Annual Report &
Financial Statements
2023-24

Better futures

Better Homes

Better Communities

Better Business

Annual Report & Financial Statements **2023-24**

Better futures

Contents

Highlights

Introduction from our Chair

In recent years, our Regulator and Ombudsman, the media and public perceptions have delivered a challenge to the sector: to do more to meet the expectations and look after the people we house. At B3Living, we are in the fortunate position of being a local provider, embedded in the communities that we serve with a closeness to our customer base.

I am pleased that our customers' voice is being heard more than I can ever remember, be it through our Customer Community, customer insight reports, customer complaint analysis or more generally via our Tenant Satisfaction Measures. However, our customer insight journey is far from complete, we aspire to create a transparent and collaborative business that works hard for our customers and communities.

Over the last two years the sector has experienced a very challenging operating environment, with customer satisfaction levels, operating margins and interest cover ratios all falling. During these very difficult times, it's generally our customers who are disproportionately affected. While the economic uncertainty has not completely ended, we are starting to see some green shoots of recovery. Inflation is decelerating; there is an expected return to economic growth; and with interest rates forecast to be cut during 2024, these key factors should help bring mortgage rates down and stabilise the wider housing market.

At B3Living, the Board has taken a prudent approach towards new home investment in recent years; this was in part due to the impact that higher interest rates were having on the financial viability of new schemes and increased contractor failure risk. But also, our appetite was dampened by cost growth within the day-to-day running of the business, caused by heightened regulations, new legislation and inflation. The Board sought to address this issue during 2023-24, with a clear expectation that every pound needs to be spent effectively, and our costs had to be within the set budget, without any adverse short-term cuts being implemented.

It was with great pride that the business met with the Board's challenge as they delivered costs under budget. With this more solid foundation, we have felt keen to increase our investment in new and existing homes, and this is reflected in the new corporate strategy's target of starting 400 new homes on site within the next three years – a 7.4% increase in our homes. Moreover, in the 2024-25 budget we approved a £11m investment in improving the quality, safety and energy efficiency of the homes we provide, this equates to a £2,500 capital investment per home – which is amongst the very highest levels in the sector.

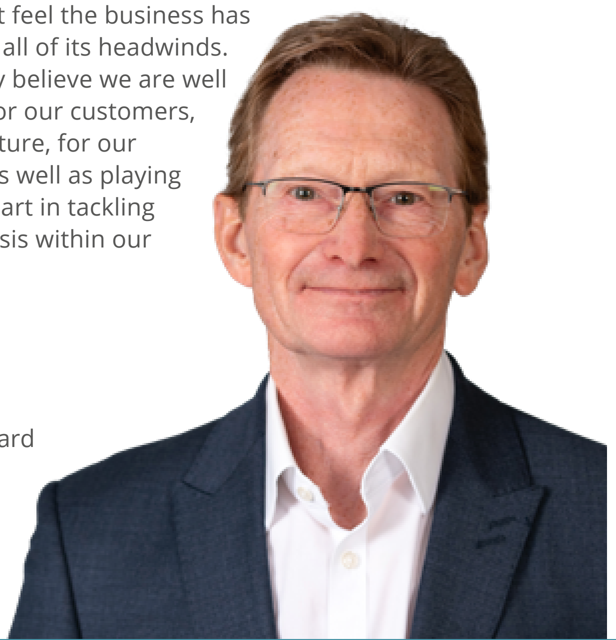
The Board felt that this large investment in our homes was extremely important as our customers' rents increased by 7% in 2023-24 and by another 7.7% in 2024-25. We believe it is vital that our customers feel that the rent they pay is invested back into their homes and provides them with value for money, therefore it is great to see that 84% of them believe it does.

When the Board approved the three-year Better Futures Strategy in 2021, we made customer satisfaction a key priority for the business, and we set a sector upper-quartile target. Now we have come to the end of this strategy period, it is very pleasing to see that our performance of 85% is near the sector's upper decile. This performance, especially through such a disruptive period, could never be achieved in the boardroom alone; therefore, it is with huge gratitude and pride that I am the Chair of a business which has so many dedicated and talented team members. Without their fortitude, customer focus and commitment, all the great performance contained within this publication could not have been realised.

Another key theme of the Better Futures Strategy was our ambition to reduce our carbon footprint, so we set a target of increasing our sustainability accreditation from Silver to Gold, a target that we were able to meet. However, we have not finished the job. In the next three-year corporate strategy, we have set another stretch target for the business: we want all our current homes rated at EPC C or over within the next three years. And, when that target is met, we will set another one, until we achieve net zero carbon.

While today we can be proud of our achievements, the Board does not feel the business has fully navigated all of its headwinds. However, I fully believe we are well set to deliver for our customers, existing and future, for our communities as well as playing an important part in tackling the housing crisis within our local area.

David Biggs,
Chair of the Board



Chief Executive's statement

As a locally focused housing association that aspires to deliver great services and homes for our customers as well as building more affordable homes for our communities, it is fantastic to report those aspirations being realised within these accounts.

Against a backdrop of economic, legislative, and regulatory changes, during the Better Futures Strategy we have delivered a great deal. An example is our 430 new affordable homes, which equates to an 8.9% growth over the period for B3Living. In addition, we have also invested at more than sector upper-quartile levels in our existing homes, as we seek to provide good quality, safe and energy efficient homes.

With investment levels to one side, our team have worked hard to maintain our overall customer satisfaction at around 85% and earn considerable improvements in satisfaction in specific areas. This is great performance considering the cost-of-living crisis and the negative press stories regarding our sector.

Our customer engagement network, called our "Customer Community", continued to flourish and help us as a business to better understand the diverse needs of our customers, and tailor our services accordingly, especially for those who are vulnerable or neurodiverse. There are now 263 members of this group who have given their view on a wide range of important matters from rent setting through to our new corporate strategy which started in April 2024. Satisfaction that our customers believe we act and listen on their views ended the year on 71%, again comfortably within the top quartile in the sector.

We have continued with our customer-led empty home standard, whereby we ensure that when we re-let a home the flooring and decorating are of a high standard, along of course with the standard health and safety and component checks. This not only sets the tenancy off on the right footing but is hugely appreciated by our customers where we have seen a high number of compliments on the quality of their new home. Satisfaction in this area increased to 91% for re-lets, more in line with the feedback we receive on new homes which tracks at 100% satisfaction.

Value for money has been a key focus for the business over the last year as we seek to provide great services and homes for our customers, while ensuring we maintain financial resilience and investment capacity. This year, across the business we have been reviewing how we spend our money and asking ourselves if it is delivering the corporate strategy. Sometimes, this has resulted in taking tough, but right, decisions. This cost review process will continue into 2024-25 as we are sure to have to overcome further economic challenges in the future.

For example, this coming year sees the introduction of new consumer standards by the Regulator of Social Housing. These standards are designed to help ensure tenants live in safe, quality homes, have choice and protection and can hold landlords to account. This is backed by the Housing Ombudsman's Complaint Handling Code which became statutory in April 2024, reinforcing the importance of addressing residents' complaints effectively and efficiently. Customer satisfaction with how we handle complaints did see an improvement over 2023-24 and we have now strengthened our team in this area with dedicated customer resolution leads.

We believe we already comply with these standards but will of course look to strengthen our approach where we can. One of these is in our approach to data and how we use it to both improve day-to-day operational services to our customers and to make better long-term decisions. This exciting project has already begun, and we will benefit from the results of it over the next strategy period and beyond.

We have delivered a huge amount over the last year and end the year stronger than we started. I am confident that we can keep up this consistency and stretch ourselves to deliver even more during 2024-25 and beyond.

Steve Woodcock
Chief Executive

Through our work, we support more than 13,000 people every year. Maintaining a healthy financial position and strong regulatory ratings gives us the platform to provide secure, high-quality homes and great customer services.

2023-24: our year in numbers

Key financials	£9.4m ↗ **Surplus** (£8.8m 2022-23)	187% ↗ **Interest coverage** (162% 2022-23)	43% ↗ **Gearing** (44% 2022-23)	G1 V1 = **Regulator ratings** (G1 V1 2022-23)	A3 = **Moody's rating** (A3 2022-23)
Operational performance	85% = **Customer satisfaction** (85% 2022-23)	5,398 ↗ **Total homes** (owned and managed) (5,347 2022-23)	0.62% ↗ **Total current tenant arrears** (1.01% 2022-23)	87% **Customers feel treated with fairness and respect** *(new measure)*	
Property performance	5.6% ↘ **Reinvestment** (8.2% 2022-23)	53 (1.0%) ↘ **New homes delivered** (258 (5.0%) 2022-23)	82% ↘ **Customers satisfied with quality of home** (88.1% 2022-23)	100% = **Gas and electrical safety compliance** (100% 2022-23)	
Value for money highlights	£4,992 ↗ **Social housing cost per unit** (£4,567 2022-23)	44.0% ↗ **Operating margin** (social letting) (40.5% 2022-23)	5.1% ↗ **Return on capital employed** (4.5% 2022-23)	84% ↘ **Customers who think their rent is value for money** (88% 2022-23)	

About us

B3Living stands for...

Better Homes | Better Communities | Better Business

Our purpose

In our area, we see a higher proportion of people employed in lower wage roles. But, at the same time, local average house prices are around £80k higher than the national average, making the housing market out of reach for many. We work to create better futures by providing affordable homes for local people that are safe, good quality and energy efficient and through excellent customer services.

Our area

We are a local, not-for-profit housing provider operating chiefly across the south Hertfordshire-Essex border (Broxbourne, East Herts, Harlow, Epping Forest, Uttlesford, and Welwyn and Hatfield). Our geographical footprint is predominately concentrated within the Borough of Broxbourne, which gives us close ties to the communities where we work: we know the streets; we partner with local businesses and charities; and many of our colleagues live or grew up here.

Our services

To tackle the housing crisis locally, we build, own and manage a wide range of below-market housing options by helping local people to rent or buy a home they can call their own.

A home is more than bricks and mortar and so are we. We offer services to help our customers live comfortably in their homes: we look after our buildings and estates and have an in-house repairs service, and we support people when life changes - for example, when money gets tight or as they adjust to retirement.

Every penny of our surplus, and much more, is invested in improving our homes, building new much-needed affordable homes and creating stronger communities.

Past, present and Better Futures

We were established in 2006 following a large-scale voluntary transfer from the Borough of Broxbourne Council and have since grown our stock to around 5,400 homes.

5,398 homes

13,000 customers

190 colleagues

18 years

Our values are well-rooted in our culture. They underpin everything we do, from how we work with customers, partners and each other on a day-to-day basis, to how we make long-term strategic decisions.

In 2020 we launched our 'Customer Ethos', which puts our values into action.

Our Customer Ethos is a set of standards we use to let our customers know what they can expect from us. They help promote a culture of listening, accountability and respect. We want to emphasise the importance of delivering excellent customer experiences and align ourselves with the recommendations set out in the Charter for Social Housing Residents.

In 2019-20 we conducted research into the housing crisis locally and found that average house prices were more than 11 times UK average earnings. Following this, in 2021 we launched a strategy that set ambitious build targets. However, we also want to be a customer-focused organisation and we recognise the wider role housing providers play in shaping our communities. Therefore, our strategy looked at other ways we could support better homes, communities and business to deliver a better future more broadly.

As this chapter of the Better Futures Strategy closes, our Strategic Review section highlights some of our key achievements and how we plan to build on them as we enter the next phase

Our values

Open
Communicating and listening inclusively

Adaptable
Continuously changing to improve the way we work

One team
Working together to achieve our goals

Innovative
Proactively challenging to maximise opportunities

Commercial
Creating value and understanding

Our customer ethos

- Always honest
- Deliver a personalised and inclusive service
- Take ownership of every contact
- Find better ways to do things
- Actively listen

Strategic review

Our Strategy

In 2021, mid-pandemic and with a cost-of-living crisis on the horizon, we put forward our strategy for Better Futures. This strategy, with its seven strands addressing topics such as building safety, net zero carbon, tenancy sustainment and customer experience, positioned us well for the headwinds we could predict, as well as for many we could not.

Better Futures was set to run from 2021-24 and now is the right time to take stock. However, while the landscape around us has shifted, many of the themes that motivated Better Futures remain relevant.

In essence, our 2024-27 strategy will act as a continuation of much of the work started under our previous strategy. From April 2024, the seven 'Futures' we set out in 2021 will consolidate into six: with our goal to offer 'support when life changes' incorporated into our customer ethos more generally, while our themes around 'cutting carbon' expands to explore emerging concerns around climate change and our commitment to 'responsible business' hones in on data governance and other key foundational elements underpinning our operations.

