Bromford Housing Group

Annual report and accounts

For the year ended 31 March 2023

Bromford.

Financial Conduct Authority
Registered Society No **29996R**

Regulator of Social Housing No **L4449**

Contents

Introduction

"

I've been a Bromford customer for over a decade and I have seen Bromford mature over the years from the letting standards to new builds. Bromford has customer experience at the forefront and is delivering a great service.

Rahima
learning and development co-ordinator

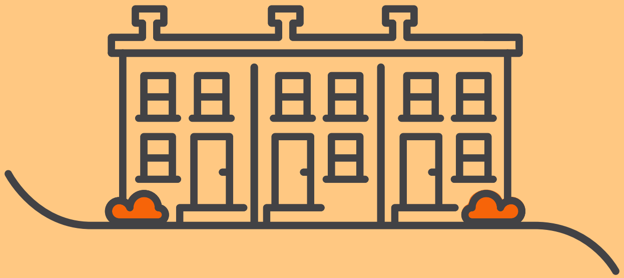
Brommies 2023 winner

A snapshot of our business

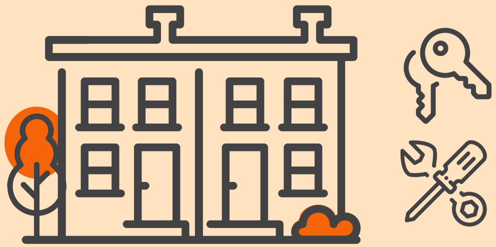
1,770
Colleagues

£290m
Annual turnover

1,265
New homes completed



46,437
Homes owned and managed



110,000+
Customers

Highlights of the year

We have remained true to our purpose to invest in homes and relationships so people can thrive. Throughout the year, in the face of challenging economic conditions, we have delivered significant spending on improving our existing homes, building new ones and strengthening the relationships with our customers to give them more opportunities to succeed.

Ensuring customers and colleagues thrive

We've continued to invest in our neighbourhood coaching model building stronger relationships with our customers, especially those impacted by the cost of living crisis. Our coaches and income management advisors have been working with customers to help maximise their income, as well as supporting organisations that work in our communities to access new funding. Together with the investment we've made in our homes, this has contributed to our customer advocacy rising 4% to 83%. During the year, we enhanced our leadership programme for current and aspiring leaders rolling out our Leadership 250 programme to all leaders across the business, while also welcoming another intake of future leaders onto our Accelerating Talent Programme. We recruited our 100th person to join our early careers programme as either a graduate or apprentice since 2019. These initiatives have contributed to us becoming a certified Great Place to Work thanks to our joint best-ever scores in our annual colleague satisfaction survey. 69% agreed Bromford is a great place to work. An increase of 8% year on year.

A record year of housebuilding

Over the past 12 months we've continued to meet the challenges of the country's housing crisis head-on by increasing the provision of new affordable homes to help more customers to thrive. During 2022 to 2023, we built more new homes than ever before, completing 1,265 across our geography. We reaffirmed our position as one of the biggest builders of homes for social rent, the most affordable of rent types, by building 554 homes, an increase of more than 100 on the previous year. We continue to build 1 in 5 of all new homes through our in-house construction team, while our strategic partnership with Homes England also contributed to our success, providing funding for more than 300 of the homes we completed.

Investing in our homes

Customers have benefited from £56m of improvements in their homes over the year from new heating systems, bathrooms to kitchens, as well as responding to customers' repair requests. During the summer we reduced the backlog of repairs built up as a result of the Covid lockdowns back to normal levels. However, despite improvements in productivity, over the following months, demand for repairs increased again resulting in volumes of repairs above normal levels. Over the year our condensation, damp and mould task force has evolved into a dedicated team whose sole focus is to investigate and resolve cases of condensation, damp and mould in our homes. We are testing a pilot scheme using the latest technology to predict where homes could have future issues with condensation, damp and mould. Going forward, the evolution of our Bromford home standard will help customers live in homes that they are proud of and can afford to run. No matter a property's age or location, our home standard, which has been produced with input from customers, will ensure they receive a consistent experience.

Creating a more sustainable Bromford

We published our first Sustainability Impact Report in the summer of 2022 showcasing how we're building a sustainable future and setting out our nine commitments to sustainability. We've continued to make these fundamental to our work over the past year, including an increase in the percentage of our homes that now have an energy efficiency rating of C or above to 87%. That means that it requires less energy to heat a home, which can reduce the overall cost of customers' energy bills. Energy efficiency ratings of homes is also one of the targets for one of our Sustainability Linked Loans, which has helped generate further savings which we've reinvested into services for customers. In addition to investing in our existing homes, we've begun our first modular build site in Moreton-in-Marsh which are constructed in modules in an offsite factory and transported to site and will be some of our most energy efficient homes built to date. On our other building sites we're recycling more waste materials and implemented a number of initiatives to protect wildlife.

Operating area

The big four (Lichfield, Tewkesbury, Cotswold, South Gloucestershire)

Main offices

Report from the chief executive

I'm very pleased to introduce our 2022 to 2023 annual report and accounts.

In what has been a challenging operating environment, I'm delighted to be able to report positive results and significant achievements, all flowing from our clarity of purpose – investing in homes and relationships so people can thrive.

The year saw us respond to a cyber incident; the cost of living impact for many of our customers and colleagues; higher inflation; the differential between rental income and costs; the understandable significant focus on the housing sector's response to condensation, damp and mould following the tragic death of a two year old boy in Rochdale and the impact of the government's emergency budget.

83% customer advocacy

Given such I'm really pleased to be able to report our year-on-year customer advocacy increased by 4% from 79% to 83%.

The affordable housing sector has responded to a significant increase in demand for repairs in the past year. At Bromford, the year saw us deliver a 2.2% increase in repairs at an additional cost of £1.6m. Of this £1.1m was directly related to condensation, damp and mould. Throughout the year we completed works on 226 properties an increase of 9% on 2021 to 2022.

£56m total investment in existing homes

We've continued to invest considerably in our homes, with a further £56m of investment and ended the year with 99.9% of our homes meeting the Decent Homes Standard and 87% of our homes being at the environmental efficiency rating of SAP C or better. We remain on track for all our homes to be at EPC C by 2028, two years ahead of the government's requirement.

1,265 homes built

Whilst investing in current homes, we continue to deliver our strategy of creating new homes for customers. In 2022 to 2023 we increased the number of new homes we built from 1,224 to 1,265 – all of which were affordable, absolutely fulfilling our focus of providing homes for people who can't access market housing.

£455m available funds

We continue to focus considerably on the medium and long term too with our liquidity sitting at twice our policy and cash and available funds at £455m. I'm really pleased too to report that we continue to retain a sector leading dual credit rating with Moody's and Standard & Poor's.

554 homes for social rent built

For the previous two years we've built more homes for social rent than any other housing association in England and I'm delighted that in 2022 to 2023 we increased the number we built again to 554 (444 last year).

69% of colleagues said it's a great place to work

I was also pleased to see our colleague satisfaction increase. We undertake the independent Great Place to Work survey and we saw 69% of colleagues stating that Bromford is a great place to work, an increase from 61% in 2021 to 2022. We also continued to reduce our gender pay gap to 6.5%.

£75m net suplus

Given the challenging operating environment I'm pleased to report a strong set of financial results. We achieved a net surplus of £75m (2022: £79m). Overall operating margin of 31% (2022: 32%); social housing operating margin of 34% (2022: 36%); and earnings before interest, tax, depreciation and amortisation (major repairs included) (EBITDA MRI %) of 1.9% (2022: 1.7%).

G1/V1

We've continued our open and constructive relationship with the Regulator of Social Housing (RSH) and were pleased to retain our G1/V1 grades following an in depth assessment in the summer of 2022. It's notable that less than 40% of the housing association sector now has such regulatory grading.

Throughout the year we've continued our investment in creating our technological platform for the next decade – our Dynamics 365 (D365) ERP (Enterprise Resource Planning) solution – going live with our CRM (Customer Relationship Management) system, portal and other elements. Unfortunately, adoption was impacted by a later cyber incident but we were able to operate the business during the incident, whilst bringing all elements back online within two months.

Looking to the future, we see that the operating environment will continue to be challenging, with many of the current operating environment challenges continuing in 2023 to 2024. Securing an appropriate long term rent settlement for the sector will be very important this coming year, so too, in our view, will be the government recognising the role fundamental regeneration will play in the years to come.

At what feels like a pivotal moment in the sector, we launched our new 2023-2027 Bromford Strategy in March 2023 and we are confident that the platforms we've built and are completing, place us in a strong position to step into our size more. Our purpose and core business remain the same but we'll be increasing our focus on place and also scale. As a result we will continue our investment in our proactive neighbourhood coaching model but will look to improve it further by creating a more dynamic way of working. We're retaining our commitments on achieving EPC C and, responding to the very significant need, we will increase the number of homes we build. More importantly we will look to work more in partnership to build places rather than just homes and where appropriate seek to build at scale.

Our 2019-2023 Bromford Strategy included a Financial Framework to ensure that all the strategic decisions we made were assessed against such framework. Importantly, looking ahead, our 2023-2027 Strategy now includes three frameworks – a refreshed Financial Framework, a Customer Framework and a Sustainability Framework, which guide our strategic decision making.

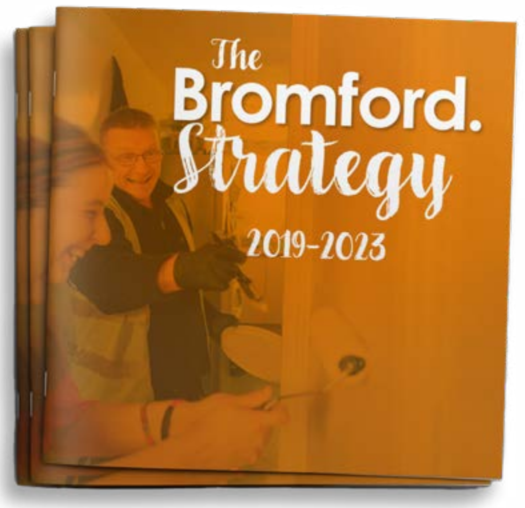
I'd like to finish by thanking all my colleagues at Bromford who have worked tirelessly over the past year to deliver the results and key stakeholders with whom close working has enabled even more customers to thrive.

Robert Nettleton
chief executive
25 July 2023

The Bromford strategy 2019 to 2023

For the past four years the Bromford Strategy 2019 to 2023 has been the roadmap that has guided our journey to improving the lives of our customers and colleagues and enabling them to thrive. Supported by our financial framework and our risk appetite, the strategy has been central to many of the successes we've celebrated since 2019 and allowed us to make a real difference to people's lives. Helping homeless families find a place to live, completing thousands of new homes and empowering our colleagues to develop and grow.

This strategy has provided us with the foundations to build Bromford's future success. Over the past year we've been working on our new strategy which will take us to 2027 and beyond. Launched in March 2023, our new strategy sets out a number of strategic shifts and the eight objectives we aim to achieve over the years ahead and we look forward to reporting on our progress against this new strategy next year.



85%
of customers say their home is affordable
Target: 79%

83%
of customers would recommend us to a friend
Target: 83%

4%
is our level of rent arrears
Target: 2%

67%
of customers say we listen and act on their views
Target: 74%

Our relationship with customers

We've continued to invest in building relationships with customers throughout the year. Despite the challenges posed by the cost-of-living crisis and the impact of the cyber incident, our customer advocacy scores remained strong and increased by four percentage points from last year to 83% by the end of March. Our approach to neighbourhood coaching and the strong relationships we have built with customers once again proved their worth during the cyber incident in the summer when our systems were inaccessible. Despite the impact this had on our services and on customers' ability to access the portal, customers were able to stay in contact with their coach and raise issues with them. We're grateful for customers' and colleagues' patience during this time.

Our relationship-based approach to customers was further strengthened during the year as we introduced income management advisors to all localities. With customers telling us they have been feeling the pinch as the cost-of-living crisis bites, these colleagues have helped customers access over £250,000 of additional income since we started recording this metric in October. This has been just one element of the work we've been doing to support customers through the rising cost of living. We've created localised toolkits for colleagues to use when speaking to customers, we've provided additional training for colleagues to allow them to better support customers and have continued to share advice on our social media channels. We have seen an increase in our arrears during the year, which have risen from 2% to 4% due to the impact of cyber related system downtime in the summer of 2022.

In addition to supporting customers directly, we've also been supporting organisations in their local communities. Through our community investment work we secured £1m in funding for organisations based in our neighbourhoods to allow them to continue providing services to local residents.

Homes that enable customers to thrive

Over the year we've remained committed to investing in our homes, providing new kitchens and bathrooms, tackling condensation, damp and mould and making them more energy efficient. In total we've invested £56m in our homes and ensured 99.9% of properties meet the Decent Homes Standard. The next evolution of our home standard, which has been developed in partnership with customers, is helping consistency across all our homes, new and old, no matter where they are and providing customers with a sense of pride.

Condensation, damp and mould has remained a priority for us and across the housing sector during the year. We've done considerable work to improve our understanding of the causes of condensation, damp and mould in our homes, as well as continuing to respond to reports of issues in customers' homes. However we realised we could do more, so we've set up a dedicated team that is focused solely on investigating and resolving condensation, damp and mould cases and have also launched new mandatory learning to ensure all our colleagues are aware of the issue, the causes and some of the remedies.

The cost of living crisis and the high cost of energy has demonstrated the importance of providing customers with homes that are energy efficient. We've continued to invest in making homes warmer and more efficient and now have more than 87% of our housing stock rated at EPC rating C or above. In addition we've invested in ensuring our homes comply with new safety regulations which were introduced during the year, which made it compulsory for smoke alarms and carbon monoxide detectors to be installed in homes. We've invested £0.3m in installing these in 15,000 homes, increasing the safety of our customers in their homes.

99.9%
of our homes meet our decent home standard

Target: 100%

87%
of our homes at SAP C or above energy rating

Target: 88%

Growing the business to enable more customers to thrive

The need to provide quality, affordable housing has never been greater but that's exactly what we achieved during the past year with customers moving into new homes built across our geography across the West Midlands and West of England. Over the year we completed 1,265 new affordable homes. This was achieved despite having to face the challenges of the rising costs and availability of materials and uncertainty in the housing market. It was another excellent year for Bromford Developments Limited (BDL), our in-house construction team, which built 232 homes, meaning around 1 in 5 of our new homes are built by us. BDL continues to increase its profitability by improving standardisation and through increasing the size of the sites it builds; this year saw the completion of the 95-home site at Mount Road in Burntwood.

Although rising interest rates has caused challenges in the housing market, demand for our shared ownership homes has remained strong throughout the year, with sales bringing in £41m in income to reinvest in the business.

Looking ahead we've remained focussed on building a strong pipeline to allow us to provide homes for future customers. We've entered into contracts for nearly 1,500 homes throughout the year and have secured one of four parcels of land, enabling 4,000 homes to be built in the future Tewkesbury Garden Town.

As part of our commitment to deliver sustainable homes and under the terms of our latest Homes England strategic partnership, a number of the homes we build with grant funding have to utilise modern methods of construction (MMC) so this will be an area of growth for us going forward. We appointed two partners during the year to support this activity and our first development at Moreton-in-Marsh in the Cotswolds got underway with homes starting to arrive on site in February. As has been reported in the media the MMC sector is experiencing some challenges and unfortunately one of our appointed MMC partners has gone into administration, though with no detrimental financial impact to Bromford. Our commitment to MMC remains unchanged and we continue to take forward opportunities.

1,265
homes delivered throughout the year
Target: 1,289

69%
sales completions within one month
Target: 55%

95%
new home customer satisfaction
Target: 93%

Enabling colleagues to thrive

Colleagues were given the chance to have their say on what they think about working at Bromford this year and the results were our joint-best ever. Of the 1,440 colleagues who took part in the survey, 69% said that Bromford is a Great Place to Work, an increase of 8% from the previous year, which has led to us being officially certified as a Great Place to Work. The results were a testament to the work that teams across the business have been doing to address the main themes that came out of the previous year's results, especially around increasing collaboration between teams and our ongoing #Together sessions where senior leaders shadow colleagues across the business. We've also remained focussed on ensuring colleagues' wellbeing, providing a good working environment and providing additional support to colleagues through our new employee assistance scheme which offers colleagues free and confidential information, support and counselling.

Our commitment to supporting people to start or enhance their career with us continued through our successful apprentice and graduate programmes. Following a successful recruitment campaign our latest intake of graduates joined us during the autumn, bringing the total number of people to join our early careers programme to over 100. We celebrated this achievement by bringing our apprentices and graduates together for a special graduation ceremony at our Shannon Way office.

69%
of colleagues agreed that Bromford is a 'Great Place to Work'
Target: 72%

10%
voluntary turnover
Target: 15%

9
average number of days off sick
Target: 6

Keeping Bromford future ready

The launch of our customer portal in the summer created a single place for customers to view their rent statement, make a payment or report a repair. The system gives customers more control over their rent account than ever before and around 10,000 are taking advantage of this. Just as importantly, the new system is simplifying many processes for colleagues to give them more information than ever before. We've been continuing to work on improvements to our systems and are working on our new enterprise asset management system which will improve the way we manage our homes and their fixtures and fittings and respond to customer repair requests.

This year we've spent time developing our new Bromford Strategy for 2023 to 2027. The strategy sets out our course for how we are going to help customers to thrive, not just over the course of the next four years but for many years to come. We know our customers and communities are all different, with different strengths and needs and that a one-size-fits-all approach doesn't work. We will move to a place-based approach that will take a long term view, building gradually over time, but will ensure that we are still thriving as a business alongside our customers in 2050 and beyond, while remaining focused on building strong relationships with all our customers and creating great career opportunities for our colleagues.

£5m
cashable savings through transformation
Target: £5m

Living the DNA

Our DNA was created with input from hundreds of colleagues in 2019 and is fundamental to how we behave, with all colleagues having to demonstrate how they are living the DNA through the work they do every day.

During the year, thinking ahead to the launch of our new strategy, we asked colleagues whether they felt that the DNA still held true for them. In the summer, more than 300 colleagues from all areas of the business took part in a series of sessions and overwhelmingly said that our DNA remains as true today as it did in 2019 when created. There were a few areas that colleagues felt could be improved upon so we've refined some of the language of our DNA to reflect this and make it even more meaningful to colleagues.

Colleagues continue to live our DNA every day and those that do it best have continued to be recognised and rewarded through our #Cheers recognition scheme. Throughout the year there were more than 4,800 #Cheers sent by colleagues to their co-workers, thanking them for their efforts and for living the DNA, of which more than 700 were awarded points which colleagues can convert into vouchers. Our 3rd annual colleague awards, the Brommies, once again received hundreds of entries for colleagues who embrace our DNA and support our goals. Nearly 200 colleagues and teams were nominated for the latest awards, with the winners announced in May at a celebratory awards lunch which was live streamed to all colleagues.

Our programme of learning and development has continued to play a key role in embedding the DNA across the organisation as we've continued to add to the training opportunities available to colleagues during the year. Most noticeably, following the success of our Leadership 50 training programme which was launched in 2021, over the past 12 months we've expanded this to include our Leadership 250 group. This group is made up of all colleagues throughout Bromford who have a leadership role. Cohorts have been busy working through the different modules with positive feedback from colleagues. At the same time as investing in our current leaders, we've continued to invest in upskilling our future leaders through another intake on our Accelerating Talent Programme.

The past few years have been tough for colleagues and customers who, after living through the Covid pandemic have now been faced with the rising cost of living. We've been committed to ensuring the wellbeing of our colleagues through a range of initiatives. Some of them have been as straightforward as providing breakfast in our offices for colleagues, introduced after a colleague suggestion. Others, like our new YuLife app which launched in February, are encouraging colleagues to maintain a healthy lifestyle and to build time into to engage in exercise and meditation. During the summer we once again held our popular Bromfest events at three locations across our operating area, giving colleagues the opportunity to get together, unwind and celebrate their successes.

Be. Honest

- You build trusting relationships based on openness, respect and integrity
- You learn from mistakes and are open when things go wrong
- You do what we say we will and keep commitments
- You're open to being challenged and challenging others

Be. Brilliant

- You hold yourself and others responsible for getting results
- You collaborate with others, working smarter not just harder
- You see the best in people and believe we can all achieve more
- You're curious about learning new things

Be. Bold

- You do the right thing for our customers and colleagues
- You look for new possibilities and challenge assumptions
- We work with confidence, but remain humble, using empathy
- You empower others to make decisions

Be. You

- You dare to be different – using life experience and personality
- You embrace people's differences to build a better community
- You think big, celebrate success and are positive about what we can do
- You are respectful to others and take responsibility for inclusion

Our approach to sustainability

Sustainability runs to our core purpose

Sustainability has always been fundamental to our strategy and continues to underpin everything we do. It runs to our core purpose and is the foundation upon which our new 2023 to 2027 Bromford Strategy is built.

Our Sustainability Group drives our sustainability agenda and importantly connects our decision-making on sustainability projects to the required investment envelope in our business plan. It is sponsored by our chief finance officer and brings together specialists from all corners of the business to improve the way we collect data and report our performance and progress.

Our customers and colleagues

We believe that our sustainability work is only effective when it makes a difference to the lived, day-to-day experience of our people and has a positive impact on our places. Our customers and colleagues therefore remain at the heart of our sustainability journey. We continue to run workshops so they can help to inform and shape our projects, new initiatives and reporting measures.

Our sustainability impact report, Building a Sustainable Future

In recent years we have also demonstrated our commitment to sustainability through a suite of external reporting tools so that our customers, colleagues, investors and other strategic partners can hold us to account.

Our first sustainability impact report – Building A Sustainable Future – was published in 2022 and is now published annually alongside these annual accounts. It adopts the sector's Sustainability Reporting Standard (Standard) and is the central channel through which we will tell our story and demonstrate our progress. Read more in our sustainability impact report 2023:
bromford.co.uk/about-us/sustainability

Our sustainability golden metrics

Whilst we report against all 48 criteria of the Standard, we are keen that the key drivers of environmental, social and governance (ESG) outcomes don't become lost in detailed reporting. Together with customers, colleagues and investors we've therefore co-created our inaugural sustainability golden metrics which allow our stakeholders to identify with ease the progress we are making.

In May 2023, in a sector first, we published our sustainability golden metrics in our year-end trading update, reflecting our commitment for even more visibility and accountability as we reduce our carbon emissions, drive social value, safeguard our compliance record and create a more diverse and inclusive organisation. We will continue to shape the golden metrics as we continue to learn more about the key drivers of ESG outcomes and we've also started our journey to have our golden metrics audited.

Our sustainability linked loans

We are proud to have pioneered sustainability-linked borrowing in our sector, including the first loan linked to the energy efficiency of homes and the first ever bank deal linked to governance targets in the form of gender pay gap Key Performance Indicators (KPI). These loans have already driven sector leading outcomes with 87% of our homes now improved to EPC C or above and our gender pay gap reducing to 6.5%.

SLL KPI Performance

1,303

Natwest: Number of homes improved from below EPC C to EPC C and above since 1 April 2020

Target: 1,175

SMBC: Reducing our gender pay gap:

Gender pay gap reported at 31 March 2023 (snapshot date 5 April 2022)

6.5%

Gender pay gap reported at 31 March 2022 (snapshot date 5 April 2021)

7.2%

Our Sustainable Finance Framework

All of our future funding will be sustainability linked. In June 2023, we updated our Sustainable Finance Framework (Framework) which cements the relationship between finance and purpose. First launched in 2021, our updated framework aligns our future financing to strategic commitments, underpinned throughout by a clear link to seven United Nations' Sustainable Development Goals (UN SDGS) and linked to updated International Capital Markets Association (ICMA) and Loan Market Association (LMA) principles too.

The narrative around our 10 core projects range from the delivery of social homes and reducing homelessness, to creating an inclusive culture for colleagues and greening our office space and fleet. These projects have been updated to reflect the targets and impact measures we've carefully designed against our core strategic pillars of place, scale and impact.

Our sustainability journey

Sustainability continues to reside in a dynamic and emerging space. We are still very much at the start of this journey and in our work we continue to learn more about what truly drives environmental, social and governance outcomes that drive benefit for our customers and communities. We expect our projects and reporting to continue to evolve over the coming years in line with policy, technological and other macro drivers as we continue to raise the bar in what we can achieve.

Financial performance

Home is where my family feel safe and happy.

Richard
customer

Group financial performance

We've delivered another successful year with a strong set of financial results across all areas, particularly pleasing given the continued difficult economic and operating environment.

£75m
net surplus

Our net surplus remains strong at £75m (2022: £79m) allowing us to self fund a significant proportion of our investment in new and existing homes. The prior year results included an £11m gain on disposal from non-core geographies and, with our strategic disposals largely complete, our ongoing disposal activity is much smaller with £2m gain on disposal this year. Adjusting for these, net surplus improved year-on-year by £5m.

34%
social housing margin

Our social housing and operating margins are 34% and 31% respectively (2022: 36% and 32%). Operating surplus increased marginally despite inflationary pressures far outweighing the increase in rents. Margins have been impacted by the cost relating to the catch up of the repairs backlog in the first half of the year, as well as the impact of increased levels of inflation across our cost base.

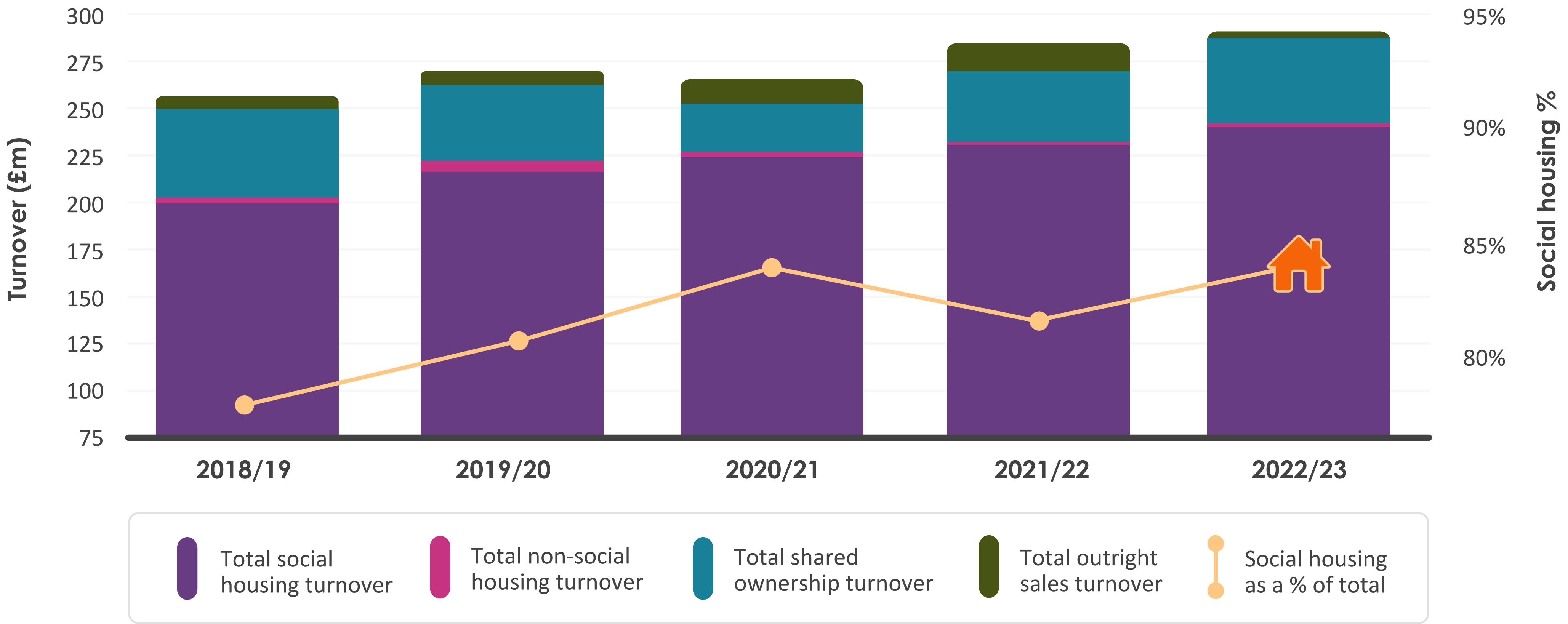
4%
net arrears

Our net arrears have increased to 4% (2022: 2%) driven by technical arrears due to the impact of cyber related system downtime in the summer of 2022. Despite our ability to continue to collect rents throughout the incident, a number of customers cancelled their direct debit payments. Since then we have been working with customers, reinstating payments and agreeing affordable repayment plans. As such, it will be some time before net arrears return to the long term average of 2-3%.

