committee members conduct their affairs within an agreed Code of Conduct, which complies with all regulatory requirements. Each member of the Board signs a statement agreeing to adhere to the Code. The Board also has a Probity Statement which sets out the standards of conduct it places for itself and those working for Southway. The statement also addresses the potential for Southway's conflicts of interest. All members complete an annual declaration of interest.

Insurance policies indemnify Board and Committee members and officers against liability when acting for the Trust.

Executive Directors

All four officers who served as Executive Directors during the year hold no interest in Southway shares and act as executives within the authority delegated by the Board. None of the executive directors are members of the Trust Board, but they attend all its meetings.

The Executive Directors are engaged on permanent service contracts. They receive salaries set by the Parent Board based on its estimation of the amounts required to secure the services of appropriate personnel. The Board takes independent external advice on this. Where they choose to become pension scheme members, Executive Directors also benefit from contributions made by Southway. Participation is on the same terms as all other Southway employees.

Governance of Subsidiaries

Each subsidiary company has its own articles of association that define their purpose and governance. The relationship between Southway and the subsidiaries is defined via an Intra Group Agreement (IGA). The IGA sets out: which policies apply to the group as a whole and which specifically to the Trust; levels of delegation to the subsidiaries, including the setting of Budgets and Business Plans.

As Southway provides the majority of the services to the subsidiaries, each company has a Services Agreement that sets out what services are provided and how they are accounted for.

Regulatory Compliance Statements of the Board

The Regulator of Social Housing (the Regulator) issues Regulatory Judgements on Registered Providers. During 2023/24 Southway retained its G1 and V1 ratings for Governance and Financial Viability, which are the highest possible gradings following an In-Depth Assessment (IDA) by the Regulator of Social Housing in 2021/22.

In March 2024 the Parent Board reviewed compliance with the 2020 National Housing Federation (NHF) Code of Governance and the Regulatory Standards. The Board can declare its compliance with the terms of the Code and Regulatory Standards.

The Regulator requires all Registered Providers to make a declaration in their annual accounts that they comply with all relevant law, legislation, and regulation. Southway receives regular updates from retained legal advisers with Heads of Service required to account for compliance through quarterly risk certificates. As a result, the Board is able to declare that Southway complies with all relevant law, legislation, and regulation. Southway also maintains a register that provides a thorough, accurate and up to date record of its assets and liabilities.

Anti-Slavery and Human Trafficking Statement

In accordance with section 54(1) of the Modern Slavery Act 2015, Southway has adopted a Statement which sets how the Trust will identify potential modern slavery risks related to its business and put in place steps to prevent slavery or human trafficking across its business and supply chains. This is available to view on our website.

Board Statement on Internal Control

To comply with the Regulator's Standard for Governance and Financial Viability, Registered Providers should: 'establish and oversee a risk management framework in order to safeguard the assets and reputation of the Group.'

Southway's system of internal control is designed to manage risk and provide assurance that key business objectives and expected outcomes will be achieved, that financial and operational information is properly prepared and reliable, and that the Group's assets and interests are safeguarded.

The current Board and Committee structure commenced in April 2016. The structure is assessed annually to ensure it remains fit for purpose. Southway's Board delegates the design, operation, and review of these internal controls to its sub-committees, most notably the Audit and Risk Committee, and to the executive directors. The Audit and Risk Committee reports quarterly to Board so that they are informed of control weaknesses in operations and can put strategies in place to address them.

Board members have a wide range of experience of risk assessment in areas such as development and finance. The Audit and Risk Committee, including independent members, is equipped to scrutinise, challenge, and improve the Trust's operational controls.

The following specific actions were taken to ensure the internal control framework remains robust.

- a) Significant Risks were reviewed by the Executive Team Risk Panel on a quarterly basis, who then account to the Audit and Risk Committee on how risks are being managed. The Risk Register details the mitigations taken to manage each risk and proposed further actions, with target scores for each Risk.
- b) Deep Dives were carried out by the Audit and Risk Committee into:
 - Development
 - Finance Processes
 - Risk Management Framework
 - Damp and Mould
- c) An assessment of compliance against regulatory standards. No major areas of concern were identified, and Southway retains its G1 and V1 regulatory status for Governance and Financial Viability following the IDA.
- d) An assessment of compliance with the Code of Governance.
- e) Review of the effectiveness of each Committee.
- f) A review of Financial Regulations to ensure they are fit for purpose.
- g) Review of the Group Standing Orders
- h) Approval of an annual Corporate Plan that derives from the Futures Strategy 2020-25 through which the Board defines the tasks needed to achieve objectives and monitors their delivery.
- i) Approval by Board of a Budget and updated Business Plan and Resource Plan following a Stress Testing Exercise attended by Board and Audit and Risk Committee members.
- j) Processes for Key Performance Indicators and budget setting and quarterly monitoring of these, with outcome measures designed to identify specific variances that arise.
- k) Internal Audit reviews conducted under a programme agreed and supervised by the Audit and Risk Committee, supplemented by the Internal Audit annual report.
- l) The External Auditor's Findings Report.
- m) The annual compliance review of the loan agreement.
- n) A comprehensive set of operating policies disseminated to staff, with a laid-out timetable for their review at appropriate intervals. These policies include counter-fraud measures (prevention, detection and reporting of discovered fraud, and strategies for 'whistleblowing').

- o) A fully considered treasury strategy which is reviewed annually when setting the Business Plan supported by specialist external advice.
- p) A Resilience Plan, approved by Board in September 2023, that provides assurance that measures have been identified to mitigate the risk of unplanned events that could put the Trust in a financially challenged position.
- q) Assessment of the funding environment by Board and the Funding Committee, supported by external banking, financial and legal advisers.
- r) A formal Investment Framework which sets clear criteria for investment decisions, and a process for tracking the progress of each project.
- s) Annual review of Health and Safety Policy and Procedures carried out by an independent Health and Safety advisor; and operating a Health & Safety Group which contains a range of staff representatives and monitors the operations of the Trust with a view to ensuring that they meet standards in this respect.
- t) Quarterly reports received by the Audit and Risk Committee covering property compliance: Gas Safety, Electrical Testing, Fire Safety, Legionella and Asbestos.

The Audit and Risk Committee has received the Executive's Annual Review of the Effectiveness of the System of Internal Control, and the Annual Report of the Internal Auditor, and has reported its findings to the Board.

Donations

During 2023/24 and 2022/23 Southway made no political contributions and any charitable donations were made during the course of its ordinary activities.

Post Balance Sheet Events

No events since the year-end have had a significant effect on the Trust's financial position.

Going Concern

The assessment of the significant risks faced by the Group is fully considered in the preceding sections of this report. The results of this analysis demonstrate Southway's ability to remain financially viable.

The Board therefore has a reasonable expectation that the Trust and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future, being a period not less than twelve months after the date on which the report and financial statements are approved. For this reason, it continues to adopt the going concern basis in the financial statements.

In reaching this view the Board fully appraised the changing business environment facing Southway, it has considered the financial projections set out in the long-term Business Plan, the results of stress tests and assessed the strategic risks faced and the means available to it to mitigate these risks.

Annual General Meeting

The annual general meeting will be held on 19 September 2023.

External Auditors

Crowe UK LLP were appointed in February 2020 following a procurement tender for external audit services. A resolution to re-appoint Crowe UK LLP will be proposed at the forthcoming annual general meeting.

Statement of the Responsibilities of the Board for the Report and Financial Statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Trust and Group for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust 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 Trust and Group and 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 Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as each of the Board members is aware.