As is called for in the Better Social Housing Review, we will stay concentrated on our core purpose, which proved successful for B3Living across 2021-24. Yet we remain ambitious and keen to extend our impact.

Better Futures 2021-24 set stretching targets, and we are proud that the following pages report achievements against so many of these. We can enter our next strategic period optimistically, with a resilient base upon which to build.

Better homes

"I felt like I didn't have to compromise on space or comfort to stay within my budget – I could have both."

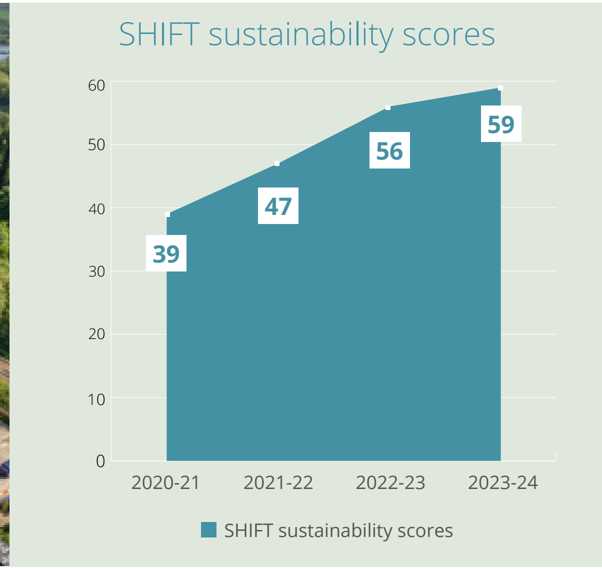
Recent B3Living shared owner, Joanna, on the quality of her new homes

Cutting carbon

For B3Living, our 2021-24 Better Futures strategy signalled a big shift in our approach to the environment. Putting more focus into being a more environmentally conscious provider meant significant changes and ample learning over the three years, but it is excellent that, at the end of the period, we can report on how many of our efforts started to gather momentum and bear fruit. Most notably, we closed 2023-24 having achieved our Gold SHIFT award *(Sustainable Homes Index for Tomorrow)*. In this, we realised one of the most ambitious targets set by our Board in 2021.

From a standing start, we are now ranked within the top 10 landlords assessed by Suss Housing (the independent assessors behind the sector's sustainability standard) through their SHIFT framework, and in 2023-24 our overall score rose by a further four percentage points.

This achievement is the accumulation of the many changes we have made in recent years to the way we work including: a switch to low-energy LED communal and office lighting; promoting recycling in our office and through our re-let standards; building sustainability requirements into our procurement policies, window and door replacement programmes; and more recently exploring electric pool cars.



Our Gold award also acknowledged that during 2023-24 we stepped up our customer engagement activities. We recognise that our customers are likely to be among those experiencing cost-of-living crisis most acutely, so we continued our 'One by One' energy awareness raising campaign; we targeted homes at risk of flooding; and during the winter period our 'You have the power' campaign promoted support for those experiencing fuel poverty.

What has enabled us to make real strides is partnership working. Under the Better Futures strategy we founded a sustainability-focused consortium with neighbouring Hertfordshire landlords, called Greener Herts. The group is an excellent advert for collaboration in the sector and through it we have already upgraded the insulation on 295 homes through the Warm Front programme and secured £2m in grant funding for our Cosy Homes project in a joint bid to the Social Housing Decarbonisation Fund (SHDF).

One year into Cosy Homes and 380 B3Living homes have undergone a retrofit assessment. Collectively, the consortium has surveyed 1,500 homes with works having started on over 400 of them, although the bulk of activity for upgrade works is set to take place in 2024-25. Using the HACT Social ROI tool, we estimate that improving insulation alone could deliver £6.5k per household in social value through cheaper energy bills, reduced benefit payments and lower usage of the NHS.

Having now achieved SHIFT Gold, we intend to maintain this level of commitment going into Better Futures 2024-27. We know the margins for improvement will get smaller and the standard for Gold will only get higher as we are expected to and should be doing more to cut our environmental impact.

We enter the next strategy period poised to maintain this momentum. For example, when the Cosy Homes project completes in 2025, only 160 homes in our stock (2%) will be left with an EPC rating of D or lower, placing us in a good position to achieve our full target of all current homes at EPC C+ well in advance of 2030. We have already planned to survey those outstanding homes in 2024-25, with an improvement programme to follow soon after.

Alongside this, we will galvanize our approach to cutting carbon and climate resilience into a net zero carbon strategy with SMART targets around sustainable procurement, biodiversity, waste management, and more. We know that insulating homes will only go so far. Therefore, we have also commissioned a research paper on routes to move away from gas boilers within our homes to reduce our carbon footprint. We will also explore emerging concerns, ensuring our resilience to climate risks such as overheating and flooding.

Better Futures objectives

Deliver net-zero carbon operations by 2050.

2021-24

- ✔ 86% homes EPC C or above
- ✔ 77 average SAP rating of our homes
- ✔ Gold SHIFT sustainability accredition

2024-27

- ➜ 0 homes EPC D or below
- ➜ 80 average SAP rating of our homes
- ➜ Gold SHIFT sustainability accredition

Safe, good quality homes and estates

Our customers should be, and feel, safe in their homes. Between 2021-24, the sector witnessed more sad and sharp reminders of how important it is to continue investing in the quality of our homes. Building safety is a key responsibility for us as a landlord with interests in asset and risk management, but also as part of our duty of care to our customers.

We take a long-term view in this area and we have a track record of upper-quartile reinvestment in property maintenance that precedes the strategy period. For example, we previously maintained 100% compliance with Decent Homes standards for more than a decade.

Our drive toward Better Futures saw us channel more than £40m back into our existing homes across the three years of the strategy. More recently, labour shortages and escalating material costs have made it a challenge to maintain sustainable works programmes. However, in 2023-24, we still invested £14.5m into looking after our homes, within this we dedicated £5.5m to upgrading kitchens, bathroom, heating, electrics, roofs, windows and doors, and supporting vulnerable customers who need adaptations.

We also endeavoured to keep pace with, or get in front of, safety regulations as they have evolved.

Our 'Safe in the Knowledge' fire safety campaign helps us move towards a zero-tolerance approach to hazards in communal areas and we have seen a noticeable shift in customer behaviours.

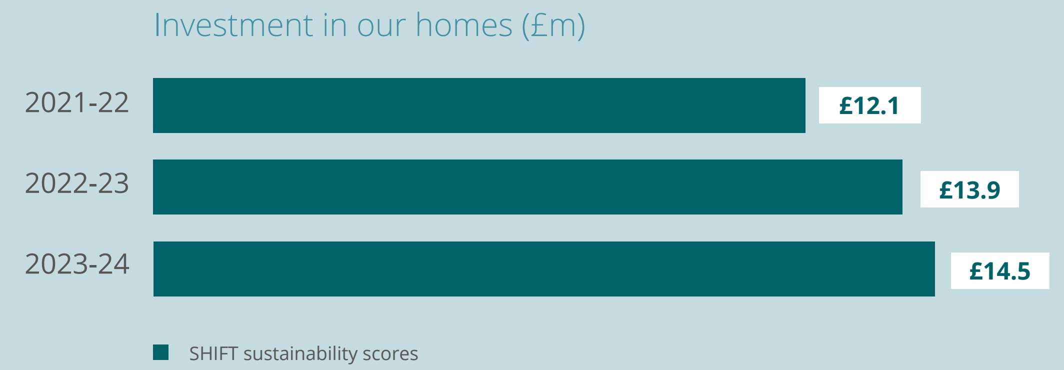
We know this area matters to our customers. Since enhancing our empty home standards under our 'Great Starts' project, which represents a significant investment in perception-tackling measures such as redecoration, flooring and deep cleaning, customer satisfaction with re-let consistently exceeds 90% (2023-24: 91%). We are also proud to have a high-performing in-house repairs service that is valued by our customers and reliably achieves over 90% customer satisfaction each year.

As we move into the next chapter of the Better Futures strategy, we have no plans to scale back. In 2024-25 alone we will spend £11m to renew kitchens, bathrooms, windows and fire doors, or to make energy efficiency upgrades. We will take a strategic approach to managing our older and underperforming assets while continuing to build on the successes of our in-house maintenance services, investing over and above on building safety.

Our operating model puts neighbourhoods at the heart of what we do. We recognise that the quality of our estates can have as much of an impact on quality of life as the quality of the homes we provide. We have already made steps to bring communities together, such as introducing an annual Community Day, and across 2024-27 we plan to do more keep our estates well maintained and challenge negative stereotypes about social housing.

£40m

Invested in maintaining our homes 2021-24



Better Futures objectives

Prioritise investing in our homes and estates

2021-24

- ✔ 85% customers satsified with the quality of their homes
- ✔ 84% customers satisfied their home is safe
- ✔ 71% customers satisified with their neighbourhood

2024-27

- → 81% customers satisfied with home maintenance
- → 86% customers satisfied that their home is safe
- → 77% customers satisfied with our contribution to neighbourhoods

Building locally

Average house prices in our area typically exceed the national average by around £80k, making the option of owning a home out of reach for the majority of low or middle-income families. As one of the only social landlords developing in our area, we have a key role to play in addressing this gap. Even more so recently as many private landlords exit the market.

Our Better Futures strategy saw a landmark period of delivery for B3Living. Proportionate to our size, we grew by a sector-leading 8.9% across between 2021-24, with 430 new homes delivered. Of these, 84% were situated in our home borough of Broxbourne, comfortably exceeding our 70% local delivery strategic target, which gives us confidence as we explore expanding into neighbouring local authority areas in the future.

During the last year, we completed our Section 106 projects at Newgatestreet Road in Goffs Oak and Stoneshot Farm near Waltham Abbey. Both schemes made affordable housing available in desirable villages that local people would otherwise struggle to access and at the latter scheme, Stoneshot Farm, the majority of incoming families had previously been trapped in temporary accommodation.

Sales

From these two sites, we were able to place 15 new shared ownership homes on the market to help local people get their first footing on the housing ladder. Combining these with sales from our major regeneration scheme at Cheshunt Lakeside, built at the tail-end of 2022-23, gave us 52 sales overall in 2023-24.

The £9.3m income generated by these transactions took us to a positive 103% of our sales budget for the year, assisted by the fact that our average sales tranche exceeded 50%. In the current climate the mortgage market is making affordability increasingly difficult for many, therefore sales performance is particularly encouraging. Our Cheshunt Lakeside scheme delivered a significant tranche of homes for sale (83 in total), and we ended the year with only 36% left unsold.

New homes delivered, 2023-24

38 affordable rent

15 shared ownership

That these achievements have materialised against an increasingly unfavourable backdrop is notable. The sharp rises in land prices, capital and build costs in recent years have brought many contractors to, or to the brink of insolvency, while the inflationary climate brings its own challenges as we seek to be competitive.

Although we have felt these obstacles and had to double down on risk management in this area, we have maintained an active, sustainable pipeline which is picking up pace as interest rates are set to become more favourable and we launch the next phase of our Better Futures strategy.

Grants and funding

Our 2024-27 strategy carries forward our commitment to development and to high standards for safety, design and energy efficiency. We invested a further £19.5m in developing new affordable housing in 2023-24 and have made a provision with the budget to start 200 new homes in 2024-25 ahead of our overall of 400 new homes on site by 2027.

Last year's performance was supported by £3.1m in government grant, thanks to our productive ongoing working relationship with Homes England. We are also very pleased to have secured £1m in grant funding from the Borough of Broxbourne Council. This will assist us to build out our upcoming land-led projects at the Whitehouse and Barrow Lane, thus supporting us to deliver true additionality in the local supply of affordable homes in the area, in which we are one of the only registered providers developing affordable homes.

In addition, we are pleased to see opportunities emerge with new local authority partners. In 2023-24 we were awarded grant funding through the Local Authority Housing Fund to purchase nine homes in East Hertfordshire District for Afghan and Ukrainian refugee families, all of which will be retained as social housing as and when the need for refugee housing withdraws.

Going forward we hope to deepen and strengthen the relationships we have with local authorities in our new development areas as we work to make a greater impact in our local area.