£225m
invested in building homes

Our financial strength ensures we continue to invest in new and existing homes. This year we invested £56m (2022: £50m) in existing homes from boilers to bathrooms and continued our journey of improving the energy efficiency of our homes with 87% of our homes now at EPC C or better (2022: 86%). We've invested £225m (2022: £180m) building new homes delivering 1,265 affordable homes across the year, an increase of 41 compared to the previous year.

Turnover including sales



£290m

Group turnover increased to £290m (2022: £284m). Social housing remains the core of our business and contributed 84% of turnover during the year (2022: 81%).

£41m

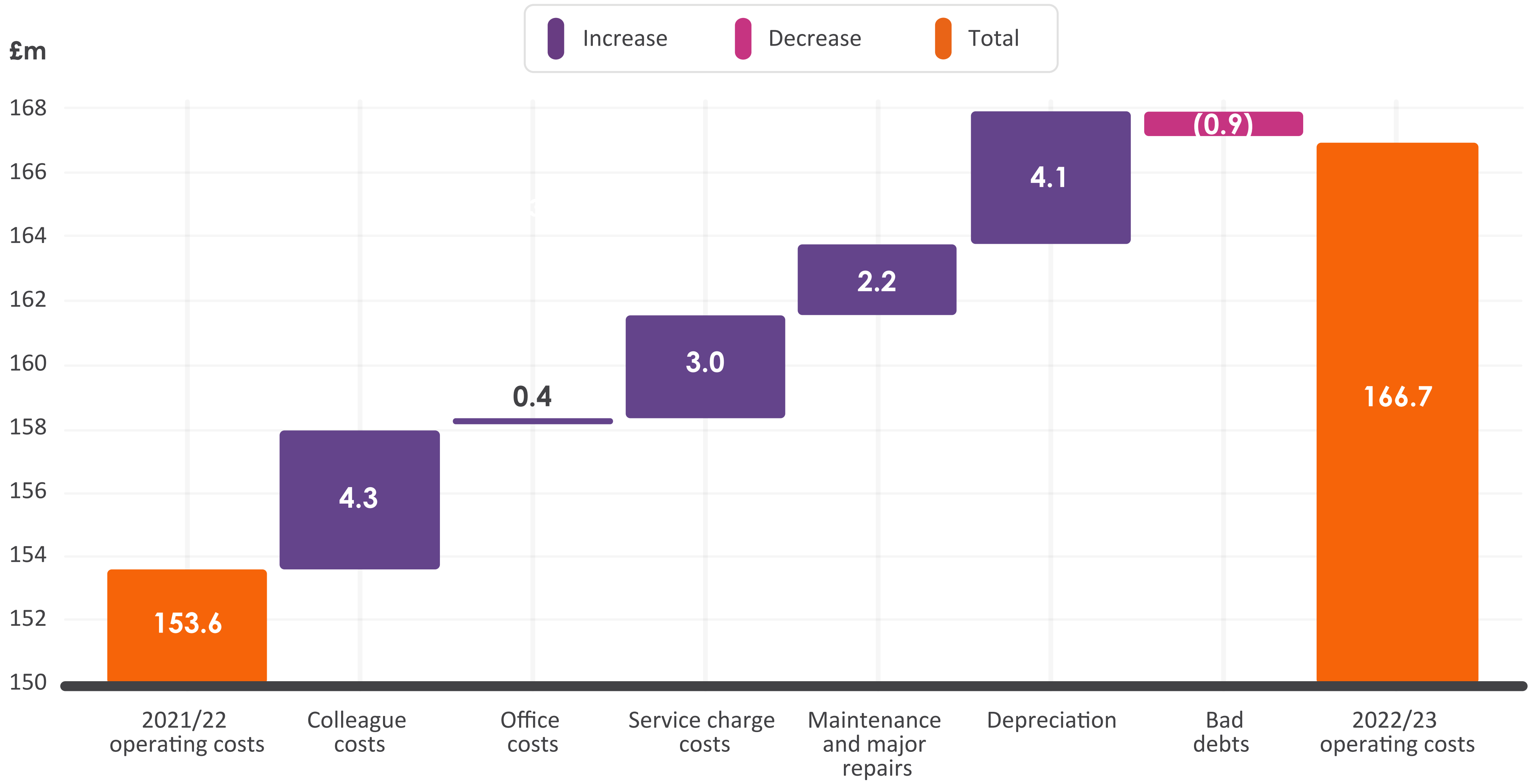
Sales revenues performed extremely well. Shared ownership sales income for the year was £41m (2022: £37m). We sold 350 shared ownership homes, at an equivalent 100% average sales value of £264k (2022: 350 homes, 100% value of £242k). The average first tranche share sold remained the same at 44% (2022: 44%).

£2m

The £2m revenue associated with outright sales (2022: £14m) relates to 7 units held in stock last year. No additional outright sales units have been developed in the financial year.

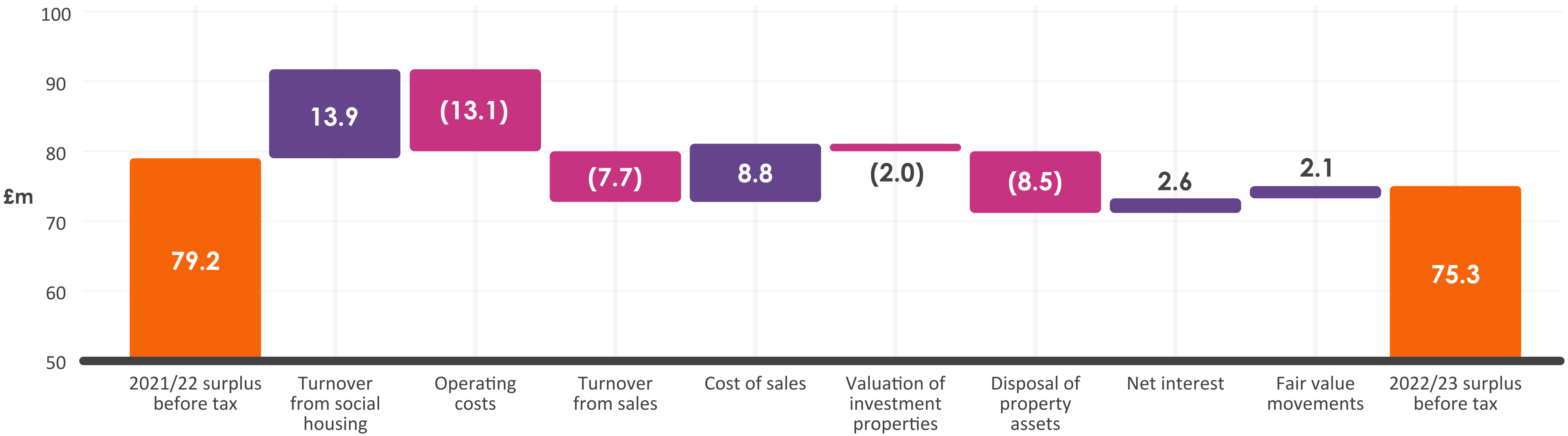
Operating costs

Overall operating costs have increased 9% year-on-year largely driven by wage and depreciation increases as well as the impact of inflation. Increases in maintenance costs reflect a higher proportion of jobs being undertaken by contractors in order to help reduce the backlog of repairs in the first half of the year and increased voids as a result of the cyber incident. Higher inflation also increases spend on materials and subcontractors. Similarly, service charge costs reflect the impact of significantly increased utility costs as well as increased inflation costs. Increases in depreciation are as expected given the number of new homes delivered, as well as phase 2 of the transformation project going live in the financial period. Colleague costs have increased reflecting our pay award made at the start of the year.

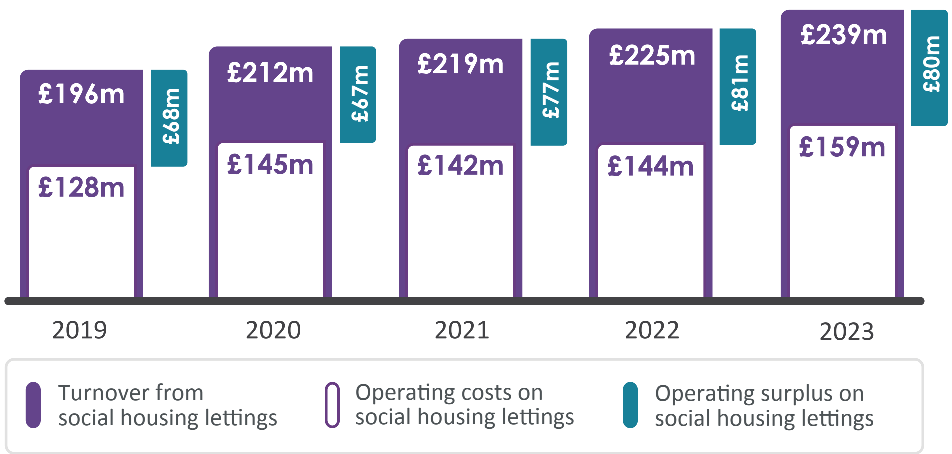


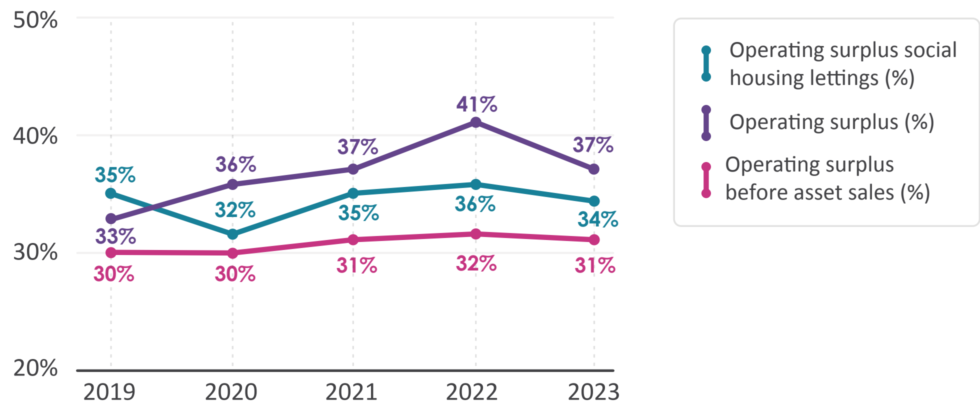
Operating margins and surplus

The surplus before taxation of £75m is another strong financial performance for Bromford (2022: £79m). The year-on-year reduction was driven by the lower gains from the disposal of property assets which was £9m lower year-on-year with our strategic disposals largely complete last year and ongoing disposal activity expected to be lower. Operating surplus, including sale of fixed assets, was £106m (2022: £115m) with an operating margin including asset sales of 37% (2022: 41%).



Operating surplus on social housing lettings decreased slightly to £80m (2022: £81m) with the decrease due to the general increase in rents and the increase in new homes lettings offset by wage and inflationary increases as noted above. The operating margin on social housing lettings was 34% (2022: 36%).





46,437

The number of homes owned and managed at the end of the year was 46,437 (2022: 45,658). Of the increase, 1,265 was due to property development activity plus two acquisitions in the year offset by disposals. The table below shows the movement throughout the year.

	31/03/2022	Development	Disposals	Other*	31/03/2023
General needs	34,472	904	(68)	-	35,308
Supported housing	3,582	-	(84)	46	3,544
Shared ownership	4,019	363	(133)	-	4,249
Leasehold and non social	3,585	-	(317)	68	3,336
Total	**45,658**	**1,267**	**(602)**	**114**	**46,437**

*Other movements are predominantly the reclassification of units between tenure types and disposals where we have retained an interest moving forward (leasehold / freehold)

Disposals

Overall profit on disposals decreased to £15m (2022: £24m). In the prior year we disposed of properties from our non-core geographies which generated a net profit of £11m which has not been repeated this year. We continue with our strategy of selling properties which are not part of our core business when it is the right time to do so for our customers. We have sold 108 market rent properties and transferred 13 small care homes and 6 supported schemes to another provider generating proceeds of £21m and profits of £1.4m.

In addition, we continued to receive receipts for right to buy and right to acquire sales that generated £1.9m (2022: £1.6m) of disposal profit. Staircasing activity generated profits of £6.6m (2022: £6.3m). Other property disposals generated profits of £7.6m (2022: £4.4m). We also disposed of one of our offices as part of reducing our workspace footprint, which generated proceeds of £3.4m and a loss on disposal of £2.1m.

Investment in our homes

In 2022 to 2023 we capitalised £43m (2022: £42m) and invested £13m in revenue (2022: £8m) for major repair and refurbishment programmes and £225m (2022: £180m) in new homes. This level of investment continues to reflect our desire to invest in existing and new homes, helping current and future customers to thrive.

£43m
capitalised investment in existing homes

£13m
invested in revenue for major repair and refurbishment

£225m
invested in new homes

Sales exposure

The number of homes waiting to be sold has increased compared to last year at 74 (2022: 61). Of these unsold units, 44 were in the sales process with 30 available for sale. Of the 74 in stock, 59 were added in March. There are no outright sales units in stock at 31 March 2023, all 7 outright sales units in stock at the start of the year were sold in the year.

The detail of stock and work in progress is shown in note 17. Stock and work in progress at the end of March 2023 was £37m (2022: £28m). We entered into build contracts on 1,490 (2022: 889) homes. We exchanged on 387 land plots and we gained planning on 377 land plots. A number of the homes entering into build contracts were S106 homes or part of a package deal where planning approval had already been obtained.

An impairment review was carried out which found that none of our property assets were impaired.

Pension provisions and liabilities

During the year, the group participated in one multi-employer defined benefit scheme, the Avon pension fund (LGPS). The group also operates the Bromford Defined Benefit pension scheme administered by The Pensions Trust. Historically the Group also participated in The Staffordshire County Council pension scheme (LGPS), which was a multi-employer, defined benefit scheme. Bromford exited this scheme in 2018. However, as the fund at that point was in deficit of £8.1m, Bromford entered into a Funding Agreement to terminate either by March 2038, or by the fund serving notice to terminate if the deficit fell below £1m.

In March 2022 the fund moved from being in deficit to a surplus of £4.9m and in October 2022 the fund served notice to terminate the Funding Agreement, with a cessation payment of zero. As a consequence, we reviewed our accounting treatment of the asset and the original transaction and have adjusted the prior year periods as at 31 March 2022 and 1 April 2021 to reflect the nature of the transaction as a variable liability rather than a defined benefit pension liability/asset. The impact is to remove the pension asset and the actuarial gain of £4.9m, since the scheme had been exited and no money was recoverable. Further details in regard to these three schemes can be found in note 35 on pages 118 to 125.

The pension liabilities on the balance sheet reflect the engagement with these schemes as set out in note 35.

Bromford Housing Group also participates in the Social Housing Pension Scheme's Defined Contribution scheme and Royal London Defined Contribution scheme.

Corporation tax

We continue the policy of gift aiding taxable surpluses from non-charitable group members to charitable group members. The corporation tax charge for the year is £nil (2022: £nil) as set out in note 10.

Treasury

In a year of continuing market uncertainty borne out of political instability and an economic downturn, the 2022 to 2023 financial year presented us with a number of opportunities to consolidate our treasury activity and unlock new growth opportunities for the group.

As we experienced a rising rate environment, we saw the benefit of our long dated deferred bonds which we entered into at the height of the pandemic in 2020. At fixed rates of 2% to 2.25% these bonds were drawn before April 2022 and provided circa £200m of cash to underpin our operations in the year without the need to return to the market for additional funding in the higher rate environment. Our drawn loanbook has long term fixed rates across 99% of the portfolio; we remain well protected against rising gilts and SONIA as the rate environment continues to show volatility with further central banking activity to stem inflation and recent stresses showing within the financial sector.

We close the year with over £450m in cash and undrawn facilities, delivering twice the required level of long term liquidity. Over the coming year, we intend to grow our base of undrawn facilities from the current position of £338m to £365m as we continue to underpin our new homes and sustainability ambitions with strong levels of liquidity. This will involve refinancing and expanding £190m of existing facilities which come to their natural expiry over the next nine months. We have already negotiated and received firm offers for new facilities from existing and new funders with tenors ranging from five years to ten years and all at sector leading rates without any covenant dilution. We are also targeting a return to the capital markets in the next financial year to secure additional drawn funding. We have laid the foundations for a successful issue through our ongoing investor relations programme and regular dialogue with UK and overseas investors. We provided our most recent annual update in January 2023, with investor appetite from public and private investors remaining strong.

All of our new funding will be sustainability linked and issued through our Sustainable Finance Framework. Our framework was updated and republished in June 2023 to reflect our new corporate strategy and to align with the latest ICMA and LMA principles. Our framework remains bold and wide-reaching and is now accredited by our specialist partner Det Norske Veritas (DNV) as we look to draw on additional third party services including the audit of our key ESG metrics. Together with our annual sustainability impact report, Building A Sustainable Future, second edition published in July 2023, our framework continues to position our sustainability agenda at the forefront of our new corporate strategy. It continues to go beyond our delivery of social housing and carbon reduction and maps to seven UN SDGS touching every aspect of sustainability from reducing homelessness and alleviating unemployment to establishing a workforce culture that delivers a more inclusive, customer centred team. We have created a set of golden metrics around these key themes of sustainability performance which we will link to new loans and report against in our semi-annual trading updates.

With the onset of the rent cap against the rising tide of inflation, we successfully recalibrated our business plan through successful new iterations across the year; reflecting the dynamic nature of our fundamental macro-economic and income assumptions. Each iteration established the balance between investing in our new and existing homes without compromise to customer service, whilst preserving our financial position and credit strength. Our shadow credit analysis and regular dialogue with Moody's and S&P was fundamental to this process, as both agencies re-affirmed our A2 and A+ credit ratings in January 2023, despite broader sector-wide downgrades. Both ratings are on a negative outlook, but the agencies are clear that this only reflects the sovereign rating at the time and our underlying credit strength has not been diluted.

These ratings and the reaffirmation of our G1/V1 regulatory ratings following our in-depth assessment (IDA) in the summer of 2022, continue to reflect the effectiveness of our financial framework and golden rules which have firmly withstood the test of time to deliver a financial performance and credit profile at the leading edge of the sector. We close the year with significant headroom against our key group covenants, with interest cover at 3.1 (more than twice headroom) and asset gearing at 40% (covenant 67%).

3.1
interest cover

Our loan book remains highly optimised with the majority of legacy funding already refinanced for commercial value. In March 2023, we leveraged the high interest rate economy to close three of our International Swaps and Derivatives Association (ISDA) instruments which were no longer providing a meaningful interest rate hedge given the low volumes of variable debt we carry. This crystallised a mark to market surplus in the statement of comprehensive income (SOCI) of £6.3m. We continue to position BHG as the group's funding vehicle and are working with our existing lenders to amalgamate BHA and MHS into a single housing association subsidiary to drive further simplicity and operational efficiency.

With rising interest rates, heightened inflation, the weight of net zero carbon cost and our broader sustainability agenda, we continue to journey through a new era of economic challenge and opportunity. With our leading credit ratings, track record on delivering on sustainability and the continuing strength of our liquidity position and covenants, we remain well placed to meet these challenges with the rigour and response they deserve.

40%
asset gearing

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Drawn facilities (nominal value)	£1,351m	£1,376m	£1,203m
Undrawn facilities	£338m	£338m	£338m
Deferred funding secured	-	-	£200m
Cash and cash equivalents	£126m	£303m	£169m
Fixed rate borrowing (drawn)	99%	98%	97%
Weighted average cost of borrowing	3.55%	3.74%	3.96%
Interest cover covenant	3.1 times	3.1 times	2.9 times
Asset gearing (lender covenant) calculation	40%	37%	38%

Cash and short-term liquidity

The group continues to hold cash funds, with £67m held on same day access. This is lower than at the previous year end given that we have not entered into any new funding in the year, but will grow significantly as we enter into new funding over the coming months.

Our investment strategy remains defensive, with safety and access to cash driving decision making rather than projected rates of return. Our cash continues to be held exclusively across a number of counterparty cash deposit accounts. Any cash deposits with institutional counter parties must meet minimum counterparty credit ratings and deposit values must not exceed £50m for institutions with credit ratings of at least A1/A+/A+ or £25m for institutions with credit ratings at least A3/A-/A-. The treasury management policy was updated to permit re-entry into government treasury bills as the market reflected a return to positive yields. The policy limits all treasury bill and deposit term to a maximum of six months and the aggregated amount of cash unavailable on same day access is limited to 50% of available cash up to a maximum of £100m.

In the year, we invested £50m of surplus cash into a longer term deposit account and invested some surplus cash into UK Treasury Bills to leverage elevated deposit rates. The £50m longer term deposit came to maturity after the year end. Together with returns on UK Treasury bills and higher returns on same day cash, this delivered additional interest income of £2m compared to the year ended 31 March 2022.

We continue to operate a short term liquidity treasury management policy holding a minimum of three months required cashflow as immediately available funds at all times. This broadly equates to £40m-£50m and ensures day-to-day operational cashflow continues to be funded without undertaking undue risk. Credit lines remain successfully diversified to four funders with no more than 60% of our undrawn funding residing with any single funder.

£67m
cash held on same day access

£1,689m
total facilities

£455m
total available funds

Long term liquidity and funding

Long term liquidity remains a key focus and our treasury management policy sets out a prudent requirement, with 18 months of all operational and development cashflows (including uncommitted spend) net of 20% of sales slippage, plus a contingency buffer of £25m.

The total facilities (drawn and undrawn) at the year end were £1,689m. We ended the year with total available funds of £455m, comprising of £117m of available cash and £338m of undrawn facilities (all fully secured). This represents twice the long-term liquidity level required (£233m).

Cash and cash equivalents is £126m at 31 March 2023, with £9m unavailable for use across the leaseholder reserve (£3.9m), a committed facility outside of the group (£2.8m) which has since been cancelled and other items. The available cash is therefore £117m. Over the coming year, we intend to grow our base of revolving credit facilities from the current position of £338m to £365m as we continue to underpin our new homes and sustainability ambitions with strong levels of liquidity. We have already received offers to deliver this extension across existing and new funders, all at sector leading rates without covenant dilution.

Refinancing risk

We have completed eight capital market issuances over the past four years and expect to be a regular, repeat issuer as we continue to seek new long dated investment to fund our development ambitions and sustainability agenda. We monitor our repayment curve to ensure that new debt is issued across a range of tenors and amortising repayment curves to avoid a significant wall of refinancing in any given single year or continuous, rolling five year period. We are also in regular dialogue with investors to ensure our tenor curve remains open and attractive for new investment.

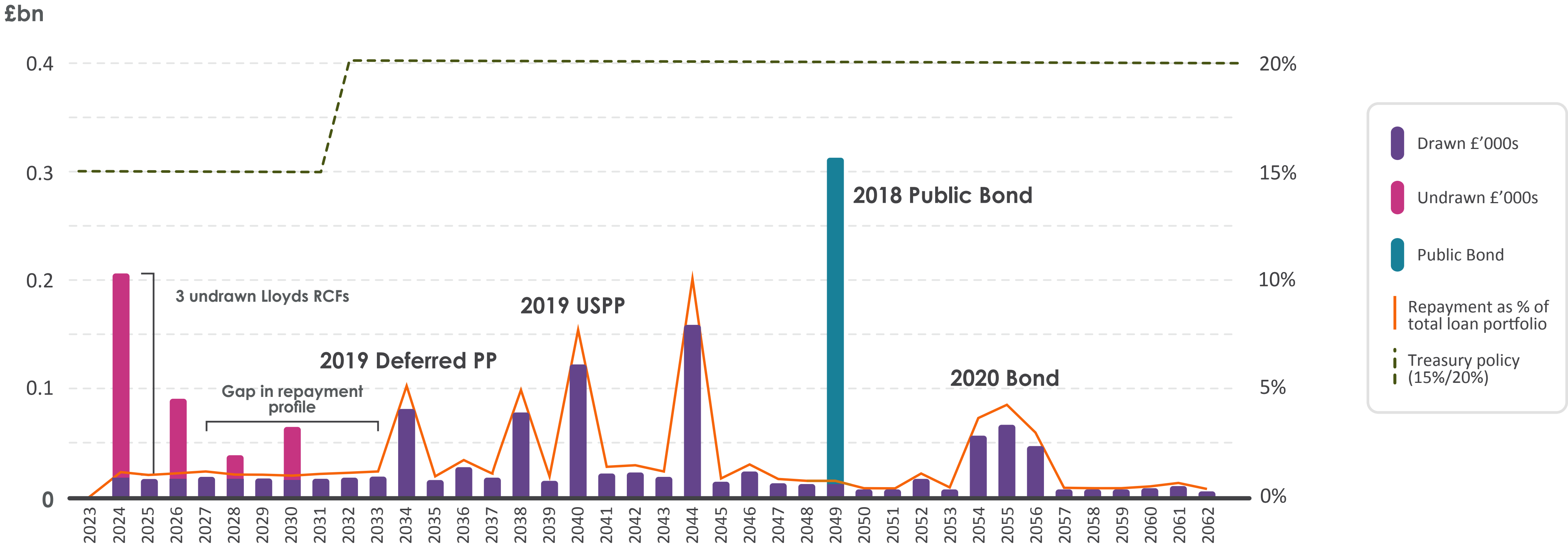
To optimise across these two core themes of refinancing risk, we enhanced our treasury management policy this year to create a two-tiered approach to set refinancing parameters separately for the near term (within 10 years) and the longer term (year 11 onward). Refinancing risk is naturally more acute in the shorter term and therefore no change was made to the existing refinancing limits. In the longer term, the business and loanbook is likely to develop considerably and refinancing risk can more readily be mitigated ahead of time, so the refinancing limits were lifted marginally:

Years 1 to 10:
single year limit 15% (no change)
five year limit 35% (no change)

Year 11 onwards:
single year limit 20% (5% increase)
five year limit 40% (5% increase)

The new refinancing policy is demonstrated in the graph below which illustrates the repayment profiles associated with recent deferred funding staggered across the years 2043 to 2062 (£100m May 2020 deferred private placement) and the years 2055 to 2056 (£90m bond tap in July 2020). These compliment the peaks associated with previous new funding activity staggered across 2034 (£50m 2019 deferred private placement), 2040 (£100m 2019 USPP), 2049 (£300m 2018 public bond) and 2054 (£50m 2020 listed bond).

Total committed facilities - refinancing profile



Interest rate management

We use fixed rate borrowings to manage our exposure to increases in interest rates and 99% of our drawn borrowings are at fixed rates (2022: 98%). In the recent low interest rate environment, it was clearly advantageous to leverage the low rates offered by funders over long term tenors and our high level of fixed rate debt reflects this. The majority of the fixed debt is established through vanilla embedded fixes.

The average cost of borrowing has been reducing over recent years to 3.55% at 31 March 2023 (3.74% at 31 March 2022), which reflects the historically low rates achieved on our recent capital market issuances, which have closed at coupons of 2.03% to 3.125% and the settlement of expensive legacy loans.

The group had historically entered into six ISDA arrangements with Barclays and Lloyds to hedge variable debt. These ISDAs were never assigned to specific underlying loans and hedge accounting was never employed by the group. As the volume of variable debt has reduced over time, the ISDA arrangements have become ineffective and are surplus to requirements. In March 2023, we leveraged the high interest rate economy to close three of our ISDA instruments, with a limited break cost of £1.1m and a crystallised a mark to market surplus in the SOCI of £6.3m. The three remaining ISDAs all carry Bermudan options and, after careful analysis, the higher costs associated with their exit were not deemed to be economically viable at the current time.

Covenants

The majority of our covenants are based on group results and are broadly consistent in their composition across our funder base. We have considerable capacity on both our interest cover and asset gearing covenants and they do not limit our activities. All new funding is entered into without covenant dilution.

Credit ratings

In January 2023, Moody's reaffirmed our credit rating at A2, highlighting our key strengths around our strong financial performance, ample liquidity coverage, low exposure to rising rates, strong borrowing capacity, limited fire and building safety expenditure and high proportion of homes already at EPC C or above. In the same month, S&P Global Ratings reaffirmed their A+ rating, citing our focus on core business, social and affordable housing, our prudent approach to cost management, high quality stock and favourable cost of debt and interest coverage.

Our strong single A dual credit rating platform remains sector-leading and has been reaffirmed despite broader sector wide downgrades. While both ratings are on a negative outlook, the agencies are clear that this only reflects the sovereign rating at the time and our underlying credit strength has not been diluted.

Value for money

We are committed to demonstrating and improving value for money (VFM) as an integral part of our corporate strategy 2019 to 2023. Our financial objectives are set out in our financial framework which focus on maximising our financial capacity. We ensure we deliver financial performance within the parameters of our financial framework through frequent financial planning from short term budget setting and reforecasting through longer term 30 year strategic planning. Targets are set in conjunction with all areas of the business and are challenged through operational teams, the executive team and by board via the committee structure in line with the governance arrangements of the group.