- There is no relevant audit information of which the Trust's auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Strategic Report and Report of the Board was approved by the Board on 16 September 2024 and signed on its behalf by:



Hazel Makinson
Chair of the Parent Board

Independent auditor's report to the members of Southway Housing Trust (Manchester) Limited

Independent Auditor's Report to the Members of Southway Housing Trust

Opinion

We have audited the financial statements of Southway Housing Trust (the "Trust") and its subsidiaries (the "Group") for the year ended 31 March 2024 which comprise the consolidated and Trust Statement of Comprehensive Income, the consolidated and Trust Balance Sheets, the consolidated and Trust Statement of Changes in Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Trust's affairs as of 31 March 2024 and the Group and Trust's surplus or deficit for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing from April 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception.

We have nothing to report 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:

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on pages 36-37, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Trust operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

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

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

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

Crowe UK LLP

Crowe U.K. LLP

Statutory Auditor

3rd floor St George's House
56 Peter Street
Manchester
M2 3NQ

17th September 2024

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2024
Consolidated Statement of Comprehensive Income

	Note	2024 £'000	2023 £'000
Turnover	3	42,687	47,989
Operating expenditure	3	(33,301)	(30,722)
Cost of sales	3	(4,606)	(9,510)
Surplus on the disposal of housing properties	3	3,167	5,308
Movement in fair value of investment properties	3	-	966
Operating Surplus	5	<u>7,947</u>	<u>14,030</u>
Interest receivable	7	3,405	589
Interest and financing costs	8	(2,422)	(1,383)
Surplus before tax		<u>8,930</u>	<u>13,236</u>
Taxation	11	(70)	(180)
Surplus after tax for the year		<u>8,860</u>	<u>13,055</u>
Actuarial (loss)/gain and other movements on defined benefit pension scheme	30	(859)	642
Total Comprehensive Income for the Year		<u><u>8,001</u></u>	<u><u>13,697</u></u>

The consolidated results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 16 September 2024 and signed on its behalf by:



Hazel Makinson
Chair of the Board



David Hampton
Vice Chair



Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2024
Trust Statement of Comprehensive Income

	Note	2024 £'000	2023 £'000
Turnover	3	43,133	45,528
Operating Expenditure	3	(34,265)	(30,793)
Cost of sales	3	(4,606)	(7,325)
Surplus on the disposal of housing properties	3	3,167	5,308
Operating Surplus	5	<u>7,429</u>	<u>12,718</u>
Interest Receivable	7	3,954	1,141
Interest and financing costs	8	(2,422)	(1,417)
Surplus before tax		<u>8,961</u>	<u>12,442</u>
Taxation	11	-	-
Surplus after tax for the year		<u>8,961</u>	<u>12,442</u>
Actuarial (loss)/gain and other movements on defined benefit pension scheme	30	(859)	642
Total Comprehensive Income for the Year		<u><u>8,102</u></u>	<u><u>13,084</u></u>

The Trust's results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 16 September 2024 and signed on its behalf by:



Hazel Makinson
Chair of the Board



David Hampton
Vice Chair



Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2024
Consolidated and Trust Statement of Changes in Reserves

Income and expenditure reserve	Group £'000	Trust £'000
Balance as 31 March 2022	90,123	88,431
Surplus for the year	13,055	12,443
Other comprehensive income for the year	642	642
Balance as 31 March 2023	<u>103,820</u>	<u>101,516</u>
Surplus for the year	8,860	8,961
Other comprehensive income for the year	(859)	(859)
Balance as 31 March 2024	<u><u>111,821</u></u>	<u><u>109,618</u></u>

The accompanying notes form part of these financial statements.

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2024
Consolidated Statement of Financial Position

	Note	2024 £'000	2023 £'000
Fixed Assets			
Tangible fixed assets - properties	12	204,587	174,202
Tangible fixed assets - other	13	8,444	8,502
Investment properties	14	19,576	19,571
Investment in joint ventures	16	800	573
		<u>233,407</u>	<u>202,848</u>
Current Assets			
Properties for Sale, Stock and Work in Progress	17	4,162	4,515
Trade and other debtors due after more than one year	18	1,461	388
Trade and other debtors due within one year	18	6,106	5,229
Current asset investments		18,476	12,000
Cash and cash equivalents		38,108	18,523
		<u>68,313</u>	<u>40,655</u>
Creditors: amounts falling due within one year	19	(13,564)	(11,532)
Net current assets		<u>54,749</u>	<u>29,124</u>
Total assets less current liabilities		288,156	231,971
Creditors: amounts falling due after more than one year	20	(176,335)	(128,149)
Provision for Liabilities			
Pension provision	30	-	-
Total Net Assets		<u>111,821</u>	<u>103,822</u>
Reserves			
Income and Expenditure reserve		111,821	103,820
Total Reserves		<u>111,821</u>	<u>103,820</u>

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 16 September 2024 and signed on its behalf by:



Hazel Makinson
Chair of the Board



David Hampton
Vice Chair



Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2024
Trust Statement of Financial Position

	Note	2024 £'000	2023 £'000
Fixed Assets			
Tangible fixed assets - properties	12	205,374	174,894
Tangible fixed assets - other	13	8,427	8,455
Investment properties	14	3,893	3,893
Investment in Subsidiaries	16	-	-
		<u>217,694</u>	<u>187,241</u>
Current Assets			
Properties for Sale, Stock and Work in Progress	17	3,496	3,917
Trade and other debtors due after more than one year	18	15,274	13,574
Trade and other debtors due within one year	18	5,708	5,627
Current asset investments		18,476	12,000
Cash and cash equivalents		37,947	18,250
		<u>80,901</u>	<u>53,368</u>
Creditors: amounts falling due within one year	19	(13,751)	(11,983)
Net current assets		<u>67,150</u>	<u>41,385</u>
Total assets less current liabilities		284,844	228,626
Creditors: amounts falling due after more than one year	20	(175,226)	(127,110)
Provision for Liabilities			
Pension provision	30	-	-
Total Net Assets		<u>109,618</u>	<u>101,517</u>
Reserves			
Income and Expenditure reserve		109,618	101,516
Total Reserves		<u>109,618</u>	<u>101,516</u>

The accompanying notes form part of these financial statements.

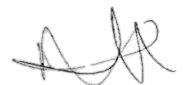
The financial statements were approved by the Board on 16 September 2024 and signed on its behalf by:



Hazel Makinson
Chair of the Board



David Hampton
Vice Chair



Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2024
Consolidated Statement of Cash Flows

	Note	2024 £'000	2023 £'000
Net Cash generated from operating activities	25	<u>11,016</u>	<u>22,107</u>
Cash flow from Investing activities			
Purchase of tangible fixed assets Housing Properties		-36,727	(19,787)
Purchase of tangible fixed assets Other Fixed Assets		-619	(257)
Purchase of tangible fixed assets Investment Properties		-4	-
Proceeds from the sale of tangible fixed assets		3,650	6,423
Grants Received		14,506	4,154
Investment in Joint Venture		-227	(145)
Interest received		2,609	589
Current asset investments		-6,476	(12,000)
		<u>-23,289</u>	<u>(21,023)</u>
Cash flow from financing activities			
Interest Paid		-3,142	(2,239)
Interest element of finance lease rental payments		0	-
New secured loans		35,000	35,000
Repayments of borrowings		0	(17,068)
Capital element of finance lease rental payments		0	-
Withdrawal from deposits		0	-
		<u>31,858</u>	<u>15,693</u>
Net change in cash and cash equivalents		19,586	16,778
Cash and cash equivalents at beginning of the year		18,523	1,745
Cash and cash equivalents at the end of the year		<u><u>38,108</u></u>	<u><u>18,523</u></u>

The accompanying notes form part of these financial statements.