Better Futures objectives

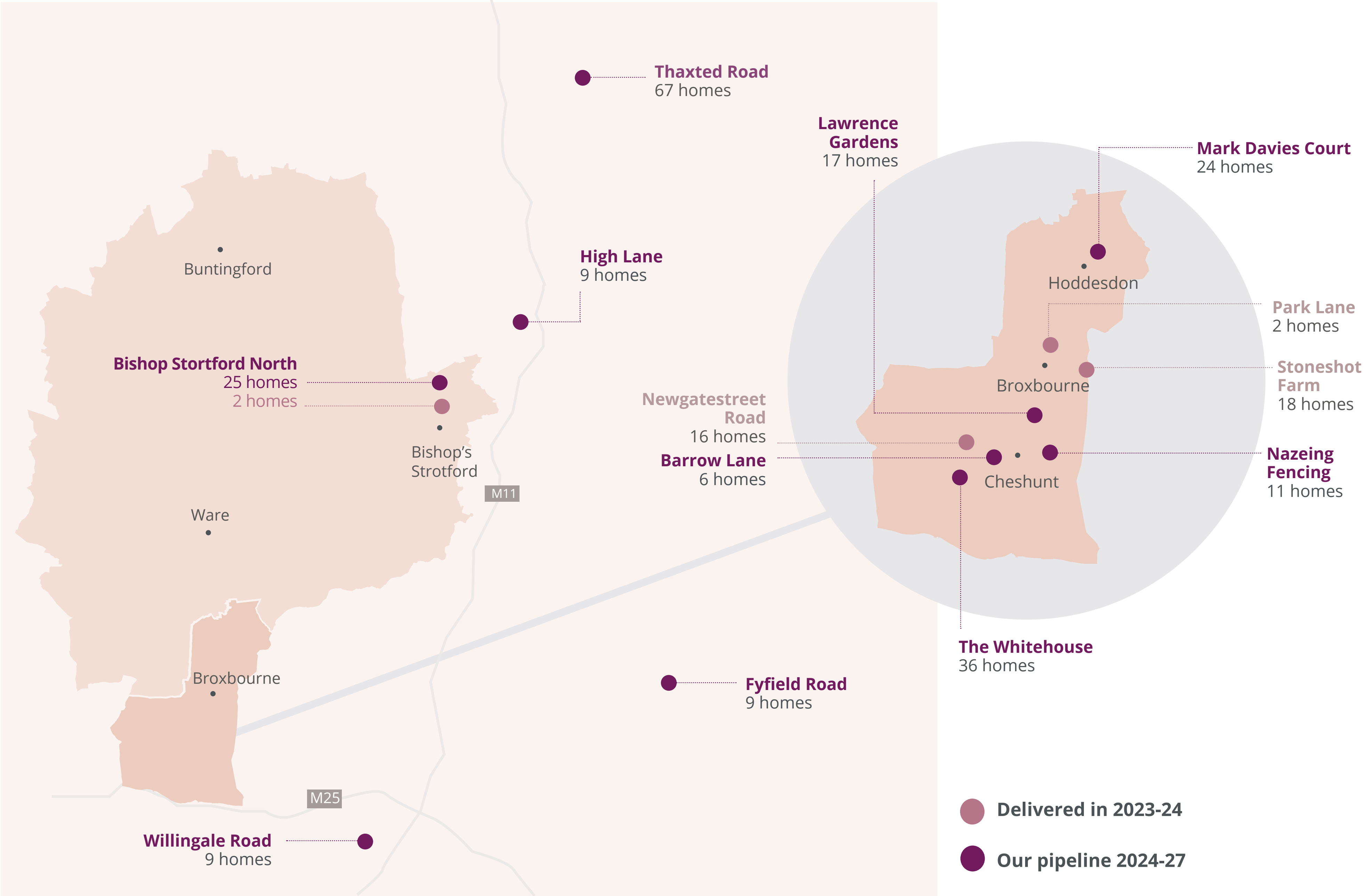
Increase affordable housing delivery in our communities

2021-24

- ✔ 430 new homes delivered
- ✔ 8.9% growth
- ✔ 84% built in borough of Broxbourne
- ✔ 100% customers satisifed with their new home

2024-27

- ➜ 400 new homes started on site
- ➜ 92% customers satisifed with their new home


Thaxted Road
67 homes
Lawrence Gardens
17 homes
Mark Davies Court
24 homes
Buntingford
High Lane
9 homes
Hoddesdon
Park Lane
2 homes
Bishop Stortford North
25 homes
2 homes
Stoneshot Farm
18 homes
Broxbourne
Newgatestreet Road
16 homes
Bishop's Strotford
Barrow Lane
6 homes
Nazeing Fencing
11 homes
Cheshunt
M11
Ware
The Whitehouse
36 homes
Broxbourne
Fyfield Road
9 homes
M25
Willingale Road
9 homes
Delivered in 2023-24
Our pipeline 2024-27

Better communities

"With my husband, we just want to send a great big thanks to everyone at B3Living who has been supporting us on this big and extremely long journey! We are so thankful for your help and support and speedy replies to our emails and of course for the time you took to help us....

"We can also start the adoption process, is it not great?"

B3Living customer supported by B3Living's Neighbourhood team

Excellent customer experiences

Being a customer-driven organisation has always been key to our purpose. Bricks and mortar represent only the beginnings of our impact on the lives of local people, and we recognise how a professional, compassionate and inclusive service can make a palpable difference when our customers need it most.

We pride ourselves on maintaining a close connection with our customers and using their views to inform our services. We conclude this three-year strategy with a broader and more sophisticated approach to the customer voice and now have more than 260 members in our engaged customer network, our 'Customer Community'. Our Customer Influence Framework facilitated almost 30 consultation/insight activities in 2023-24, which varied in format and scope to ensure opportunities were accessible, address topics that matter most to customers and gather a broad, live and deep understanding of our customers' perspective.

Among these activities, customers have been given more direct access to our Board through our now-embedded Operations Committee, which reviewed its approach to engaging customers during the year. Customers now have influence over the Committee agenda and review documents.

We're also proud that our teams have maintained unfaltering overall customer satisfaction scores at 85-86% throughout the period of the strategy, especially in light of the overall downward trend reported by many housing providers and customer-facing businesses across the UK. Many other metrics, such as customer trust in B3Living and perceptions of our rents as good value for money, also scored in the sector upper quartile.

We have kept a close eye on our customer satisfaction performance for several years but welcome the increased scrutiny that has come with this year's launch of the Tenant Satisfaction Measures, which are shared throughout this report.

We aim to couple a listening culture with a learning one. To this end, we refreshed our Customer Experience Forum with additional leadership oversight, space for reflective practice and a focus on a concentrated continuous improvement projects driven by customer insights.

Our customer focus anchors our new 2024-27 Better Futures strategy as much as it did the previous one. We remain committed to delivering "a consistent, excellent customer experience for everyone" and will realise this by reviewing our core procedures against customer perceptions to promote consistently high standards of service. We will invest further in our complaints handling function, looking for ways to do even more for those who are vulnerable or neurodiverse, and we will give customers new avenues to hold us to account. By 2027, we hope to achieve formal recognition for our customer service ethos.

Better Futures objectives

An excellent customer experience for everyone

2021-24

- ✔ 85% customers satisfied overall
- ✔ 84% customers satisfied that we listen and act on their views
- ✔ 71% customers satisfied that we are easy to deal with

2024-27

- ➜ 84% customers satisfied overall
- ➜ 84% customers satisfied with repairs
- ➜ 73% customers satisfied with how we listen
- ➜ Customer service accreditation

Support when life changes

Major life changes can bring difficulties for anyone, but our client group, being typically less financially secure, can be even more at risk. To have the maximum impact locally, it's important that we have safety nets and interventions in place to help our most vulnerable customers to stay in their homes or to find ones that better meet their needs.

Between 2021-24 we built a comprehensive network of local support agencies whose expertise and resources we can draw on or signpost customers to. One example of this is our partnership with the Hertfordshire Money Advice Unit, which we established in 2021. Last year, the service worked with 130 B3Living customers and raised more than £350k to provide financial assistance for those families.

While partnerships allow us to draw on the expertise of others and help us to achieve much more, we have also invested our own resources. Our dedicated Customer Coach function is going from strength to strength and using the HACT Social Return on Investment Tool we are able to quantify the value these activities bring to the customer and the public purse.

Our Customer Coach now supports more than 40 cases at any one time and last year they were able to achieve more than £150k in social value gains – for example, through sourcing debt assistance to help customers with their heating bills or through property-related interventions such as finding support for customers struggling with gardening or maintenance.

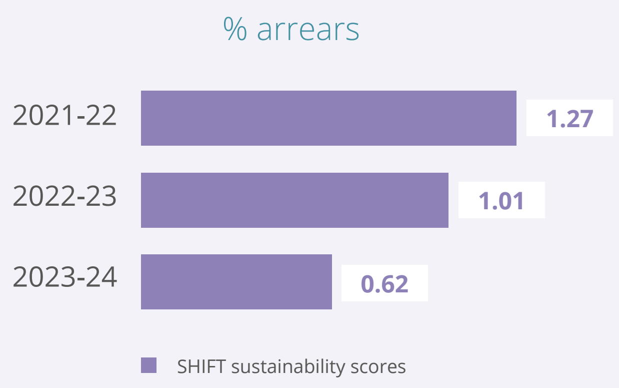
Perhaps the best indicator of our success in this area is our sector leading arrears performance and low levels of evictions. Despite increasing pressures on their income, our support mechanisms enable customers to continue covering their rent and sustaining their tenancies, and thus their home. While arrears levels have well exceeded the targets set by Board each year, 2023-24 showed exceptional performance falling to 0.62%. This is a testament to the hard work of our Rents and Tenancy Sustainment Advisors, as well as our Customer Coach.

Prior to launching the Better Futures strategy, targeted research showed that residents in our area experienced lower access to housing compared with other districts alongside higher levels of need. It is sad to report that, as at March 2024, this has not changed.

Broxbourne and the immediate surrounding areas show a higher proportion of people employed in lower wage roles and higher levels of deprivation, creating greater disadvantages than some other parts of Hertfordshire. This means that our agenda to offer 'Support when life changes' is still relevant. However, our thinking has evolved and we no longer view this as a separate workstream to our goals to deliver 'Excellent customer experiences'. Across 2024-27, we will build provisions into our service offer to enable and empower our customers to maintain their tenancies and we will build on our partnerships to develop specific interventions to assist with mental health, domestic abuse and relationship breakdowns through collaborative community projects and services.

Better Futures objectives

Help our most vulnerable customers sustain their tenancies to ensure they can remain in the home they are in or to move to a more appropriate one.



Better businesses

"My mum always told me to express myself [...] and I think we should move away from the 'we just provide housing' mindset, it's so much more than that [...] Now more than ever people need supportive communities and landlords can help create that."

Yemi, B3Living's senior IT application support analyst on why she is passionate about her role at B3Living.

A great, inclusive place to work

We don't believe we could achieve all we have for our customers without a great team. Most of our colleagues live locally and know our homes and communities, something which is valued highly by customers and colleagues alike. Our recent culture survey highlighted the friendly, "family feel" as a hallmark of working at B3Living.

Our strategic aim has been to ensure B3Living remains a great, inclusive place to work. We are happy to report that under Better Futures we made several steps to make us more representative of our community at Board level reduced our mean gender pay gap from 5.36% (2021) to 3.26% (2023) and have invested in up-and-coming managers through a 'Learning to Lead' programme.

In 2023-24 we completed a review and restructure of our in-house maintenance service, our DLO, in order to improve quality assurance, communication and make sure we live our 'one team' values.

The thinking around equality, diversity and inclusion (EDI) moves at pace, so between 2021-24 we invested in a dedicated EDI Manager and recruited EDI Champions to help us learn and improve.

Our resources are modest, and 2023-24 brought resourcing challenges which constrained our outputs this year. However, we have worked to keep the conversation active within B3Living by solidifying our ethos under recognised accreditations/memberships; for example, by signing up to the Good Youth Employment Charter and to the HouseProud Pledge to show our commitment to supporting LGBTQ+ colleagues and residents.

Staff wellbeing goes hand in hand with this agenda. This year, we spotlighted mental health by rolling our mental health awareness training for managers, regular wellbeing webinars and appointing 11 mental health champions across the business, who all received mental health first aid training.

It's important to back up awareness around inclusion with policy and process. Between 2021-24 we have made extensive upgrades to our wellbeing and benefits package, introducing a menopause policy, increasing our offer around fertility, parental and paternity leave, and launching a medical cash back scheme. In 2023 we released 'Perkplace', consolidating our team benefits and employee rewards schemes all in one place.

We know it was the dedication of our people which delivered Better Futures in 2021-24. Our value comes from them, and we believe it will be our people who have the biggest single influence on delivering the outcomes of the 2024-27 instalment of our strategy.

Our recent work around culture will act as the keystone as we look to nurture the right working environment. Last year, we completed the discovery phase of the project, gathering data from colleagues via focus groups, leadership workshops and an all-staff survey which achieved a positive 91% response rate.