We aim to ensure optimal use of our resources and assets and optimise economy, efficiency and effectiveness in the delivery of our objectives whilst balancing our commitment to maintain safe, secure and warm homes with our ambition to invest in building new ones.

Economy	Effectiveness	Efficiency
Operating margin: top quartile at 31%	Increased customer advocacy by 4% to 83%	Transformation and continuous improvement savings of £6m in the year
EBITDA MRI of 186%	87% of our homes already EPC C or higher	Strategic cost review programme established
Moody's credit rating A2 and S&P is A+	Expansion of leadership development programme to our 250 leadership group	Work began on our first Modern Methods of construction

With the continued challenging economic conditions, ensuring value for money in all that we do has never been more important. Despite the economic challenges of recent years, our financial framework has remained resilient and continues to guide our strategy demonstrating that Bromford is more than capable of dealing with the stresses and strains of the current operating environment.

During the year, as part of our new 2023-2027 Bromford Strategy, we have refreshed our financial framework to ensure it continues to evolve and remains at the heart of our decision making.

Our financial framework

Our financial framework is a key part of our strategy and performance against it is reviewed monthly. In setting out aspirational targets as well as minimum hurdle rates 'golden rules', it gives a focus to what we are seeking to achieve over the coming years. It is this aspiration upon which we are aligned and drives the behaviours across the business to ensure we always provide the best possible service to our customers at the most economically advantageous price.

Description	Aspiration	Golden rule	2021 to 2022 actual	2022 to 2023 target	2022 to 2023 actual	2023 to 2024 target
Overall operating Margin*	> 38%	>25%	32%	32%	31%	32%
Social Housing Operating Margin	> 45%	>30%	36%	35%	34%	36%
Interest Cover (EBITDA-MRI/Net Interest)	> 2.1	>1.5	1.7	1.8	1.9	2.1
Asset Gearing	< 45%	<50%	38%	39%	40%	41%
Net Debt Per Unit	<£36k	<£37k	£26k	£28k	£28k	£30k
Headroom above Liquidity Policy	-	>£100m	£772m	£769m	£1,095m	£762m
Level of stock and WIP (Land, SO and ORS)	-	<£150m	£27m	£38m	£37m	£38m
Sales	< 28%	<30%	18%	13%	14%	12%

* excludes gain on disposal of property assets

Our VFM strategic objectives are centered around four themes, which align to areas of strategic focus in the Bromford Strategy 2019 to 2023:

Our relationship with customers

implementing a service culture that delivers and drives value, ease and reliability for minimum customer effort, enabling us to continue to invest in our neighbourhood coaching model.

Homes that enable customers to thrive

to continuously improve so as to create efficient, quality and responsive operations that deliver homes that are safe, secure and warm.

Growing the business to enable customers to thrive

ensuring we grow the business in a safe and sustainable way, managing risks effectively and ensuring we can sustain our investment and growth ambitions within our financial risk appetite.

Enabling our colleagues to thrive

investing in our people to realise their full potential to become the best team we can.

Our relationship with customers

Throughout the year we've continued our investment into simplifying the business with the launch of our customer portal. This has created a single place for customers to view their rent statement, make a payment or report a repair, giving customers more control over their rent account than ever before.

The financial benefits arising from our transformation and continuous improvement programmes delivered £6m in the year and we expect this to increase significantly as we complete our transformation journey and continue to leverage the benefits from our new technology platform.

During the year we undertook the first stage in our strategic cost review programme which will look to reduce costs across the business by making us even more efficient than we are today. The first phase of the programme was initiated this year and will drive savings across the business from 2023 to 2024.

We continue to invest in our neighbourhood coaching model and this year strengthened our model with the addition of 70 more income management advisors. Through the cost of living crisis we introduced localised toolkits for colleagues to use when speaking to customers, additional training for colleagues to allow them to better support customers and provided advice on our social media channels, helping customers access over £250,000 of additional income.

We continue to work on improvements to our systems to ensure we deliver VfM for our customers and are working on our new enterprise asset management system which will improve the way we manage our homes and their fixtures and fittings and respond to customer repair requests.

Homes that enable customers to thrive

We continued to invest considerably in our homes, with £56m of total investment and ended the year with 99.9% of our homes meeting the Decent Homes Standard and 87% of our homes being at the environmental efficiency rating of SAP C or better, as well as complying with new safety regulations which were introduced during the year. We have an additional £23m earmarked in our 30 Year Business Plan to ensure all our homes are at EPC C or better by 2028, two years ahead of the government's requirement. During the year we secured an additional £3.5m of funding from the Social Housing Decarbonisation Fund to help improve the energy efficiency of our homes.

During the summer we reduced the backlog of repairs requests that had built up as a result of the Covid lockdowns back down to normal levels. However, despite improvements in our productivity, over the following months we saw demand for repairs rise up once again, which has increased the backlog of outstanding repairs which we are working through to bring back down to normal levels.

Our roadmap to net zero carbon emissions by 2050 in line with current government targets remains on track with the full estimated cost of achieving this included in our 30 Year Business Plan. As well as delivering a great outcome for our environment, our drive to net zero carbon will also help our customers through cheaper running cost of their homes.

Our strategic property planning team continues to focus on void management, regeneration plans and the disposal of non core assets to ensure we can focus on driving efficiency in our core business.

Going forward, the evolution of our new Bromford home standard will help ensure that our customers live in homes that they are proud of and can afford to run. No matter a property's age or location, our home standard, which has been produced with input from customers, will ensure a consistent experience for customers.

£6m
transformation benefits and continuous improvements

£250,000
additional income for customers

£56m
total investment in existing homes

99.9%
homes meeting the decent home standard

Growing the business to enable more customers to thrive

As a housing association, we invest the money we make into the long-term maintenance of our existing homes with any long-term surplus and borrowing capacity deployed into building new homes. The former is always our first priority but we are clear that the provision of new homes is also a key part of our strategy. This year we built 1,265 new homes, up from 1,224 in the previous year. We reaffirmed our position as one of the biggest builders of homes for social rent, the most affordable of rent types, by building 554 homes, up 25% on the previous year. We continue to build 1 in 5 of all new homes through our in-house construction team, while our strategic partnership with Homes England provided funding for more than 300 of the homes we completed. We currently plan to deliver 12,000 new homes over the next 9 years.

We will deliver homes for outright sale that generate profit to support this and to ensure we build mixed and sustainable communities. Profit generated from this activity is considered to be commensurate to the risk and within our risk appetite framework. The profit we make from homes for sale will be reinvested to enable us to maximise the number of affordable homes we can deliver. Demand for our shared ownership homes remained strong throughout the year, with sales bringing in £41m.

In the year we also took advantage of opportunities to consolidate our treasury activity and unlock new growth opportunities. Going forward all of our new funding will be sustainability linked and issued through our Sustainable Finance Framework which was updated and republished in June 2023 to reflect our new corporate strategy. We continue to retain a sector leading dual credit rating with Moody’s and Standard & Poor’s.

Looking ahead we remain focussed on building a strong pipeline to allow us to provide homes for future customers and have now appointed a modern methods of construction (MMC) partner to help us increase the number of homes we deliver using offsite construction.

Enabling colleagues to thrive

We are committed to our reward program of Profit Related Pay (PRP). Linking reward to improving our customers experience is a key strand of VFM and ensures we remain focused on social housing returns and is a key component of the PRP reward package. In the year, eligible employees received a payment of a 4% pay award and 4% bonus, in addition to agreeing a 5% pay award and £1,000 recognition award to be paid in 2023 to 2024 to support with the increasing cost of living and pressure in the recruitment market.

Furthermore we introduced a new employee assistance scheme which offers colleagues free and confidential information, support and counselling.

We expanded our leadership development programme for current and aspiring leaders, rolling out our Leadership 250 training programme which all leaders in the business will complete.

We also became a member of the 5% Club, a national group of employers committed to having 5% of their employees in earn and learn positions. We now have over 100 graduates and apprentices at Bromford.

These initiatives have contributed to us becoming a certified Great Place to Work with 69% of 1,440 respondents agreeing that Bromford is a great place to work.

4%
pay award

4%
bonus

5%
in earn and learn positions

100
graduates and apprentices

Measuring VFM

Bromford participates in the annual Sector Scorecard which aims to benchmark housing associations’ performance, demonstrates the sector’s accountability to its customers and stakeholders and includes a range of consistent and reliable measures from financial gearing to new supply delivered. This platform allows participants to learn from each other as a sector. We also take advantage of using the Global Accounts to understand long-term financial trends and their implications on the sector. All such measures are reported below and are set out compared to Bromford’s prior year’s performance, forecast performance and against a selected peer group median.

Value for money metrics

We review a suite of metrics at each of our meetings to monitor our performance. In addition to the seven metrics defined by the Regulator of Social Housing, we also monitor indicators that cover each of our strategic areas of focus.

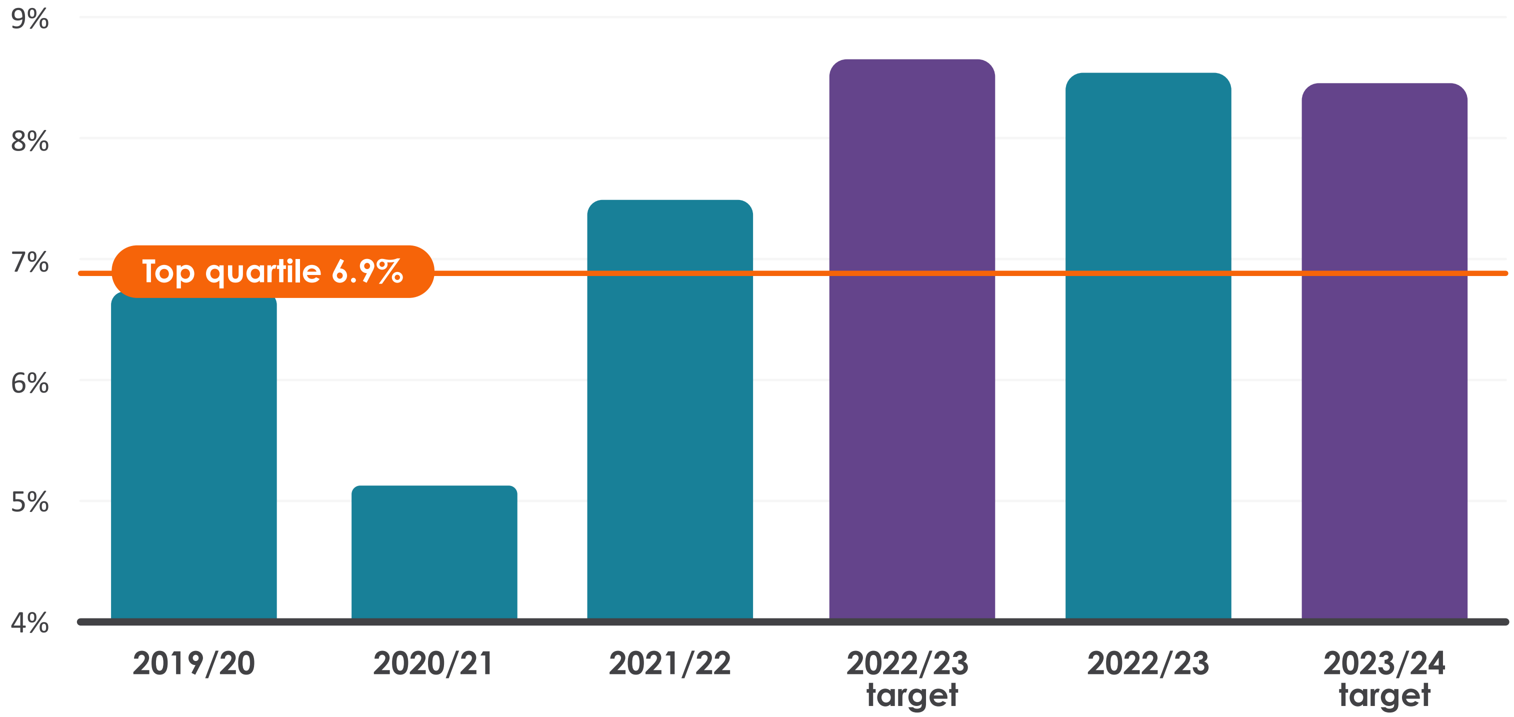
The direction of travel over the past year across the suite of metrics, taking account of recent stresses across the sector, continues to demonstrate our financial strength and is set out below for the last four years. We have compared ourselves against 30 housing associations with similar characteristics using the latest published data as at 31 March 2022. In the charts below, top quartile refers to performance against the comparator group.

Reinvestment %

Performance: Reinvestment has increased to 8.5% (actual 2021/22: 7.5%; target 2022/23: 8.7%). Gross investment spend on new homes developed was £225m (2021/22: £180m) and capital investment in existing homes of £43m (2021/22: £42m). The increase year on year is largely due to increased costs as a result of inflation. This is set against a net increase in housing properties at cost of £217m.

Target: For 2023/24 this is 8.4%. We are committed to achieving top quartile performance on investment in new and existing homes with forecast spend of £245m on new homes and £44m on existing homes. The development pipeline will increase the reinvestment to circa 12% over the next five years.

Peer Set: Using the peer group we compared ourselves against as at 31 March 2022, the last available data, the upper quartile was 6.9%.



8.7%
Target 2022 - 2023

8.5%
Actual 2022 - 2023

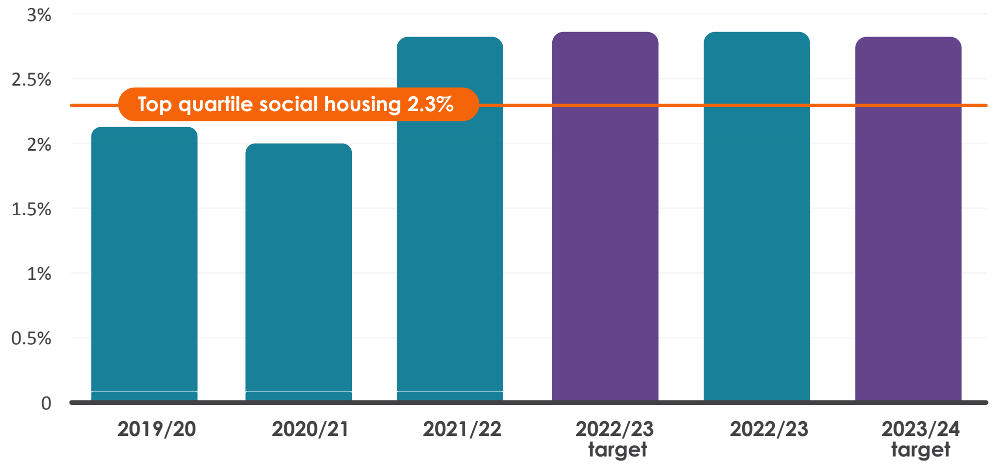
8.4%
Target 2023 - 2024

New supply delivered (social and non-social housing) %

Performance: We delivered 1,265 (2.8%) new homes during the year (2021/22: 1,224 homes: 2.7%), including nil non-social homes (2021/22: 23 homes: 0.1%). Whilst this was slightly below our target of 1,289 (2.8%) we are proud to have built the most homes for social rent of any housing association in England over the previous two years.

Target: For 2023/24 this is 1,246 new homes or 2.7% which are all social housing. This will maintain our top quartile performance for social homes with an average new supply delivered of 2.7% over the next five years.

Peer set: Using the peer group we compared ourselves against as at 31 March 2022, the upper quartile was 2.3% for social housing new supply.



1,289 Target 2022 - 2023

or

2.8% Target 2022 - 2023

1,265 Actual 2022 - 2023

or

2.8% Actual 2022 - 2023

1,246 Target 2023 - 2024

or

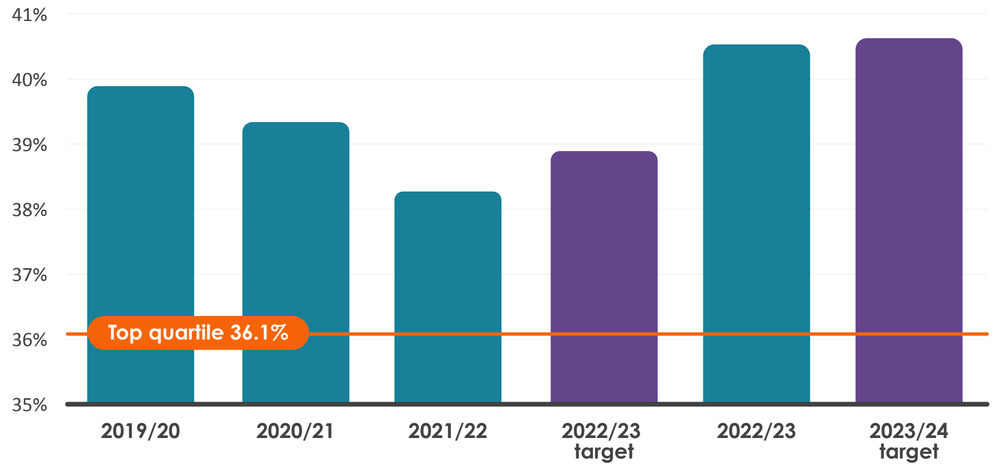
2.7% Target 2023 - 2024

Gearing %

Performance: Gearing has increased to 40% (2021/22: 38%; target 2022/23: 39%). Net debt has increased by 13% (£148m) to £1,280m (2021/22: £1,132m) driven by lower levels of available cash with no new funding drawn in the year whilst housing assets at cost have increased by 7% (£217m) to £3,166m (2021/22: £2,949m).

Target: For 2023/24 this is 41%. We expect gearing to be broadly maintained as we continue to invest in new and existing homes from existing fully funded resources along with cash generated in year. The medium term target remains between 40% to 41%.

Peer set: Our overall gearing is higher than the top quartile figure of 36.1%, with the median quartile being 40.3%. We continue to borrow long-term debt to deliver new homes and maximise the underlying balance sheet capacity.



39% Target 2022 - 2023

40% Actual 2022 - 2023

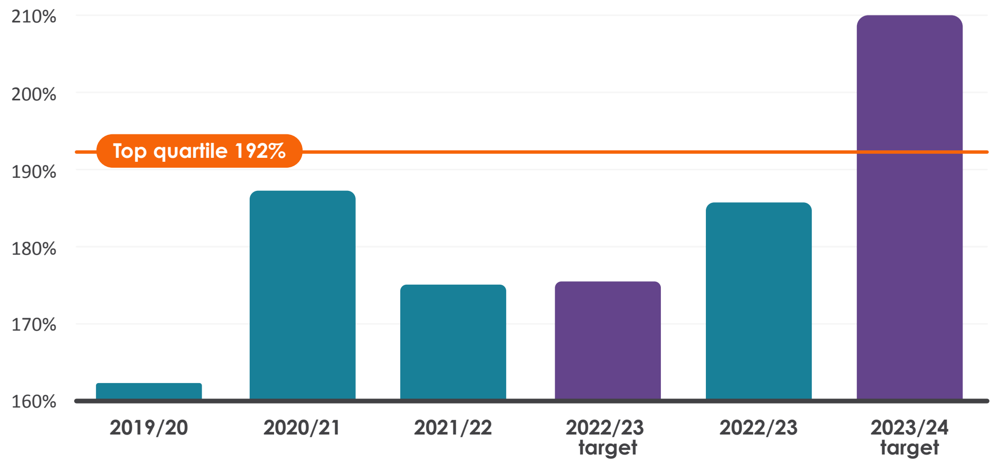
41% Target 2023 - 2024

EBITDA MRI %

Performance: EBITDA MRI of 186% (2021/22: 175%) is higher year on year. The target for 2022/23 was 177%. EBITDA MRI was £94m (2021/22: £84m), underlying earnings have increased year on year compared to capitalised investment in housing which has remained relatively flat. This has resulted in a year on year increase in EBITDA MRI.

Target: For 2023/24 this is 210%, higher than 2021/22 with an increase in operating surplus expected due to cost savings as a result of investment in the transformation progamme and the delivery of the strategic cost review. We expect EBITDA MRI % to be 206% on average over the next five years.

Peer set: Using the peer group we compared ourselves against as at 31 March 2022, the median was 144% and the upper quartile was 192%.



177% Target 2022 - 2023

186% Actual 2022 - 2023

210% Target 2023 - 2024

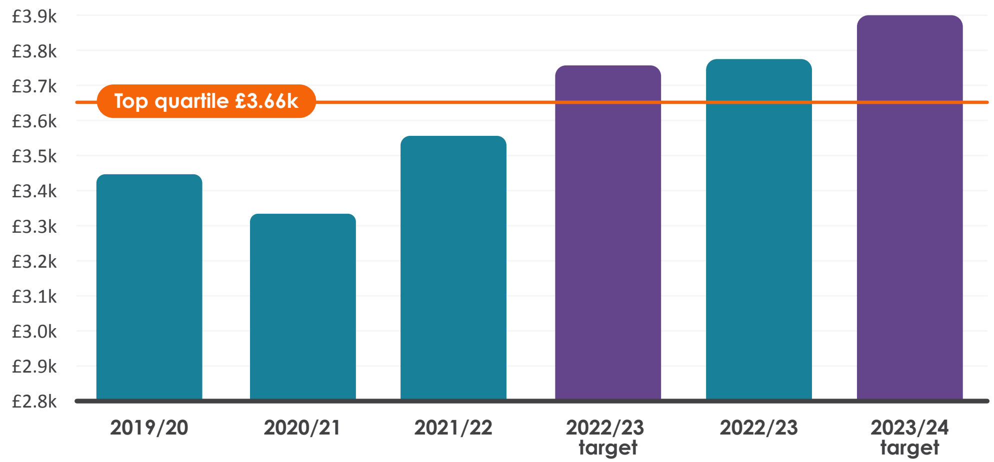
Headline social housing cost per unit (£000s)

Performance: Headline social housing costs of £3.78k per unit (2021/22: £3.55k; target 2022/23: £3.75k) driven by an 8% increase in costs compared to a 2% increase in social housing units. The cost increase was largely driven by increases in management, service charge costs and major repairs. Social housing units managed at period end were 45,020 (2021/22: 44,234).

Target: For 2023/24 this is £3.90k per unit. We remain committed to the efficient delivery of our core business as we continue to invest in our ERP system that underpins a large proportion of our improvement in our cost base. However, these savings are offset by inflationary pressures across materials and labour in the near term and, over the longer term, our continued investment in our homes to ensure they are safe, secure and warm. As a result of our increased investment, our average social housing cost per unit over the next five years is £4.32k.

Peer set: Using the peer group we compared ourselves against as at 31 March 2022, the lowest cost per quartile median was £3.66k, while the median was £4.14k.

Note: The costs and units associated with leasehold management are included within this metric, as leasehold management costs which are included in note 3 are not readily identifiable separately from other social housing costs.



£3.75k per unit Target 2022 - 2023

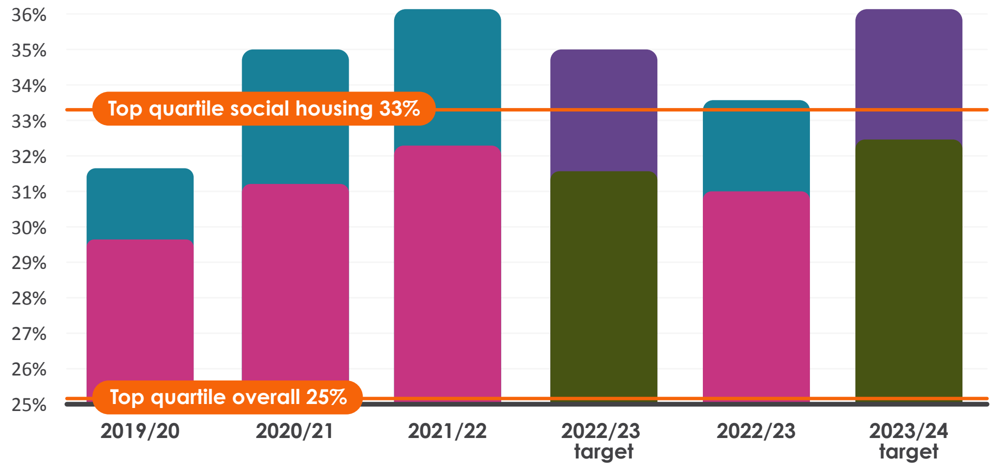
£3.78k per unit Actual 2022 - 2023

£3.90k per unit Target 2023-2024

Operating Margin (overall and social housing lettings) %

Performance: Overall operating margin remains top quartile at 31% (2021/22: 32%; target 2022/23 32%). This metric is impacted by the amount of non-social housing activity the group engages in. Underlying operating surplus excluding gains on asset disposals remained at £91m with increases in turnover offset by increases in costs due to inflation. Social housing operating margin (SHOM) was 34% (2021/22: 36%; target 2022/23 35%). Although the target was not quite achieved, this still remains top quartile and given the cost pressures is a pleasing result.

Target: The target for 2023/24 for overall operating margin is 32% and SHOM is 36%. The full deployment of the ERP system expected in 2024/25 will drive further savings from the business and will create additional financial capacity to continue to adapt to any market changes and increase our ability to invest in existing homes and new homes.



32% Overall target 2022-2023

31% Overall actual 2022-2023

32% Overall target 2023-2024

35% Social housing target 2022-2023

34% Social housing actual 2022-2023

36% Social housing target 2023-2024

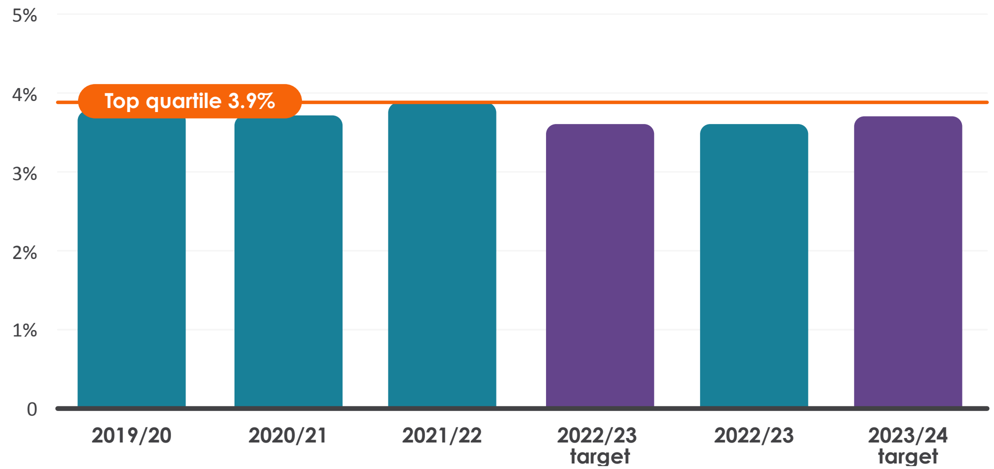
Peer set: Using the peer group we compared ourselves against as at 31 March 2022, achievement of a 31% overall operating margin places Bromford above the upper quartile of 25%. Achievement of a 34% social housing margin is also above the upper quartile of 33%.

Return on capital employed %

Performance: As expected, ROCE has decreased to 3.6% (2021/22: 3.9%; target 2002/23 3.6%). Operating surplus decreased by £9m driven by lower gains on asset disposals. Total assets less current liabilities excluding pension assets were £2,993m (2021/22: £2,953m).

Target: For 2023/24 this is 3.7% and we expect to ROCE to be around 3.9% on average over the next five years.

Peer set: Using the peer group we compared ourselves against as at 31 March 2022, achievement of 3.6% is between the median of 3% and top quartile of 3.9%.



3.6% Target 2022 - 2023

3.6% Actual 2022 - 2023

3.7% Target 2023 - 2024

Governance update

"The people we have here really makes this a great place to work. I'm always motivated by delivering a great service and improving the homes of our customers.

Adam
head of service delivery

Report of the board of directors

Our governance

Strong and effective governance continues to be one of the foundations of our strong performance and ensures we remain fit for the future and can deliver the Bromford Strategy.

The Regulator of Social Housing requires all registered providers (RPs) to adopt a code of governance and all RPs in the group have chosen to voluntarily adopt the UK Corporate Governance Code (the code). We apply the code in most respects, however as Bromford does not have shareholders in the sense provided for within the code, we do not have arrangements to engage in the dialogue or consultation expected in the code in that respect. In particular, this relates to the actions required in provisions 3, 4 and 9 of the code and it should be noted that there are no share options for the executive or non- executive directors.

Provision 5 within the code requires the board to demonstrate how it has taken into account the factors set out in section 172 of the Companies Act 2006. As an organisation governed by the Co-Operative and Community Benefit Societies Act 2014, this requirement does not apply. However, the board does have responsibilities which, amongst other things, require it to act in good faith and in the best interests of Bromford.