Southway Housing Trust (Manchester) Limited Year Ended 31 March 2024

Notes to the financial statements

1. Legal status

Southway Housing Trust (the "Trust") is registered under the Housing Act 1996 with the Regulator of Social Housing in England, as a Registered of social housing (registration number L4507). The registered office is Southern Gate, 729 Princess Road, Manchester, M20 2LT.

The Trust is a charitable Registered Society under the Co-operative and Community Benefits Societies Act 2014, and registered with the Financial Conducts Authority, registration number 30348R. The Trust is a public benefit entity.

2. Accounting policies

Basis of accounting

The financial statements of the Group and Trust are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The financial statements are presented in sterling (£) and have been rounded to the nearest £1,000, unless otherwise indicated.

Basis of consolidation

The Group accounts consolidate the accounts of the Trust and all its subsidiaries at 31 March 2024 using the purchase method.

The consolidated financial statements incorporate the financial statements of the Trust and entities (including special purpose entities) controlled by the Group (and its subsidiaries). Control is achieved where the Group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Disclosure exemption

The individual accounts of the Trust have adopted the following disclosure exemption:
- the requirement to present an individual statement of cash flows and related notes.

Going concern

The Group's business activities; its current financial position net assets of £111.8m (2023: £103.8m) and factors likely to affect its future development are set out within the Strategic Report from the Board.

The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations.

The Group has modelled several scenarios using multiple variants to test the resilience of its business plan. The Group is confident it can service its debt facilities and can put measures in place, if necessary, to address any unforeseen challenges and remain in compliance with lenders' covenants. Additional information is included in the Report of the Board and Strategic Report.

On this basis, the Board continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

(i) Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Impairment:

As part of the group's continuous review of the performance of their assets, management identify any impairment triggers which may affect any homes, or schemes. Such triggers include increasing void losses, government policy changes (such as welfare reform changes or rent reductions), climate change, additional costs adversely impacting development scheme values, any significant damage or repairs required to any homes, or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

As a result, we estimated the recoverable amount of our housing properties as follows:

- (a) determined the level at which recoverable amount is to be assessed (ie, the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme
- (b) estimated the recoverable amount of the cash-generating unit
- (c) calculated the carrying amount of the cash-generating unit and
- (d) compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each new social housing scheme, using appropriate construction costs and land prices. Where DRC is lower than the carrying amount an impairment is taken to reduce the carrying amount to the DRC.

Note 12 indicates an impairment of £0.93m for housing properties in the year to 31 March 2024 (2023: £nil).

Classification of loans as basic:

Southway Housing Trust considers its Private Placement bond as a basic loan in accordance with the definition under FRS 102 Section 11. For this reason it has treated this loan as such in the accounts.

Note 21 reports the value and repayment terms of the Private Placement bond and the current revolving credit facilities (RCF)

(ii) Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected life of the assets.

Uncertainties in these estimates include changes to future decent homes standards may require more frequent replacement of key components.

Accumulated depreciation at 31 March 2024 of housing properties (note 12) was £70.8m (2023: £65.1m) including £0.93m in respect of impairment (2023: £nil), and £5.2m (2023: £4.5m) depreciation of other fixed assets (note 13).

Defined benefit obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases.

Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses.

The calculation of the obligation also incorporates the impact of the various High Court rulings; namely McCloud and GMP rulings where appropriate.

The defined benefit obligation pension liability at 31 March 2024 was £nil (2023:£nil) (note 30).

Fair value measurement:

Upon completion of a market rent scheme a professional valuation is obtained using the market approach to valuation in accordance with the RICS Valuation – Professional Standards and International Valuation Standards. At the end of the accounting period management bases the assessment of fair value on observable data. If this is not possible management uses the best information available. Estimated fair values may vary from actual prices.

Directors have decided to retain the Plus investment properties valuation of £15.5m, the same as March 2023, subject to Board discussion to agree future sales strategy and methodology; whether to sell as single units over time (the basis of the March 2023 valuation) or as a whole block.(Note14)

Turnover and Revenue Recognition

Turnover comprises rental income receivable in the year, service charge income, income from shared ownership first tranche sales, support services and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Service charge income is recognised in the period to which it relates net of losses from voids.

Income from first tranche sales is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure.

The financial statements include VAT to the extent that it is suffered and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset in the Statement of Financial Position.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions

The Group participates in a funded multi-employer defined benefit scheme, the Greater Manchester Pension Fund (GMPF).

For the GMPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability.

Remeasurements are reported in other comprehensive income.

The Group also participates in the government's NEST pension scheme which is a defined contribution scheme. Any liabilities relating to the scheme are shown as accrued liabilities.

Interest payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

- a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
 - b) a fair amount of interest on borrowings of the association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.
- Other interest payable is charged to income and expenditure in the year.

Gift aid donations

Charitable donations to the Trust from its wholly owned subsidiaries are accounted for as income in the statement of comprehensive income for the year, and is eliminated on consolidation.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is measured on an undiscounted basis.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit.

Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared Ownership properties and staircasing

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales.

The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Under low cost home ownership arrangements, the Trust disposes of a long lease on low cost home ownership units for a share of value.

The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Sales of subsequent tranches are treated as a part disposal of housing properties. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Donated land and other assets

Land and other assets donated by local authorities and other government sources is added to cost at the fair value of the land at the time of the donation.

Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities.

Where the donation is from a non-public source, the value of the donation is included as income.

On disposal of an asset for which non-monetary government grant was received by the social landlord any unamortised grant remaining within liabilities in the statement of financial position is derecognised and recognised as income in the statement of comprehensive income.

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties over the following useful economic lives:

Component	Useful Economic Life
Freehold land	Not depreciated
Kitchens	20 years
Bathrooms	30 years
Doors and windows	30 years
Heating system	15 years
Electrical system and lifts	30 years
Cladding - non traditional properties	30 years
Roofs and chimneys	50 years
Ground source heat pump - underground	50 years
Ground source heat pump - overground	20 years
Off road parking - tarmac/paved drives	10 to 30 years
Structure - traditional build properties	80 years
Structure - non traditional properties	30 years

The Group depreciates assets the year following completion/installation.

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure.

Where a scheme is currently deemed not to be providing service potential to the Trust, its recoverable amount is its fair value less costs to sell.

An impairment charge of £0.93m (2023: nil) has been made in the year which represents the additional cost of completion of a development scheme as approved by the Board.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The assumed useful economic lives are:

Asset	Useful Economic Life
Freehold land	Not depreciated
Freehold Buildings	50 years
Long Leasehold Property	Over life of lease
Community Shops	7 years
Community Centre (structure)	80 years
Furniture, fixtures and fittings	7 years
IT infrastructure (new)	5 years
Computers and related equipment	3 years
Commercial vehicles	4 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Investment properties

Investment properties consist of market rent and other commercial properties not held for social benefit or for use in the business. Investment properties are initially measured at cost and subsequently at fair value as at the year end, with changes in fair value recognised in the Statement of Comprehensive Income.

It is not considered possible to accurately measure the value of properties that are under construction. Where this is the case the properties are measured at cost and revalued on completion.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investments in joint ventures - Fixed asset investment

Investments in jointly controlled entities are held at cost less impairment.

Southway Plus Limited has entered into a joint venture arrangement with 9 other registered providers to create GMJV FundCo LLP. GMJV FundCo LLP, together with the Greater Manchester Combined Authority have invested in Hive Homes (Greater Manchester) LLP ("Hive Homes") which is a delivery vehicle to build homes for outright sale. This is a financial arrangement where Plus will be investing up to £3m as a mix of debt and equity into Hive Homes.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Government grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the Trust is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model.

A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as deferred income.

Leases

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Reserves

The revenue reserves are unrestricted and available for use within the Group's activities.