We are still exploring these insights to fully define our direction for 2024-27, but our upcoming strategy already sets out some important commitments. For example, we are set to invest in an extensive leadership and management development programme; we will seek external accreditation for B3Living as a great place to work and a diversity-forward employer; and we hope an office move will reinforce our ambitions for our culture. Moreover, another key priority will be to our approach to mandatory professional qualifications in response to the Competence and Conduct Standard under the Social Housing Regulation Act 2023.

"I am proud to work at B3Living. I feel respected and included within a very strong team."

B3Living culture survey, 2023

Better Futures objectives

Invest in our staff and spend time and energy to create the right culture and working environment.

2021-24

✔ 7.5 colleague engagement score

2024-27

➜ 8.3 colleague engagement score

Responsible business

We want our local community to benefit as much as possible from the way we work. We can only retain the trust of our customers and partners by operating in a manner that is sustainable, stable and always in tune with our values.

When our strategy launched in 2021, the context for this was by no means optimal. Largely, it has only deteriorated across the three-year stretch, with this last year arguably seeing financial crisis within the housing/construction sectors.

Therefore, we must acknowledge the considerable efforts our team have made around cost control, with our procurement savings for 2023-24 exceeding £1m and our headline social housing cost per unit kept below target at c. £5.0k (2023-24 target: £5.2k per unit). There are knock-on benefits to containing our spending which have allowed us to accomplish and the options it provides for the future – for example, to invest further in net zero carbon.

It is even less possible than ever to take maintaining regulatory ratings for granted, so we are pleased to have sustained top G1/V1 gradings throughout the 2021-24 period. Yet we remain active. We have achieved this stability while balancing top 20 levels of investment in our existing homes and top 10 levels of investment in new homes (proportionate to our size).

We have kept up a proactive approach to risk management as a key element in our governance (see pages 70 to 73), with a specific focus on fraud and cyber security in 2023-24. Alongside colleague awareness initiatives, training and scenario planning exercises, we have reaffirmed our certification with the government-backed Cyber Essentials+ accreditation for the third consecutive year.

Our strategy began with significant investment in IT infrastructure and technology, which stood B3Living in good stead ahead of the global shift to hybrid-working and digital service delivery. We have undertaken a strategic migration toward a cloud-based operating model to improve business resilience. As at the end of March 2024, we completed the replatforming of our finance system, SUN, leaving few systems remaining for review.

Technology will form a part of our ongoing strategic direction, with a view to growing presence of AI as well as cyber risks and opportunities to explore a new core Housing Management System. But we will look beyond this and focus on the broader issue of data governance. We want to be equipped with the most robust information available and to make the best possible use of it.

This drive to further strengthen and build on good business foundations will carry across into our 2024-27 strategy as we look to increase productivity, refresh our value for money strategy, stay in step with new regulations and within our Financial Golden Rules, and maintain a strong financial base and return our surpluses to £10m per annum.

Better Futures objectives

Put our values into practice and maintain the trust of our customers and our partners

2021-24

- ✔ G1/V1 regulatory ratings
- ✔ Financial Golden Rules – all met
- ✔ Code of Governance – fully compliant
- ✔ Stakeholders – positive feedback received

2024-27

- ➜ G1/V1 regulatory rating
- ➜ Financial Golden Rules – all met
- ➜ Stakeholders – positive feedback received

Environment, social, and corporate governance

As a social business, it is fundamental that we are future-thinking and take ethically and environmentally conscious decisions.

We have several frameworks against which we can measure our performance in this, such as the SHIFT carbon audit, NHF Code of Governance or the HACT social value calculator (as mentioned in our Strategic Review). But voluntary environmental, social and corporate governance reporting (ESG) offers an additional mechanism through which we can proactively showcase our commitment to sustainable growth.

Since 2021 we have been reporting against the 12 themes of the Good Economy's Sustainability Reporting Standard for Social Housing (SRSSH). Born from an investment context, it has been beneficial in helping us to access ESG-linked financing – for example, in our £50m loan facility with Lloyds and against which we set three ESG targets to achieve by 2028. One of these we are glad to have met already.

However, for B3Living ESG is also about doing our part. Traditionally, our role as a housing association has aligned naturally with the social and governance strands of ESG. However, as the climate crisis deepens, we have become more aware of our commercial duty to minimise our environmental footprint.

As a housing provider, we recognise our potential but also where our reach and impact have limits. Being closest to our operations, we will have the greatest direct impact on the lives of our customers however, as we extend into our community and environment, we become more reliant on the cooperation of other like-minded people and businesses.

Given the fluctuating economy of 2023-24, embedding ESG into our ways of working was not without challenges this year. The calls for the sector to do more are growing, exemplified in the new consumer and building safety regulations, so it has been important to stretch ourselves through smart cost control and collaboration with our peers. As we move into the next chapter of Better Futures, our targets in ESG areas will be even more ambitious.

Although we are not required to report against ESG, we hope that it gives our partners insight into the ways we have invested in the future of our communities, some highlights of which are featured over the page.

Environment

We recognise our role as a landlord and as a significant local business and the responsibility we have to do more to conserve our environment. Prior to our Better Futures Strategy (2021-24), sustainability was a topic as yet unexplored within B3Living but over the course of the strategy our carbon cutting efforts have built real momentum.

As mentioned on pages 18 to 19, we have realised many of our key strategic targets in this area, exemplified by our Gold SHIFT accreditation which we achieved in 2024 recognising the distance we have travelled since 2020.

Thanks to years of upper quartile investment, we enjoy a good quality stock profile with high EPC and SAP ratings, typically among the top three for landlords reviewed by SHIFT; higher than average levels of above ground biomass; as well as low exposure to flooding (low risk: 89%) and overheating (low risk: 100%). Our homes represent most of our carbon footprint so, while this is a strong position to be in, we still see a fabric-first approach as our most direct route to improving the environmental performance of our operations.

The main thrust of this work is through retrofit programmes, such as our Cosy Homes project enabled by the Social Housing Decarbonisation Fund. With works underway, by 2025 we expect to have upgraded 263 and by 2027 we hope to have all our homes rated at EPC C and above. This project, and others, have been made possible through our innovative 'Greener Herts' consortium with other Hertfordshire landlords, a testament to how much can be achieved, even at such a local level, by leveraging collaboration.

We know we must think holistically to truly achieve net zero carbon. Therefore, we have sought to embed a more environmentally-conscious mindset into our business culture, which has seen changes in the specifications for our land-led developments, estate and office recycling and increasing hybrid/electric vehicle use.

In recent years, we have sought make our monitoring of our environmental impact more sophisticated. We now have, or are working towards, better data on the stock condition of our homes, the emissions generated through our activities and the social impact of our work.

Having found our stride in this area, we have plans to go further in the next phase of our Better Futures strategy, with a dedicated Net Zero Strategy set to launch in 2024 and a £3m provision made in our business plan for energy efficiency projects. Looking beyond improving the energy efficiency of our homes, we have commissioned consultants to research gas boiler heating alternatives and their potential impact on B3Living and our customers. Currently our gas boilers are generating around 9000 tonnes of carbon emissions each year, the only way to materially bring this down is to heat the homes we provide another way.

TOP 3 **performance for EPC C+** and sustainability of new homes

263 ????

£6,500 **social value** per home for retrofit works

43% capital works / maintenance materials **responsibly sourced**

13% ↘ reduction in **Scope 1 emissions**

4% ↘ reduction in **domestic waste use**

Social

The social themes of the ESG framework largely represent our "bread and butter" as a social landlord, but we still feel it is important to look for ways to maximise the social value we bring to the communities we serve.

These communities, we know from research, typically include higher proportions of low-income families. Therefore, the rents we offer which save our customers on average £25.7m each year against the private market represent a crucial provision for a local area, all the more so because of our policy decision to set the ceiling for our rent at the local housing allowance.

Our support offer begins with the provision of housing, for different needs, but it goes beyond this. As mentioned earlier in this report, our internal tenancy sustainment services and network of local partners have been essential in supporting customers through 2023-24's volatile financial environment. Similarly, our work to assist Ukrainian/Afghan refugees through the 11 new homes purchased using the Local Authority Housing Fund scheme represents another example of how our reputation and relationships locally have enabled us to achieve more for groups in housing need.

While we will continue to engage in support and placemaking within our community, we expect regulation and the new consumer standards to play an increasing role in shaping the social value we deliver through our work in the future. As evidenced by our performance in building safety and customer satisfaction, we have a track record of rising to the challenge when there are calls for the sector to do more. By improving our services and the way we listen to our customers; we expect to extend our social impact.

£25.7m **customers saved** compared to private rents

£1.5m **social value** from building new homes

130 **customers supported** through our Money Advice partnership

£13,000 **fuel vouchers distributed**

100% **building safety compliance** (gas, electrical, FRA)

Governance

We are proud to maintain high standards against the bar set by our various regulators, trade and governing bodies, such as our G1/V1 governance/viability ratings and our full compliance with the NHF's Code of Governance, and to have a comprehensive approach to risk management that captures a range of ESG risks that receive regular oversight from our Board and committees.

While we enjoy a stable and committed Board, even with the modest turnover we have had in recent years, we have made strides towards building a more diverse non-executive team which, by 2024, is now representative of our community across almost all demographics, and to do more to incorporate the customer voice into our governance structures. For the latter, we have plans to go further as we proceed into the next phase of our strategy.

Our work is about people, and our colleagues have the greatest influence on the trust our customers place in us. Therefore, we strive to maintain dedicated team. But an emphasis on employee wellbeing is in our DNA and know through our retention rates and feedback how much this is something our colleagues have always valued highly. In addition, our Equality, Diversity and Inclusion Strategy incorporates three strands: develop, advance and embed. While resourcing issues have scaled back our activities in 2023-24, we were still able to focus on issues such as intersectionality and mental health.

Beyond our own staff base, we are doing more work with our supplier network to ensure we have a socially responsible supply chain that match our values - particularly around environmental impact and paying the real living wage – as well as partners who are keen to collaborate to make an impact locally. For example, conversations with our builders' merchant have yielded a £7,800 grant for community projects.

The new version of our Better Futures Strategy, which was written in consultation with all colleagues, has retained the themes around responsible governance and business practices, as well as workplace inclusion and wellbeing.

Living Wage accredited100% suppliers pay Real Living Wage

Top regulatory ratings

NHF Code of Governance compliant

0% gender pay gap

B3Living's full ESG report is available via our website, please visit:
https://www.b3living.org.uk/about-us/publications/

Financial review

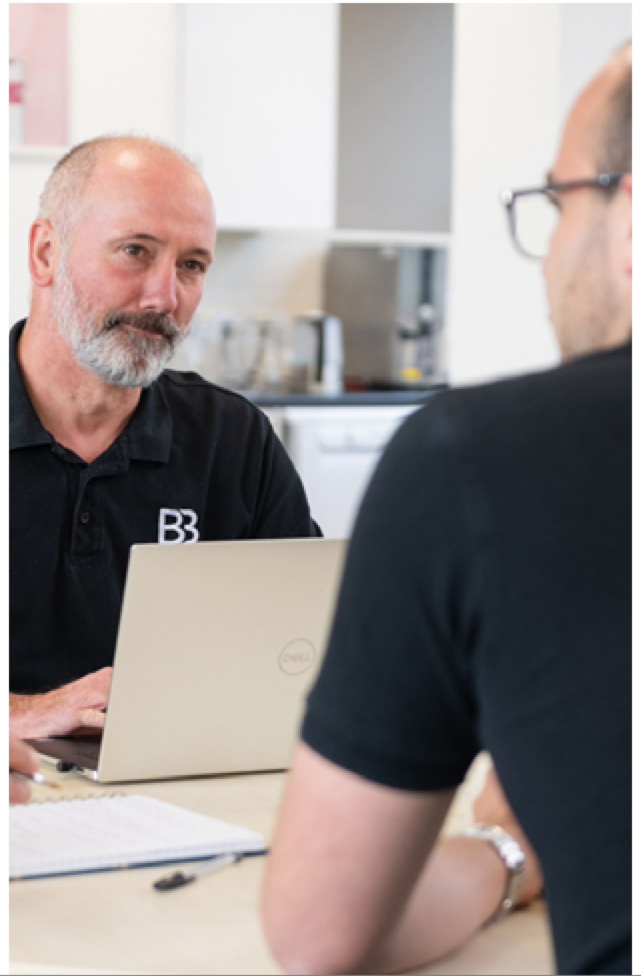
Five-year analytical review

The 2023-24 financial year has been mainly focused on maximising value for money from our cost base with an ambition to increase our operating surplus which has stagnated in recent years due to various operating headwinds, be it from an economic environment which delivered a double-digit inflation rate and saw interest rates rise from 0.1% to 5.25% in just 12 months, or from the enhanced building safety legislation or from heightened external scrutiny, etc.