The framework of policies and processes helping to facilitate decision making at board is set out below.

Our governance framework

Our constitutional documents - the Bromford Housing Group rules supported by:

Our governance framework and governance and delegations framework which is based on the principles and provisions within the UK Corporate Governance Code

- Matters reserved
- Terms of reference of committees
- Chief executive's delegation
- Probity and bribery policy (includes conflict of interest)
- NED recruitment and succession planning framework

Our board

Steve Dando
chair

Steve is currently chief financial officer of Punch Pubs & Co, one of the UK's leading independent pub companies with an estate of 1,300 pubs. His particular areas of expertise include mergers and acquisitions (M&A), business restructuring, integration and financing and multi-site retailing and asset management. Steve led the restructure of Punch as chief executive officer (interim) following the successful sale of the business and assets to Patron Capital and Heineken for £1.8 billion.

Prior to joining Punch, Steve held a number of senior finance roles with Courtaulds plc, having started his career at PricewaterhouseCoopers.

Steve is a member of the Institute of Chartered Accountants.

Richard Bird
non-executive director

Richard has been involved in the housing and development industry for over 40 years. During his first decade, his career developed from planner, to project manager and ultimately to head of production for a PLC house builder. The next four years provided a much wider experience as a director of construction, housing and development companies within a private limited group.

Returning to the PLC environment in 1991, Richard joined Taylor Woodrow and was appointed to the board of the housing subsidiary a year later.

He was appointed regional managing director in 1994 and in 1996 given responsibility for the South West and Wales. The merger of Taylor Woodrow with George Wimpey in 2007 resulted in Richard being appointed divisional managing director, responsible for four business units in the South West and Wales. He held this post until 2013.

Dame Sandra Horley
non-executive director

Dame Sandra Horley was chief executive of Refuge, the national charity supporting women and children experiencing domestic violence and abuse. Over 37 years she grew a single shelter for abused women into the UK's pre-eminent provider of support services for survivors of domestic violence, rape, sexual assault, stalking, forced marriage, honour-based violence, modern slavery and human trafficking. Previously, Sandra worked as director of the Haven Project in Wolverhampton supporting homeless women and children. She has been a homelessness officer in Shropshire and a housing advice worker for a local authority in London. Sandra has also held non-executive positions for a special needs housing association and a wildlife charity.

In 2021 Sandra was conferred a Damehood for her contribution to the protection of women and children and for promoting greater understanding and awareness of domestic abuse.

Charles Hutton-Potts
non-executive director

Charles is a chartered accountant who spent 21 years as an audit partner at a large accountancy firm before retiring in 2018. During that time, Charles audited many businesses both private and listed across a wide range of business sectors and sizes including many international groups.

Charles is now active as a non-executive director and business consultant. In addition to his roles at Bromford, Charles is a director of allpay holdings which is a payment solutions business that works extensively with social housing clients and local authorities. He is chair of his local village hall and a director of a trading company that exports education services. Charles also acts as a mentor to a number of entrepreneur-led enterprises.

Charles is a Fellow of the Institute of Chartered Accountants in England and Wales.

Neil Rimmer
senior independent director (SID)

Neil is an experienced entrepreneur and board member with over 25 years experience with both international and UK based companies. Neil has a strong technical and business transformation background having owned a mid-sized Microsoft Gold Partnership and is also experienced in corporate turnaround, restructure and recovery.

He was latterly a co-founder and commercial director of a retirement village business developing over 500 homes and a shareholder and interim managing director of a mid-sized care home group. Neil also brings extensive board experience from within the leisure, debt recovery and property sectors and has raised funding for these enterprises from a variety of city and traditional banking sources.

He was responsible for developing an affordable finance product and launching it to market as a direct competitor to high cost short term lenders. Recognising the true value of community, Neil is chair of his local village hall and an active member of his village's social group, in addition to a number of other local good causes.

Jerry Toher
non-executive director

Jerry is currently CEO at Saga Personal Finance.

He has significant experience in launching, growing and transforming customer businesses. As well as launching the digital consumer division for Royal London in 2014, he has previously led the launch of MINT.com and egg.com.

Jerry is a strong advocate of improving customer propositions and services through insight and digital innovation, Jerry has extensive marketing and leadership experience in retail financial services. Previous roles include, Chief Customer Officer and CEO Consumer at Royal London, marketing director at RBS Group (NatWest) plus marketing director and managing director at egg.com.

Robert Nettleton
chief executive

Robert became chief executive of Bromford in November 2018 establishing the future strategy and integrating three housing associations. He was previously chief executive of Merlin Housing Society for nearly five years. At Merlin, he led the organisation to double its operating margin, quadruple surpluses and create a new homes programme.

Prior to joining Merlin, Robert was chief executive at Cornwall based Coastline Housing for nearly five years. Under Robert's leadership Coastline achieved investors in people gold status and a 92% customer satisfaction rating. Prior to Coastline, Robert was group development and regeneration director for LHA-ASRA.

Paul Walsh
chief finance officer

Paul joined Bromford in 2021 as chief finance officer. He brings with him a wealth of experience gained from 25 years in senior finance roles in the financial services sector. Prior to joining Bromford Paul led the finance team at Coventry Building Society and before that worked at Nationwide Building Society in finance and more latterly as risk oversight director leading the risk team responsible for financial risks such as liquidity, market, funding and capital.

Paul is a Fellow of the Association of Certified Chartered Accountants.

Sarah Beal
company secretary

Sarah joined the group in 2017 and has more than 20 years experience in senior governance and company secretarial roles.

Executive board and leadership team

Robert Nettleton
chief executive

Paul Walsh
chief finance officer

Ashling Fox
chief customer officer

Martyn Blackman
chief investment officer

Fiona Regan
chief people officer

Dan Goodall
chief information officer

Heather Richardson
chief risk officer

Board updates

30 Apr 2022
Resigned
Sarah Simpson

1 May 2022
Appointed
Dame Sandra Horley

20 Mar 2023
Resigned
Carolyn Downs

Board structure

Bromford Housing Group Limited
(BHG) Parent
a Charitable Community Benefit Society

Merlin Housing Society Limited. (MHS)
A charitable Community Benefit Society which develops and manages affordable homes for sale, rent or shared ownership.

Oakbrook Homes Limited. (OAK)
A limited company.

Bromford Housing Association Limited. (BHA)
A charitable Community Benefit Society which develops and manages affordable homes for sale, rent or shared ownership.

Bromford Assured Homes Limited. (BAH)
A limited company.

Street Services Limited. (SSL)
A limited company.

Bromford Home Ownership. (BHO)
A non charitable non profit registered provider.

Bromford Developments Limited. (BDL)
A limited company.

Bromford Housing Groups Investments Limited. (BHGIL)
A limited company.

BHG operates a group structure with coterminous boards across the four main entities – the parent – BHG and our main operating subsidiaries Bromford Housing Association, Bromford Home Ownership and Merlin Housing Society. The membership of all entities is the same except for BHO where two members, Charles Hutton-Potts and Neil Rimmer are not members. This is in line with our Group Conflicts of Interest Policy and protects the charitable interests of BHG, BHA and MHS. All members of the board, executive and non-executive make decisions by working together and achieving a general consensus. **Certain board members are also directors of the other subsidiaries in the group.**

To retain control of key decisions and to provide a clear division of responsibility the board and the other registered providers in the group have identified ‘reserved matters’ that only those boards can approve.

Board composition

Board members from 1 April 2022

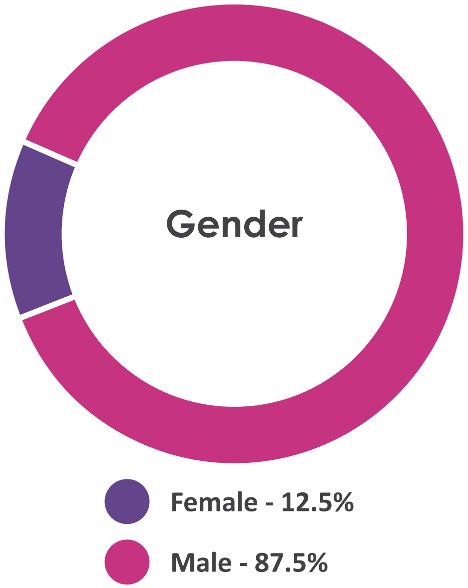
Non-executive directors

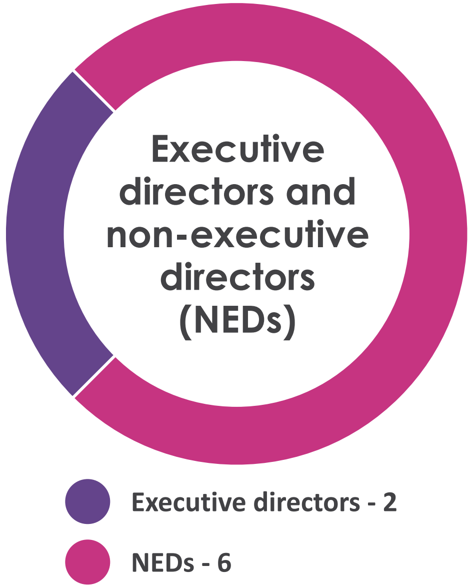
- Steve Dando (chair)
- Richard Bird
- Carolyn Downs (resigned 20/03/2023)
- Dame Sandra Horley (appointed 01/05/2022)
- Sarah Simpson (resigned 30/4/2022)
- Charles Hutton-Potts
- Neil Rimmer (SID)
- Jerry Toher

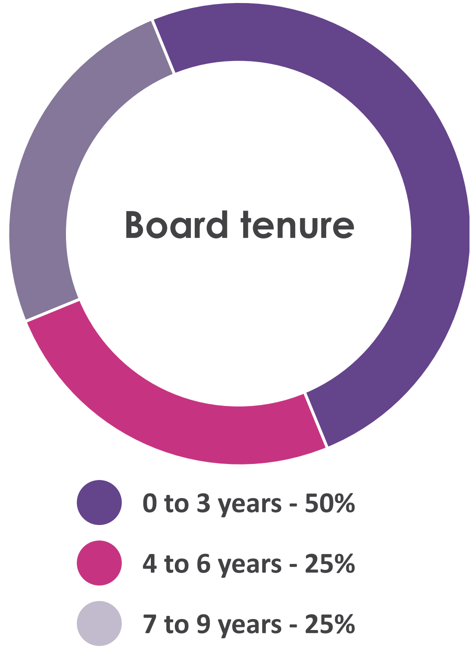
Executive board members

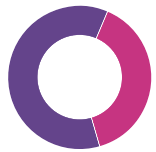
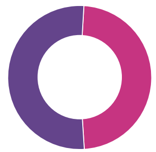
- Robert Nettleton
- Paul Walsh

Board analysis at 31 March 2023







2022 to 2023	Male (number)	Female (number)	Male (percentage)	Female (percentage)	
Colleagues in senior leadership positions	37	24	61%	39%	
Other colleagues in the group	889	820	52%	48%	

Note: A senior leader is defined as an employee who has responsibility for planning, directing, or controlling the activities of the entity or a strategically significant part of it. Bromford has defined senior leaders as those colleagues who are operating in our Leadership 50 group, our most senior leaders across the business.

The role of a non executive director (NED)

Each of the NEDs was independent on appointment.

Each NED makes an annual fit and proper persons declaration and annual declaration of interest. Conflicts of interest are noted at the start of each board meeting and board members abstain from discussions or decision making where an actual or perceived conflict may exist. The audit and risk committee and board receive a copy of the conflicts of interest register as part of their end of year compliance activity.

There were no occasions during the financial year where the board considered that the chair or a NED's external commitments interfered with or impeded their ability to exercise their duties and responsibilities on behalf of Bromford.

The table shows each board member's attendance at meetings of the board and any committees they are members of during the financial year.

	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Treasury Committee
Steve Dando	12/12			6/6
Richard Bird	12/12	5/5		
Carolyn Downs Resigned on 20/03/2023	11/11	4/5		
Sandra Horley Appointed on 01/05/2022	9/11			
Charles Hutton-Potts	12/12	5/5		
Neil Rimmer	12/12		5/5	
Sarah Simpson Resigned on 30/04/2022	1/1			
Jerry Toher	11/12		5/5	6/6
Robert Nettleton	12/12		5/5	
Paul Walsh	12/12			6/6

Board effectiveness

All board members are expected to contribute to a culture of clear and open debate. This is to promote informed and prudent decision making and members are expected to keep developing and refreshing their knowledge and skills so they can continue to make positive contributions to board discussions.

Each year the board carries out a formal evaluation of board, committee and individual director performance. At least every three years, as recommended by the code, this evaluation is facilitated by an external advisor to provide an independent perspective. There was an independent review of governance effectiveness in 2020 and the chair carried out an internal review in 2021. There has been an internal review facilitated by the chair and SID in 2022 to 2023 and Campbell Tickell has been commissioned to undertake an independent review in summer 2023.

Decision making

The board meet as a single board but make decisions on behalf of each entity as appropriate.

To retain control of key decisions and to provide a clear division of responsibility between the running of the board and the running of the business, the board and the other Registered Providers in the group, have identified reserved matters that only those boards can approve.

Other matters have been delegated to the committees by the boards. Any matters outside of these delegations fall within the chief executive's responsibility and authority.

The board and each committee receive sufficient, reliable and timely information in advance of meetings and are provided with or are given access to all the necessary resources and expertise to enable them to undertake their duties in an effective manner.

The board is scheduled to meet 10 times a year. In December 2022 and in February 2023 the board held an additional meeting to approve certain transactions that required board level approval. We held our annual strategy setting event in November.

Each board meeting has a planned agenda which allows enough time to discuss both strategic and operational matters and includes consideration of performance and risk management.

Each board committee meets as many times as necessary to discharge their duties and responsibilities under their terms of reference. For reports from our committees, refer to pages 51 to 69.

The board and committees can seek advice to support them in their decision making.

Bromford Housing Group board

The board is responsible for Bromford's long term success by providing leadership and direction. This includes setting the strategy and overseeing its implementation, ensuring that only acceptable risks are taken. It establishes organisational culture and values and has responsibility for ensuring financial performance and corporate governance.

Each of the boards have delegated authority to the following committees.

Audit and Risk Committee

Provides assurance to the board on the effectiveness of the group risk and internal control frameworks, financial reporting and accounting issues. Oversees the internal and external audit functions.

Remuneration and Nominations Committee

Reviews and approves executive remuneration policy and determines remuneration and the performance related pay targets and payments of the senior executive and ensures that this is consistent with the schemes that are available for all colleagues. Makes recommendations to the board on remuneration for NEDs.

Reviews the structure, size and composition of the board and makes recommendation to the board.

Oversees our pension arrangements.

Treasury Committee

Reviews and makes recommendations to the board on treasury policy and treasury strategy and on the adequacy of liquidity and funding arrangements.

The role of the board

The board is responsible for ensuring that Bromford continues to deliver real value and that the business remains on a long term, sustainable footing. In practice this means discussing, taking decisions on and measuring performance against the aims laid out in the Bromford Strategy.

Setting out our purpose and strategy over a four-year period, the Bromford Strategy is the focal point for the board's activity and discussion as well as a longer term business plan which is regularly stress tested over a 30-year period. The board considers a variety of scenarios in the macroenvironment to provide challenge to specific business assumptions and flexing the strategy where appropriate. During the year the board has developed and launched a new strategy for 2023 to 2027.

The role of the board is clear and is set out in our group delegations' framework. It is responsible for the following:

Accountability

Consider the balance of interests of and ensure accountability to key stakeholders.

Leadership and resources

Ensure that effective leadership and executive competence are in place to achieve the strategic objectives.

Ensure sufficient resources are available to achieve the strategic objectives.

Risk management and compliance

Ensure that frameworks are established and monitored for delegation and systems of control, including financial controls and for identifying and managing risks.

Performance and finance

Monitor and test execution of strategy and performance in relation to approved plans, budgets and controls.

Strategy development and implementation

Set and uphold the Bromford strategy and approve the strategic objectives.

Strategy setting

There are significant opportunities provided for the board to influence strategy. It holds an annual event to create space for ideas generation.

Through the monthly business briefing and chief executive's report, the board receives regular information to help it identify and respond to future challenges. The board engages Altair and other specialists and expert independent advisors to attend meetings to provide sector insight where necessary.

Organisational culture and colleague engagement

Our organisational culture is described through our DNA and runs through everything we do. It is at the heart of our strategy and is monitored by the board.

Bromford communicates with colleagues through a variety of methods and channels. We measure colleague engagement through an annual Great Place to Work survey which is supported by a shorter colleague thriving questionnaire and more regular wellbeing surveys through the year. The results of this are shared with the board and reviewed in greater detail by the Remuneration and Nominations Committee. The Remuneration and Nominations Committee also aims to understand the broader policy framework around our people activity and has been updated by our chief people officer on the people strategy and its component parts.

To ensure we meet our requirements to have a formal mechanism for colleague engagement, the board have a designated colleague engagement NED. As part of their duties they attend meetings of our colleague engagement group, Be.Heard and work with senior colleagues to understand our framework of policies.

Our board's year

During the year, the board has focussed its decision making on four key areas.

Risk management and compliance

- continued to monitor and manage risk including reviewing risk appetite
- approved the Risk Management Policy and Risk Appetite Framework
- considered significant and emerging risks and sector risk profile
- considered and approved the quarterly key strategic risk reports
- considered and approved the annual health and safety policy
- approved the health and safety strategy
- approved the group rent and service charge policy aligned with the Government rent cap
- approved the annual treasury strategy, treasury management policy and the investment policy
- continued to retain our G1/V1 status following a second Indepth Assessment carried out by the Regulator in July 2022

Performance and finance

- undertook monthly scrutiny of group performance against key financial budget metrics and performance targets
- continued to monitor board KPIs and performance targets for 2022 to 2023 including metrics for landlord health and safety compliance and repairs
- monitored progress on our plans to respond to condensation, damp and mould issues and our strategic property plan
- agreed new reporting metrics for 2023 to 2024
- approved the Business Plan for 2023 to 2052, with stress testing, mitigation, financial golden rules and VfM metrics

Strategy development and implementation

- continued to deliver the Bromford Strategy and considered our more detailed plans for strategic property planning including a programme of disposals
- continued to focus on the cost and benefits of Enterprise Asset Management (EAM)
- developed and approved our new strategy for 2023 to 2027 which sets our direction not just for the next four years but for many years to come
- updated our Development Appraisal Assumptions and development appraisal parameters
- increased momentum on our programme of modern methods of construction
- reshaped our workspaces to support more agile working
- continued with our home investment programme
- approved our existing homes plan
- approved the sustainability impact report for publication

Leadership and resources

- continued to strengthen our executive team

Our approach to stakeholder engagement

We are focused on driving long term sustainable performance for the benefit of the customers and communities we serve, our colleagues and wider stakeholders.

This section provides insight into how we engage with stakeholders to understand what matters to them and to help shape and inform decision making. Whilst Bromford does not have shareholders, as set out in the UK Code of Governance, Merlin Housing Society does have legacy shareholders and holds an annual AGM to provide them with an update.

		How we engage at board level	How we engage across the company	Outcomes from engagement
Customers and communities	Our customers are why we are here and in serving our customers we want to provide a positive customer experience.	• customer related performance is discussed at every board meeting • formal engagement meetings take place through out Customer and Communities Influence Network (CCIN), chaired by our NED, Dame Sandra Horley to ensure there is a direct line of sight between the board and customers	• our feedback programme creates opportunities for customers to tell us where we are doing well and how we can improve • customers can contact us through various channels including telephone and digital options. We enhanced our digital engagement with our customer portal and introduced our Webchat function in the summer of 2022 • the CCIN membership is drawn from across our geography and is supported by four Locality Influence Networks (LINs)	• our customer advocacy rating has improved by 4% from 79% to 83% • our coaches and income management advisors have been working with customers to help them maximise their income and sharing advice, as well as supporting organisations that work in their communities to access new funding • we worked alongside our customers to develop our Bromford home standard, which covers five key areas customers say matter most to them
Investors	Continued access to capital is vital to enable us to deliver our strategy and much needed new affordable homes.	• the board delegates approval of trading statements to audit and risk committee • the chief executive, chief finance officer and director of treasury attend investor meetings and feedback oucomes	• investor roadshows are held annually to ensure that investors understand out strategy, performance and ambition. These are also opportunities to understand priorities for the investor community	• we close the year with over £450m in cash and undrawn facilities, delivering twice the required level of long term liquidity • Moody's and S&P re-affirmed our A2 and A+ credit ratings in January 2023

		How we engage at board level	How we engage across the company	Outcomes from engagement
Colleagues	Our colleagues are our greatest asset and the reason for our success.	• company purpose, culture and DNA discussed at board level • the remuneration and nominations committee reviews policies and practices, making recommendations to the board • dedicated NED attends engagement group, Be.Heard • the board considers our Great Places to Work colleague engagement survey results	• Be.You roadmap and champion groups creating an inclusive culture where colleagues feel they belong at Bromford • continued investment in the accelerating talent programme, L250 programme and career development programme • annual Great Places to Work survey and half year Thrive survey undertaken • over 300 colleagues participated in our DNA refresh	• our Great Places to Work score increased to 69% • 175 leaders from across the organisation attended our strategy launch in March 2023
Regulator, government agencies and local authorities	We have a positive and open relationship with the Regulator of Social Housing and work closely with Homes England to deliver more quality new homes where they are needed. We share many common goals with local authorities - responding to climate change, reducing homelessness and enabling people to find a home they can afford.	• members of the board participated in our in-depth assessment (IDA) and the regulator attended our July board meeting • regulatory matters are regularly considered by the board • condensation, damp and mould management and performance oversight	• more than 50% of our customers live in our four key local authorities and we engage with these groups regularly, providing performance updates	• reaffirmation of our G1/V1 regulatory ratings following our IDA in the summer of 2022 • 300 homes completed using homes England grant funding • we have secured £3.5m from the Social Housing Decarbonisation Fund to improve the energy efficiency of our homes • 27% of our new lettings in the year were to the homeless
Suppliers	Along with our colleagues, our suppliers play a pivotal part in delivering services and business activity as effectively and efficiently as possible.	• the board approves the Bromford Modern Slavery Statement • commercial/ supplier risk is monitored through our key strategic risk register	• regular meetings with suppliers to agree and monitor performance	• insourced gas servicing activity in the north of our geography to deliver performance and cost improvement

Report of the chair of the remuneration and nominations committee

How the committee works

The committee members are two independent non-executive directors and, because of the wider remit of the committee, which includes nominations as well as remuneration, the chief executive is also a member.

Interests of those present are managed carefully and the chief executive is not present in any decision making that concerns his own role or remuneration. The independent non-executive directors are in the majority. The committee is also served from the regular attendance of the chief people officer and company secretary. Other members of the executive have attended to present specific items.

The committee also draws upon the expertise of external advisors. Over the past 12 months, the committee has engaged Forest HR to support executive benchmarking and Odgers Berndtson who have supported the non-executive director recruitment process.

Committee members

Neil Rimmer

chair, non-executive director and SID

Jerry Toher

non-executive director

Robert Nettleton

chief executive

During the financial year 2022 to 2023 we met on five occasions.

I am pleased to present the committee’s report into the key activities undertaken during the 2022 to 2023 financial year. I would like to thank my fellow committee members and standing attendees.

The internally facilitated committee effectiveness evaluation this year included an assessment of our performance as a committee. The findings were positive and have provided some good feedback to ensure that the committee continues to develop.

Neil Rimmer
Chair – Remuneration & Nominations Committee

Roles and responsibilities of the committee

The committee serves as both the Remuneration Committee and Nominations Committee and deals with matters relating to:

- the appointment and removal of non-executive directors and the chief executive ensuring Bromford has the right skills to deliver the strategy. There is a rigorous process for recruitment and external consultants have been engaged in the most recent rounds to support more diversity.
- board skills and composition, recruitment, succession planning and board effectiveness. The committee oversees the Board Skills Matrix and is receiving updates on plans for Executive succession. The committee manages the arrangements for board effectiveness and the annual re-appointments process for NEDs and makes recommendations to board in this respect.
- the remuneration of the board of directors, the executive, leadership team and company secretary. We ensure that board and director remuneration is appropriate, externally benchmarked, aligned and supports the group's strategy and values. We ensure that executive reward is in line with the offer to other Bromford colleagues. We have oversight of the Bromford's pension arrangements.

Chair's report on the year

Non-executive remuneration

We make recommendations to board on NED remuneration. During the year and supported by an external benchmarking exercise, the committee recommended changes to NED remuneration that were implemented by board and will be effective from 1 April 2023.

Board appointments and recruitment

During the year we were pleased to welcome Dame Sandra Horley from 1 May 2022 as a board member and Chair of CCIN. Sandra was appointed following an interview process including a meeting with CCIN members. The recruitment process was supported by consultants Odgers Berndtson.

During the year we received the resignation of Carolyn Downs. I would like to thank Carolyn for her service to Bromford and wish her well for the future.

Board effectiveness and annual re-appointments process

The committee plays an active role in ensuring that the board continues to be effective. The committee manages the process for the annual board effectiveness review, which in accordance with the requirements of the UK Corporate Governance Code, is externally facilitated every three years. The last external review was carried out in 2021 by Altair. This year we carried out an internal review facilitated by the group chair and supported by the committee. Each board member completed an electronic survey and there were 121 discussions between the chair and each NED.

The findings continue to be positive but there is, of course, always room for improvement and our board development plan for 2022 to 2023 focusses on:

- **Skills and diversity –** The committee has been asked to ensure that diversity remains an area of focus to ensure the board has the right mix of experience, skills, diversity, social and ethnic background.
- **Governance and board reporting –** We will reduce the number of board meetings from 10 to 9 each year; we will ensure that board reports continue to be strategic, forward looking and focus on priorities; and we will provide time at the board meeting to receive strategic presentations.
- **Engagement with customers and colleagues –** We will continue to engage with CCIN and also increase opportunities for NEDs to engage with colleagues through customer focused and property focused visits.

During the summer of 2023 there will be an external board effectiveness review when there will be a review of our skills matrix and gap analysis that will help us consider the future make-up of the board and make plans as our chair, Steve Dando, comes to the end of his term of office during 2023 to 2024.

All NEDs are subject to annual re-election and the committee oversees this process. To support this process an evaluation of each NED is carried out by the chair who considers whether their contribution continues to be important to Bromford's long term sustainable success.

As Senior Independent Director, I evaluate the chair and to help with this process I held a closed session with other NEDs.

The committee considered the feedback from these evaluations and made a recommendation to the board in respect of this process. The committee confirmed that all members continued to add value to the work of the board and the board agreed that all the current non-executive members be re-appointed for a further year.

Executive pay and reward

In respect of executive pay the committee agrees the following:

- the executive pay award
- the targets for and payments made under the executive PRP Scheme
- whether to make any changes to pay for the executive based on benchmarking information

The committee considered the executive pay award for 2022 to 2023. It was agreed that this should be the same as that for all colleagues – a 4% pay award and that a discretionary amount of 2% of the pay budget should be made available to deal with targeted market corrections. The allocation of the 2% amount is also the responsibility of the committee and following a benchmarking exercise, the committee also made awards in this respect.

In June 2022, based on a previous decision of the Committee, a 4% bonus was paid to the executive for activity carried out in 2021 to 2022.

The committee also considered the PRP award for the executive for 2022 to 2023. Although the PRP targets were unlikely to be achieved, we used our discretion, and it was considered that in view of the exceptional circumstances and aligned to the incentive award to be paid to all colleagues, the executive and functional directors should also receive a recognition payment of £1,000. Our chief executive declined this payment. This discretionary payment was made to the executive in June 2023.

During the year Forest HR were asked to undertake an independent market pay and reward benchmarking exercise for the executive and functional directors. This helps the committee consider whether executive pay is appropriate. No benchmarking anomalies were found.

Robert Nettleton left the meeting during the discussion of any items concerning his own remuneration.

People strategy

At each meeting we receive an update from the chief people officer, Fiona Regan, on progress against the people strategy and her plans for its further development to ensure that Bromford remains fit for the future. We have been kept informed about the outcome of the Great Place to Work Survey and colleague thriving survey and of plans and next steps to respond. The committee has also considered our Gender Pay Gap report. I am appointed as our colleague engagement non-executive director.

All NEDs engage with colleagues across the business as part of our development activity.

Executive leadership

Our role is to keep under review executive leadership needs to ensure Bromford's long term success and its continued ability to deliver its strategy and to ensure it continues to meet the expectations of its stakeholders, regulators and customers.

During the year, the chief executive has appointed a new chief customer officer.

Leadership development activity is taking place across the group which will contribute to the development of our leadership pipeline.