3. Turnover, operating cost and operating surplus Group

2024	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	35,206	-	(30,328)	4,878
Other social housing activities				
First Tranche Shared Ownership Sales	6,238	(4,606)	(819)	813
Development Services	-	-	(166)	(166)
Community Investment	57	-	(677)	(620)
Financial Inclusion	8	-	(287)	(279)
Other Support Activities	14	-	(524)	(510)
Non social housing activities				
Open Market Sales	-	-	(11)	(11)
Private Rented Sector	934	-	(232)	702
Repairs for Others	166	-	(188)	(22)
Other Activities	64	-	(69)	(5)
	<u>42,687</u>	<u>(4,606)</u>	<u>(33,301)</u>	<u>4,780</u>
Surplus on the disposal of housing properties (note 6)				<u>3,167</u>
				<u>7,947</u>
2023	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	32,200	-	(26,377)	5,823
Other social housing activities				
First Tranche Shared Ownership Sales	11,958	(7,325)	(1,483)	3,150
Development Services	-	-	(224)	(224)
Community Investment	110	-	(825)	(714)
Financial Inclusion	123	-	(440)	(317)
Other Support Activities	18	-	(469)	(451)
Gift Aid				
Non social housing activities				
Open Market Sales	2,290	(2,185)	-	105
Private Rented Sector	914	-	(243)	671
Repairs for Others	361	-	(361)	-
Other Activities	15	-	(302)	(287)
	<u>47,989</u>	<u>(9,510)</u>	<u>(30,722)</u>	<u>7,756</u>
Surplus on the disposal of housing properties				<u>5,308</u>
Movement in fair value of investment properties (note 14)				<u>966</u>
				<u>14,029</u>

3. Turnover, operating cost and operating surplus (continued) Trust

2024	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	35,206	-	(30,328)	4,878
Other social housing activities				
First Tranche Shared Ownership Sales	6,238	(4,606)	(819)	813
Development Services	1,156	-	(1,324)	(168)
Community Investment	57	-	(677)	(620)
Financial Inclusion	8	-	(287)	(279)
Other Support Activities	14	-	(524)	(510)
Non social housing activities				
Private Rented Sector	224	-	(64)	160
Repairs for Others	166	-	(188)	(22)
Other Activities	64	-	(54)	10
	<u>43,133</u>	<u>(4,606)</u>	<u>(34,265)</u>	<u>4,262</u>
Surplus on the disposal of housing properties (note 6)				<u>3,167</u>
				<u>7,429</u>
2023	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	32,200	-	(26,377)	5,823
Other social housing activities				
First Tranche Shared Ownership Sales	11,958	(7,325)	(1,483)	3,150
Development Services	473	-	(659)	(186)
Community Investment	110	-	(825)	(715)
Financial Inclusion	123	-	(440)	(317)
Other Support Activities	18	-	(469)	(451)
Non social housing activities				
Open Market Sales	-	-	-	-
Private Rented Sector	223	-	(67)	156
Repairs for Others	361	-	(361)	-
Other Activities	62	-	(112)	(50)
	<u>45,528</u>	<u>(7,325)</u>	<u>(30,793)</u>	<u>7,410</u>
Surplus on the disposal of housing properties (note 6)				<u>5,308</u>
				<u>12,718</u>

3. Turnover, operating cost and operating surplus (continued) Group and Trust

Income and expenditure from social housing lettings	2024 £'000	2023 £'000
Rent receivable net of identifiable service charges	30,995	28,731
Service income	<u>1,593</u>	<u>1,223</u>
Net rental income	32,588	29,954
Amortised government grants	1,382	1,448
Government grants taken to income	1,117	604
Other revenue grants	63	109
Other Income	56	86
Turnover from social housing lettings	<u>35,206</u>	<u>32,200</u>
Management	(7,928)	(7,716)
Services	(1,751)	(1,289)
Routine maintenance	(6,284)	(5,066)
Planned maintenance	(2,087)	(1,799)
Major repairs expenditure	(5,066)	(3,543)
Bad debts	(165)	(251)
Depreciation of housing properties	(5,474)	(5,500)
Impairment of housing properties	(928)	-
Other expenditure	(645)	(1,212)
Operating costs on social housing lettings	<u>(30,328)</u>	<u>(26,377)</u>
Operating surplus on social housing lettings	<u>4,878</u>	<u>5,823</u>
Void losses	<u>291</u>	<u>229</u>

The number of supported housing and shared ownership properties owned is not significant, hence no segmental reporting.

Other expenditure includes: £63k credit relating to pension obligations (2023: £727k cost), £624k development expenditure treated as revenue (2023: £541k), £84k cafes/non housing costs (2023: £68k) and £nil holiday pay accrual (2023: £124k).

4. Accommodation in management and development Group and Trust

At the end of the year the number of properties in management for each class of accommodation was as follows:

	2024 No. of properties	2023 No. of properties
Social housing		
General needs - social rent	5,389	5,383
General needs - affordable rent	356	337
Supported housing for older people	219	219
Low cost home ownership	283	220
Total social managed	<u>6,247</u>	<u>6,159</u>
Managed by others	4	5
Total social owned*	<u>6,251</u>	<u>6,164</u>
Investment Properties		
Southway Housing Trust - market rent	25	25
Southway Plus - market rent	69	69
Total owned	<u>6,345</u>	<u>6,258</u>
Other accommodation managed		
Southway Housing Trust - leasehold properties	298	296
Total owned and managed	<u><u>6,643</u></u>	<u><u>6,554</u></u>
In course of construction		
Southway Housing Trust - shared ownership	212	215
Southway Housing Trust - social rent	62	44
Southway Housing Trust - affordable rent	111	146
	<u>385</u>	<u>405</u>

***During the year there was an increase of 87 social housing properties owned comprising:**

Shared Ownership homes developed or acquired	68
Social Rent Homes developed	22
Affordable Rent properties developed or acquired	20
less Social Rent RTB/RTA disposals	(17)
less Staircasing sales	(5)
reclassify Managed by Others to Social Rent	(1)
	<u>87</u>

5. Operating surplus

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
This is arrived at after charging:				
Depreciation of housing properties	5,474	5,500	5,465	5,500
Impairment of non housing properties	928	318	928	-
Depreciation of other tangible fixed assets	677	801	648	755
Loss on disposal of other fixed assets	-	3	-	3
Operating lease rentals				
- office accommodation	(1)	33	39	33
- maintenance vehicles	97	476	302	476
External auditors' remuneration (excluding VAT)				
- for audit services	35	33	24	26
- additional audit services	-	10	-	8
- for non-audit services	-	-	-	-
Internal auditors' remuneration (excluding VAT)	27	40	1	40

6. Surplus on sale of fixed assets - housing properties

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Disposal Proceeds	3,444	5,903	3,444	5,903
Carrying value of fixed assets	(149)	(455)	(149)	(455)
Other costs of sale	(450)	(393)	(450)	(393)
RTB/RTA disposals	<u>2,845</u>	<u>5,054</u>	<u>2,845</u>	<u>5,054</u>
Proceeds from other property sales	664	914	664	914
Carrying value of other property disposals	(333)	(660)	(333)	(660)
Other cost of sales	(9)	-	(9)	-
Total surplus on sale of fixed assets	<u><u>3,167</u></u>	<u><u>5,308</u></u>	<u><u>3,167</u></u>	<u><u>5,308</u></u>

7. Interest receivable and other income

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Interest receivable	2,609	589	3,158	1,141
Other finance income	796	-	796	-
	<u>3,405</u>	<u>589</u>	<u>3,954</u>	<u>1,141</u>
	<u><u>3,405</u></u>	<u><u>589</u></u>	<u><u>3,954</u></u>	<u><u>1,141</u></u>

8. Interest and financing costs

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Loans and bank overdrafts	3,119	2,215	3,119	2,215
Capitalised development interest	(771)	(933)	(771)	(899)
Amortisation of initial loan costs	51	67	51	67
Loan security trustee	23	24	23	24
Other finance costs	-	10	-	10
	<u>2,422</u>	<u>1,383</u>	<u>2,422</u>	<u>1,417</u>
Capitalisation rate used to determine the amount of development interest capitalised	2.70%	3.70%	2.70%	3.70%

9. Employees Group and Trust

Average monthly number of employees (including executive directors) expressed as full time equivalents (based on an average of 35 hours per week)

	2024 No.	2023 No.
Administration	48	39
Maintenance Service & Home Improvement	101	82
Neighbourhood Services & Community Investment	68	71
Call Centre & Customer Response	29	32
Development and Property Acquisition	26	26
	<u>271</u>	<u>250</u>

Employee costs

	2024 £'000	2023 £'000
Wages and salaries	9,536	8,889
Social security costs	964	936
GMPF pension contributions	718	751
Nest pension contributions	360	307
	<u>11,578</u>	<u>10,882</u>

The above staffing costs breakdown includes all those contracted under Southway Housing Trust's employment. This does not include any temporary staff employed via agency.