These headwinds have manifested themselves within our cost base and adversely impacted on our performance, with our repairs and maintenance expenditure increasing by c. £2m (30%) over the last 3-years, along with our service costs which rose by around c. £1m (60%) over the same period, with the latter predominantly driven by management agents' fees and energy costs. With costs increasing faster than our income, there was a focus within the year to reverse this trend and to increase our operating surplus to allow for greater investment in our new and existing homes.

During the year, the Group generated an operating surplus of £17.4m (2023: £15.3m). This surplus was underpinned by the following factors:

- An increase in the profitability for our core rental business contributing **£15.9m** (2023: £12.8m).
- A small decrease in shared ownership first tranche sales surplus of **£1.2m** (2023: £1.8m).
- A marginal fall in the surplus from property disposals of **£0.3m** (2023: £0.7m).



Statement of comprehensive income for the last five years

The core rental operating surplus is generated by the following four business segments:

- General affordable housing – **£13.9m** (2023: £11.4m)
- Sheltered housing – **£0.1m** (2023: £0.2m)
- Low-cost home ownership – **£1.6m** (2023: £1.2m)
- Other services – **£0.2m** (2023: -£0.1m)

Statement of comprehensive income for the last five years

For the year ended 31 March	March 2024 £000	March 2023 £000	March 2022 £000	March 2021 £000	March 2020 £000
Turnover	45,551	42,469	34,535	33,336	34,561
Cost of sales	(8,062)	(8,531)	(3,701)	(3,310)	(4,725)
Operating expenditure	(20,424)	(19,364)	(16,724)	(15,988)	(16,085)
Disposal of housing property	351	669	790	843	502
Increase/decrease in valuation of investment properties	0	85	65	91	(35)
Operating surplus	**17,416**	**15,328**	**14,965**	**14,972**	**14,218**
Share of JV profits	-	49	-	-	8,193
Net financing costs	(8,057)	(6,309)	(4,940)	(4,744)	(4,980)
Surplus/(deficit) before exceptional items and tax	**9,359**	**9,068**	**10,025**	**10,228**	**17,431**
Exceptional items	-	(6,542)	-	-	-
Surplus/(deficit) before tax	**9,359**	**2,526**	**10,025**	**10,228**	**17,431**
Taxation	-	-	-	-	1
Actuarial (loss)/gain in respect of pension schemes	(99)	587	1,680	(1,297)	2,037
Total comprehensive income for the year	**9,260**	**3,113**	**11,705**	**8,931**	**19,469**

Between 2019-20 to 2022-23, we have consistently delivered operating surpluses of around £15m per annum, therefore 2023-24 marks a step change in performance. This step increase in our operating surplus shows robust performance, especially as our shared ownership surplus fell to £1.2m in the year, down from £1.8m in 2022-23, and our existing asset surplus also fell from £0.7m to £0.35m over the same period. As a business that knows the importance of our investments in new and existing homes to our customers and communities, we are committed to generating healthy surpluses to support sustainable growth.

Our turnover between 2019-20 to 2021-22 remained consistent at around £34m, however in 2022-23 our turnover increased by over £8m to £42.5m, and in 2023-24 this increased again to £45.5m (7%). The step increase in turnover during 2022-23 was predominately driven by a sharp increase in our shared ownership sales programme, with income rising from £4.5m (2021-22) to £10.3m (2022-23). The increase in the sales programme relates directly to the delivery of 258 new affordable homes during 2022-23, this equates to a 5% growth, of these homes 95 were for shared ownership. Many of the shared ownership homes delivered in 2022-23 were still being sold in 2023-24 as we realised c. £9.3m of sale income. With the shared ownership programme reasonably stable between 2022-23 and 2023-24, the increase in turnover was predominately driven by a 7% rent increase in our sub-market rented and shared ownership homes.

Operating costs have increased in 2023-24 by around 5.5% to £20.4m, however, when adjusted for housing depreciation, which experienced a favourable accountancy adjustment in 2022-23, our cost actually fell by £0.22m (1.4%). Managing our cost base has been a key priority for the business over the year, especially in regard to realising maximum value for money from our repairs and maintenance expenditure. A finance and property working group was created to review how we spend our money and what working practices could be improved to ensure value for money is being achieved. With these better working practices and analysis, we realised a £1m (11%) saving against the 2022-23 expenditure, however, these savings were mainly offset by increases in management and service costs.

Net interest costs in 2023-24 increased by £1.7m (27%) to around £8m, which adversely impacted our overall surplus. This increase was caused in part by the sharp increase in interest rates, but predominately due to a marked decrease in capitalised interest which fell from £1.9m in 2022-23 to around £0.5m in 2023-24. The fall in capitalised interest relates to decrease in development expenditure, as changes in the economic environment, and more specifically interest rates, weighed heavily on project viability. With the economic environment stabilising coupled with our step increase in operating surplus we expect to start around 200 new homes during 2024-25. Our debt portfolio is sheltered to some degree from the current high interest rates as around 93% of our debt portfolio is fixed.

Statement of financial position for the last five years

The table below presents the statements of financial position of the Group over the last five years. It demonstrates a significant increase in our financial strength between 2020 and 2024. The increased strength shown in the financial position demonstrates a financial resilience to overcome adverse events and a capacity to capitalise on new suitable opportunities to grow the business, as demonstrated by our ambition to start 200 new homes in 2024-25.

For the year ended 31 March	March 2024 £000	March 2023 £000	March 2022 £000	March 2021 £000	March 2020 £000
Fixed Assets					
Housing Properties	328,954	317,046	295,582	258,487	217,861
Other Fixed Assets	3,616	3,648	3,881	4,054	4,070
Investment properties	3,671	3,366	3,160	4,304	4,721
Investments in JVs	-	-	-	730	949
Tangible fixed assets	**336,241**	**324,060**	**302,623**	**267,575**	**227,601**
Current assets					
Stock	2,829	9,461	15,289	12,007	6,335
Trade and other debtors	3,211	1,823	15,862	14,561	10,211
Agreement to improve existing properties	1,323	1,439	1,469	1,537	1,622
Cash and cash equivalents	7,645	7,045	3,335	3,039	13,696
	15,008	**19,768**	**35,955**	**31,144**	**31,864**
Less: Creditors: amounts falling due within one year	(7,641)	(7,233)	(12,639)	(10,715)	(8,232)
Net current assets	**7,367**	**12,535**	**23,316**	**20,429**	**23,632**
Total Assets less current liabilities	**343,608**	**336,595**	**325,939**	**288,004**	**251,233**
Creditors: amounts falling due after more than one year	(239,016)	(241,179)	(232,870)	(204,818)	(177,816)
Provisions for liabilities (including pensions)	(1,654)	(1,738)	(2,504)	(4,326)	(3,488)
Total net assets	**102,938**	**93,678**	**90,565**	**78,860**	**69,929**
Reserves	**102,938**	**93,678**	**90,565**	**78,860**	**69,929**

At the reporting date our tangible fixed assets had a carrying value of c. £336m (2023: c. £324m) reflecting the continuing trend over the last five years, albeit at a slower rate of growth due to the economic environment weighing on the financial viability of new developments. Our financial strength was recognised by Moody's in December 2023 as they confirmed our A3 stable outlook.

Over the last five years, the Group's tangible fixed assets carrying value has increased by c. £109m (48%). The increase in tangible fixed assets reflects the successful delivery on our commitment to make sector upper quartile levels of investment in our existing properties and to provide new affordable rent and shared ownership homes for our communities. In 2023 we invested £11.4m (2022-23: £23.2m) in the provision of new homes and £7.1m (2022-23: £4.8m) to improving our existing homes.

The strength of the business in recent years has been our ability to balance our sector upper quartile investment in new and existing homes with strong operating surpluses and Homes England grants to bring our gearing down from 67% in 2022 to 59% in 2024.

Key Financial Performance Indicators for the last five years

Financial Golden Rules	Internal limit	2024	2023	2022	2021	2020
Financial Covenant Performance						
Gearing **(covenant 80%)**	**< 65%**	41%	44%	48%	52%	50%
*EBITDA MRI Interest Cover **(covenant 110%)**	**>160%**	187%	162%	202%	240%	267%
Managing credit profile						
Social Housing Letting Interest Coverage	**>150%**	176%	159%	200%	214%	215%
**Operating margin	**> 35%**	36%	34%	40%	42%	40%
Development sales as a % of turnover	**< 30%**	20%	24%	13%	14%	19%
% of HA net asset invested in Everlea Homes	**< 10%**	0%	0%	0%	8%	1%

*excludes decarbonisation works covered in covenant carve-out agreement

**excludes existing asset sales surpluses

In November 2018, the Group Board agreed to monitor financial performance via a suite of Financial Golden Rules (FGRs). As part of good governance, these FGRs were reviewed by the Board in January 2024. The FGRs are designed to promote financial performance from core activities, maintain appropriate headroom against covenants, manage exposure to the housing market, and retain capacity to protect our social assets in a range of adverse scenarios.

Over the period, we have managed to operate within the parameters of our FGRs, despite the numerous headwinds the business has faced. With the internal focus on maximising value from the money we spend the business is recovering from a dip in performance during 2022-23, where interest cover, both EBITDA MRI and Social Housing Letting, and operating margins fell sharply. The 2022-23 dip in performance was driven by three key factors; firstly, due to the economic environment of high inflation, coupled with increased repair maintenance activities, our operating costs increased by around 16% (£2.64m). Secondly, interest rates rose much faster than estimated in the 2022-23 budget, which pushed interest costs up sharply. Thirdly, in 2022-23 we achieved over £10m of shared ownership sales income, which equates to 24% of turnover, and, in general, sales revenues generate lower margins than rental revenues, therefore the greater the proportion of sales income in our turnover, the lower the overall margin will be.

Performance in 2023-24 was improved by our low-cost growth, the full year effect of the 258 homes delivered in 2022-23, the 7% rent increase in sub-market rent and shared ownership homes and low levels of development spend which resulted in our debt position falling by £5m (2.3%) in the year.

Treasury review

We benefit from a robust and comprehensive treasury policy and treasury strategy which are annually reviewed by our Executive team, our treasury advisors, Savills, the Treasury Committee and the Group Board. The Board receives a comprehensive quarterly treasury report that details our treasury, security and liquidity positions, on-lending arrangements, treasury policy compliance as well as an economic and lending market review.

B3Living maintains a simple treasury portfolio which contains four long-term fixed debt loans and three short-term revolving credit facilities, which all share similar terms, and no interest rate swaps. During 2018-19 we successfully renegotiated the terms within our bank finance agreements to make them less onerous and more focused on the housing association rather than the Group. These changes all help ring fence risks inherent with market facing activities undertaken by our commercial subsidiary, Everlea Homes Ltd, away from the housing association and its social assets.

In 2020-21 we raised £65m of new long-term debt to support the delivery of our business plan, increase liquidity and rebalance the proportion of variable and fixed debt within our treasury portfolio. In October 2021, we raised £35m, which we opted to defer for 1 year, with a sector debt aggregator, bLEND, a subsidiary of The Housing Finance Corporation. bLEND is an A2 Moody's rated lender, who predominantly deal with borrowers who are A2 rated or above – our credit rating is A3 - however, in a show of confidence in B3Living, its corporate strategy and its management, their credit committee agreed to provide funding. As bLEND are A2 rated and have a comprehensive track record of raising debt, we were able to access funding at effective rate of 2.60%, which is significantly cheaper than what we would have realised by raising debt in our own name. At 31 March 2024, the loan had a mark-to-market value of + ve £11.8m.

Furthermore, in November 2021 B3Living, along with two other housing associations, were the first to take advantage of the government-backed lending scheme run by ARA Venn called the Affordable Housing Guarantee Scheme (AHGS). The AHGS allows borrowers, registered providers only, to take advantage of the government's lower cost of borrowing to deliver new affordable homes. We raised £30m of new long-term debt via the AHGS at an all-in rate of 1.53% - this loan had a mark-to-market value of + ve £14.6m on 31 March 2024.