Alignment across the business process

There is strong alignment between executive pay and our executive pay policies and those for all colleagues:

- the pension arrangements for the executive are the same as are on offer to Bromford colleagues
- the performance related pay gateway targets for the executive and our new contract colleague PRP scheme focuses on activity that supports Bromford's long term sustainable success
- we have blended schemes for both members of the executive and other colleagues. These schemes provide access to a higher level of PRP based on commercial activity and provide Bromford with greater external market relativity in terms of remuneration
- benchmarking takes place for both the executive and all colleagues

Pensions

Over the year we have provided oversight of Bromford's various pension arrangements, scheme membership and management and general pension issues relating to all colleagues. We receive a six monthly update on Bromford's pension arrangements. The committee makes recommendations to the board.

Report of the chair of the treasury committee

How the committee works

The treasury committee members are two independent non-executive directors and the chief finance officer. The committee is also served through the appointment of an experienced independent adviser Alex Gipson and benefits from the regular attendance of the chief executive officer and director of treasury.

The committee also draws upon the expertise of external firms of legal and treasury advisers who are appointed on specific projects of higher complexity where market benchmarking, strategic input or deal execution is required. Examples in the year include the appointment of advisers to review the group's treasury management policy; advise on market conditions and our funding strategy in a rising rate environment; exiting complex interest rate derivatives and successfully publishing Building a Sustainable Future, our inaugural sustainability impact report.

The committee provides oversight and advice to the board on the matters listed in its terms of reference and reports to the board on those matters after each meeting, most notably on proposals for new funding or refinancing of legacy debt and investment. The committee reviewed its terms of reference and effectiveness as part of an annual cycle.

Committee members

Jerry Toher

chair and non-executive director

Steve Dando

non-executive director

Paul Walsh

chief finance officer

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I am pleased to present the committee's report into the key activities undertaken during the 2022 to 2023 financial year. I would like to thank my fellow committee members, standing attendees and the specialist treasury adviser to the committee, Alex Gipson.

The internally facilitated treasury committee effectiveness evaluation this year included an assessment of our performance as a committee. I am pleased that this concluded we operate effectively and that our board can take assurance from the quality of our work. The committee members and our advisers continue to bring a range of recent and relevant specialist experience from the treasury and funding markets.

In a year of continuing market uncertainty borne out of political instability and an economic downturn, the 2022 to 2023 financial year presented new challenges with an elevated interest rate environment; sector wide credit rating downgrades; and an ever-increasing focus on linking our sustainability performance to funding. Throughout these challenges, the committee has continued to deliver the group's Treasury Strategy and provided our board with assurance that risks have been appropriately mitigated and opportunities appropriately leveraged.

Jerry Toher
Chair - Treasury Committee

Roles and responsibilities of the committee

The committee is responsible for delivering the group's Treasury Strategy, including the management of its existing loan book and delivery of new funding to realise the group's corporate strategic objectives. The committee oversee all associated treasury risks including complying with funder covenants; maintaining strong credit ratings; managing cash and long-term deposits; establishing counter-party credit line parameters; protecting against mark-to-market exposure on callable swaps; and ensuring the new funding strategy remains deliverable.

Chair's report on the year

Maintaining Bromford's sector leading dual credit rating platform

With the onset of the 7% rent cap against the rising tide of inflation, the committee considered shadow credit rating analysis on each new iteration of the group's business plan as underlying macro-economic and input assumptions were updated over time.

The shadow credit rating analysis set out the group's baseline credit assessments under a range of adverse scenarios and the routes back to safe harbour to the A2/A+ space through the reprofiling of operational costs, capital costs and the delivery of new homes without compromising customer experience or delivery of our strategy.

The committee was also apprised of the annual rating updates from Moody's and S&P Global Ratings with the A2/A+ dual credit rating being reaffirmed in January 2023, despite broader sector wide downgrades. The agencies cited our strong financial performance, healthy liquidity and a prudent approach to cost management to work through inflationary pressures as key credit strengths.

Determining Bromford's new funding strategy: capital markets

Our latest business plan suggests new drawn funding will be required by November 2023. We had expected this to be a return to the public bond market for a benchmark sized issue of £250m to complement our debut bond which is now five years old.

However, as interest rates rose sharply, the committee were mindful of the cost of carrying a significant volume of additional debt and the impact it would have on Bromford's annual interest costs and credit ratings.

Throughout the year, the committee were apprised with regular market updates, particular at junctures where the markets were closed, or gilts and pricing were volatile.

With rates remaining elevated and with strong demand for Bromford investment in the private placement market, the committee re-assessed the funding strategy in November 2022 with our next funding expected to be a reduced ticket size of £100m with private investors. The committee will continue to consider its capital markets strategy as rates move further and further data points emerge with more issuance in the sector.

Optimising Bromford's treasury management policy (refinancing risk)

Bromford has completed eight capital market issuances over the past four years and expect to be a regular, repeat issuer.

The committee monitor Bromford's repayment curve to ensure that new debt is issued across a range of tenors and amortising repayment curves to avoid a significant wall of refinancing in any given single year or continuous, rolling five year period. Bromford is also in regular dialogue with investors to ensure our tenor curve remains open and attractive for new investment.

To optimise across these two core themes of refinancing risk, in July 2022, Treasury Committee approved an enhancement to Bromford's treasury management policy to create a two-tiered approach to set refinancing parameters separately for the near term (within 10 years) and the longer term (year 11 onward). Refinancing risk is more acute in the shorter term and no change was made to the existing refinancing limits. In the longer term, the business and loanbook is likely to develop considerably and refinancing risk can more readily be mitigated ahead of time, so the refinancing limits were lifted marginally:

Years 1 to 10:
single year limit 15% (no change)
five year limit 35% (no change)

Year 11 onwards:
single year limit 20% (5% increase)
five year limit 40% (5% increase)

Approving Bromford's new funding strategy: undrawn facilities

Strength in liquidity enables Bromford to pursue its investment programme across existing and new homes with greater certainty. Ample liquidity is also a key feature of any regulatory review and scores heavily in credit analysis with both Moody's and S&P.

Bromford now carries lower levels of cash funding than in previous years as the proceeds of deferred funding are invested and no new drawn funding has been entered into during the year. The business plan has also been updated to reflect a revised new homes plan and the timing of underlying grant funding. These factors combine to require greater levels of undrawn facilities to support liquidity moving forwards whilst optimising the cost of carry on new debt.

The committee were presented with a new funding proposal at each new iteration of the business plan, with undrawn facilities appropriately expanded to meet business, regulatory and credit rating requirements. The committee interrogated the assumptions behind this analysis and examined the required levels of liquidity and undrawn facilities under a range of adverse scenarios, before approving an increase from the current base of £338m to £365m.

As we continue to develop our business plan, the committee continues to assess liquidity requirements and the undrawn facilities are likely to be expanded further over future years with the committee's approval.

The committee also approved the expansion of credit lines from four providers to five, with a new facility with the Dutch lender ABN Amro to go live in July 2023.

Exiting Bromford's redundant interest rate hedges

The group had historically entered into six ISDA arrangements with Barclays and Lloyds to hedge variable debt. These ISDAs were never assigned to specific underlying loans and hedge accounting was never employed by the group. As the volume of variable debt has reduced over time, the ISDA arrangements have been become ineffective and are surplus to requirements.

In November 2022, the committee, with advice from specialist advisers at Newbridge, oversaw and approved a proposal to exit three vanilla ISDAs, as we leveraged the high interest rate economy to reduce break costs to £1.1m and crystallised a mark to market surplus in the SOCI of £6.3m. The three remaining ISDAs all carry Bermudan options and after careful analysis, the committee considered the costs associated with their exit to not be economically viable at the current time.

The three vanilla ISDAs were exited in March 2023.

Optimising Bromford's group structure: BHA-MHS amalgamation

In July 2022, the committee assessed the consent requirements for the amalgamation of the group's two housing associations into a single entity. The amalgamation will drive further structural simplicity and operational efficiency.

The committee set clear guidelines for amalgamation: there is to be no dilution to funder covenants and no sacrifice of embedded value in the pricing of the associated loans.

Risk, policy and governance consideration

The committee was also responsible for monitoring key treasury risks and ensuring an appropriate treasury management policy and other processes were in place to mitigate these risks and address the associated challenges. The key areas of activity are summarised below.

Compliance with Bromford's funder covenants.	The committee considers and reviews core treasury performance on a monthly basis. The committee reviews the out-turn for financial covenants (interest cover and asset gearing) against budget and business plan projections, making appropriate enquiry for any material movements. The committee also assesses compliance with the corresponding financial framework and golden rules and monitors the levels of headroom established at each month end. Bromford continues to perform well against its funder covenants and closed the year with interest cover at 3.1 (with over twice the headroom against the covenant of 1.1) and asset gearing at 40% (with significant headroom against the covenant of 67%).
Managing Bromford's cash and long term deposits.	In July 2022, as the era of negative interest rates was over and deposit rates reached elevated levels, the committee formally approved an update to the treasury management policy to explicitly allow for investment in government treasury bills and long term bank deposit accounts. The committee set appropriate parameters for such investment; with deposit term limited to six months and the total cash deposits not available same day to not exceed 50% of available cash up to a maximum of £100m. Bromford's existing policy on institutional holdings also continued; requiring counter parties to meet minimum counterparty credit ratings and deposit values not exceeding predetermined levels (£50m for institutions with credit ratings of at least A1/A+/A+ or £25m for institutions with credit ratings at least A3/A-/A-). Over the year, a number of investments and deposits were made within these parameters, delivering over £2m of additional interest income against the previous year. Notably, only £50m of cash deposits unavailable same day were held at the year end given Bromford's reducing cash balance. These are due to mature into same day cash in April 2023.
Managing Bromford's counterparty credit line risk.	The group continues to benefit from £338m of undrawn facilities, successfully diversified across four separate funders in the previous financial year. These facilities will be refinanced and expanded over the coming financial year, with the committee already having approved a new undrawn facility base of £365m. As the committee undertakes further review on the updated business plan, the undrawn facilities are likely to be expanded even further over the coming years. The committee has also approved entry into a new facility with a new overseas lender, the Dutch bank ABN Amro, in July 2023, successfully expanding credit lines to five partners, with undrawn funding from any single provider limited to no more than 60% of all undrawn funds.
Managing Bromford's mark-to-market exposure on callable swaps.	The committee reviews the group's exposure to market calls on its three ISDAs held under two agreements every month to ensure all off market positions are fully collateralised with £15m of headroom. The ISDAs were never assigned to specific underlying loans. As the volume of variable debt has reduced over time, the ISDA arrangements have been become surplus to requirements. The committee, with advice from specialist advisers at Newbridge, oversaw and approved a proposal to exit three vanilla ISDAs. The three vanilla ISDAs were exited in March 2023. The three remaining ISDAs all carry Bermudan options and after careful analysis, the committee considered the costs associated with their exit to not be economically viable at the current time and the mark-to-market exposure on these will continue to be monitored.

Report of the chair of the audit and risk committee

How the committee works

All members of the committee are independent non-executive directors. Across the committee membership, there is a diverse range of experience in business, finance, auditing and risk, with depth of experience in the housing development and the public and housing sectors.

Other regular attendees at meetings at the invitation of the committee include the chief executive, the chief finance officer, chief risk officer and wider executive team, the company secretary, other members of senior management, representatives from the external provider of internal audit (PwC) and representatives from the external auditor (Beever and Struthers). None of these attendees are members of the committee but can be drawn on for their expertise.

The committee provides oversight and advice to the board on the matters listed in its terms of reference and reports to the board on those matters after each meeting. The terms of reference are reviewed annually and board last approved these in November 2022.

The committee is authorised to seek external legal or other independent professional advice but did not need to do so during the year. The committee did consider the work of corporate advisors and specialists regarding material risk, governance and control aspects as part of board oversight.

The committee has the opportunity to hold private discussions with the internal and external auditors without management present. The committee chair regularly holds one-to-one meetings with the chief risk officer, chief finance officer and external auditors to better understand any areas for concern or issues.

Committee members

Charles Hutton-Potts

chair and non-executive director

Richard Bird

non-executive director

Carolyn Downs

non-executive director (retired as member effective 20 March 2023)

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I am pleased to present the committee’s report into the key activities undertaken during 2022 to 2023. I would like to thank my follow committee members, standing attendees, PwC and Beever and Struthers for their contributions, open discussion, insight and support during this period. I’d like to thank Carolyn Downs for her contributions and wish her well for future endeavours following her resignation from the committee.

The internally facilitated audit and risk committee effectiveness evaluation this year included an assessment of our performance as a committee. I am pleased that this concluded that we operate effectively and that board can take assurance from the quality of our work. The committee members continue to bring a range of recent and relevant experience across various industries.

Many of the challenges remain unchanged from last year and continue to impact the risk profile for Bromford; the ongoing war in Ukraine, record levels of inflation and resource and skills shortages. This winter saw the cost of living crisis escalate and there is a stronger external lens on the broader sector issues in relation to the condition of UK housing especially condensation, damp and mould. Throughout this the committee has continued to provide the board with assurance as to the effectiveness of the risk and internal controls and advice and oversight in relation to the current and future risk exposures. Understanding the impact to risk management is key, while continuing to focus on the safety and wellbeing of customers and colleagues.

Charles Hutton-Potts
Chair – Audit and Risk Committee

Roles and responsibilities of the committee

The committee monitors the integrity of financial reporting, the audit process and Bromford's system of internal control. The committee also oversees risk management, regulatory reporting and compliance, including landlord health and safety. The committee makes recommendations to the board on the level of risk appetite acceptable to the organisation.

Chair's report on the year

The committee has an extensive agenda focusing on the audit, risk and assurance processes within Bromford. Some key areas for discussion for the committee during 2022 to 2023 included:

Internal audit

- reviewed and approved the proposal to move to a co-source arrangement for internal audit, effective April 2023
- considered internal audit reports presented to the committee and satisfied itself that management had resolved or was in the process of resolving outstanding actions
- reviewed and approved the internal audit plan for 2023 to 2024

Internal controls and risk management

- reviewed the Risk Appetite Framework
- received regular updates in relation to the governance and risk management in the transformation programme
- post cyber incident recovery oversight and monitoring
- received updates throughout the year on the outcomes of penetration and vulnerability testing
- received regular updates in relation to landlord compliance performance
- reviewed and approved the second line assurance plan for 2023 to 2024
- reviewed the second line assurance reports and had oversight of the closure of material actions

Financial and regulatory reporting

- reviewed and discussed the financial statements, considered the accounting judgements and policies applied and assessed the findings of the statutory audit in respect of the integrity of the financial reporting of full and half year results
- reviewed the 2022 to 2023 annual report and accounts and provided a recommendation to the board that as a whole they complied with the 2018 Code to be fair, balanced and understandable
- received and approved Bromford market trading updates

External audit

- reviewed the proposed audit plan for the 2022 to 2023 audit, including the key audit risks, audit report from Beever and Struthers on the financial statements and the areas of particular focus for the 2022 to 2023 audit
- assessed the effectiveness of the external auditor
- agreed audit fees for the year ended 31 March 2023

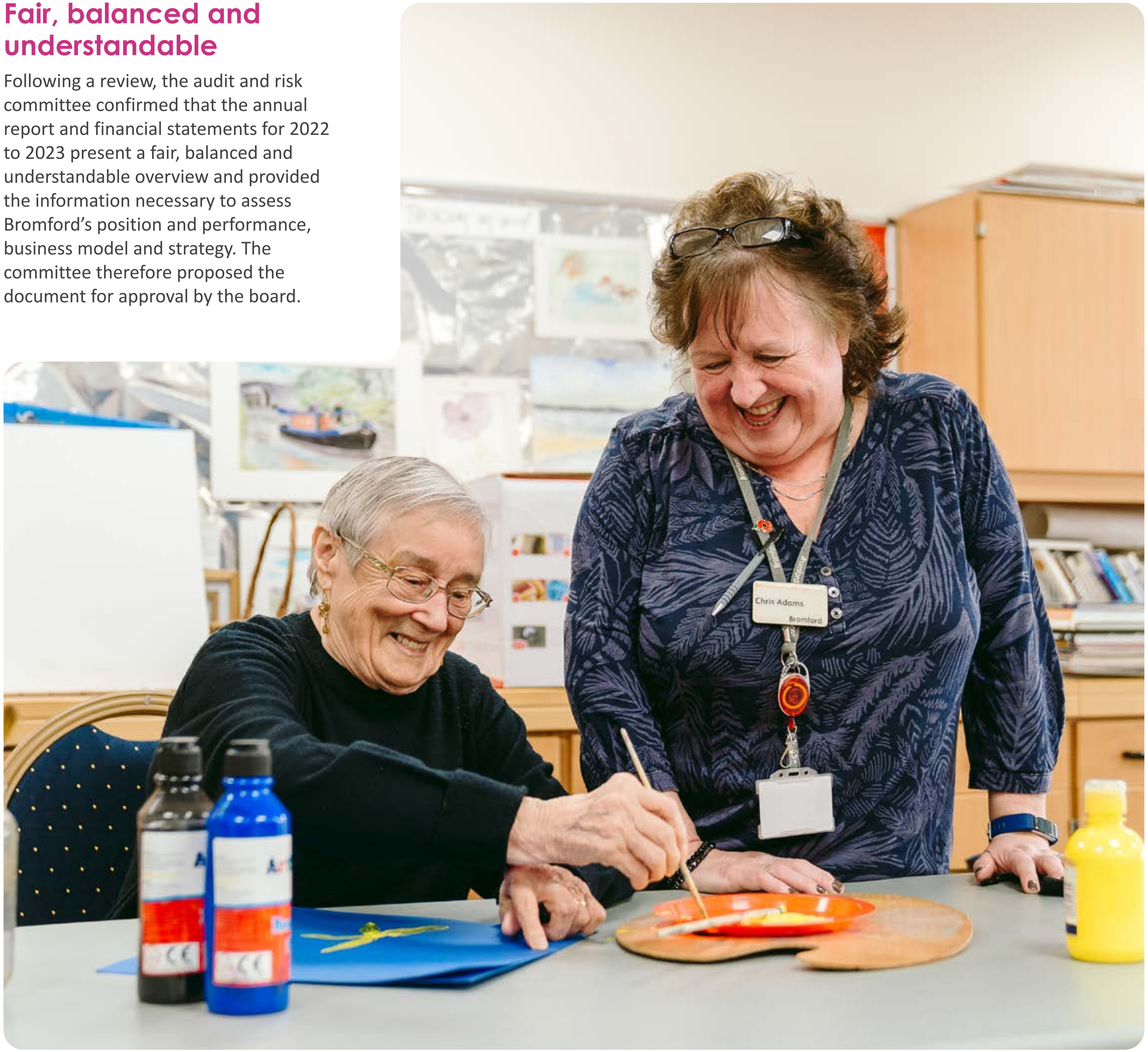
Preparation of the financial statements and external financial reporting

Internal controls and risk management systems have been in place to provide assurance over the preparation of the annual report and accounts. Information submitted for inclusion in the financial statements is attested by individuals with appropriate knowledge and experience. The committee ensures that disclosures reflect the supporting detail or challenges them to explain and justify their interpretation. The annual report and accounts are scrutinised throughout the process by relevant senior stakeholders. Key controls in the process are subject to regular testing, the results of which are reported to the committee.

One of our key roles is to monitor, review and challenge the financial reports prepared by management and oversee the assurance carried out by external auditors, before requesting board approval. The external auditor supports this process, by auditing the accounting records against agreed accounting practices, relevant laws and regulations. Beever and Struthers' audit report can be found on page 73.

Fair, balanced and understandable

Following a review, the audit and risk committee confirmed that the annual report and financial statements for 2022 to 2023 present a fair, balanced and understandable overview and provided the information necessary to assess Bromford's position and performance, business model and strategy. The committee therefore proposed the document for approval by the board.



The audit plan and strategy for the year identified the key audit matters which are considered below.

Key audit matter	Committee response
Loan Covenants and Treasury Management	The Group has borrowings, which includes undrawn facilities, predominantly revolving credit facilities. The Group has standalone interest rate swaps for periods up to 2032 to manage mark-to-market exposure. These have been categorised as non-basic and are measured at fair value. The loan covenant calculations as at 31 March 2023 show that the loan covenant position is compliant with funder requirements across the Group. Following audit testing across a number of areas the external auditor found no issues of concern in this area. In line with Auditing Standards, the external auditor reviewed judgements and estimates until the point of signing the financial statements. Management gave assurances that the group will remain a going concern and is able to avoid breaching its loan covenants even in a serious stressed scenario. The committee was satisfied with outcomes and management response.
Key Judgements and Estimates	The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for revenues and expenses during the year. The external auditor undertook testing to assess whether the key judgements and estimates have been made appropriately in line with the industry and are disclosed satisfactorily in the financial statements. The committee was satisfied with the outcomes of the audit which noted the results of the work proved satisfactory.
Housing Properties	During the year the Group capitalised £42.8m of improvement works. Bromford has reviewed their capitalisation approach and reduced the de minimis threshold for component capitalisation from £5,000 to £1,500. The impact of this was £0.7m of component items additionally capitalised in 2022/23. The external auditor sampled capitalised items between £1,500 and £5,000 to ensure they meet the requirements to be capitalised and have been capitalised appropriately. The committee was satisfied with the outcomes of the audit which noted no issues of concern.
Development and Sales	During the year new developments are capitalised by the Group. The Group delivered 1,265 new homes during 2022/23. The external auditor tested a number of areas including the key controls over the approval and recording of development expenditure and disposals, including development appraisal assumptions and assessed the accounting policies for capitalising development overheads and interest on loans. The committee was satisfied with the outcomes of the audit which noted no issues of concern.
Defined Benefit Pension Schemes	Bromford participates in the Avon pension fund (LGPS) and the Bromford pension scheme. After exiting the Staffordshire County Council pension scheme (LGPS) in 2018 Bromford entered a Funding Agreement. In October 2022 the fund served notice to terminate that funding agreement with a cessation payment of zero. At 31 March 2022 a pension asset was incorrectly recorded in the statutory accounts through other comprehensive income (OCI). Bromford proposes a prior year adjustment to remove the pension asset since the scheme had been exited and no money was recoverable. At 31 March 2023 the valuations of the schemes rely on a number of actuarial assumptions, which are approved by Bromford. Management gave assurances to the committee that the actuaries used appropriate assumptions and are derived on a consistent basis, year on year. The external auditor noted the financial statements show balances and disclosures in line with the actuarial reports. The external auditor compared the asset split for the group’s share of the scheme assets against the total asset split of the pension schemes and found no significant variances. The committee was satisfied that the appropriate assumptions were within a reasonable range and was satisfied with the outcomes of the audit which noted the external auditor was satisfied with Bromford’s treatment of the removal of the pension asset.

Key audit matter	Committee response
Recoverability of Long-Term Debtor	As at 31 March 2023, Bromford Housing Group Limited had a long-term debtor balance of £704m from group companies due to the on-lending of finance received from bonds issued. The external auditor tested a number of areas including a review of the forecast results to identify whether there are any indications that BHG subsidiaries will not be able to repay the intercompany loan, a review of the directors' going concern assessment of BHG subsidiaries and a review of the disclosures of the long-term debtor in BHG's accounts and the associated creditor in the BHG's subsidiaries' accounts. The external auditor found that the assumptions used in the business plan were reasonable and in line with actual performance. The committee was satisfied with the outcomes of the audit which noted no issues of concern with performance or going concern for any entities in the Group.

Bromford operates a three lines assurance model, targeted at areas of greatest risk. Using a risk-based approach provides an effective programme of assurance which considers areas that we know are high risk. This approach ensures clear separation between risk and control ownership (first line), oversight, support and challenge (second line) and audit (third line). We regularly reassess our assurance activity as risk is reduced in certain areas and increased where new risks are emerging, resulting in a proportionate assurance application.

Internal audit

Internal audit is an independent assurance function, provided by PricewaterhouseCoopers (PwC), which is available to the board, audit and risk committee and all levels of management. The role of internal audit is to provide assurance that Bromford's risk management and internal control systems are well designed and operate effectively and that any corrective action is taken in a timely manner.

This year the audit and risk committee approved the proposal to move to a co-source arrangement. This change saw Bromford appoint a new role, head of internal audit, in February 2023 and the co-source arrangement will commence in April 2023, with PwC continuing with their provision of internal audit services through the Cross Council Assurance Service (CCAS) Framework. Co-source arrangement structures add value through greater access to specific areas of expertise and increased ability to flex resources.

Each year internal audit develops an annual risk-based audit plan for approval by the audit and risk committee which is supported by regular reporting that enables the committee to monitor delivery of the audit plan. The plan is created using a combination of PwC's housing sector experience, internal assessment of the risks to Bromford, the Regulator of Social Housing (RSH) sector risk profile report and feedback from the leadership team. The scope of work takes account of the function's own assessment of risks, the input of first and second-line management and the audit and risk committee itself. The plan for 2023 to 2024 has developed further to include internally delivered internal audit and the creation of the forward plan is now owned by Bromford's head of internal audit.

An internal control system can provide reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

Risk management

Bromford has a risk management process in place through which our principal risks and related controls are identified, assessed and managed. Our board has overall responsibility for setting our risk appetite and ensuring there is an effective risk management process in place. Applying the principles of risk management effectively allows Bromford to create value, by enabling us to take informed decisions whilst protecting value by reducing the uncertainty of achieving our strategy.

We operate a five-step risk management process. These steps are designed to identify problems before they occur, so that risk management activity may be planned and invoked as needed to mitigate impacts on achieving our strategy.

We think of risk as those things that could prevent us from achieving our strategic goals. Our approach to risk management is designed to enable the business to deliver its strategic goals while managing the inherent uncertainty that can manifest itself as both opportunities and threats to these outcomes. The board defines clear statements and tolerances that set out the type and amount of risk we are prepared to assume as we delivery our strategy. Regular reporting to board highlights any movement in the assessment of key risks.

Step 1

Risk identification

- Consider strategy and business plans.

Step 2

Risk assessment

- Estimate likelihood risks will occur.
- Consider impact across the wider business.

Step 3

Risk analysis

- Compare assessment to established risk appetite.
- Agree to treat, tolerate, transfer or terminate the risk.

Step 4

Risk response

- Put in place effective strategies to remediate defective controls or implement additional controls.
- Determine further action that may be necessary.

Step 5

Risk reporting

- Operational risks to business, forum and committee.
- Strategic risks to forum, committee and board.

The board
- sets the risk culture
- sets and regularly reviews risk appetite
- makes risk informed decisions
- undertakes annual assessment of strategic risks

Delegated authority

Report

Audit and Risk Committee

Supports the board in monitoring significant risk, tracking progress of risk management and tracking of internal audit activity and outputs

Delegated authority

Report

Executive committee, risk and compliance forum

Supports the board in the management of risk

Report

Report

Report

Report

First line of assurance

Business units

- day to day management of risks in line with the frameworks and risk appetite set
- identify, assess and respond to risk identified
- define, implement and monitor key controls
- activities are embedded with the teams that are responsible for the activity so that colleagues with the right expertise are carrying out checks

Second line of assurance

Business units

- define the risk frameworks
- ensure adequate first line has been undertaken through a business partnering model
- quality checks and review of systems and controls
- provide advice and challenge to business units
- risk team complete ad hoc risk reviews to test risks are being managed in line with our risk appetite

Third line of assurance

Internal audit

- provide independent and objective challenge
- conduct control testing across first and second line
- assesses effectiveness of the risk programmes by analysis of key controls
- evaluates internal control environment
- highlight areas of risk not being managed within appetite or where we may need to recalibrate our appetite in the context of internal or external change

Inform and improve

Inform and improve

Risk appetite

Our board has defined the risk appetite statements and metrics which are central to the core elements of our strategy. Across five key enterprise risk types they set out the type and amount of risk we are prepared to accept as we deliver our strategy, plans and run our day-to-day operations. These are integral to our corporate decision making. While the risk appetite statements below align with the year we are reporting on, we have made a number of changes to the risk appetite statements to align with and support our new strategy which launched on 1 April 2023.

No business is free of risk and to deliver our strategy we often need to take risk. We only take risk that is in line with our risk appetite, our purpose, our DNA and our strategy. Risk we accept must be clearly understood and regularly reviewed and managed effectively. We measure, monitor and report our exposures within agreed tolerances, with forward looking risk indicators and triggers in place. In some areas we have risks for which we have little or no appetite however the nature of these risks mean they cannot be eliminated completely.