The Group's employees are members of the Greater Manchester Pension Fund (GMPF) defined benefit pension scheme or the Government's NEST defined contribution pension scheme. Further information on GMPF is given in Note 30.

The full time equivalent number of staff and Executive Directors who received emoluments:

	2024 No.	2023 No.
£60,001 - £70,000	5	3
£70,001 - £80,000	3	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	3
£100,001 - £110,000	3	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-

10. Key management personnel Group and Trust

None of the Board Members received emoluments (2023 nil). Board members expenses totalled £6,912 in the year to 31 March 2024 (2023: £1,901).

The emoluments of the highest paid Director, the Chief Executive, excluding pension contributions was £125k (2023: £118k).

The aggregate remuneration for key management personnel, disclosed as Executive Directors on page 3, in the year is shown below. All Directors, including the Chief Executive, are ordinary members of the Greater Manchester Pension Scheme and no enhanced or special terms apply.

Executive Directors	2024 £'000	2023 £'000
Basic salary	440	416
Social Security Costs	56	55
Pension contributions	98	92
	594	564
	594	564

11. Tax on profit on ordinary activities

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
The tax charge/(credit) is based on the profit for the year and represents:				
Current tax				
UK corporation tax at 25.00% (PY: 19.00%)	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	76	190	-	-
Adjustments in respect of prior periods	(6)	(10)	-	-
Effect of tax rate change on opening balance	-	-	-	-
	<u>70</u>	<u>180</u>	<u>-</u>	<u>-</u>
Tax on profit on ordinary activities	<u>70</u>	<u>180</u>	<u>-</u>	<u>-</u>
Movement in deferred tax provision				
Provision at start of period	1,039	859	-	-
Deferred tax charged in the Profit and loss account for the period	70	180	-	-
Tax on results on ordinary activities	<u>1,109</u>	<u>1,039</u>	<u>-</u>	<u>-</u>
Profit/(loss) on ordinary activities before tax	<u>8,930</u>	<u>13,236</u>	<u>8,961</u>	<u>12,443</u>
Tax on profit on ordinary activities at standard CT rate of 25% (PY: 19%)	2,232	2,510	2,240	2,364
Income not taxable for tax purposes	(12,576)	(9,030)	(12,579)	(8,867)
Amounts (charged)/credited directly to the STRGL or otherwise transferred	(24)	27	-	-
Capital gains/(losses)	0	190	-	-
Group relief surrendered/(claimed)	-	-	-	-
Fixed asset differences	2	181	-	180
Expenses not deductible for tax purposes	10,339	6,323	10,339	6,323
Deferred tax not recognised	104	(75)	-	-
Adjustments in respect of prior year periods (deferred tax)	(6)	(9)	-	-
Remeasurement of deferred tax for changes in tax rates	-	63	-	-
Other movements	-	-	-	-
Tax charge/(credit) for the period	<u>70</u>	<u>180</u>	<u>(0)</u>	<u>(0)</u>

12. Tangible fixed assets - properties Group

	Social housing properties for letting £'000	Shared ownership properties completed £'000	Social housing properties under construction £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2023	188,894	18,528	9,721	22,150	239,293
Opening Balance Restatement	1,035	(1,067)	(41)	29	(44)
Development of new properties	-	-	13,640	15,504	29,144
Interest capitalised	-	-	234	459	693
Schemes completed	3,386	11,210	(3,386)	(11,210)	-
Works to existing properties	7,579	-	-	-	7,579
Other Additions	15	19	-	-	34
Disposals	(1,106)	(255)	-	-	(1,361)
At 31 March 2024	<u>199,803</u>	<u>28,435</u>	<u>20,168</u>	<u>26,932</u>	<u>275,338</u>
Depreciation and impairment					
At 1 April 2023	(64,013)	(1,078)	-	-	(65,091)
Opening Balance Restatement	(686)	686	-	-	-
Depreciation charged in year	(5,310)	(155)	-	-	(5,465)
Impairment charged in year	-	-	-	(928)	(928)
Released on disposal	720	13	-	-	733
At 31 March 2024	<u>(69,289)</u>	<u>(534)</u>	<u>-</u>	<u>(928)</u>	<u>(70,751)</u>
Net book value					
At 31 March 2024	<u>130,514</u>	<u>27,901</u>	<u>20,168</u>	<u>26,004</u>	<u>204,587</u>
At 31 March 2023	<u>124,880</u>	<u>17,450</u>	<u>9,721</u>	<u>22,150</u>	<u>174,202</u>

Housing properties At 31 March 2024 are comprised entirely of freehold land and buildings.

Southway Housing Trust considers individual new development schemes to be separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. Stock transferred from Manchester City Council (MCC) is assumed to be one distinct CGU.

12. Tangible fixed assets - properties (continued)

Trust

	Social housing properties for letting £'000	Shared ownership properties completed £'000	Social housing properties under construction £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2023	189,211	18,756	9,767	22,251	239,985
Opening Balance Restatement	1,035	(1,067)	(41)	29	(44)
Development of new properties	-	-	13,702	15,537	29,239
Interest capitalised	-	-	234	459	693
Schemes completed	3,408	11,301	(3,408)	(11,301)	-
Works to existing properties	7,579	-	-	-	7,579
Other Additions	15	19	-	-	34
Disposals	(1,106)	(255)	-	-	(1,361)
At 31 March 2024	<u>200,142</u>	<u>28,754</u>	<u>20,254</u>	<u>26,975</u>	<u>276,125</u>
Depreciation and impairment					
At 1 April 2023	(64,013)	(1,078)	-	-	(65,091)
Opening Balance Restatement	(686)	686	-	-	-
Depreciation charged in year	(5,310)	(155)	-	-	(5,465)
Impairment charged in year	-	-	-	(928)	(928)
Released on disposal	720	13	-	-	733
At 31 March 2024	<u>(69,289)</u>	<u>(534)</u>	<u>-</u>	<u>(928)</u>	<u>(70,751)</u>
Net book value					
At 31 March 2024	<u>130,853</u>	<u>28,220</u>	<u>20,254</u>	<u>26,047</u>	<u>205,374</u>
At 31 March 2023	<u>125,197</u>	<u>17,678</u>	<u>9,767</u>	<u>22,251</u>	<u>174,894</u>

Housing properties at 31 March 2024 are comprised entirely of freehold land and buildings.

Southway Housing Trust considers individual new development schemes to be separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. Stock transferred from Manchester City Council (MCC) is assumed to be one distinct CGU.