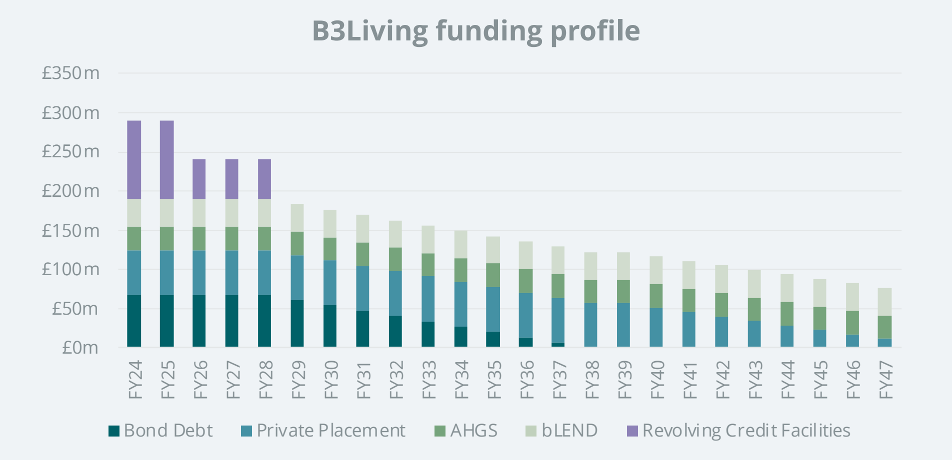
These two important transactions have sheltered us greatly from the effects of the recent increase in interested rates, with the current percentage of fixed within our total portfolio sitting at 93%. We believe we are well placed to capitalise on good new opportunities to grow the business in the coming years.

Aside from fixed debt, in July 2023 B3Living agreed with Lloyds to increase a £30m revolving credit facility to £50m and to extend it to 2028. The new facility is an ESG linked loan which enables us to benefit from a small saving on the borrowing margin should we deliver against the agreed targets which are centred on building more affordable homes and reducing our carbon footprint. Moreover, as an ESG linked loan, Lloyds have agreed to make an allowance within the interest cover covenants to enable us to exclude our decarbonisation expenditure; this is a huge enabler for us to achieve our ambition of bringing all our current homes to EPC C within the next three years.

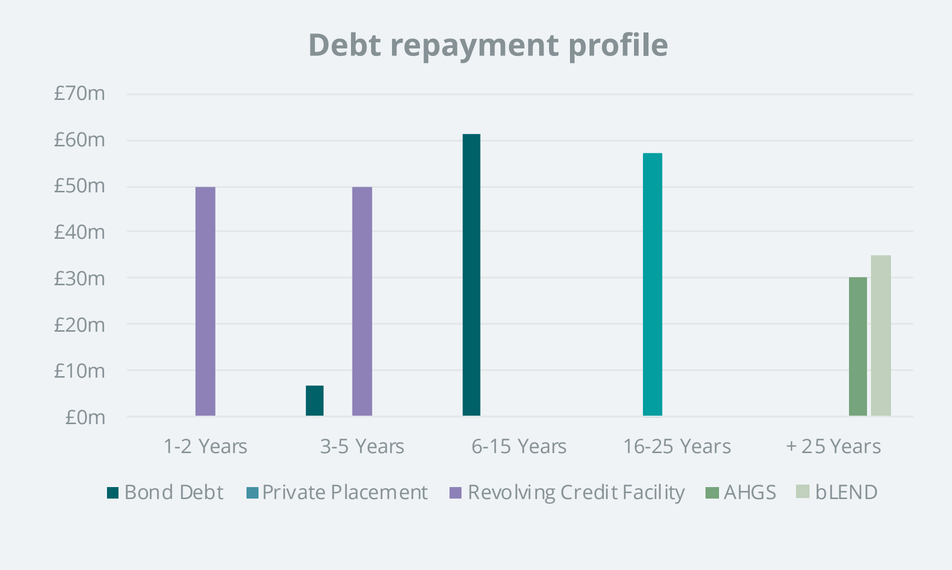
Debt and liquidity

On 31 March 2024 our total drawn debt was £205m (2023: £210m) and our loan portfolio totalled £290m (2023: £290m), leaving a combined facilities headroom of £85m (2023: £80m). Of our drawn debt, £190m or 93% (2023: £190m or 90%) is at a fixed interest rate via long-term capital markets bond (£68m), private placement (£57m), sector debt aggregator – bLEND - (£35m) and an AHGS loan (£30m). We have two £50m revolving credit facilities with Lloyds which mature in February 2026 and July 2028 respectively.

The chart below shows B3Living's sources of finance.

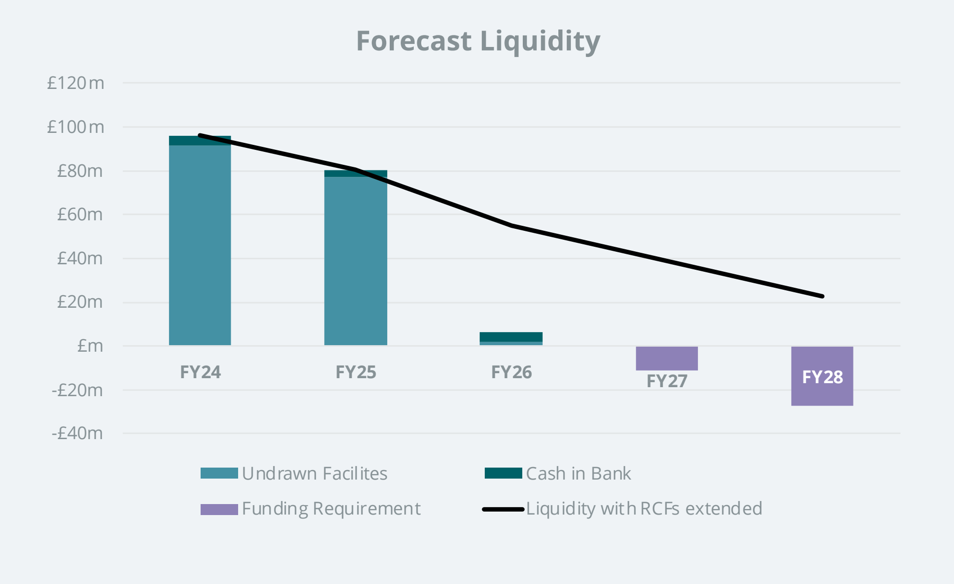


The chart below shows B3Living's debt repayment profile.



The chart shows that B3Living has a £50m revolving credit facility maturing in the next two years. In 2024-25, B3Living will, whilst working closely with our treasury advisors to complete an exercise to source the most economic route of refinancing this maturing revolving credit facility, and it is expected that a new short-term revolving credit facility will be in place during the first quarter of 2025-26.

The chart below shows our mid-term forecast available liquidity. The chart shows that, providing the revolving credit facility is extended in line with the Board approved treasury strategy, we have sufficient funding to deliver the investment aspirations within our business plan over the mid-term.



In line with our prudent approach to treasury management, our treasury policy contains a rigorous liquidity policy to safeguard the business against economic, housing or funding uncertainty/disruption. The treasury policy has two key liquidity requirements:

1. We will maintain short-term funds in an amount not less than its twelve-month forecast net operational cash outflow excluding any forecast proceeds from the sale of property assets.
2. In line with the Regulator of Social Housing guidance, we will have sufficient funding in place to cover our business plan requirements for the following 18 months. In accordance with that guideline, the Group's policy is that it will either comply or be able to explain that our planned funding arrangements are justifiably well advanced.

Financial covenants

We have three key loan covenants which we comfortably comply with, and these are set out below:

- **EBITDA-MRI** – we have two measures of EBITDA MRI. The tightest definition measures the number of times our financing costs can be paid by our operating profit before depreciation for the year but including the costs of major repairs. For the year ending 31 March 2024, the interest cover was 1.87 times (2023: 1.62 times). The loan covenant is 1.1 times.
- **Gearing** – this is a measure of our indebtedness, relative to the EUV-SH of completed housing properties. EUV-SH is a proxy for market values of our homes, and it reflects that the properties are used for social housing. As at 31 March 2024, the gearing ratio (gearing covenant) was 41% (2023: 44%) against a covenant limit of 80%.
- **Asset cover** – this is a measure of the percentage coverage of our EUV-SH or MV-ST of completed assets over our current debt. As at 31 March 2024, the tightest asset cover ratio was 116% (2023: 117%). The asset cover covenant is 113%.

Value for money

Value for money

Like many housing associations up and down the country we have felt the effects of a period of severe volatility in the economy, with double-digit inflation and interest rates set at a level unseen in the UK for well over a decade, and within our operating environment caused in part by the introduction of the Building Safety Act, Awaab's Law, the Social Housing Act, the Regulator's new Consumer Regulations, etc.

As a consequence of the challenging operating environment, we have in recent years seen our budgets exceeded, which has resulted in the recasting of business plans and the recalibration of our investment ambitions, for example in 2021-22 our spend on repairs and maintenance was £1.4m (24%) over budget, this variance grew again in 2022-23 to £2m (28%). Our Board recognised that this level of cost uncertainty was curtailing their risk appetite towards investing in new homes despite the continued housing crisis we are experiencing within our geography.

In response to our cost base challenges, the Board requested a heightened focus on VFM across the business and for us to operate within the set budget for 2023-24. This assessment summarises how the business delivered this Board directive as well as assessing our VFM performance for 2023-24 against the sector and peers.

A further detailed report on our Value for Money Strategy and achievements is available at **https://www.b3living.org.uk/about-us/publications/**

Top 6
investing in existing homes

£90m
To be invested in new homes 2024-27

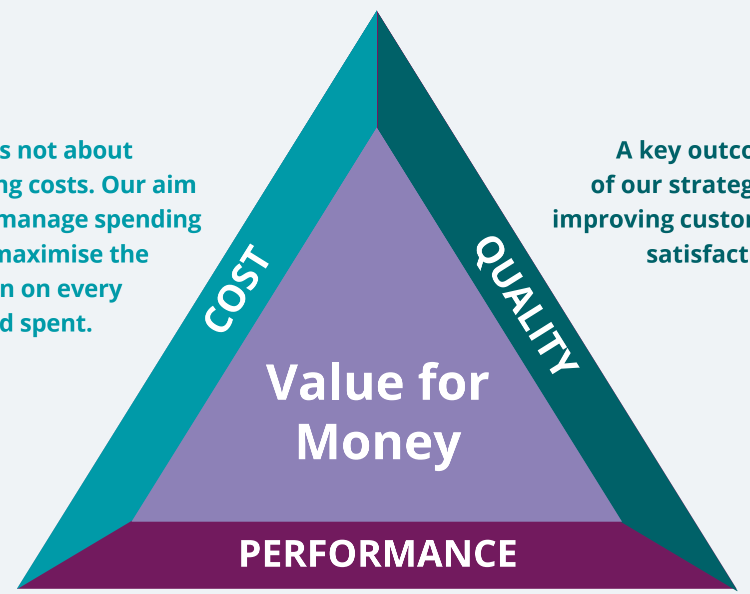
-£1m
2023-24 budget spend compared to previous year

44%
Core operating margin (SHL)

Our approach

Statement

For B3Living, value for money (VFM) is best achieved by striving to realise the optimum balance between cost, quality and performance across all the services we provide. We believe we can achieve this by ensuring the business's finite resources are utilised as effectively as possible and its financial resilience is protected.



This is not about cutting costs. Our aim is to manage spending and maximise the return on every pound spent.

A key outcome of our strategy is improving customer satisfaction.

In our decision-making, assess the impact of any investments across a range of performance areas.

With the recent economic and operating challenges, VFM has become a central consideration in how we run the business. Not only does VFM inform and underpin our budgetary and financial planning processes, but it also shapes our relationship with our customers, suppliers, and other stakeholders. A high-level summary of our VFM approach is to deliver upper sector levels of customer satisfaction, above sector average investment in new and existing homes whilst trying to manage our costs to sector median levels. We focus on efficient cost management, improving performance, challenging our expenditure, and identifying new investment opportunities and ways of working.

In 2023, the Board approved a revised Value for Money Strategy which was not only designed to meet our compliance obligation with the Regulator of Social Housing Value for Money Standard, but to continue to embed value for money within the culture of the business. Our Value for Money Strategy outlines a nuanced approach to value for money which is designed to:

- Improve customer satisfaction.
- Improve the quality of our existing homes and secure their long-term viability.
- Promote a cost aware culture across the business.
- Maintain our financial strength and growth capacity.
- Deliver against the Strategy's value for money metrics.

The Value for Money Strategy supports the achievement of our corporate strategy by challenging us to achieve a cost, quality and performance balance across every area of the business. The delivery of the Value for Money Strategy is supported by our Customer Strategy, which provides a comprehensive framework to enable us to best understand, from a customer's perspective, what the optimal balance looks like. By better understanding our customers we can deliver upon the Value for Money Strategy's objective to encourage a better customer journey and experience, thus improving customer satisfaction levels to align with the sector's upper quartile.