	Committee response	Averse	Minimal	Balanced	Open	Embracing
Legal and regulatory	Our risk appetite is minimal, as we will do everything that is reasonably practicable to ensure compliance and is averse with respect to landlord asset compliance and health and safety risks, meaning we do everything we can to ensure compliance with landlord obligations.					
Operational	Our appetite is balanced as whilst we will explore new options for providing our services, we remain focused on operating our business to ensure a minimal level of disruption to our customers, brand and reputation.					
Financial	Our appetite is balanced, as we will not accept risks which threaten our financial viability, but we will be open to diverse investment options and innovative arrangements to achieve our strategy, however we will not accept risks which materially threaten our financial viability.					
Development/ commercial	Our appetite is open as we seek to remain competitive in the marketplace whilst proactively seeking new opportunities for sustainable growth both in the short and longer term.					
Strategic	As an innovative business our strategic risk appetite is open as we have set ambitious plans and have multiple channels for delivery, but we will not compromise on the provision of warm, safe and secure homes.					

In addition to managing the inherent risks for Bromford, we focus on the health and wellbeing of our customers, communities and colleagues as our priority and have an averse risk appetite for any health and safety risk caused. We are committed to our sustainability agenda and continue to focus on our journey to net zero carbon. More detail is found on page 15 and this is supported by our sustainability key strategic risk on page 66.

Our principal risks

The board reviews the principal risks, appetite and tolerances annually and the last review was in November 2022. The risks and associated indicators are monitored monthly by the board. Business risks are monitored for emerging threats and operational trends, with escalation through executive forums, audit and risk committee and then to board.

The list of principal risks does not comprise all of the risks Bromford faces and they are not presented in order of importance. The nature of the risk means the landscape can alter and we ensure our regular updates to the risks reflect this. Below we set out the profile of risks for Bromford.

Death, injury or harm

Direction of travel: static ●●●●

Link to strategy: Future ready

Risk: Our approach to health and safety lacks robust controls and oversight. This results in death, injury or harm caused to colleagues, customers, contractors or the public.

Risk mitigations

- a well-established health and safety policy and framework sets out no one should be harmed by what we do
- audit and risk committee and board receive independent assurance from technical experts throughout the year
- monitoring of our supply chain to ensure safe practice
- safety Hub, our dedicated health and safety software allows real time recording of incidents and near misses to allow prompt review and analysis
- external health and safety provider for our construction subsidiary (BDL)

Changes in year

- new health and safety strategy reviewed and approved by board
- health and safety training requirements by role reviewed and ongoing compliance/ training monitored
- new e-learning module on condensation, damp and mould launched as mandatory learning for all colleagues
- approval to change our independent assurance provider
- moved to a new provider Safety Services UK (SSUK) in our construction subsidiary

Environment and sustainability

Direction of travel: static ●●●●

Link to strategy: Future ready

Risk: Responding to our 2030 carbon reduction requirements in our new and existing homes. This may result in material financial implications, regulatory intervention and reputational damage.

Risk mitigations

- delivering EPC rating C by 2028 ahead of the government 2030 requirement
- roadmap to 2050 net zero carbon developed which is monitored through the sustainability group
- full costs for delivery embedded in 30 year business plan

Changes in year

- dedicated sustainability resource has increased by two colleagues
- sustainability workshop held with Customer and Communities Influence Network (CCIN). representatives to help understand what customer priorities are
- secured £3.5m government funding to improve the energy efficiency of our homes
- new sustainability framework developed to underpin decision making from April 2023
- Moody's ESG credit impact score confirmed as CIS-2 Neutral to Low

Financial pressures for customers

Direction of travel: worsening

Link to strategy: Our relationship with customers

Risk: Uncertainty with the external environment leads to increased financial pressure for customers.

Risk mitigations

- our coaching approach is designed to support our customers
- the customer and communities' model is subject to an annual effectiveness review, reported to board
- income management policies in place to support colleagues and customers

Changes in year

- dedicated Cost of Living Group established to support customers
- income colleagues have supported customers in securing additional income of over £250k
- money Matters campaign launched online for Bromford customers to offer help and advice on managing their money
- dedicated customer forum established
- new customer framework developed to underpin decision making from April 2023

Cyber security and network controls

Direction of travel: improving

Link to strategy: Future ready

Risk: Lack of robust network controls and security protocols. This results in susceptibility to service attacks, hacking and unauthorised access.

Risk mitigations

- dedicated Information Security Team and data protection officer responsible for monitoring information security and cyber threat
- mandatory annual cyber security training for all colleagues
- all operational and office teams have business continuity and crisis management plans in place
- information security management systems aligned to ICO/EIC 27000 standards, with oversight through business forums and audit and risk committee reporting

Changes in year

- following a cyber incident this year, a number of security improvements have been deployed to improve security including our technology, our internal operating model and our external partners. Our response was well regarded by external experts
- new head of data governance and information security appointed
- cyber security assessed as part of the internal audit programme
- ongoing vulnerability and penetration testing

Third parties and supply chains

Direction of travel: static

Link to strategy: Future ready

Risk: Failure of third parties and supply chains. This results in adverse cost impact, quality or delays to Bromford.

Risk mitigations

- strategic suppliers have been identified and we are working with them to ensure they have fit for purpose business continuity plans
- business stability of suppliers is tracked through a variety of methods
- contingency supplier capability assessed for single supply and strategic goods or services

Changes in year

- regular contract review and performance meetings, including Key Performance Indicators (KPIs) review and proactive supplier and market assessments
- close monitoring of inflation and working closely with suppliers to manage cost
- principles of new procurement strategy approved in March 2023 for implementation in 2023-24

Development and market sales

Direction of travel: static

Link to strategy: Growing the business

Risk: We fail to deliver our new homes and market sales aspirations. Rising costs, market downturn, competition in the market and/or a lack of opportunity could impact our ability to deliver against plan.

Risk mitigations

- a dedicated forum considers opportunities against strategy to ensure compliance with business policy, tracks programme delivery and monitors the external market for potential impacts
- land forum established
- minimum return rates approved by the board
- board approval for developments that exceed a predetermined financial commitment

Changes in year

- despite turbulent economic conditions throughout the year, we have delivered 1,265 new homes
- working with suppliers to negotiate and hold prices for key materials needed to construct new homes
- first factory built MMC homes delivered at Moreton-in-Marsh in the Cotswolds
- growth plan developed for in-house construction team to ensure higher proportion of homes we build are built by us for our customers

Financial planning and performance

Direction of travel: static ●●●●

Link to strategy: Future ready

Risk: Our financial and resilience planning and/or monitoring fails to mitigate substantial macro-economic or political events.

Risk mitigations

- robust financial planning, stress testing scenarios and resilience plans are in place, incorporating plausible macro-economic and political impacts, with close tracking at forum, committee and board level against the financial framework and golden rules

Changes in year

- frequent revision of the 30 year plan to understand the impacts of risks to our long term business model
- ongoing assessment and monitoring of impact of inflation, interest rate changes and potential for rent caps
- Moody's confirmed our credit rating as A2
- Standard & Poor's confirmed as A+

Regulatory Reporting

Direction of travel: static ●●●●

Link to strategy: Future ready

Risk: We provide delayed, unreliable or incorrect information to the regulator via regulatory returns leading to reputational damage or regulatory intervention.

Risk mitigations

- skilled colleagues to collate, review and challenge regulatory returns. We have an effective level of checks and balances of the data submitted to the regulator
- we use a Leadership Self-Assessment, asking relevant senior leadership colleagues to complete a self-declaration each year

Changes in year

- Tenant Satisfaction Measure (TSM) shadow reporting underway
- increased assurance across second line of assurance for critical regulatory returns
- internal audit overview of regulatory submissions (rent review and SDR)

People

Direction of travel: static ●●●●

Link to strategy: Enabling colleagues to thrive

Risk: A lack of skilled colleagues who are thriving in their role will impact our ability to achieve our objectives. This may be due to a failure to recruit, retain and/or motivate engaged colleagues.

Risk mitigations

- the embedding of our performance management process and both core and leadership competencies to support the ability of colleagues to achieve our objectives
- continuation of our Leadership 50 development
- improving leadership capability for recruitment with the use of unconscious bias training, e-learning for recruitment and workshops to improve the quality of candidates appointed
- regular leadership cafes available for all colleagues in leadership roles. People team colleagues attend to provide advice and upskilling
- continued investment in the accelerating talent programme (three cohorts delivered) and career development programme (two cohorts delivered)
- a clearly defined Equality, Diversity and Inclusion (EDI) road map developed by our Be.You group with champion groups embedded in the organisation

Changes in year

- became a member of the 5% Club, a national group of employers committed to having 5% of their employees in earn and learn positions. We now have over 100 graduates and apprentices at Bromford
- expanded the leadership development programme to all colleagues in leadership positions (L250)
- payment of a 4% pay award and 4% bonus in the year, in addition to agreeing a 5% pay award and £1,000 recognition award to be paid in 2023 to 2024 to support with increasing cost of living and pressure in the recruitment market
- further development of career pathways to assist in the retention of colleagues and to improve the performance of colleagues in role while also providing a route for career development
- reduction in gender pay gap, participation in the female career accelerator programme and nominated for Women in housing award
- Great Places to Work scores increased to 69%

Emerging risks

Emerging risks are upcoming events which present uncertainty but are difficult to assess at the current stage. We use techniques such as horizon scanning to identify and report these risks and emerging risk management ensures we are adequately prepared for the potential opportunities and threats they pose. Business units consider changing, new or emerging risks through regular review and discussion, we produce insight reports and these are shared through the governance channels to highlight new and growing threats. We closely monitor emerging risks that may, with time, become complete Enterprise Risk Management (ERM) risks. We consider the following to be risks that have the potential to increase in significance and affect the performance of Bromford.

		Area	Time Horizon
Macroeconomic uncertainty	The impact of the Ukrainian invasion is ongoing, inflation levels have continued to remain higher than anticipated and interest rates have been rising over the last year. Macroeconomic conditions remain volatile and uncertain, impacting customers and our supply chain. More recently there have been signs of stress in the global banking sector with issues in the US and Swiss markets increasing the risk of contagion into the UK banking sector. In addition, this volatility could slow house building generally as developers become more cautious with their forward programme. It may become difficult to finance our strategic ambitions on affordable terms.	Economic	Short- medium term
Energy market	Wholesale energy prices have fallen from their summer 2022 peak but there is a substantial lag before these feed through to energy consumers. With government support now ending, customers will be impacted by higher energy costs and businesses incurring higher production costs will continue to pass on this cost.	Operational/ customer	Short-medium term
Political landscape	Market confidence has fluctuated following three prime ministers and four chancellors in 2022. While markets have started to settle, a general election in 2024 could see changes to leadership and further changes in policy/ legislation that impact the housing sector.	Political	Medium-long term

Board compliance statements

Statement of compliance with the regulatory standards

The Regulator of Social Housing (RSH), publishes a regulatory framework and regulatory standards. The regulatory standards comprise of the economic standards, namely the governance and financial viability, value for money and rent standards and the consumer standards, namely the tenant involvement and empowerment, home, tenancy and neighbourhood, tenant satisfaction measures and community standards.

One of the core economic standards is the governance and financial viability standard. This requires Registered Providers (RPs) to have effective governance arrangements in place that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner. It also requires RPs to manage their resources effectively, to make sure their viability is maintained whilst ensuring that social housing assets are not put at undue risk. As part of being regulated by the RSH, Bromford is given a rating for governance, as assessed against the governance and financial viability standard.

Following an In-Depth Assessment carried out by the RSH in 2022, Bromford maintains a G1 governance and V1 financial viability rating, the highest ratings on the scale throughout the financial year ended 31 March 2023. Positive feedback by the regulator was focused on customers, board engagement and strategic drive along with landlord compliance and health and safety. The regulator identified two key areas of focus. These were the implementation of an assurance map which will provide the board with a picture of assurance and also the need for accuracy in regulatory returns.

The board is committed to ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015. Bromford's modern slavery statement is available on the website.

Each year the RSH requires RPs to assess their compliance with the governance and financial viability standard and provide assurance to customers and stakeholders that the RSH specific expectations are being complied with.

We undertake an annual review of compliance. The board is assured that Bromford is compliant with the regulatory framework including the governance and financial viability standard and its accompanying code of practice.

Statement of compliance with our code of governance

We have voluntarily adopted the UK Corporate Governance Code 2018 (the code). The code reflects our commercial outlook, focus on achieving the highest possible standards of accountability and transparency and our desire to position ourselves alongside other high-achieving organisations, regardless of sector. As we do not have shareholders in a conventional sense, some aspects of the code do not apply to us. However, we strongly support the objectives that this section aims to achieve and this is reflected in the open and transparent way we deal with our partners and stakeholders. Merlin Housing Society does have legacy shareholders and continues to hold an annual general meeting. The code applies for our financial year 2022 to 2023. Each year the board reviews compliance with the code and during the financial year ended 31 March 2023, we consider that Bromford has complied with all relevant principles and provisions of the code. We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the group's position, performance, business model and strategy.

Statement of board's responsibilities in respect of the board's report and the financial statements

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

Co-operative and Community Benefit Society law requires the board to prepare financial statements for each financial year. Under those regulations the board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the group and the association and enable them to ensure that its financial statements comply with the Cooperative 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 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The board is responsible for the maintenance and integrity of the corporate and financial information included on the group's association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Going concern

The board, after reviewing the group and association's budget for 2023 to 2024 and the group's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and association have adequate resources to continue in business for the foreseeable future.

Accordingly, the financial statements set out on pages 83 to 125 have been prepared on a going concern basis.

Viability statement

As required by the provisions of the UK Corporate Governance Code, the board has undertaken an assessment of the future prospects of Bromford taking into account its current position and principal risks. The assessment includes changes arising from the challenges to the sector such as high levels of inflation and interest rates, potential for further government imposed rent caps and the availability of resource.

This assessment was made using the following core business processes:

Thirty year business plan (the plan) – the board reviews each iteration of the plan during the year as part of its strategic planning process, the most recent business plan was approved in May 2023. This process includes detailed stress testing of the plan which involves flexing a number of assumptions underlying the forecast both individually and together under particular scenarios.

Risk management – as set out in the risk section of the strategic report, Bromford has a structured approach to the management of risk and the principal risks identified are reviewed regularly by the board.

Liquidity – based on the output of the plan and regular reforecasting of cashflows, the board reviews the liquidity position of the group ensuring funding is secured in accordance with Bromford's treasury policy. Current available cash and unutilised loan facilities are over £400m which gives significant headroom for committed spend and other forecast cash flows that arise.

In undertaking this assessment, a period of three years has been selected. For the initial year of this three year period there is a greater level of certainty because detailed annual budgets are prepared and regularly reforecast. Monthly cashflow forecasts are reviewed by the board covering a rolling 36 month period and are used to ensure sufficient facilities are in place. The largest single area of spend remains the development programme and the bulk of the committed programme completes within this timeframe. Whilst development spend and required facilities are planned over a longer term than three years, the period chosen ensures that Bromford is viable beyond its usual development commitment timeframe.

On the basis of this and other matters considered and reviewed by the board during the year, the board has reasonable expectations that Bromford will be able to continue in operation and meet its liabilities as they fall due over the three year period used for this assessment.

Appointment of auditors

Beever and Struthers have indicated their willingness to continue in office and, following an internal assessment of effectiveness, will be proposed for re-appointment in accordance with the Companies Act 2006 s.485.

Information for auditors

We, the members of the board who held office at the date of approval of these financial statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the group's auditors are unaware. We have taken all the steps that we ought to have taken as board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The board and strategic report was approved on 25 July 2023 and signed on its behalf by:

Steve Dando
chair
25 July 2023

Independent auditors report

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I get into work early because I like to be set up and ready to go. I get satisfaction from knowing I’ve done all I can to make the customers experience of dealing with Bromford a positive and memorable one.

Paul
customer services advisor

Independent Auditor's Report to Bromford Housing Group Limited

Opinion

We have audited the financial statements of Bromford Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income – Group and Association, the Statement of Financial Position – Group and Association, Changes in Reserves – Group and Association and the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2023 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the 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 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 and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We were first appointed as auditor of Bromford Housing Group Limited by the Board for the period ending 31 March 2021. The period of total uninterrupted engagement for the Group is for three financial years ending 31 March 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the Association in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £5,797,300, determined with reference to a benchmark of Group turnover (of which it represents 2%). We consider Group turnover to be the most appropriate benchmark and more appropriate than a profit-based benchmark as the Group is a not-for-profit organisation and the focus is on turnover rather than any surpluses, which are reinvested in the Group.

Materiality for the parent association financial statements as a whole was set at £533,200, determined with reference to a benchmark of Association turnover (of which it represents 2%).

We agreed to report to the audit and risk committee any corrected or uncorrected identified misstatements exceeding £289,856, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 11 reporting components, we subjected 9 to full scope audits for Group purposes. The work on all components including the audit of the parent Association, was performed by the Group team. As the remaining two, Oakbrook Homes Limited and Street Services Limited, are expected to be dissolved before the filing deadlines for the March 2023 financial statements they do not require an audit this year. We reviewed the disclosures regarding these entities in the group financial statements. They are not material to the Group.

Key Audit Matters

Recoverability of stock and work in progress - Group only

The risk – significant risk medium value

The Group recorded turnover from properties developed for first tranche shared ownership sale of £41.1m (2022: £37.0m) and properties built for outright sale of £2.0m (2022 £13.6m). Other property sales (such as staircasing, RTB and asset disposals) generated a surplus of £15.2m (2022: £23.8m). At 31 March 2023, the Group held within current assets unsold properties with cost value of £0.9m (2022: £3.4m). Work in progress in relation to properties being developed for sale but still under construction at 31 March 2023 totalled £18.6m (2022: £21.0m).

Refer to pages 87 to 96 (accounting policies) and page 107 (financial disclosures).

Our response

Our procedures included the following tests of detail:

- **Test of detail:** Agreeing the calculation of the surplus on sale for a sample of sales in the period.
- **Assessment of recoverability:** For a sample of development schemes, we reviewed the carrying value of the Group's stock and work-in-progress at the year-end including the financial appraisals of each scheme. This included testing on a sample basis the expected profitability of the current schemes and reviewing post year-end sales of properties held in stock at 31 March 2023.

Our results

We found no evidence that the year-end balance of stock and work in progress is overstated at the year end.

Our review of schemes under development did not identify any indication of work in progress that required provision or impairment write down.

We found no errors in the calculation of surplus on sale of properties.

Valuation of defined benefit pension obligations - Group only

The risk – significant risk high value

The Group participates in two defined benefit pension schemes. The actuaries of the schemes valued the pension liabilities for Section 28 of FRS 102 purposes, the net pension asset or liability on each of these schemes at 31 March 2023 are reported as follows:

- The Avon Pension Fund: a liability of £151k (2022: a liability of £4,120k).
- The Bromford Pension Scheme: a liability of £4,303k (2022: an asset of £11,153k).

The Group also participated in The Staffordshire County Council pension scheme (LGPS), which is a multi-employer, defined benefit scheme. Bromford exited this scheme in 2018. In March 2022 the fund moved from being in deficit to a surplus of £4.9m and in October 2022 the fund served notice to terminate the Funding Agreement, with a cessation payment of zero. In March 2022 a pension asset £4.9m was recorded in the statutory accounts through Other Comprehensive Income (OCI). Bromford have posted a Prior Year Adjustment to remove the pension asset, since the scheme had been exited and no money was recoverable.

The financial statements disclose the assumptions used by the Group in completing the valuation of the pension deficit and the movements. The effect of these matters is that we determined that post-retirement benefits obligation has a high degree of estimation uncertainty.

Refer to pages 87 to 96 (accounting policies) and pages 118 to 125 (financial disclosures).

Our response

Our procedures included the following:

- **Assessing the credentials of the schemes' actuaries:** We reviewed the credentials of the scheme actuaries to assess that they are one of the small number of experienced, skilled advisors appointed to undertake the pension scheme valuations, as we place reliance on their valuation.
- **Confirmation of value:** We challenged, with the support of our own actuarial expert, the key assumptions and actuarial methodology applied, including the discount rate, inflation rate and mortality/life expectancy. We also confirmed the ownership and valuation of assets within the Bromford Pension Scheme directly with the fund managers.
- **Test of detail:** We agreed the relevant accounting entries and disclosures in the financial statements to the reports prepared by the scheme actuaries.

Our results

We confirmed that the assumptions used in the calculation of the balances in the financial statements are within reasonable parameters and are in line with the recommendations of the schemes' actuaries. We are satisfied that whilst there is some uncertainty in relation to the pension scheme valuation due to the current economic conditions, this does not impact on the truth and fairness of the financial statements.

Treasury management and going concern - Group and Association

The risk – significant risk high value

The Group posted a full year surplus of £75.3m (2022: £79.2m) before actuarial movements on pension schemes (refer to pages 87 to 96 (accounting policies) and page 83 (financial disclosures)).

At 31 March 2023 the Group had borrowings of £1,405.8m (2022: £1,434.9m) (refer to pages 87 to 96 (accounting policies) and page 109 (financial disclosures)).

The risk is that the Group might have insufficient liquidity to finance its significant development programme, or might breach a funding covenant set out within the agreements in place with a range of funders.

The Association posted a full year surplus of £31,993k (2022: £200K) before actuarial movements on pension schemes (refer to pages 87 to 96 (accounting policies) and page 83 (financial disclosures)).

At 31 March 2023 the Association had borrowings of £764.7m (2022: £767.1m) (refer to pages 87 to 96 (accounting policies) and page 109 (financial disclosures)).

Our response

Our procedures included the following:

- **Assessment of recoverability:** Reviewed the Group's and Association's 2023/24 budget and longer-term financial forecasts, and the underlying assumptions, to assess the Group's ability to service and repay the debt. We also reviewed the stress testing performed by the Group on its long-term financial plan.
- **Confirmation of value:** Agreed loan balances to the accounting records and to external confirmation from the funders.
- **Test of detail:** Tested the detailed calculations for loan covenant compliance prepared by management, both for the year ended 31 March 2023 and projected future performance.

Our results

Our audit work concluded that all loan covenants were comfortably met at 31 March 2023. We confirmed that the Group held cash reserves of £125.7m at 31 March 2023 (2022: £302.9m) and had undrawn loan facilities of £337.7m (2022: £337.7m). This available funding is sufficient to meet committed capital expenditure at 31 March 2023.

The Association held cash reserves of £68.0m at 31 March 2023 (2022: £175.5m). There was £nil committed capital expenditure as at 31 March 2023 (2022: nil).

Forecast performance at 31 March 2024 shows a similar position, with gearing and interest cover forecast to be 41% and 210% respectively, against covenant limits of 67% and 110% respectively.

We concluded that across a range of stress testing scenarios carried out on its longer-term financial forecasts, including those linked to the current economic conditions, the Group and Association remains comfortably within its funding covenants.

Recoverability of long-term debtor in Bromford Housing Group Limited - Association only

The risk – significant risk high value

The Association's principal activity is to act as principal borrower from third parties and to lend funds to Group entities in order to meet the objectives of the Association. Long-term debtors in relation to this activity are reported as £703.7m at 31 March 2023 (2022: £582.4m).

The risk arises in relation to other Group members not being able to service or repay the debt due to the Association.

Our response

Our procedures included the following:

- **Assessment of recoverability:** Reviewed the budgets and longer-term financial forecasts, including the underlying assumptions, to assess the ability of each subsidiary to service and repay the debt. We also reviewed the stress testing performed by each subsidiary on their respective long-term financial plans.
- **Confirmation of value:** Agreed all intercompany balances to the accounting records of the Group and each subsidiary.
- **Test of detail:** Tested the detailed calculations for loan covenant compliance prepared by management for each subsidiary, both for the year ended 31 March 2023 and projected future performance.

Our results

Our testing found that across a range of stress testing scenarios carried out on the longer-term financial forecasts, including those linked to the current economic climate, the subsidiaries within the Group remain viable entities and we found nothing to indicate any issues with the ability of the subsidiaries to service and repay the debts due to the Association.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

Corporate governance disclosures

We have reviewed the directors’ statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the entity’s voluntary compliance with the provisions of the UK Corporate Governance Code.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 71;
- Directors’ explanation as to their assessment of the Group’s prospects, the period this assessment covers and why the period is appropriate set out on page 72;
- Director’s statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 72;
- Directors' statement on fair, balanced and understandable set out on page 71;
- Board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 66 to 69;
- Section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 62 to 64; and
- Section describing the work of the audit committee set out on pages 58 to 60.

Responsibilities of the Board

As explained more fully in the Statement of Board’s Responsibilities set out on page 71, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Association’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or 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.

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Group's activities and the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers

Beever and Struthers
Chartered Accountants
Statutory Auditor

Date: 31 July 2023

The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Financial statements

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Everyone knows me through my art. They always see me outside painting. Oh Jeff that’s the painter. Jeff what you making today?

Geoffrey
customer

Statement of comprehensive income – group and association

		Group		Association	
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
Turnover	2	289,865	283,725	26,660	23,289
Cost of sales	2	(32,065)	(40,851)	-	-
Operating costs	2,3	(166,658)	(153,598)	(24,392)	(23,121)
Gain on disposal of property assets	33	15,242	23,763	-	-
Increase in valuation of investment properties	13	73	2,089	-	-
Operating surplus	5	**106,457**	**115,128**	**2,268**	**168**
Interest receivable	6	2,242	243	20,522	15,685
Interest and financing costs	7	(44,238)	(44,823)	(20,588)	(15,653)
Movement in fair value of financial instruments	31	11,017	8,736	-	-
Movement in fair value of investments	19	(173)	(87)	-	-
Gift aid		-	-	29,791	-
Surplus before tax		**75,305**	**79,197**	**31,993**	**200**
Taxation	10	-	-	-	-
Surplus for the year after tax		**75,305**	**79,197**	**31,993**	**200**
Actuarial (loss)/gain relating to pension scheme	35	**(11,689)**	**26,018**	**-**	**-**
Total comprehensive income for the year		**63,616**	**105,215**	**31,993**	**200**

All amounts relate to continuing activities

The notes on pages 87 to 125 form an integral part of these financial statements.

The financial statements on pages 83 to 125 were approved and authorised for issue by the board on 25 July 2023 and were signed on its behalf by:

Steve Dando
chair

Robert Nettleton
chief executive

Sarah Beal
company secretary

Statement of financial position – group and association

	Notes	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Fixed assets					
Tangible fixed assets - housing properties	11	2,760,127	2,575,529	-	-
Investment properties	13	9,257	26,647	-	-
Tangible fixed assets - other	14	17,227	21,517	-	-
Intangible fixed assets	15	61,321	43,280	-	-
HomeBuy loans receivable	16	413	431	-	-
Investment in subsidiaries	12	-	-	150	150
		2,848,345	**2,667,404**	**150**	**150**
Assets: amounts receivable after more than one year					
Debtors	18	-	10	703,707	582,379
Pension asset	35	-	11,153	-	-
		-	**11,163**	**703,707**	**582,379**
Current assets					
Stocks	17	37,317	27,746	-	-
Trade and other debtors	18	34,988	16,838	48,138	30,004
Investments	19	22,379	26,756	-	-
Cash and cash equivalents	20	125,691	302,869	67,999	175,464
		220,375	**374,209**	**116,137**	**205,468**
Creditors: amounts falling due within one year	21	**(75,478)**	**(87,976)**	**(24,124)**	**(21,949)**
Net current assets		**144,897**	**286,233**	**92,013**	**183,519**
Total assets less current liabilities		**2,993,242**	**2,964,800**	**795,870**	**766,048**

	Notes	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Creditors: amounts falling due after more than one year					
Loans	22	(1,390,674)	(1,419,724)	(762,900)	(765,037)
Interest rate swaps	22	(2,040)	(12,009)	-	-
Deferred capital grant	23	(481,416)	(476,407)	-	-
Other creditors	22	(11,709)	(11,630)	(298)	(332)
		(1,885,839)	**(1,919,770)**	**(763,198)**	**(765,369)**
Provisions for liabilities					
Pension liability	35	(4,454)	(4,120)	-	-
Other provisions	25	(1,259)	(3,559)	-	-
Total net assets		**1,101,690**	**1,037,351**	**32,672**	**679**
Reserves					
Called up share capital	26	-	-	-	-
Income and expenditure reserve		1,021,655	956,758	32,672	679
Revaluation reserve		78,059	78,617	-	-
Restricted reserves		1,976	1,976	-	-
Total reserves		**1,101,690**	**1,037,351**	**32,672**	**679**

The notes on pages 87 to 125 form an integral part of these financial statements. The financial statements on pages 83 to 125 were approved and authorised for issue by the board on 25 July 2023 and were signed on its behalf by:

Steve Dando
chair

Robert Nettleton
chief executive

Sarah Beal
company secretary

Changes in reserves – group and association

Group	Revaluation reserve £'000	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 1 April 2021	78,808	850,078	1,976	930,862
Surplus from statement of comprehensive income	-	79,197	-	79,197
Other comprehensive income:				
Revaluation in year	1,274	-	-	1,274
Actuarial gains	-	26,018	-	26,018
Total comprehensive income for the year	**1,274**	**105,215**	**-**	**106,489**
Reserve transfers:				
Transfer in respect of depreciation	(1,337)	1,337	-	-
Transfer in respect of disposal	(128)	128	-	-
As at 31 March 2022	**78,617**	**956,758**	**1,976**	**1,037,351**
Surplus from statement of comprehensive income	-	75,305	-	75,305
Other comprehensive income:				
Revaluation in year	723	-	-	723
Actuarial losses	-	(11,689)	-	(11,689)
Total comprehensive income for the year	**723**	**63,616**		**64,339**
Reserve transfers:				
Transfer in respect of depreciation	(1,281)	1,281	-	-
As at 31 March 2023	**78,059**	**1,021,655**	**1,976**	**1,101,690**

Association	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2021	479	479
Surplus from statement of comprehensive income	200	200
Balance at 31 March 2022	**679**	**679**
Surplus from statement of comprehensive income	31,993	31,993
As at 31 March 2023	**32,672**	**32,672**

The notes on pages 87 to 125 form an integral part of these financial statements.