12. Tangible fixed assets - properties (continued)

Group and Trust

Expenditure on works to existing properties	2024 £'000	2023 £'000
Components capitalised	7,579	2,831
Amounts charged to income and expenditure account	5,066	3,543
	12,645	6,374
	12,645	6,374
Finance Costs	2,024 £'000	2,023 £'000
Aggregate amount of capitalised interest included in the cost of housing properties	4,584	3,891
	4,584	3,891
	4,584	3,891
Social Housing Assistance	2,024 £'000	2,023 £'000
Total accumulated grants received or receivable at 31 March		
Recognised in Statement of Comprehensive Income	24,275	22,893
Held as Deferred Grant Income (note 22)	55,844	42,832
	80,119	65,724
	80,119	65,724

13. Tangible fixed assets - other Group

	Furniture fixtures and fittings £'000	Computers and related equipment £'000	Community assets £'000	Office accommodation £'000	Total £'000
Cost					
At 1 April 2023	545	3,167	2,833	6,489	13,034
Additions	19	597	2	1	619
At 31 March 2024	<u>564</u>	<u>3,764</u>	<u>2,835</u>	<u>6,490</u>	<u>13,653</u>
Depreciation					
At 1 April 2023	(404)	(2,839)	(322)	(967)	(4,532)
Charged in year	(70)	(376)	(37)	(194)	(677)
At 31 March 2024	<u>(474)</u>	<u>(3,215)</u>	<u>(359)</u>	<u>(1,161)</u>	<u>(5,209)</u>
Net book value					
At 31 March 2024	<u>90</u>	<u>549</u>	<u>2,476</u>	<u>5,329</u>	<u>8,444</u>
At 31 March 2023	<u>140</u>	<u>328</u>	<u>2,511</u>	<u>5,521</u>	<u>8,503</u>
Aggregate amount of capitalised interest	-	-	24	-	24

13. Tangible fixed assets - other Trust

	Furniture fixtures and fittings £'000	Computers and related equipment £'000	Community assets £'000	Office accommodation £'000	Total £'000
Cost					
At 1 April 2023	465	3,101	2,852	6,489	12,907
Additions	19	597	2	1	619
At 31 March 2024	<u>484</u>	<u>3,698</u>	<u>2,854</u>	<u>6,490</u>	<u>13,526</u>
Depreciation					
At 1 April 2023	(345)	(2,817)	(322)	(967)	(4,451)
Charged in year	(63)	(354)	(37)	(194)	(648)
At 31 March 2024	<u>(408)</u>	<u>(3,171)</u>	<u>(359)</u>	<u>(1,161)</u>	<u>(5,099)</u>
Net book value					
At 31 March 2024	<u>76</u>	<u>527</u>	<u>2,495</u>	<u>5,329</u>	<u>8,427</u>
At 31 March 2023	<u>120</u>	<u>284</u>	<u>2,530</u>	<u>5,521</u>	<u>8,455</u>
Aggregate amount of capitalised interest	-	-	24	-	24

14. Investment properties

	GROUP				TRUST			
	2024 £'000	2024 £'000	2024 £'000	2023 £'000	2024 £'000	2024 £'000	2024 £'000	2023 £'000
	Properties completed	Properties under construction	Total Investment Properties	Total Investment Properties	Properties completed	Properties under construction	Total Investment Properties	Total Investment Properties
At 1 April 2023	19,396	175	19,571	18,790	3,893	-	3,893	3,893
Additions/(reductions)	9	(4)	5	13			-	-
Increase/(decrease) in value	-	-	-	767			-	-
At 31 March 2024	<u>19,405</u>	<u>171</u>	<u>19,576</u>	<u>19,571</u>	<u>3,893</u>	<u>-</u>	<u>3,893</u>	<u>3,893</u>

Aggregate amount of capitalised interest

458

457

-

-

There are 25 market rent investment properties in the Trust. Research into the property values at 31 March 2024 was carried out by the Directors and was not judged to be materially different to their carrying value. Directors have knowledge and skill to undertake such a valuation assessment.

The Group includes two completed schemes of 69 market rented properties owned by Southway Plus Ltd. The completed schemes were independently valued by Aspin & Co Ltd, Chartered Surveyors on 23 January 2024, using the market approach to valuation in accordance with the RICS Valuation - Professional Standards and International Valuation Standards. The RICS Valuation - Global Standards 2017, defines Market Value as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Based on their valuation the value of the properties would be £16.6m, an increase of £1.1m. Pending further discussion at Board and a decision whether to sell individual units over time, or as whole blocks, the Directors have judged that the properties should remain at the March 2023 valuation and no increase should be recognised.

15. Investment in subsidiaries Trust

As required by statute, the financial statements consolidate the results of Southway Housing Trust, Southway DevCo Ltd and Southway Plus Ltd.

Southway Plus Ltd and Southway DevCo are wholly owned subsidiaries of the Trust. Both are non-regulated subsidiaries of the Trust. The registered office is the same for all group entities.

Southway Housing Trust is the ultimate parent undertaking and exercises control over the subsidiaries. The Trust's fixed asset investment in the subsidiaries is as follows:

	Southway Plus Limited	Southway DevCo Limited
	£	£
Cost		
At 1 April 2023	1	1
Additions	-	-
Disposal	-	-
At 31 March 2024	<u>1</u>	<u>1</u>

The dormant subsidiary of Southway Plus, Weavers Manco Ltd. was incorporated on 21st January 2021. It is a company limited by guarantee, the company number is 13147845. Southway Plus is registered as the entity with significant control. The two directors are Karen Mitchell and Matt Roberts, both of whom are Directors of Southway Plus. The company was established to demise car parking spaces at the Weavers Cottages development (six in total). Once all units and the associated car park spaces have been sold, Southway Plus' interest in the company will end and the company will be wound down.

16. Investment in joint ventures

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Investment in Joint Venture	800	573	-	-
	<u>800</u>	<u>573</u>	<u>-</u>	<u>-</u>

Southway Plus Limited has entered into a joint venture arrangement with 9 other Registered Providers to create GMJV FundCo LLP. Plus will invest up to £3m via a mix of debt and equity in GMJV FundCo LLP. GMJV FundCo LLP together with the Greater Manchester Combined Authority invest in Hive Homes (Greater Manchester) LLP which is a delivery vehicle to build homes for outright sale and provide a competitive return to investors. At 31 March 2024 Southway Plus' investment totals £2.26m (2023: £961k), comprising the above equity investment and a loan due over more than one year (reported in note 18).

17. Properties for sale, stock and work in progress

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Shared ownership properties				
Completed for sale	1,370	1,121	1,370	1,121
Under construction	1,790	2,537	1,790	2,537
Properties for outright sale				
Completed for sale	743	753	77	155
Under construction	82	-	82	-
Maintenance materials	177	104	177	104
	<u>4,162</u>	<u>4,515</u>	<u>3,496</u>	<u>3,917</u>
Aggregate amount of capitalised interest	307	306	-	-

18. Debtors

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Due within one year				
Rent and service charges receivable	2,970	2,824	2,970	2,824
Less: Provision for bad and doubtful debts	(2,312)	(2,305)	(2,312)	(2,295)
	<u>658</u>	<u>519</u>	<u>658</u>	<u>528</u>
VAT incurred and recoverable	96	86	21	9
Amounts due from group companies	-	-	25	665
Other debtors	1,715	2,015	1,509	1,856
Prepayments and accrued income	3,637	2,608	3,495	2,569
	<u>6,106</u>	<u>5,228</u>	<u>5,708</u>	<u>5,627</u>
Due more than one year				
Amounts due from group companies over one year	-	-	15,274	13,574
Other debtors due over one year	1,461	388	-	-
	<u>1,461</u>	<u>388</u>	<u>-</u>	<u>-</u>
Total Debtors	<u><u>7,567</u></u>	<u><u>5,616</u></u>	<u><u>20,982</u></u>	<u><u>19,201</u></u>

The amount due over one year within the Trust represents an intra-group loan to Southway Plus Limited. There is a floating charge over Southway Plus's assets for the loan; the interest rate charged on the loan is 3.65%.