Board challenge

In 2023-24 the Board challenged the business to strengthen its approach to value for money, with a clear expectation that every pound needs to be spent effectively, and our costs had to be within the set budget, without any unsustainable short-term cuts being implemented. The achievement of this objective would provide the Board with a more solid foundation to increase their risk appetite towards investing more in the delivery of new much-needed affordable homes and to improve the quality, safety and energy efficiency of the homes we provide to our communities.

Between 2020-21 to 2022-23 our operating costs increased from £16m to £19.3m, a 21% increase, however over the same period rents increased by 8.5%, which resulted in falling surpluses, rather than the increases forecast within our business plans.
A key driver for the increases in our operating cost was the amount we had to spend on repairs and maintenance as we responded to significant changes within regulatory and legislative landscape, double-digit inflation levels, as well as introducing a sector leading voids standard.

After two years of material overspends against the set budgets, the Board issued a clear directive that they wanted the 2023-24 spend to align with the set budget. In response, the business created a finance and property services working group which was designed to promote a better understanding of how each team worked, for example, finance learning about cost drivers and the property services team understanding what information the finance team needed and why. Through these open conversations an understanding developed in terms of what weaknesses we had and what solutions we could implement to improve things, for example, property managers found it hard to ascertain how much budget they had remaining because we were not doing commitment accounting, the group discovered that some property managers did not have budgetary responsibility for the budget they spend against, we had limited performance monitoring tools for our repairs service which made it difficult to understand their efficiency and effectiveness, cost for multiple workstreams were being coded to one nominal code which made analysis and monitoring difficult, etc. All of these issues were addressed in the year, and we have learnt the importance of cross-organisational working, especially in terms of sharing the inherent skill sets within each department, and the importance of generating good quality data to enable greater performance.

The working group, which included the Chief Executive, Executive Director (Finance) and the Executive Director (Operations), met every month, and a project accountant was appointed to deliver the majority of the improvement works. Through enhanced budget management and monitoring, coupled with VFM analysis on certain aspects of spend, the repair and maintenance spend for 2023-24 was delivered in line with the set budget of £8.2m, which was c. £1m lower than the 2022-23 spend.

With the enhanced levels of assurance this has given the Board; investment budgets have increased significantly in the 2024 Business Plan. This increased investment in improving the quality, safety and energy efficiency of our properties is expected to push our cost per unit performance away from our VFM target of sector median in the mid-term. However, against the backdrop of the recent large rent increases in 2023-24 and 2024-25, the Board were keen to demonstrate to our customers that we were committed to investing in their homes and demonstrate VFM for the rent that they pay to help us realise upper sector levels of customer satisfaction. Furthermore, with more solid foundations, the Board approved a business plan that allowed for 400 new homes to be started on site over the next three years – this level of investment should see B3Living comfortably exceed our sector median target for reinvestment and supply of new affordable homes.

Governance and oversight

The Executive team work closely with our Board to ensure our resources are allocated in accordance with their shared priorities. The Board fully understands the importance of our business and the services we provide within our community and to our customers.

We believe our Value for Money Strategy reflects this understanding, and its delivery will help maximise our impact for existing and future customers as well as the wider community.

The Board takes ownership of the Value for Money Strategy by:

- Setting the business' risk appetite and Financial Golden Rules to provide operating parameters.
- Setting objectives and targets via the corporate plan.
- Approving the annual budget and business plan which aims to deliver the Value for Money Strategy.
- Setting a robust Investment Policy, Asset Management Strategy and Value for Money Strategy.
- Incorporating value for money into all decision-making processes.
- Monitoring performance and results.

Setting challenging value for money targets increases our capacity to deliver on our strategic objectives, namely to:

- Ensure that our customers receive an excellent service.
- Prioritise investment in our homes.
- Support our customers to sustain their tenancies.
- Take a significant step towards becoming carbon neutral.
- Provide new homes to our customers.
- Use our values and culture as a foundation for our commitment to corporate responsibility.

Value for Money performance

As outlined in the April 2018 Value for Money Standard and subsequent technical guidance issued by the Regulator, we have measured our performance against the Regulator's value for money metrics, our peers' performance, the sector median, and the highest performing sector quartile for each metric (Global Accounts 2023).

To ensure our peer group offers a good comparison, we selected large scale voluntary transfer (LSVT) housing associations of a similar size, local to our area, which have a low supported housing service exposure. The peer group includes:

- Chelmer Housing Partnership Limited
- Cross Keys Homes Limited
- Eastlight Community Homes Limited
- Thrive Homes Limited
- Watford Community Housing Trust

Our Board-approved Value for Money Strategy sets business performance targets in relation to the sector, i.e. sector upper quartile or sector median.

Setting ambitious value for money targets increases our capacity to deliver on our strategic objectives, which are outlined in the Strategic Report to these Financial Statements. But our Board also seek to balance those objectives: for example, for cost per unit our Board-set target is for median performance, in recognition of their wish to support our customers' quality of life, invest in building safety, sustainability, and upgrading homes more generally.

The value for money metrics and definitions have been provided by the Regulator and, therefore, sometimes differ from measures and covenants stated elsewhere in the Financial Statements.

Our performance and achievements

The table below shows our Board's value for money targets positioned against performance across the sector and among peers.

The values listed for our sector align with our Board's target for each metric. For example, our Board aims for at least sector median levels of reinvestment; therefore, the table presents the sector's median performance in 2022-23 (6.53%) whereas our target for social housing letting operating margin is the sector's upper quartile (26%) so the figure presented is the sector's upper quartile score. These benchmarks can be compared with our peers' metrics (for the 2022-23 year) and B3Living's performance in the financial year just closed (2023-24).

It is important to note that our 2023-24 data is being compared to the sector's median and peers' performance from 2022-23, therefore, these do not include the full effects of the turbulent economic and operating environment.

Therefore, we are expecting our 2023-24 performance to show a much stronger position when compared to the sector's and our peers' performance for the equivalent period.

To provide greater context and to help see through one-year peaks and troughs, for each metric we also include five-year average performance for the sector, our peers and B3Living.

	Board set VFM targets	Sector Five-year average 2019-2023	Sector 2022-23	Peers* Five-year average 2019-2023	Peers* 2022-23	B3Living Five-year average 2019-2023	B3Living 2023-24
Value for Money Metrics							
Reinvestment	**Median**	6.53%	6.75%	10.65%	10.85%	11.80%	**5.63%**
New supply (social)	**Median**	1.60%	1.29%	2.43%	1.93%	2.85%	**1.01%**
New supply (non-social)	**Lower quartile**	0.00%	0.00%	0.00%	0.00%	0.00%	**0.02%**
Gearing**	**Upper quartile**	53.65%	53.89%	56.27%	57.61%	68.46%	**59.30%**
EBITDA MRI Interest Rate Cover**	**Median**	167.81%	128.54%	179.18%	144.33%	206.50%	**176.20%**
Headline social housing cost per unit (£k)	**Median**	3.98	4.62	3.79	4.35	3.99	**4.99**
Operating margin (SHL)	**Upper quartile**	29.95%	26.00%	28.51%	24.76%	44.34%	**43.99%**
Operating margin (overall)	**Upper quartile**	26.65%	22.98%	28.23%	25.52%	40.38%	**37.46%**
Return on Capital Employed (ROCE)	**Upper quartile**	4.22%	3.61%	3.57%	3.33%	6.02%	**5.07%**

*The average performance of our peers **The Regulator's gearing and EBITDA MRI interest covers calculations are different to B3Living's loan covenant.

Our mission is to deliver a positive, sustainable change to the housing crisis for our customers and communities. We believe we can make the biggest impact in tackling the housing crisis within our communities by building more much-needed affordable homes and improving the quality of the homes under our management and the estates in which they are situated. This aspiration has been adversely impacted during 2023-24 due to the sharp rise in interest rates which severely undermined the financial viability of new development opportunities, as well as the level of uncertainty within our cost base weighing on our risk appetite. Our cautious approach has sheltered us from the worst of the effects felt by some housing associations, be it from rising material costs, labour shortages or house builder failures over the last 18 months. With the recent change in Local Housing Allowance coupled with improvements in our cost management, we believe that we are well placed to capitalise on the opportunities to tackle the housing crisis in our geography as many other housing associations divert resource away from this to invest in existing homes.

This prudent approach to delivering new homes has resulted in our reinvestment and new supply (social) performance falling to 5.63% and 1.01% in 2023-24 respectively; this is in stark contrast to our performance for these metrics during 2019-2023 of 11.83% and 2.85%, which was a sector upper decile level of performance. The Board have been clear that they want B3Living to continue to play its part in alleviating the effects of the housing crisis in our geography, therefore, performance on these two metrics is expected to rise in coming years, as we aim to start 400 new affordable homes between 2024-27.

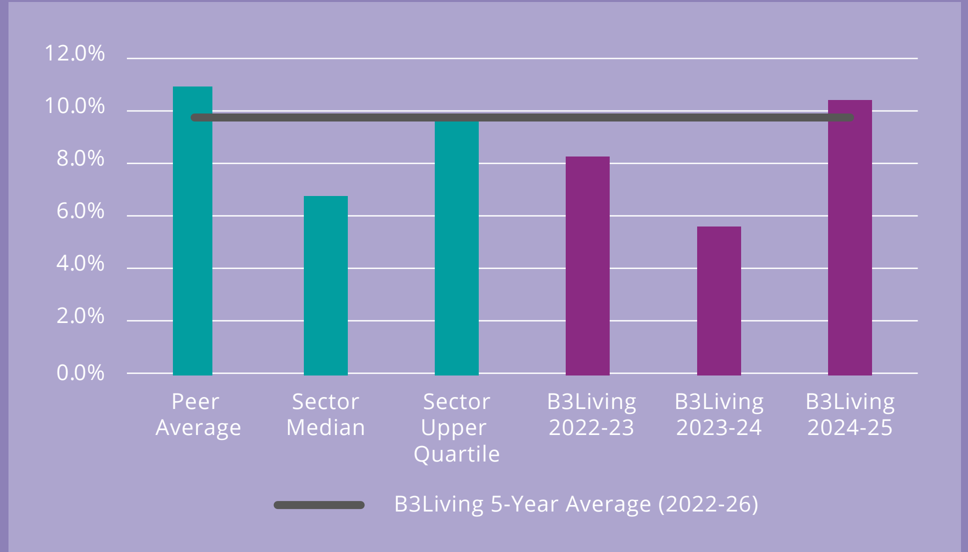
To ensure this investment is sustainable the Board have set sector upper quartile VFM targets for operating margins and to manage our cost per unit to sector median levels. These objectives will allow us to produce strong interest coverage and Return on Capital Employed (ROCE) performance. Another key control we utilise to ensure all of the decisions we take are sustainable and will not impinge on long-term viability and financial resilience of the Group is our Financial Golden Rules (FGRs). These rules are designed to complement our VFM targets and provide a set of parameters to operate within, performance against these rules are included within each set of managements accounts, budget setting and business planning reports, and importantly within our stress testing assessment. The use of the FGRs alongside the VFM targets ensures that the decisions taken today will not limit our ambitions for the future.

Our gearing position continues to be one of the highest in the sector at 59.30%, albeit it has improved substantially over recent years (75.60% in 2019). Whilst our gearing has improved, we have made a conscious decision to continue to do all we can to tackle the housing crisis locally by using our financial strength, therefore we expect our gearing to continue to be between 55-65% into the mid to long-term. However, to support the levels of investment we are currently making in new and existing homes we will aim to generate surpluses of around £10m per annum to ensure our debt growth is sustainable and financial resilience is maintained. Our funder gearing covenant is based on security value and our performance is 41% (2023: 44%) against a covenant limit of 80% and our internal Financial Golden Rule limit of 65%.

How we compare

The following charts compare our historic and forecast performance against our peers, the sector median, and upper quartile from the 2023 Global Accounts.

Each chart also includes B3Living's rolling and predicted five-year average, which covers the period of April 2021-March 2026. This guideline aims to provide greater context by blending historic and forecast performance while lessening the impact of annual fluctuations on performance, which is generally caused by the ebbs and flows of the development programme.