Statement of cashflows

	2023		2022	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities		157,246		204,676
Cashflow from investing activities				
Purchase of tangible fixed assets - new housing properties	(192,567)		(175,390)	
Purchase of tangible fixed assets - other	(3,726)		(5,588)	
Purchase of tangible fixed assets - existing housing properties	(42,199)		(35,696)	
Purchase of intangible fixed assets	(21,638)		(15,449)	
Purchase of tangible asset investments	(816)		(9)	
Transfers (to)/from current asset investments	5,115		(2,402)	
Grants received	10,900		31,070	
Interest received	1,173		147	
Net cashflow from investing activities		**(243,758)**		**(203,317)**
Cashflow from financing activities				
Interest paid	(52,025)		(51,547)	
New secured loans	-		200,652	
Settlement charges on interest rate swaps	(1,147)		-	
Repayment of borrowings	(25,494)		(16,710)	
Loan to pension fund	(15,500)		-	
Pension fund loan repayments	3,500		-	
Net cashflow from financing activities		**(90,666)**		**(132,395)**
Net change in cash and cash equivalents		(177,178)		133,754
Cash and cash equivalents at the beginning of the year		302,869		169,115
Cash and cash equivalents at the end of the year		**125,691**		**302,869**

The notes on pages 87 to 125 form an integral part of these financial statements.

Notes to the financial statements

1. Principal accounting policies

These financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 and comply with the Accounting Direction of Private Registered Providers of Social Housing 2022.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are discussed later in the judgements and key sources of estimation uncertainty section.

Measurement convention

The financial statements are prepared on the historical cost basis except for derivative financial instruments and investment property which are stated at fair value.

Parent company disclosure exemptions

In preparing the separate financial statements of the association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- no cash flow statement has been presented for the parent company;
- disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- no disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of Bromford Housing Group Limited and its subsidiary undertakings at 31 March 2023. Intercompany transactions and balances between group companies are eliminated in full on consolidation. The list of the subsidiary undertakings appears in the legal status section preceding this.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The group prepares a 30-year business plan which is updated and approved on at least an annual basis. The most recent business plan was approved in May 2023 by the board. As well as considering the impact of a number of scenarios on the business plan the board subjected the business plan to rigorous stress testing. The stress test impacts were measured against the financial framework, loan covenants and peak borrowing compared to agreed loan facilities with potential mitigating actions identified to reduce expenditure. The sector continues to face numerous challenges including rapidly increasing energy prices, supply chain shortages and rising material costs, the combined impact of which is to increase inflation to levels not seen in the last 30 years. The business plan has been modified to include the impact of this. In addition, the business plan now includes the estimated full cost of the group achieving net zero carbon output by 2050 in line with current government targets.

The board, after reviewing the group and company budget for 2023 to 2024 and the group's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. In reaching this conclusion, the board considered:

- the property market - budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales and reduction in sales values;
- adverse scenarios - the group's ability to withstand adverse scenarios such as higher interest rates and other adverse movements;
- rents and service charge receivable – budget and business plan scenarios have taken into account increases in arrears and bad debts for customer difficulties in making rent payments and scenarios to take into account potential future reduction in rents; and
- liquidity - current available cash and unutilised loan facilities of over £450m which gives significant headroom for committed spend and other forecast cash flows that arise.

The board believes the group and company has sufficient funding in place and expects the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the group and association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- development expenditure - the group capitalises development expenditure in accordance with the accounting policy described on page 91. Initial capitalisation of costs is based on management's judgement that the development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any costs identified as abortive are charged in the statement of comprehensive income.
- capitalisation of software - the group capitalises software and attributable project costs in intangible assets when it has been identified that these costs can be reliably measured and will provide future economic benefit to the group. These assets are regularly reviewed for impairment with any reduction in value charged to the statement of comprehensive income. Further details are provided in note 15.
- categorisation of housing properties - the group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the group has considered if the asset is held for social benefit or to earn commercial rents. The group has determined that market rented properties and commercial properties are investment properties.
- impairment - the group has identified a cash generating unit for impairment assessment purposes during development and construction at a programme level, with subsequent impairment assessment once under management at a property scheme level.

Other key sources of estimation and assumptions

- tangible fixed assets - other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- revaluation of investment property - the group carries its investment property at fair value, with changes in fair value being recognised in the statement of comprehensive income. The group engaged independent valuation specialists to determine the fair value at the reporting date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 13.
- categorisation of debt - the group's loans have been treated as 'basic' in accordance with paragraphs 11.8 and 11.9 of FRS 102. The group has fixed rate loans which have a two-way break clause which means, in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate. On 2 June 2016, The Financial Reporting Council (FRC) issued a statement in respect of such loans and gave no prescriptive direction as to whether they should be classified as 'basic' or 'non-basic'. The group believes the recognition of each loan liability at cost provides a transparent and understandable position of the group's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, therefore, the group has retained its 'basic' treatment of its fixed rate loans following the FRC announcement.
- intangible fixed assets - these are amortised over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account.

- interest rate SWAPs - uncertainties in the valuation of interest rate SWAPs include future interest rates and counterparty credit risk. The group uses a debt and derivative advisory company, regulated by the Financial Conduct Authority, to support the valuation of its derivatives, which are valued by the relevant lender.
- pension and other post-employment benefits - the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, the actuary considers the interest rates of corporate bonds in the respective currency with at least an AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 35.
- impairment of non-financial assets - reviews for impairment of housing properties and intangible assets are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the statement of comprehensive income.

  Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

  Following a trigger for impairment, the group performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm’s length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model.

  The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the group as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include any restructuring activities that the group is not yet committed to nor any significant future investments that will enhance the asset’s performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

  A detailed review has been performed in relation to housing stock and work in progress and no adjustment to carrying values was required. The carrying value of intangible assets has been assessed this year with no triggers for impairment identified.
- rent arrears and bad debt provisions - the amount of arrears that will not be collected is estimated on experience of collection of different types of debt.
- property investments of £9.3m in the group are based on open market value from independent valuers (£9.3m of investment properties and £nil of pension assets). The directors consider these to be the best estimate of the property investment values. A 10% increase/(decrease) in the valuation would increase/(reduce) the group asset valuation by £0.9m.

Turnover and revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and excludes VAT (where applicable).

Bromford Housing Group generates the following material income streams:

Rental income receivable

Rental income receivable is shown net of void losses and rent received in advance is deferred and included in creditors. Rental income is recognised from the point when properties under development reach practical completion and are formally let. For schemes managed by agents, income is shown as rent receivable and management fees payable to agents are included in operating costs.

Shared ownership first tranche sales

Income from first tranche sales is recognised at the point of legal completion of the sale. The surplus or deficit arising on a first tranche sale is shown after deducting the cost of the properties and related sale expenses.

Service charge income

Service charge income and costs are recognised on an accrual basis. The group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with customers. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the statement of financial position. Where periodic expenditure is required, a balance may be built up over the years, in consultation with the residents. Until these costs are incurred this liability is held in the statement of financial position within long term creditors.

Properties developed for outright sales

Sales of properties developed for outright sale are included in turnover at the point of legal completion. The surplus or deficit arising on an outright sale is shown after deducting the cost of the properties and related sale expenses.

Grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. If there are specific performance requirements, the grant is recognised in turnover when the performance requirements are met.

Where developments have been financed wholly or partly by social housing grant (SHG) and other grants, the income is recognised in turnover (using the accruals model) over the estimated useful life of the assets excluding land which it funds.

Loan interest costs

Loan interest costs are calculated using the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined based on the carrying amount of the financial liability at initial recognition.

Loan finance issuance costs

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the statement of comprehensive income over the life of the loan via the effective interest rate method.

Taxation

The association is registered as a charity with HM Revenue & Customs. By virtue of S.478 Corporation Tax Act 2010, the association is exempt from corporation tax. The association pays corporation tax at the rate applicable on any surplus it generates from non-charitable activities.

The tax expense for the period comprises current tax. Tax is recognised in the statement of comprehensive income, except where a tax charge arises as a result of an item recognised as other comprehensive income or recognised directly in equity. In such cases, the tax charge is also recognised in other comprehensive income or directly in equity as appropriate.

The current tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date where the group and its subsidiaries operate and generate taxable income.

Value Added Tax

The group charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the group/association and is not recoverable. The balance receivable or payable at the year-end is included in current assets or current liabilities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation.

Housing properties

Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority, are included as a liability in the statement of financial position at the fair value less consideration paid.

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

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Boilers	15
Heating systems	30
Kitchens	20
Bathrooms	30
Roofs	50 to 65
Windows and doors	25 to 30
Structure – houses	100 to 130
Structure – flats	75 to 100
Structure – rooms and bedsits	40

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

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

	Years
Motor vehicles	6 (20% residual value)
Fixtures, fittings, plant and equipment	5
Computer hardware	3
Office buildings	50

Works to existing properties

Works to existing properties have been capitalised when:

A component which has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or

Subsequent expenditure provides an enhancement of economic benefits in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which do not meet the above criteria have been charged to the statement of comprehensive income as incurred.

Non-component works to existing properties

Expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the statement of comprehensive income in the period in which it is incurred.

Low cost home ownership properties

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

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the period ending 31st March 2023, interest has been capitalised at an average rate of 3.55% (2022: 3.74%) that reflects the weighted average effective interest rate on the group's borrowings required to finance housing property developments.

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

Intangible fixed assets

Intangible assets are stated at cost, less accumulated amortisation. Amortisation is charged on a straight-line basis over the expected economic useful life of the asset as follows:

	Years
Computer software	2-7
Business transformation costs	10

Operating leases

Payments are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Investment property

Investment property includes commercial and other properties held by the group for reasons other than social benefit or for use in the business. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the statement of comprehensive income.

Valuation of investments

Investments in subsidiaries are measured at cost less any accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 30 days which cannot be accessed within 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Stock and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value. Work in progress and finished goods include labour and attributable overheads. Cost of materials is based on the cost of purchase on an average costing basis. Net realisable value is the estimated selling price less costs to complete and sell.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

Short-term debtors and creditors

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits which mature within 30 days. Bank overdrafts that are repayable on demand and form an integral part of the group's and association's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Social housing and other government grants

Where developments have been financed wholly or partly by social housing grant (SHG) and other grants, the amount of the grant received has been included in the statement of financial position as deferred income. This income is recognised in turnover (using the accruals model) over the estimated useful life of the assets excluding land which it funds. SHG received for items of cost written off in the statement of comprehensive income is included as part of turnover.

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

SHG must be recycled by the group if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. In that event, the amount repayable is shown in the statement of financial position as a subordinated unsecured repayable debt.

Recycling of capital grant

Social Housing Grant which has been recycled is transferred to the Recycled Grant Fund and appears as a creditor until it is either used to fund the acquisition of new properties or is repaid.

Defined benefit pension

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the group has a participating interest.

The pension scheme assets are measured at fair value and liabilities are measured on actuarial basis using the projected unit credit method.

The group participates in the Bromford Defined Benefit Pension Scheme which is open to new employees. During the year the group has also participated in the defined benefit local government pension scheme of Avon Pension Fund which is closed to new employees. The amounts charged to operating surplus are the costs arising from the employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to surplus for the year and included within finance costs. Remeasurement of the net assets/defined liability are recognised in other comprehensive income. Defined benefit schemes are funded in separate trustee administered funds.

The actuarial valuations are obtained triennially and are updated at each reporting date.

Defined contribution pension

The association also provides a defined contribution stakeholder pension scheme for employees not included in the defined benefit pension schemes. The employer contribution to the scheme is charged to the statement of comprehensive income as it becomes payable. The assets of the scheme are kept separately from those of the association.

Revaluation reserve

The revaluation reserve represents the difference on transition to FRS102 between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken. The difference between the actual depreciation charge and the historical cost depreciation charge is transferred from the revaluation reserve to the revenue reserve annually.

Financial instruments

Financial assets and financial liabilities are initially measured at the transaction price adjusted, where the financial asset or liability is not required to be held at fair value, for any directly attributable costs of acquisition.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest rate method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the group are classified as follows:

- cash is held at cost
- financial assets such as current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest rate method
- financial liabilities such as bonds and loans are held at amortised cost using the effective interest rate method
- loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest rate method
- commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment
- an investment in another entity's equity instruments other than non-convertible preference shares and non-puttable ordinary and preference shares are held at fair value
- derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

- the best evidence of fair value is a quoted price in an active market
- when quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate
- where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations

Impairment of financial assets

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

The following financial instruments are assessed individually for impairment:

- all equity instruments regardless of significance; and
- other financial assets that are individually significant

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on instruments measured at cost or amortised cost:

- for an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate
- for an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in statement of comprehensive income immediately.

Carrying amounts

The carrying amounts of the association's non-financial assets, other than investment property and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Segmental reporting

The group's reportable segments are based on its operational divisions which offer distinguishable services, are managed separately and are regularly assessed by the chief operating decision makers, the group's executive board. Operating division results include items directly attributable to the segment, together with the apportioned centralised costs. Central costs are allocated based on a number of factors including number of homes and staff costs within each of their respective operations. The presentation of these financial statements and accompanied notes reflect the group's management and internal reporting. The information reviewed within the management accounts to assess performance and make strategic decisions are consistent with and closely aligned to the financial statements.

The material operating segments are disclosed in notes 2 and 3 where information about income and expenditure attributable to the material operating segments are presented on the basis of tenure type. This is appropriate based on the similarity of the services provided, the nature of the risks associated and the nature of the regulatory environment in which the group operates.

Assets and liabilities are not reported by operating segment or tenure, other than housing properties which are split by tenure type and are shown in Note 11.

Legal Status

Bromford Housing Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a Private Registered Provider of Social Housing.

The Group comprises the following entities:

Name	Incorporation	Registered/ Non-registered
Bromford Housing Group Limited (29996R)	Co-operative and Community Benefit Societies Act 2014	Registered (L4449)
Bromford Housing Association Limited (7106)	Co-operative and Community Benefit Societies Act 2014	Registered (L4819)
Bromford Home Ownership Limited (29991R)	Co-operative and Community Benefit Societies Act 2014	Registered (L4450)
Merlin Housing Society Limited (30012R)	Co-operative and Community Benefit Societies Act 2014	Registered (L4485)
Bromford Assured Homes Ltd (Reg. No. 02677730)	Companies Act 2006	Non-registered
Bromford Developments Limited (Reg. No. 06507824)	Companies Act 2006	Non-registered
Street Services Limited (Reg. No. 3711394)	Companies Act 2006	Non-registered
Igloo Insurance PCC Limited	Incorporated in Guernsey	Non-registered
Riverside Mews Management Company Limited (Reg. No. 02953846)	Companies Act 2006	Non-registered
Strand Services (Whitchurch) Limited (Reg. No. 02645753)	Companies Act 2006	Non-registered
Oakbrook Homes Limited (Reg. No. 098289670)	Companies Act 2006	Non-registered
Bromford Housing Group Investments Limited (Reg. No. 13010656)	Companies Act 2006	Non-registered

2. Turnover and operating surplus - group

		2023					
	Notes	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Revaluation on investment property £'000	Operating surplus/ (deficit) £'000
Social housing lettings							
Housing accommodation	3	196,988	-	(129,871)	-	-	67,117
Supported housing accommodation	3	24,934	-	(16,566)	-	-	8,368
Shared ownership accommodation	3	17,146	-	(12,523)	-	-	4,623
		239,068	**-**	**(158,960)**	**-**	**-**	**80,108**
Other social housing activities							
First tranche shared ownership sales		41,062	(30,304)	-	-	-	10,758
Supported people contract income		1,108	-	(1,009)	-	-	99
Agency services		2,385	-	(1,350)	-	-	1,035
Sales and development		-	-	(3,098)	-	-	(3,098)
Other		602	-	(443)	-	-	159
Gain on disposal of property, plant and equipment		-	-	-	15,242	-	15,242
Non-social housing activities							
Market rents		1,756	-	(1,094)	-	-	662
Sewerage services		14	-	(228)	-	-	(214)
Commercial rents		1,652	-	(476)	-	-	1,176
Properties developed for outright sale		2,028	(1,743)	-	-	-	285
Property development/equity loan sales		190	(18)	-	-	-	172
Increase in valuation of investment properties		-	-	-	-	73	73
		289,865	**(32,065)**	**(166,658)**	**15,242**	**73**	**106,457**

2. Turnover and operating surplus - group

		2022					
	Notes	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Revaluation on investment property £'000	Operating surplus/ (deficit) £'000
Social housing lettings							
Housing accommodation	3	186,387	-	(116,924)	-	-	69,463
Supported housing accommodation	3	23,589	-	(16,617)	-	-	6,972
Shared ownership accommodation	3	15,357	-	(10,383)	-	-	4,974
		225,333	**-**	**(143,924)**	**-**	**-**	**81,409**
Other social housing activities							
First tranche shared ownership sales		36,975	(30,154)	-	-	-	6,821
Supported people contract income		1,578	-	(1,882)	-	-	(304)
Agency services		1,973	-	(1,366)	-	-	607
Sales and development		-	-	(3,596)	-	-	(3,596)
Other		295	-	(462)	-	-	(167)
Gain on disposal of property, plant and equipment		-	-	-	23,763	-	23,763
Non-social housing activities							
Market rents		1,919	-	(1,252)	-	-	667
Sewerage services		14	-	(134)	-	-	(120)
Commercial rents		1,746	-	(855)	-	-	891
Properties developed for outright sale		13,644	(10,558)	(127)	-	-	2,959
Property development/equity loan sales		248	(139)	-	-	-	109
Increase in valuation of investment properties		-	-	-	-	2,089	2,089
		283,725	**(40,851)**	**(153,598)**	**23,763**	**2,089**	**115,128**

3. Turnover and operating surplus - group

	2023				2022
	Housing accommodation	Supported housing for older people and My Place	Shared Ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000
Income					
Rent receivable net of identifiable service charge	187,949	16,159	14,793	218,901	205,990
Service charge income	5,231	7,645	1,892	14,768	13,744
Charges for support services	246	306	179	731	933
Amortised government grants	3,562	824	282	4,668	4,666
Turnover from social housing lettings	**196,988**	**24,934**	**17,146**	**239,068**	225,333
Expenditure					
Management	30,498	5,168	5,751	41,417	36,130
Service charge costs	15,854	3,416	995	20,265	17,665
Routine maintenance	29,981	2,412	901	33,294	29,443
Planned maintenance	12,087	915	737	13,739	16,652
Major repairs expenditure	9,860	893	2,072	12,825	7,567
Bad debts	310	(283)	(352)	(325)	688
Depreciation of housing properties	31,281	4,045	2,419	37,745	35,779
Operating expenditure on social housing lettings	**129,871**	**16,566**	**12,523**	**158,960**	143,924
Operating surplus on social housing lettings	**67,117**	**8,368**	**4,623**	**80,108**	81,409
Voids	**(2,546)**	**(834)**	**(27)**	**(3,407)**	(2,853)

The comparatives for rent receivable and service charge income have been amended to ensure consistent presentation of income across the group. Rent receivable has increased by £1,820k and service charge income has decreased by £1,820k compared to what was included in the previous year annual report and accounts.

4. Accommodation - owned, managed and in development - group

	2022 No.	Additions No.	Disposals No.	Other No.	2023 No.
Social housing					
General Needs housing - social rent	30,609	556	(63)	10	31,112
General Needs housing - affordable/intermediate rent	3,863	348	(5)	(10)	4,196
Supported housing	3,582	-	(84)	(82)	3,416
Care homes	-	-	-	128	128
Low-cost home ownership	4,019	363	(133)	-	4,249
Leasehold	1,934	-	(57)	42	1,919
Units to be remodelled	227	-	(124)	(103)	-
Total social housing units	**44,234**	**1,267**	**(466)**	**(15)**	**45,020**
Non-social housing					
Staff accommodation	4	-	-	(1)	3
Market rent	279	-	(107)	7	179
Commercial	91	-	(13)	16	94
Offices and resource	102	-	(8)	42	136
Retained freehold	948	-	(8)	65	1,005
Total non social housing units	**1,424**	**-**	**(136)**	**129**	**1,417**
Owned and managed	43,626	1,267	(364)	154	44,683
Owned and managed by others	518	-	(64)	(3)	451
Managed for others	1,287	-	(50)	66	1,303
Units to be remodelled	227	-	(124)	(103)	-
Total units	**45,658**	**1,267**	**(602)**	**114**	**46,437**
Total under development	**1,306**	**1,179**	**-**	**(1,265)**	**1,220**
Garages/parking spaces	**5,001**	**-**	**(126)**	**4**	**4,879**

5. Surplus on ordinary activities

The surplus on ordinary activities is stated after charging	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Operating lease rentals				
- office land and buildings	191	293	-	-
- other	856	1,391	-	-
Auditor's remuneration				
- audit of financial statements	25	23	25	23
- audit of subsidiaries	122	108	-	-
- service charge certification	32	32	-	-
- other services	9	5	-	-

6. Interest receivable and income from investments

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Interest receivable from cash, deposits and intragroup loans	2,242	243	20,522	15,685

7. Interest payable and similar charges

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Interest on loans, overdrafts and other financing				
On loans repayable wholly within five years	1,715	1,601	434	222
On loans repayable wholly or partly in more than five years	45,642	45,515	21,087	18,870
	47,357	**47,116**	**21,521**	**19,092**
Other finance charges	899	650	408	244
Amortised net finance costs/(premium)	364	295	(1,341)	(3,683)
	48,620	**48,061**	**20,588**	**15,653**
Interest payable capitalised on housing properties under construction 3.55% (2022: 3.74%)	(4,182)	(3,584)	-	-
	44,438	**44,477**	**20,588**	**15,653**
Interest on pension scheme liabilities	4,884	4,814	-	-
Expected return on employer assets	(5,084)	(4,468)	-	-
	44,238	**44,823**	**20,588**	**15,653**

8. Colleague costs

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Wages and salaries	62,435	58,872	8,726	8,992
Social security costs	6,506	6,037	1,004	1,038
Other pension costs	4,453	4,938	785	1,019
	73,394	**69,847**	**10,515**	**11,049**

The average number of full-time equivalent employees (including executive directors) employed during the year:

	2023 No.	2022 No.	2023 No.	2022 No.
Asset management	705	672	-	-
Central services	368	366	187	195
Development, construction and sales	135	134	-	-
Housing management and support	578	593	-	-
	1,786	**1,765**	**187**	**195**

A full-time equivalent employee is classed as working a 37.5 hour week.

The number of full-time employees (including executive directors) whose remuneration exceed £60,000 in the period was as follows

	Group 2023 £'000	Group 2022 £'000
£60,001-£70,000	59	47
£70,001-£80,000	35	30
£80,001-£90,000	29	17
£90,001-£100,000	13	11
£100,001-£110,000	5	10
£110,001-£120,000	5	3
£120,001-£130,000	2	2
£130,001-£140,000	2	4
£140,001-£150,000	3	3
£150,001-£160,000	1	1
£160,001-£170,000	3	2
£170,001-£180,000	3	1
£180,001-£190,000	1	-
£190,001-£200,000	-	1
£200,001-£210,000	-	1
£210,001-£220,000	1	-
£230,001-£240,000	-	1
£250,001-£260,000	1	-
£290,001-£300,000	-	1
£310,001-£320,000	1	-
	164	**135**

The 2023 emoluments include a total provision of £380k (2022: £609k) for redundancy and compensation for loss of office.

9. Directors' emoluments - group

Directors (key management personnel) are defined as the members of the board, the chief executive, other chief officers and executive directors.

The highest paid director was Robert Nettleton (2022: Robert Nettleton), the chief executive. Robert Nettleton was was an ordinary member of the Bromford defined benefit pension scheme funded by annual contributions from the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements.

Emoluments (excluding pension contributions) payable to the highest paid director

	2023 £'000	2022 £'000
Robert Nettleton	287	271

The total emoluments of the Directors of Bromford Housing Group comprise:-

2023	Salaries £'000	Bonus £'000	Taxable benefits £'000	Pension £'000	Total £'000
Robert Nettleton	286	-	1	29	316
Other chief officers and executive directors	1,047	5	8	101	1,161
Non-executive board directors	121	-	-	-	121
Total executive and non-executive directors	**1,454**	**5**	**9**	**130**	**1,598**

2022	Salaries £'000	Bonus £'000	Taxable benefits £'000	Pension £'000	Total £'000
Robert Nettleton	260	10	1	26	297
Other chief officers and executive directors	1,028	30	4	91	1,153
Non-executive board directors	125	-	-	-	125
Total executive and non-executive directors	**1,413**	**40**	**5**	**117**	**1,575**

The aggregate amount of any consideration payable to Directors for loss of office was £nil (2022: £94k).

10. Taxation on surplus on ordinary activities

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax credit on ordinary activities	-	-	-	-
Under/(over) provision in previous years	-	-	-	-
Total current tax	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Tax on loss on ordinary activities	-	-	-	-
Total tax reconciliation				
Surplus on ordinary activities	75,305	79,197	31,993	200
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	14,308	15,047	6,079	38
Effects of				
Items not allowable for tax purposes	22	8	-	-
Income not taxable	-	(86)	(5,660)	-
Deferred tax not recognised	(27)	94	-	-
Surplus relating to charitable entities	(14,303)	(15,063)	(419)	(38)
	-	-	-	-

11. Tangible fixed assets - housing properties

Group	Housing properties held for letting £'000	Housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost or valuation					
At 1 April 2022	2,430,322	209,633	244,667	64,299	2,948,921
Additions	-	160,394	-	40,647	201,041
Replacement of components	42,788	-	-	-	42,788
Transferred on completion	95,284	(95,284)	39,636	(39,636)	-
Disposals	(10,299)	-	(9,678)	-	(19,977)
Components disposed	(6,441)	-	-	-	(6,441)
Revaluation	723	-	-	-	723
Transfer to investment properties	(1,051)	-	-	-	(1,051)
At 31 March 2023	**2,551,326**	**274,743**	**274,625**	**65,310**	**3,166,004**
Depreciation					
At 1 April 2022	365,540	-	7,852	-	373,392
Charge for the year	36,865	-	1,411	-	38,276
Disposals	(5,391)	-	(400)	-	(5,791)
At 31 March 2023	**397,014**	**-**	**8,863**	**-**	**405,877**
Net book value					
At 31 March 2023	**2,154,312**	**274,743**	**265,762**	**65,310**	**2,760,127**
At 31 March 2022	**2,064,782**	**209,633**	**236,815**	**64,299**	**2,575,529**

	2023 £'000	2022 £'000
Housing property net book value in respect of long leaseholds	85,064	85,209
Housing property net book value in respect of freeholds	2,675,063	2,490,320
	2,760,127	**2,575,529**
Component depreciation within the depreciation charge	20,710	23,434
Development administration costs capitalised during the year	4,017	3,963
Aggregate amount of interest and finance cost included within the cost of housing properties	35,731	32,212
Expenditure on work to existing properties		
Replacement of components	42,788	42,428
Amounts charged to statement of comprehensive income	12,825	7,567
	55,613	**49,995**

Properties held for security

Bromford Housing Group - Registered Social Housing Provider - has property pledged as security value (EUV - SH and MV - STT) of £1,951m (2022: £2,423m). The number of units on which security was pledged amounted to 29,694 (2022: 31,858).