Other debtors due over one year represents the amount owing on loan investment in GMJV.

Other debtors due within one year includes £76k (2023: £902k) relating to the Homelessness Fund (see Note 19 - Other Creditors), £343k (2023: £328k) relating to Leasehold sinking funds and £47k (2023: £45k) held on behalf of the Strategic Housing Partnership.

19. Creditors: amounts falling due within one year

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Deferred grant income (note 22)	1,382	1,448	1,382	1,448
Recycled capital grant fund (note 23)	47	11	47	11
Rent and service charges received in advance	698	782	698	782
Leasehold sinking funds	374	350	374	350
Tenant sinking funds	754	348	754	348
Other taxes and social security costs	243	238	243	238
Trade creditors	2,496	299	2,084	206
Other creditors	2,312	2,871	2,312	2,871
Amounts due to group companies	-	-	1,434	1,801
Accruals and deferred income	5,258	5,185	4,423	3,928
	<u>13,564</u>	<u>11,532</u>	<u>13,751</u>	<u>11,983</u>

Other creditors includes £76k (2023: £902k) relating to the Homelessness Fund (see also Note 18 - Other Debtors)

20. Creditors: amounts falling due after more than one year

	Group		Trust	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Loans due in more than one year (note 21)	120,000	85,000	120,000	85,000
Loan arrangement fees to be amortised	(431)	(473)	(431)	(473)
Deferred Grant income (note 22)	54,462	41,384	54,462	41,384
Recycled capital grant fund (note 23)	457	700	457	700
Capital proceeds fund	26	26	26	26
Homelessness Equity share	712	472	712	472
Deferred taxation (note 11)	1,109	1,039	-	-
	<u>176,335</u>	<u>128,149</u>	<u>175,226</u>	<u>127,110</u>

21. Debt analysis Group and Trust

	2024 £'000	2023 £'000
Bank loans - Due within one year		
Repayable within one year	<u>0</u>	<u>0</u>
Bank loans - due after more than one year		
Repayable more than one year but less than two years	-	-
Repayable more than two years but less than five years	-	-
Repayable more than five years	<u>120,000</u>	<u>85,000</u>
	<u>120,000</u>	<u>85,000</u>
Total Debt	<u><u>120,000</u></u>	<u><u>85,000</u></u>

All loans are secured on housing stock, which covers the value of outstanding liabilities.

The loans reported at 31 March 2024 comprise:

- 1) £50m Private Placement issued on 19 July 2021 with redemptions dates between 2041 to 2051.
- 2) £35m issued on 25 May 2022 with redemption date 25 May 2044
- 3) £35m issued on 25 May 2023 with redemption date 25 May 2053

The Private Placement has a weighted average of interest rate of 2.7%, with a weighted average maturity of 26 years.

The Trust has a £10m Revolving Credit Facility (RCF) available which is available until December 2025 but has not yet drawn down. This could be extended by a further one year.

22. Deferred grant income Group and Trust

	2024 £'000	2023 £'000
At 1 April	42,832	40,399
Opening balance restatement	-	395
Grant received in the year	14,628	3,787
Disposals in year	(96)	(105)
Transfer to RCGF - staircasing	(138)	(295)
RCGF development of properties	-	99
Released to income in the year	(1,382)	(1,448)
At 31 March	<u>55,844</u>	<u>42,832</u>
Of which:		
Amounts to be released within one year	1,382	1,448
Amounts to be released in more than one year	<u>54,462</u>	<u>41,384</u>
	<u>55,844</u>	<u>42,832</u>

23. Recycled capital grant fund Group and Trust

	2024 £'000	2023 £'000
At 1 April	711	394
Opening Balance Restatement	(362)	-
Grants recycled:		
Right to Acquire Grant	-	100
Grant recycled from Staircasing	138	295
Interest accrued	17	21
Development of properties	-	(99)
At 31 March	<u>504</u>	<u>711</u>
Of which:		
Due within one year	47	11
Due greater than one year	<u>457</u>	<u>700</u>
	<u>504</u>	<u>711</u>

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Group to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period (or as otherwise agreed), it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under “creditors due after more than one year”. The remainder is disclosed under “creditors due within one year”.

24. Non-equity share capital Trust

Shares of £1 each issued and fully paid	2024	2023
At 1 April	9	9
Shares issued during the year	3	4
Shares surrendered during the year	(3)	(4)
	<hr/>	<hr/>
At 31 March	9	9
	<hr/> <hr/>	<hr/> <hr/>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

25. Cash flow from operating activities

Group

	2024 £'000	2023 £'000
Surplus for the year	8,860	13,055
<u>Adjustments for non cash items:</u>		
Depreciation of housing properties	5,465	5,500
Depreciation of other fixed assets	677	801
Amortised government grants	(1,382)	(1,448)
Impairment of housing properties	928	-
Loss on replacement of components	131	337
Reduction in investment property	-	318
Surplus on revaluation of properties	-	(1,086)
Pension costs less contributions payable	(63)	727
<u>Changes in working capital:</u>		
Properties for sale, stock and work in progress	354	7,563
Debtors	(1,951)	977
Creditors	2,062	(328)
<u>Adjustments for investing or financing activities:</u>		
Surplus on the disposal of housing properties	(3,167)	(5,308)
Loss on the disposal of other fixed assets	-	3
Interest payable and other financing costs	2,422	1,383
Interest receivable less allocated to RCGF	(3,388)	(568)
<u>Taxation</u>		
Deferred tax charged in the Profit and loss account for the period	70	180
Net Cash Generated From Operating Activities	11,016	22,107

26. Capital commitments

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Expenditure contracted for but not provided in the accounts	94,194	24,961	94,154	24,861
Expenditure authorised by the board, but not contracted	27,152	80,570	16,122	80,570
	<u>121,346</u>	<u>105,531</u>	<u>110,276</u>	<u>105,431</u>

The above commitments of the Group at 31 March 2024 will be financed primarily through borrowings (£61.9m), which are available from existing loan facilities and Private Placement funds, with the balance funded through social housing grant (£17.6m) and property sales (£41.8m).

All loans are secured on housing stock, which covers the value of outstanding liabilities. Refer to note 21 for further disclosure of the Group's debt arrangements.

27. Leasing commitments Group and Trust

The future minimum lease payments of leases are as set out below.

	2024 £'000	2023 £'000
Within one year		
Office accommodation	19	32
Vehicles	435	332
	<u>454</u>	<u>363</u>
Between one and five years		
Office accommodation	-	49
Vehicles	1,158	1,024
	<u>1,158</u>	<u>1,072</u>

28. Contingent liabilities Group and Trust

The Group and Trust had no contingent liabilities to disclose at 31 March 2024 (2023: £nil).

29. Financial assets and liabilities

Surplus cash during the period was deposited in UK financial institutions as deposits with all amounts either at call or at notice of periods not exceeding twelve months. The Board's policy on financial instruments is explained in the Board Report as are references to financial risk.

Refer to note 21 for details of existing loan facilities and future funding arrangements. All loans are secured on the Trust's housing stock, which covers the value of outstanding liabilities.