12. Investments in subsidiaries

	Association	
	2023	2022
	£'000	£'000
At 31 March 2023 and 31 March 2022	**150**	**150**

13. Investments properties held for letting

	Group	
	2023	2022
	£'000	£'000
At 1 April	26,647	22,474
Additions	2	9
Transfer from tangible fixed assets - housing properties	1,051	2,225
Gain/(loss) from adjustment in value		
Commercial investment properties	(35)	222
Market rent investment properties	108	1,867
Disposals		
Commercial investment properties	(350)	(150)
Market rent investment properties	(18,166)	-
At 31 March	**9,257**	**26,647**

Investment properties (commercial and market rent) were valued at 31 March 2023 by professional qualified external valuers. The valuation of the investment properties was undertaken by Jones Lang Lasalle in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. In valuing the properties, the following significant assumptions were applied:

Discount rate	6.75%
Rental growth (year one)	10.2%

14. Tangible fixed assets - other

	Group				
	Freehold offices	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2022	21,458	1,650	5,266	3,961	32,335
Additions	365	231	1,979	1,400	3,975
Disposals	(6,607)	-	-	(133)	(6,740)
At 31 March 2023	**15,216**	**1,881**	**7,245**	**5,228**	**29,570**
Depreciation and impairment					
At 1 April 2022	6,045	1,054	2,844	875	10,818
Charge for the year	436	124	1,529	604	2,693
Disposals	(1,049)	-	-	(119)	(1,168)
At 31 March 2023	**5,432**	**1,178**	**4,373**	**1,360**	**12,343**
Net book value					
At 31 March 2023	**9,784**	**703**	**2,872**	**3,868**	**17,227**
At 31 March 2022	**15,413**	**596**	**2,422**	**3,086**	**21,517**

15. Intangible fixed assets

	Group Software £'000
Cost	
At 1 April 2022	51,204
Additions	21,885
At 31 March 2023	**73,089**
Amortisation	
At 1 April 2022	7,924
Charge for the year	3,844
At 31 March 2023	**11,768**
Net book value	
At 31 March 2023	**61,321**
At 31 March 2022	**43,280**

Amortisation of intangible assets is included in operating costs in the statement of comprehensive income. Included within software are amounts capitalised for our software transformation project of £58.3m (2022: £40.1m), this asset includes various projects, some of which are complete and others that are in progress. Assets in progress of £14.8m (2022: £26.0m) have not yet been amortised as these assets are still being developed, once complete they will be amortised over the useful economic life of 10 years. The remaining amortisation period of the completed assets is between 7 – 10 years.

16. HomeBuy loans

	Group	
	2023 £'000	2022 £'000
At 1 April	431	570
Loans redeemed in the year	(18)	(139)
At 31 March	**413**	**431**

17. Stocks and work in progress

	Group	
	2023 £'000	2022 £'000
Consumable stock	1,164	798
Properties developed for outright sale	39	1,522
Land costs	16,684	2,531
Cost of first tranche element of shared ownership properties	19,430	22,895
	37,317	**27,746**
Shared ownership properties		
Completed	915	1,848
Under construction	18,515	21,047
	19,430	**22,895**
Properties in development for outright sale		
Completed	-	1,522
Under construction	39	-
	39	**1,522**

18. Trade and other debtors

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Amounts falling due within one year				
Rent arrears	15,060	8,589	-	-
Less: provision for bad debts	(4,218)	(3,819)	-	-
	10,842	**4,770**	**-**	**-**
Trade debtors	359	825	-	-
Amounts due from group companies	-	-	27,952	21,397
Other debtors	19,105	7,565	12,255	270
Prepayments and accrued income	4,682	3,678	7,931	8,337
	34,988	**16,838**	**48,138**	**30,004**
Amounts falling due after more than one year				
Amounts due from group companies	-	-	703,707	582,379
Retentions	-	10	-	-
	-	**10**	**703,707**	**582,379**

Other debtors includes a loan due from the Bromford defined benefit pension scheme of £12m, further details are included in note 34.

19. Current asset investments

	Group 2023 £'000	Group 2022 £'000
Fair value at 1 April	26,756	24,435
Additions to investments	814	2,448
Withdrawals from investments	(5,115)	(46)
Interest	97	6
Losses on re-measurement to fair value	(173)	(87)
Fair value at 31 March	**22,379**	**26,756**

Current asset investments include monies held by lenders in support of bond finance. These monies are placed in accounts charged by the lenders.

20. Cash and cash equivalents

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Cash at bank	124,843	301,985	67,999	175,464
Cash equivalents	848	884	-	-
	125,691	**302,869**	**67,999**	**175,464**

Included in the above are balances totalling £3.9m (2022: £3.9m) which are held in trust for shared ownership leaseholders.

21. Creditors: amounts falling due within one year

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Prepaid rental income	10,050	9,730	-	-
Loans	15,161	15,197	1,776	2,024
Local Authority RTB share of proceeds	2,809	3,346	-	-
Interest rate swaps	-	2,130	-	-
Trade creditors	8,754	12,285	11	64
Amounts due to group companies	-	-	21,836	19,783
Social security and other taxes	1,718	1,668	-	-
Balances with supported housing partners	890	932	-	-
Funds held on trust	257	228	-	-
Deferred capital grant	6,005	5,124	-	-
Recycled capital grant fund	1,935	5,658	-	-
Other creditors	3,975	4,791	-	-
Accruals and deferred income	23,924	26,887	501	78
	75,478	**87,976**	**24,124**	**21,949**

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

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Loans	1,390,674	1,419,724	762,900	765,037
Amounts due to group companies	-	-	298	332
Interest rate swaps	2,040	12,009	-	-
Leaseholder sinking funds	5,250	5,112	-	-
Balances with supported housing partners	1,032	1,782	-	-
Deferred capital grant	481,416	476,407	-	-
Recycled capital grant fund	5,322	4,632	-	-
Other creditors	105	104	-	-
	1,885,839	**1,919,770**	**763,198**	**765,369**
Loans repayment profile				
Repayable within one year	15,161	15,197	1,776	2,024
Repayable between one and two years	13,878	17,404	1,920	1,776
Repayable between two and five years	45,310	50,920	5,720	5,720
Repayable after five years	1,332,959	1,353,186	756,393	758,851
Less: Loan finance costs	(1,473)	(1,786)	(1,133)	(1,310)
	1,405,835	**1,434,921**	**764,676**	**767,061**

22. Creditors: amounts falling due after more than one year (continued)

The Group has entered into interest rate swaps with the following institutions

	Period Years	End Date	Rate %	Amount £'000
Barclays	25	20 July 2031	4.31	12,500
Lloyds TSB	19	26 October 2026	4.45	6,000
Lloyds TSB	22	20 March 2029	4.50	15,000
				33,500

Interest rate swap creditor profile	Group 2023 £'000	2022 £'000
Due within one year (included in other debtors)	(65)	2,130
Due between one and two years	84	1,257
Due between two and five years	1,087	4,531
Due after five years	869	6,221
	1,975	**14,139**

Interest risk profile of loan liabilities	**Group** 2023 £'000	2022 £'000	**Association** 2023 £'000	2022 £'000
Floating rate	19,474	26,871	-	-
Fixed rate	1,387,834	1,409,836	765,809	768,371
	1,407,308	**1,436,707**	**765,809**	**768,371**
Floating rate	4.24%	0.82%	-	-
Fixed rate (excluding swaps)	3.53%	3.55%	2.86%	2.82%

Undrawn committed borrowing facilities (all secured) at 31 March were	Group 2023 £'000	2022 £'000
Expiring within one year	190,000	-
Expiring between one and two years	-	190,000
Expiring between two and five years	97,749	75,000
Expiring after five years	50,000	72,749
	337,749	**337,749**

During the year a £20m swap with Lloyds expired and three Lloyds swaps totalling £32.5m were cancelled. The cancelled swaps crystallised a gain of £6.3m which is included in the movement of fair value of financial instruments in the statement of comprehensive income.

23. Deferred capital grant

	Group 2023 £'000	Group 2022 £'000
At 1 April	481,531	455,890
Grants received in year	10,900	35,588
Grants recycled from the recycled capital grant fund and disposal proceeds fund	5,727	800
Transferred to third party	(5,360)	(4,518)
Grants recycled to the recycled capital grant fund	(2,483)	(2,605)
Amortised in year	(4,814)	(4,780)
Amortised grant on disposal	1,920	1,156
At 31 March	**487,421**	**481,531**
Amount due to be released within one year	6,005	5,124
Amount due to be released in more than one year	481,416	476,407
	487,421	**481,531**

24. Other capital grant funds

	Group 2023 £'000	Group 2022 £'000
At 1 April	10,290	8,468
Inputs to reserve		
Grants recycled	2,483	2,605
Interest accrued	211	17
Utilised		
New build	(5,727)	(800)
At 31 March	**7,257**	**10,290**
Amounts due within one year	**1,935**	**5,658**
Amounts due after more than one year	**5,322**	**4,632**
	7,257	**10,290**
Amount three years or older where repayment may be required	**-**	**1,706**

25. Provision for liabilities and charges

	Group
	Total
	£'000
At 1 April 2022	3,559
Additions	1,322
Utilised in year	(3,622)
At 31 March 2023	**1,259**

Provisions include insurance and performance related pay.

26. Share Capital

	Group and association	
	2023	2022
	£	£
Issued and fully paid		
At 1 April	7	7
Issued	1	2
Cancelled	(2)	(2)
At 31 March	**6**	**7**

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. The shares are non-withdrawable and non-transferable. When a shareholder ceases to be a shareholder, the share is cancelled and the amount paid up becomes the property of the association.

Revaluation reserve - represents the difference on transition to FRS102 between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Income and expenditure reserve - represents the net surplus which are not restricted.

Restricted reserve - under the terms of an agreement with South Gloucestershire Council, a proportion of the proceeds from disposal of vacant dwellings is to be held in a reserve. The reserve is used, inter alia, for the provision of affordable housing within the council area. This arrangement commenced in 2016 to 2017.

27. Analysis of changes in net debt

	Group				
	As at 1 April 2022	Cashflows	Amortisation of premium/ loan costs	Movement in creditors due within one year	As at 31 March 2023
	£'000	£'000	£'000	£'000	£'000
Cash at bank and cash equivalents	302,869	(177,178)	-	-	125,691
Short term investments	26,756	(4,377)	-		22,379
	329,625	**(181,555)**	**-**	**-**	**148,070**
Housing loans due within one year	(15,197)	15,197	-	(15,161)	(15,161)
Housing loans due after more than one year	(1,419,724)	10,297	3,592	15,161	(1,390,674)
Change in debt resulting from cashflows	**(1,105,296)**	**(156,061)**	**3,592**	**-**	**(1,257,765)**

28. Cash flow from operating activities

	Group 2023 £'000	Group 2022 £'000
Surplus for the year	75,305	79,197
Adjustments for non-cash items		
Depreciation of tangible fixed assets - housing properties	38,276	35,330
Depreciation of tangible fixed assets - other	2,693	2,049
Amortisation of intangible assets	3,844	2,202
Amortisation of government grant	(4,814)	(4,780)
(Increase)/ decrease in stock	(9,571)	20,915
(Increase))/decrease in trade and other debtors	(5,103)	63
Increase/(decrease) in trade and other creditors	(13,454)	(1,921)
Pension costs less contributions payable	(2)	206
(Decrease)/increase in provisions	(2,300)	728
Carrying amount of tangible fixed assets disposals	22,759	36,553
Carrying amount of intangible asset disposals	-	3
Carrying amount of fixed asset investment disposals	18,516	150
Adjustments for investing or financing activities		
Movement on shared equity loans	18	139
Movement in value of swaps	(11,017)	(8,736)
Movement in value of investment property	100	(2,002)
Interest payable	44,238	44,823
Interest receivable	(2,242)	(243)
Net cash generated from operating activities	**157,246**	**204,676**

29. Capital commitments

	Group 2023 £'000	Group 2022 £'000
Capital expenditure contracted for but not provided for in the financial statements	**352,694**	**333,479**
Capital expenditure authorised but not yet contracted for	**74,477**	**64,814**

These commitments are to be financed by the receipt of social housing grant and a mixture of loan finance, reserves and proceeds from the sales of housing properties as follows

	2023	2022
Social housing grant	43,241	20,825
Proceeds from the sale of properties	63,420	59,568
Loans and reserves	320,510	317,900
	427,171	**398,293**

30. Other financial commitments

The minimum lease payments due under operating leases for the group are as follows

	2023					
	Land and buildings		Vehicles and office equipment		Total leases	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Operating leases which expire						
Within one year	37	-	822	25	859	25
Within two to five years	-	43	210	1,258	210	1,301
After more than five years	8	-	490	-	498	-
	45	**43**	**1,522**	**1,283**	**1,567**	**1,326**

31. Financial instruments

Financial instruments may be analysed as follows

Financial liabilities measured at fair value through the statement of comprehensive income	Group	
	2023	2022
	£'000	£'000
Derivative financial instruments	**1,975**	**14,139**

Swap valuations are conducted using standard mark to market (MtM) methodology, where the MtM is the present value of all the future cashflows under the swap contract. They are measured at fair value at each reporting date, any increase or decrease is recognised in the statement of comprehensive income. The valuations used discount rates between 4.31% and 4.50%.

32. Grant and financial assistance

The total accumulated government grant and financial assistance received or receivable at 31 March was as follows

	Group	
	2023	2022
	£'000	£'000
Held as deferred capital grant	487,421	481,531
Recognised as income in statement of comprehensive income	127,188	124,294
	614,609	**605,825**

33. Sale of properties not developed for outright sale and other fixed assets

	Group			
	Proceeds of sales	Cost of sales	Surplus	Capital grant recycled
	£'000	£'000	£'000	£'000
Further tranches of shared ownership	14,485	(7,907)	6,578	1,156
Right to buy	3,320	(3,312)	8	17
Right to acquire	3,608	(1,754)	1,854	679
Other property disposals	33,420	(24,469)	8,951	53
Other fixed asset disposals	3,447	(5,596)	(2,149)	578
Total 2023	**58,280**	**(43,038)**	**15,242**	**2,483**
Total 2022	**58,772**	**(35,009)**	**23,763**	**2,605**

34. Related party transactions

Transactions with non regulated members of the group

	Group 2023				
	Bromford Developments Limited (BDL) £'000	Bromford Assured Homes Limited (BAH) £'000	Street Services Limited (SSL) £'000	Strand Services Limited (STR) £'000	Riverside Mews Limited (RIV) £'000
Income					
Gift Aid	-	445	195	-	-
Management recharges	435	71	-	4	2
Administration recharges	-	53	-	-	-
Interest receivable	670	-	-	-	-
	1,105	**569**	**195**	**4**	**2**
Expenditure					
Construction services	38,003	-	-	-	-
	38,003	**-**	**-**	**-**	**-**

The administration recharges are calculated on a number of basis dependant upon the type of expenditure being recharged. Salary costs are recharged to BDL on an contract basis; insurance costs are recharged to BDL on a number of full time equivalent colleagues (FTE) basis; administration fees are recharged to BDL/BAH on a FTE/unit number bases.

All other income and expenditure is charged on an actuals basis.

34. Related party transactions (continued)

Transactions with non regulated members of the group

	Group 2022					
	Bromford Developments Limited	Oakbrook Homes Limited	Bromford Assured Homes Limited	Street Services Limited	Strand Services Limited	Riverside Mews Limited
	(BDL)	(OAK)	(BAH)	(SSL)	(STR)	(RIV)
	£'000	£'000	£'000	£'000	£'000	£'000
Income						
Gift Aid	-	16	433	194	-	-
Management recharges	400	-	63	-	4	2
Administration recharges	-	55	48	-	-	-
Interest receivable	198	-	-	-	-	-
	598	**71**	**544**	**194**	**4**	**2**
Expenditure						
Construction services	39,328	2	-	-	-	-
Rental charges	-	-	-	204	-	-
	39,328	**2**	**-**	**204**	**-**	**-**

34. Related party transactions (continued)

	Association			
	Bromford Developments Limited		Bromford Assured Homes Limited	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Income				
Management recharges	435	400	71	63
Interest receivable	670	198	-	-
	1,105	**598**	**71**	**63**

At the year-end, included in the group intercompany trading and loan balances were the following net balances due from/(to) non regulated entities

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Bromford Developments Limited	31,579	14,681	18,513	4,587
Oakbrook Homes Limited	116	(141)	3	-
Bromford Assured Homes Limited	571	215	811	215
Street Services Limited	-	1,276	-	1,341
Riverside Mews Limited	1	-	-	-
Strand Services Limited	1	-	-	-
	32,268	**16,031**	**19,327**	**6,143**

The balances noted above are unsecured. The association will provide further financial support and other support to Bromford Developments Limited until at least 30 September 2024, including not seeking repayment of the loan if it means that that the company is unable to pay its creditors as they fall due for payment.

Bromford Housing Group Limited and its subsidiaries has indemnified its board members, executive team, directors and employees for insurance cover no longer provided within its current directors' and officers' liability insurance for the year ending 31 March 2023 which was previously included in its previous policy. The maximum exposure across the group for this indemnity is £10 million and expires on 31 March 2024. This is described in more detail in note 36.

At the year end there is a loan due from the Bromford defined benefit pension scheme of £12m, this is included in other debtors in the association and group. This is expected to be repaid within twelve months of the year end.

During the year the group has incurred charges of £114k (2022: £145k) in respect of services provided from a company which has a common director. At the year end the balance due to the supplier was £nil (2022: £5k).

35. Pension obligations

During the year, the Group participated in two defined benefit (DB) schemes, the Avon Pension Fund (LGPS) and the Bromford DB Scheme (BDBS). Avon pension fund is a multi-employer DB scheme.

The Group also participates in two defined contribution (DC) schemes, the SHPS's Scheme and Royal London DC Scheme.

Further details of pension obligations are given under each scheme below.

Summary of Pension Schemes balances

	2023 £'000	2022 £'000
Pension asset		
Bromford DB Scheme	-	11,153
	-	**11,153**
Creditors due less than one year		
Royal London DC scheme	(16)	(21)
	(16)	(21)
Provisions for Pensions		
Avon pension fund (LGPS)	(151)	(4,120)
Bromford DB Scheme	(4,303)	-
	(4,454)	**(4,120)**

Bromford DB Scheme (BDBS)

This is a separate trustee administered DB scheme set up on 31 March 2018 following the transfer of obligations from the Bromford section of the Social Housing Pension Scheme (SHPS) and subsequent transfer of obligations from the Merlin Housing Society section of SHPS on 30 September 2019.

The scheme holds the pension assets to meet long term pension liabilities. Scheme liabilities have been based on data provided for the actuarial valuation as at 30 September 2021. These have been updated to 31 March 2023 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The company has agreed a Schedule of Contributions with the Trustee, with an effective date of 30 September 2021.

Contributions for the year ended 31 March 2023

	2023 £'000
Employee	64
Employer	2,492
Total	**2,556**
Agreed contribution rates for future years:	
Employee	
1/80th DB section	14.5%
1/120th DB section	4.7%
Employer	10%

35. Pension obligations (continued)

Principal actuarial assumptions

The following information is based upon the actuarial valuation of the scheme at 30 September 2021 updated to 31 March 2023 by a qualified independent actuary.

Mortality assumptions adopted Life expectancy at age 65 (years)	2023	2022
Male retiring in 2023 (2022)	21.5	21.5
Female retiring in 2023 (2022)	23.9	22.5
Male retiring in 2043 (2042)	22.5	23.5
Female retiring in 2043 (2042)	25.0	24.7

Other Assumptions	2023	2022
% per annum		
Discount Rate	4.80%	2.75%
Inflation (RPI)	3.15%	3.50%
Inflation (CPI)	2.80%	3.10%
Salary Growth	2.80%	3.10%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.15%	3.50%
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.74%	3.00%
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	1.97%	2.05%
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.22%	2.35%

A summary of the movement in pension assets and liabilities for the BDBS is shown below:

	2023 £'000	2022 £'000
Fair value of fund assets	74,800	130,994
Present value of defined benefit obligation	(79,103)	(119,841)
Pension (deficit)/surplus	**(4,303)**	**11,153**

The fair value of the assets:

	2023 £'000	2022 £'000
Growth Assets	35,915	64,501
Corporate Bonds	4,710	8,870
LDI Assets	42,217	55,712
Cash	3,958	1,911
Loan	(12,000)	-
Total Assets	**74,800**	**130,994**

None of the fair values shown above include any direct investments in the company's own financial instruments or any property occupied by, or other assets used by, the association.

35. Pension obligations (continued)

Reconciliation of Assets and Liabilities

Reconciliation of assets at 31 March 2023:

	£'000
Assets at start of period	130,994
Interest income on assets	3,597
Expenses	(269)
Return on assets excluding interest income	(59,431)
Employer contributions paid	2,492
Employee contributions	64
Benefits paid	(2,647)
Assets at end of period	**74,800**
Actual return on plan assets 1 April 2022 to 31 March 2023	(55,834)

Reconciliation of liabilities at 31 March 2023:

	£'000
Liabilities at start of period	119,841
Service cost	2,158
Interest cost	3,290
Employee contributions	64
Remeasurements	(43,603)
Benefits paid	(2,647)
Liabilities at end of period	**79,103**

Analysis of the amount charged to operating costs in the statement of comprehensive income at 31 March 2023:

	£'000
Employer service cost (net of employee contributions)	2,158
Expenses	269
Total operating charge	**2,427**
Analysis of pension finance costs/(income)	
Interest income on pension scheme assets	(3,597)
Interest on pension liabilities	3,290
Amounts credited to financing costs	**(307)**

Analysis of gains and losses recognised in the statement of other comprehensive income at 31 March 2023:

	£'000
Actuarial loss on pension scheme assets	(59,431)
Actuarial loss on pension scheme liabilities	(5,211)
Gain from changes in assumptions	48,814
Actuarial losses recognised	**(15,828)**

35. Pension obligations (continued)

Movement in surplus / (deficit) during the year:

	£'000
Surplus in scheme at 1 April 2022	11,153
Employer service cost	(2,158)
Expenses	(269)
Employer contributions paid	2,492
Net interest credit	307
Remeasurements included in other comprehensive income	(15,828)
Deficit in scheme at 31 March 2023	**(4,303)**

TPT member benefit review

There is an ongoing legal review of scheme benefit changes that is being undertaken by TPT (the trustee of the BDBS). The review specifically relates to historic changes to the scheme rules and is not expected to be concluded until late 2024 at the earliest.

Avon Pension Fund

The Avon Pension Fund (APF) is a multi-employer defined benefit scheme administered by Bath and North East Somerset Council under the regulations governing the Local Government Pension Scheme.

The latest triennial actuarial valuation was carried out at 31st March 2022 and this has been updated to 31 March 2023 by a qualified independent actuary.

Contributions for year ended 31 March 2023:

	£'000
Employee	108
Employer	504
Total	**612**

Agreed contribution rates for future years:	
Employee (average)	6.7%
Employer	21% – 32.8%

35. Pension obligations (continued)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 March 2023 by a qualified independent actuary:

	2023	2022
Rate of inflation - CPI	2.80%	3.10%
Rate of increase for pensions in payment	2.80%	3.10%
Rate of increase in salaries	2.80%	3.10%
Discount rate for scheme liabilities	4.80%	2.75%

The post retirement mortality assumptions used to value the benefit obligation for the four years are based on the S3PA CMI 2021 cohort series. The assumed life expectations on retirement at age 65 are:

	2023	2022
Males		
Current pensioners (years)	21.5	21.5
Future pensioners retiring in 20 years (years)	22.5	22.5
Females		
Current pensioners (years)	23.9	23.5
Future pensioners retiring in 20 years (years)	25.1	24.8

The information below is in respect of the whole of the plans for which the Group is either the sponsoring employer or has been allocated a share of cost under an agreed policy throughout the periods shown:

	2023 £'000	2022 £'000
Fair value of fund assets	43,271	58,443
Present value of defined benefits obligations	(43,422)	(54,323)
Pension deficit	**(151)**	**(4,120)**

The fair value of the assets:

	2023 £'000	2022 £'000
Equities	-	14,015
Government Bonds	-	4,237
Other Bonds	43,271	22,490
Property	-	2,282
Cash	-	543
Other	-	10,756
Total fair value of assets	**43,271**	**54,323**

35. Pension obligations (continued)

Reconciliation of Assets and Liabilities

Reconciliation of assets at 31 March 2023:

	£'000
Assets at start of period	54,323
Interest on plan assets	1,487
Remeasurements	(12,040)
Administration expenses	(10)
Employer contributions paid	504
Employee contributions	108
Benefits paid	(1,101)
Assets at end of period	**43,271**
Total return on plan assets 1 April 2022 to 31 March 2023	**20.30%**

Reconciliation of liabilities at 31 March 2023:

	£'000
Liabilities at start of period	58,443
Service Cost	557
Interest Cost	1,594
Employee contributions	108
Remeasurements	(16,179)
Curtailments	-
Benefits Paid	(1,101)
Liabilities at end of period	**43,422**

Analysis of the amount charged to operating costs in the statement of comprehensive income at 31 March 2023:

	£'000
Employer service cost (net of employee contributions)	557
Expenses (including service charge and curtailments)	10
Total operating charge	**567**
Analysis of pension finance (income)/costs	
Expected return on pension scheme assets	(1,487)
Interest on pension liabilities	1,594
Amounts charged to financing costs	**107**

35. Pension obligations (continued)

Analysis of gains and losses recognised in the statement of comprehensive income at 31 March 2023:

	£'000
Actuarial losses on pension scheme assets	(12,040)
Actuarial gains on pension scheme liabilities	16,179
Actuarial gains recognised	**4,139**

Movement in deficit during the year:

	£'000
Deficit in scheme at 1 April 2022	(4,120)
Employer service cost (net of employee contributions)	(557)
Employer contributions paid	504
Pension administration expenses	(10)
Curtailments	-
Net interest cost	(107)
Remeasurements	4,139
Deficit in scheme at 31 March 2023	(151)

The notes below are taken from a report prepared by Mercer Limited, the actuaries for the Avon LGPS fund.

Guaranteed Minimum Pension (GMP) Equalisation

UK and European law requires pension schemes to provide equal benefits to men and women in respect of service after 17 May 1990 (the date of the "Barber" judgment) and this includes providing equal benefits accrued from that date to reflect the differences in GMPs. Previously, there was no consensus or legislative guidance as to how this might be achieved in practice for ongoing schemes, until the 26 October 2018 Lloyds Bank court judgement provided further clarity in this area. For the public service pension schemes, HM Treasury had already launched a consultation on the issues surrounding GMP equality and increases on GMPs and HM Treasury has stated since the judgement that "public sector schemes already have a method to equalise guaranteed minimum pension benefits, which is why there is no change to the existing method as a result of this judgment".

The clear implication is that the Government (who have the overall power to determine benefits provision) believe the judgement itself will not affect the benefits. Therefore the natural conclusion for the main public service pension schemes including the Local Government Pension Scheme is that it is not appropriate for any provision to be included for the effect of the Lloyds Bank judgment, at least at the present time and so, unless instructed otherwise, no allowance was made specifically for GMP equalisation in the accounting liabilities. This is consistent with previous accounting disclosures (and the most recent valuation, which holds no explicit reserve for GMP equalisation).

There is a possibility that all public sector schemes will be required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2023. Government policy in this area is still to be determined, thus it was concluded that the most consistent/safest approach is to include the additional indexation liabilities in the accounting figures, therefore the figures above include the increase in past service liabilities as a "past service cost" (the schedule of figures will separately identify the element of the past service cost which relates to the GMP increases).

Staffordshire County Council pension scheme (LGPS)

Historically the Group also participated in The Staffordshire County Council pension scheme (LGPS), which was a multi-employer, defined benefit scheme. Bromford exited this scheme in 2018. However, as the fund at that point was in deficit of £8.1m, Bromford entered into a Funding Agreement to terminate either by March 2038, or by the fund serving notice to terminate if the deficit fell below £1m.

35. Pension obligations (continued)

In March 2022 the fund moved from being in deficit to a surplus of £4.9m and in October 2022 the fund served notice to terminate the Funding Agreement, with a cessation payment of zero. As a consequence of which we reviewed our accounting treatment of the asset and the original transaction and have adjusted the prior year periods as at 31 March 2022 and 1 April 2021 to reflect the nature of the transaction as a variable liability rather than a defined benefit pension liability. The impact is to remove the previously reported pension asset and the actuarial gain of £4.9m, since the scheme had been exited and no money was recoverable.

36. Contingent liabilities

A deed has been entered into by the board members of Bromford Housing Group Limited to indemnify its board members, executive team, directors and employees across Bromford Housing Group Limited and its subsidiaries for insurance cover no longer provided within its current directors' and officers' liability insurance policy. Any claim made would be against the relevant entity with ultimate responsibility for reimbursement being through Bromford Housing Group Limited where required. The maximum exposure across the group for this indemnity is £10 million and it expires on 31 March 2024.

Registration Information

Co-operative and Community Benefit
Society Registration Number 29996R

Registration of Social Housing
Registration Number L4449

Advisors:

External Auditors:

Beever and Struthers
20 Colmore Circus Queensway
Birmingham
B4 6AT

Business Assurance Providers:

PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Bankers:

Barclays Bank plc
15 Colmore Row
Birmingham
B3 2BH

Taxation Advisor:

Deloitte
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Midlands office

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