	Group		Trust	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Finance assets measured at historic cost				
Rental Debtors and other receivables (Note 18)	7,567	5,616	20,982	19,201
Cash investment	18,476	12,000	18,476	12,000
Cash and cash equivalents	38,108	18,523	37,947	18,250
Total financial assets	<u>64,151</u>	<u>36,139</u>	<u>77,405</u>	<u>49,451</u>
Financial liabilities measured at historic cost				
Loan payable (note 21)	120,000	85,000	120,000	85,000
Trade creditors (Note 19)	2,496	299	2,084	206
Other creditors (Note 19)	11,069	11,233	11,667	11,777
Total liabilities	<u>133,565</u>	<u>96,532</u>	<u>133,751</u>	<u>96,983</u>
The Trust's financial liabilities are sterling denominated. The interest rate profile of the financial liabilities at 31 March was:				
Floating rate	-	-	-	-
Fixed rate	120,000	85,000	120,000	85,000
Total borrowings	<u>120,000</u>	<u>85,000</u>	<u>120,000</u>	<u>85,000</u>

29a. Analysis of changes in net debt Group

	At 1 April 2023 £'000	Cashflows £'000	Other non cash movements £'000	At 31 March 2024 £'000
Cash and cash equivalents				
Cash	18,523	19,583	-	38,106
Current Asset Investments	12,000	6,476	-	18,476
	<u>30,523</u>	<u>26,059</u>	<u>-</u>	<u>56,582</u>
Borrowing				
Debt due within one year	-	-	-	-
Debt due after one year	(85,000)	(35,000)	-	(120,000)
	<u>(85,000)</u>	<u>(35,000)</u>	<u>-</u>	<u>(120,000)</u>
Total	<u>(54,477)</u>	<u>(8,941)</u>	<u>-</u>	<u>(63,418)</u>

30. Pensions Group and Trust

Greater Manchester Pension Fund

Southway participates in two Greater Manchester Pension Fund schemes. One scheme is for staff which transferred from Manchester City Council; the other is for new employees. The results of both schemes have been amalgamated in the notes which follow.

Both Greater Manchester Pension Fund schemes are multi-employer schemes, administered by Tameside Metropolitan Borough Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme.

The most recent formal actuarial valuation was completed as at 31 March 2022 and rolled forward to 31 March 2024 by a qualified independent actuary. The present value of the Pension at March 2024 was £20.4m net surplus (2023: £16.7m net surplus). Southway's accounting policy states that a net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan. Neither applies to the pension surplus therefore, the present value has been adjusted to £nil.

The employers' contributions to the fund by the Trust for the period ended 31 March 2024 were £718k (2023: £754k) at a contribution rate of 22.2% of pensionable salaries (2023: 22.2%).

Financial assumptions

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

	31 March 2024 % per annum	31 March 2023 % per annum
Equities	69%	68%
Bonds	15%	15%
Property	8%	9%
Cash	8%	8%
	100%	100%

	% per annum	% per annum
Pension increase rate	2.75%	2.95
Salary increase rate	3.55%	3.75
Discount rate	4.85%	4.75

Demographic assumptions

Within the past three years, investigations have been carried out by the scheme actuaries into the mortality experience of the association's scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Number of Years 2024	Number of Years 2023
Retiring today:		
Males	20.4%	20.5
Females	21.4%	21.6
Retiring in 20 years:		
Males	22.0%	22.1
Females	25.1%	25.3

30. Pensions (continued) Group and Trust

Changes in fair value of scheme assets	2024 £'000	2023 £'000
Opening fair value of plan assets	59,108	60,984
Expected return	2,793	1,650
Contributions by members	233	247
Contributions by employer	718	754
Actuarial gains	1,598	(3,321)
Benefits paid	(1,572)	(1,206)
Closing fair value of scheme assets	<u>62,878</u>	<u>59,108</u>
Changes in present value of scheme liabilities	2024 £'000	2023 £'000
Opening scheme liabilities	42,393	60,889
Service cost	655	1,432
Interest cost	1,997	1,660
Contributions by members	233	247
Actuarial losses/(gains)	(1,235)	(20,678)
Past service costs	-	-
Losses on curtailments	-	49
Benefits paid	(1,572)	(1,206)
Closing scheme liabilities	<u>42,471</u>	<u>42,393</u>
Movement in net liabilities during the year	2024 £'000	2023 £'000
Scheme liabilities less assets at start of year	16,715	95
Current service cost	(655)	(1,432)
Past service costs	-	-
Losses on curtailments	-	(49)
Contributions	718	754
Other finance costs	796	(10)
Actuarial movement	(859)	17,357
Scheme assets less liabilities at end of year*	<u>16,715</u>	<u>16,715</u>

*adjusted to £nil in line with accounting policy

30. Pensions (continued) Group and Trust

Amounts recognised in the statement of financial position	2024 £'000	2023 £'000
Present value of funded obligations	(42,471)	(42,393)
Fair value of plan assets	62,878	59,108
	<u>20,407</u>	<u>16,715</u>
Present value of unfunded obligations	-	-
Net asset*	<u>20,407</u>	<u>16,715</u>

*adjusted to nil in line with accounting policy

Analysis of the amount charged to operating surplus	2024 £'000	2023 £'000
Current service cost	655	1,432
Losses on curtailments	-	49
Total operating charge	<u>655</u>	<u>1,481</u>

Analysis of the amount charged to other finance costs	2024 £'000	2023 £'000
Expected return on pension scheme assets	2,793	1,650
Interest on pension scheme liabilities	(1,997)	(1,660)
Net interest	<u>796</u>	<u>(10)</u>

31. Transactions with related parties

	2024	2023
	£'000	£'000
Southway Housing Trust		
Amounts due to Southway DevCo	1,434	1,314
Amounts due from Southway Plus	25	233
Loan due from Southway Plus	15,274	13,574
Purchases from group companies		
Design and build contracts from Southway DevCo	8,323	7,112
Other charges from Southway DevCo	107	108
Sales to group companies		
Project management services to Southway DevCo	27	385
Project management services to Southway Plus	23	-
Overhead charges to Southway DevCo	9	82
Overhead charges to Southway Plus	0	7
Corporate support to Southway DevCo	27	26
Corporate support to Southway Plus	27	26
Interest on loan to Southway Plus	771	544
Donations from group companies		
Gift aid from Southway DevCo	-	-

Other transactions

There were four tenant members of the Board during the year. Their tenancies are on normal commercial terms and they are not able to use their position to personal advantage.

	Weekly Rent	Amount Due
	£	£
Aggregate tenancy transactions as at 31 March 2024	205.33	1,282.80

During the year one member of the Board served as a Councillor with Manchester City Council, and one Board member was a senior manager at the same organisation. That local authority has nomination rights over tenancies for most of Southway's properties. All such lettings and all other transactions with the Council are on normal contractual commercial terms and the members concerned are not able to use this relationship to personal advantage.

One of the Board Members is a Treasurer of GMCA. We have applied to GMCA for Brownfield Funding. He had no involvement in that decision or transaction.

Two of the members of People and Places Committee serve as local councillors. No payments have been made to them personally in 2023/24.

The Trust's former Chief Executive is also Chair of Manchester Athena Ltd. There is an annual membership payment made to this company in 2023/24 of £8k incl VAT (2023: £7k incl VAT).

The Trust's former Strategic previous Director Property & Development was also a board member of Bolton at Home during his time in post. There have been no payments made to this company in 2023/24 (2023: nil).

The Trust's Executive Director Finance and Business Development and the former Strategic Director Property & Development are Directors of ICO Didsbury Point Ltd, a management company which administers a piece of land which the Trust owns. There have been no payments made to this company in 2023/24 (2023: nil).

The Trust's Executive Director Finance and Business Development is also a Director of Southway Plus. During the year Southway Plus and Bolton at Home invested in GMJV Fundco LLP. Further details are in note 16.

One of the Board Members is on the Board at TPAS. We made a payment of £50 to this organisation in 2023/24 to cover membership fees.

One of the Board Members is employed by Legal and General Affordable Homes. Legal and General are one of Southway's funders.