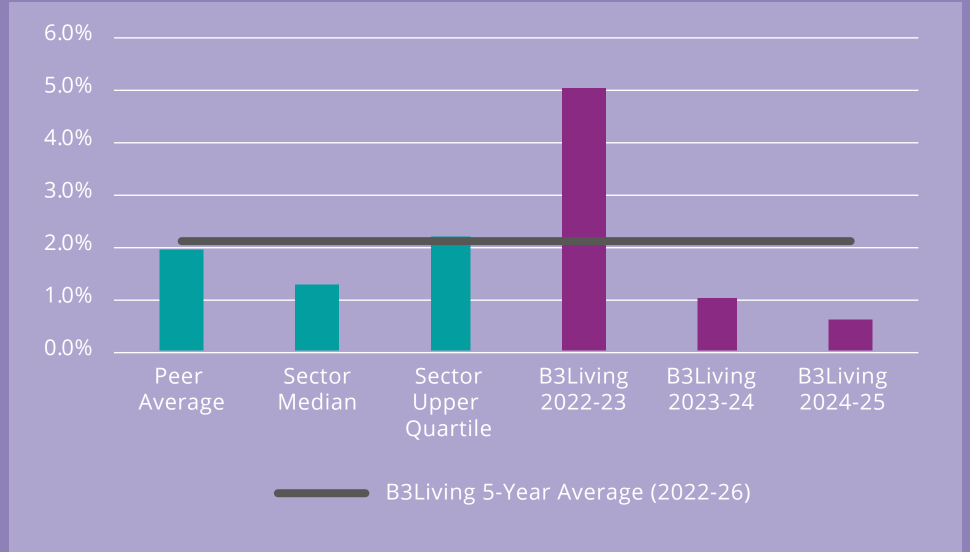


Reinvestment %

Our commitment to delivering more affordable homes within our local geography is reflected in our five-year average performance. However, with the recent volatility in the house builder contractor market, the high interest rates adversely impacting on development viability, and uncertainty within our cost base, the Board revised its VFM target from sector upper quartile to sector median.

With the successes realised in our cost base management during 2023-24, our latest business plan has made provisions to take our reinvestment levels towards our peers' performance in 2022-23 of around 10% per annum. That said, our ability to ramp up investment in new homes is predicated on the right number of good development opportunities coming forward.

To ensure this increased level of investment in new and existing homes is sustainable, the Executive and Board are working with the business to maintain the Association's surplus at around £10m per annum. In 2023-24, the Group only invested around £11.4m in the provision of new homes and over £7.1m in existing properties. This is expected to rise sharply in 2024-25 to £27m in new homes and £11m in existing homes.

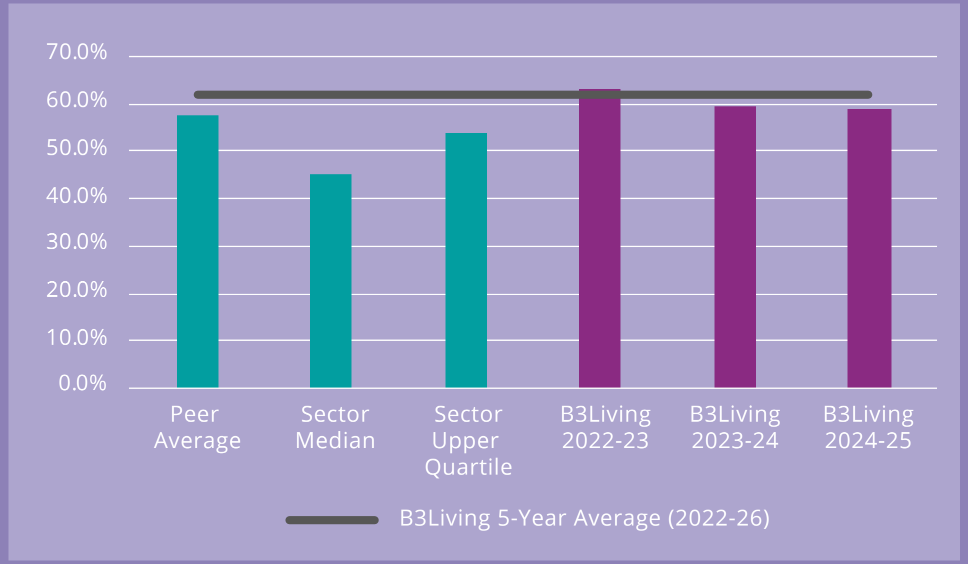


New supply of social housing units

The drop off in reinvestment levels during 2022-23 and 2023-24 is reflected in our supply of new social homes performance during 2023-24 and 2024-25. In 2022-23, we delivered a record number of new homes (256), as our largest scheme to date, Cheshunt Lakeside (195 homes) completed. This performance has lifted our five-year average above our peers, and this is important context when reviewing our outturn for 2023-24 (1%) and our forecast for 2024-25 (0.6%).

With our expected increase investment in new homes during 2024-25 and 2025/26, we expect our future performance to exceed the Board's sector median target (1.3%) and align us with our peers. This increase in development output should be considered against a backdrop where many housing associations are reducing their investments in new homes to divert resources to existing homes.

We have been able to continue to follow a balanced approach towards investing in new and existing homes, due to a long history of investing in our existing homes at upper sector levels, and this commitment will continue.

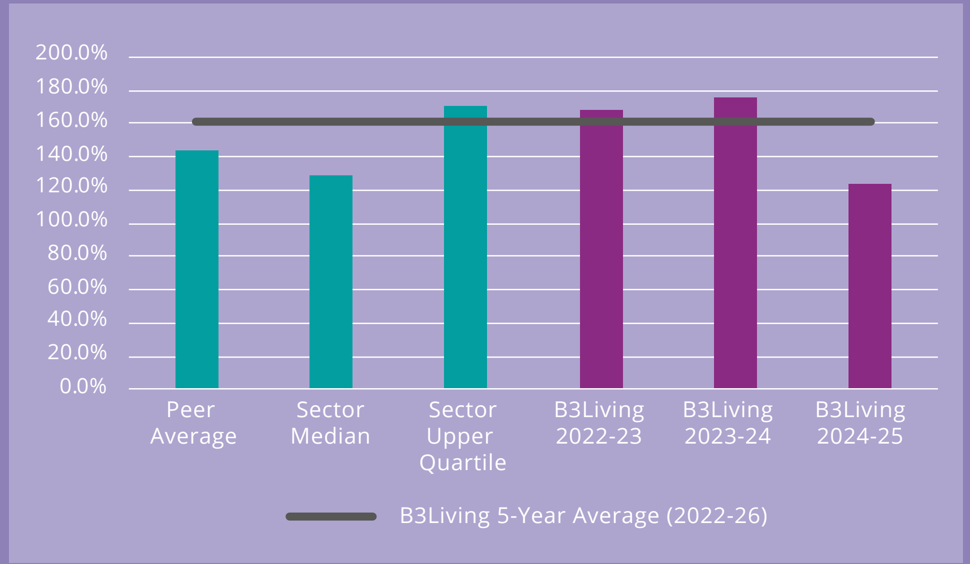


Gearing %

Our commitment to delivering more affordable homes within our local geography is reflected in our five-year average performance. However, with the recent volatility in the house builder contractor market, the high interest rates adversely impacting on development viability, and uncertainty within our cost base, the Board revised its VFM target from sector upper quartile to sector median.

With the successes realised in our cost base management during 2023-24, our latest business plan has made provisions to take our reinvestment levels towards our peers' performance in 2022-23 of around 10% per annum. That said, our ability to ramp up investment in new homes is predicated on the right number of good development opportunities coming forward.

To ensure this increased level of investment in new and existing homes is sustainable, the Executive and Board are working with the business to maintain the Association's surplus at around £10m per annum. In 2023-24, the Group only invested around £11.4m in the provision of new homes and over £7.1m in existing properties. This is expected to rise sharply in 2024-25 to £27m in new homes and £11m in existing homes.

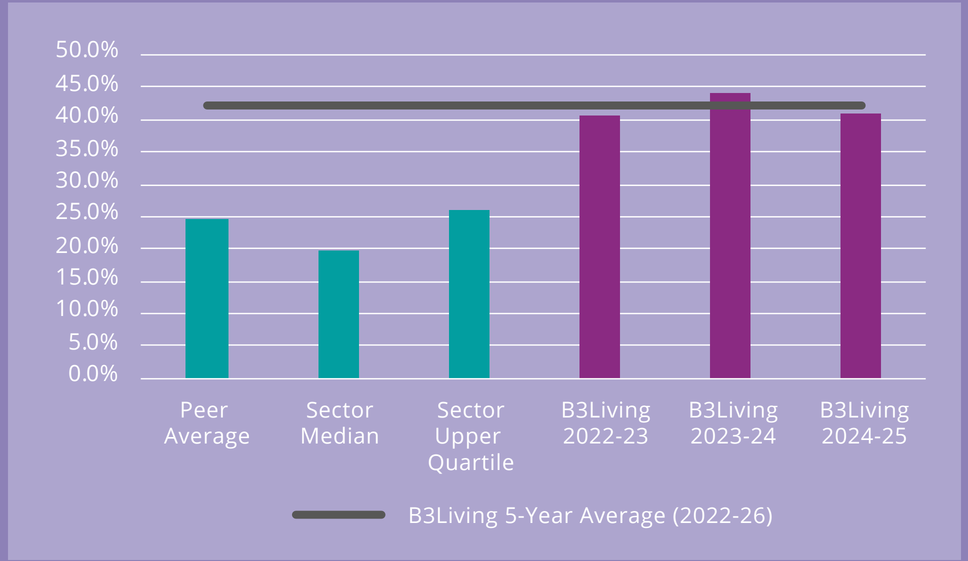


New supply of social housing units

The drop off in reinvestment levels during 2022-23 and 2023-24 is reflected in our supply of new social homes performance during 2023-24 and 2024-25. In 2022-23, we delivered a record number of new homes (256), as our largest scheme to date, Cheshunt Lakeside (195 homes) completed. This performance has lifted our five-year average above our peers, and this is important context when reviewing our outturn for 2023-24 (1%) and our forecast for 2024-25 (0.6%).

With our expected increase investment in new homes during 2024-25 and 2025/26, we expect our future performance to exceed the Board's sector median target (1.3%) and align us with our peers. This increase in development output should be considered against a backdrop where many housing associations are reducing their investments in new homes to divert resources to existing homes.

We have been able to continue to follow a balanced approach towards investing in new and existing homes, due to a long history of investing in our existing homes at upper sector levels, and this commitment will continue.

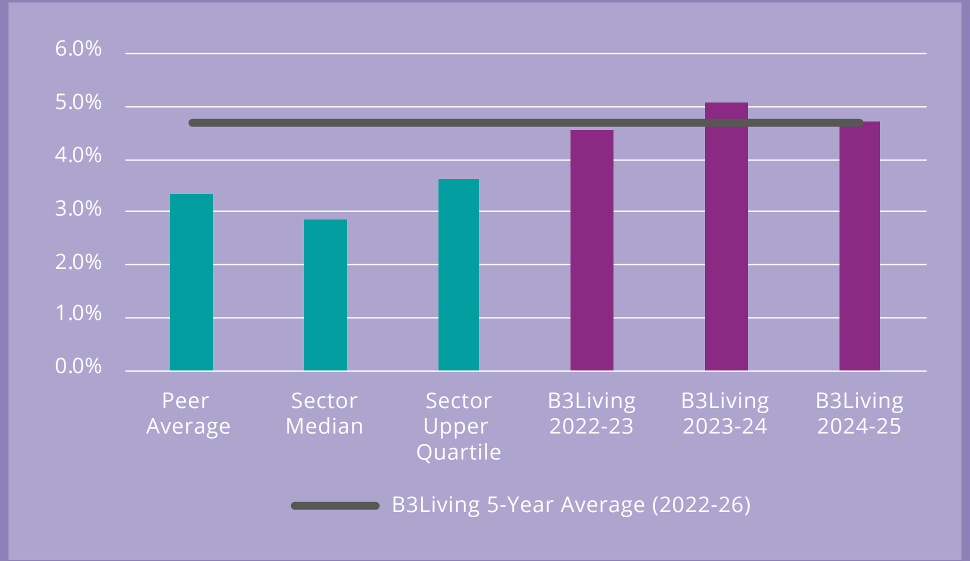


Social housing operating margin %

After the 5-percentage point drop in Social Housing operating margins between 2021-22 (45%) and 2022-23 (40%), margins have stabilised during 2023-24, due to, in part, the successful cost management work in the year.

It is expected that margins will remain around 40% into the mid-term, which bucks the recent sector trend of tighter margins due to heightened levels of repairs and maintenance spend, on such things as fire safety, damp and mould, etc. The stabilisation of our margins has been helped by the development programme delivering around 260 new homes, which is a 5% increase in our stock, during 2022-23.

We are comfortably outperforming our peers and the sector's upper quartile, which not only reflects our strong operating cost control but the fact that we have a high percentage of affordable rented homes within our stock and our proximity to London. Performance is in line with Board expectations and despite current headwinds, margins are forecast to remain strong.

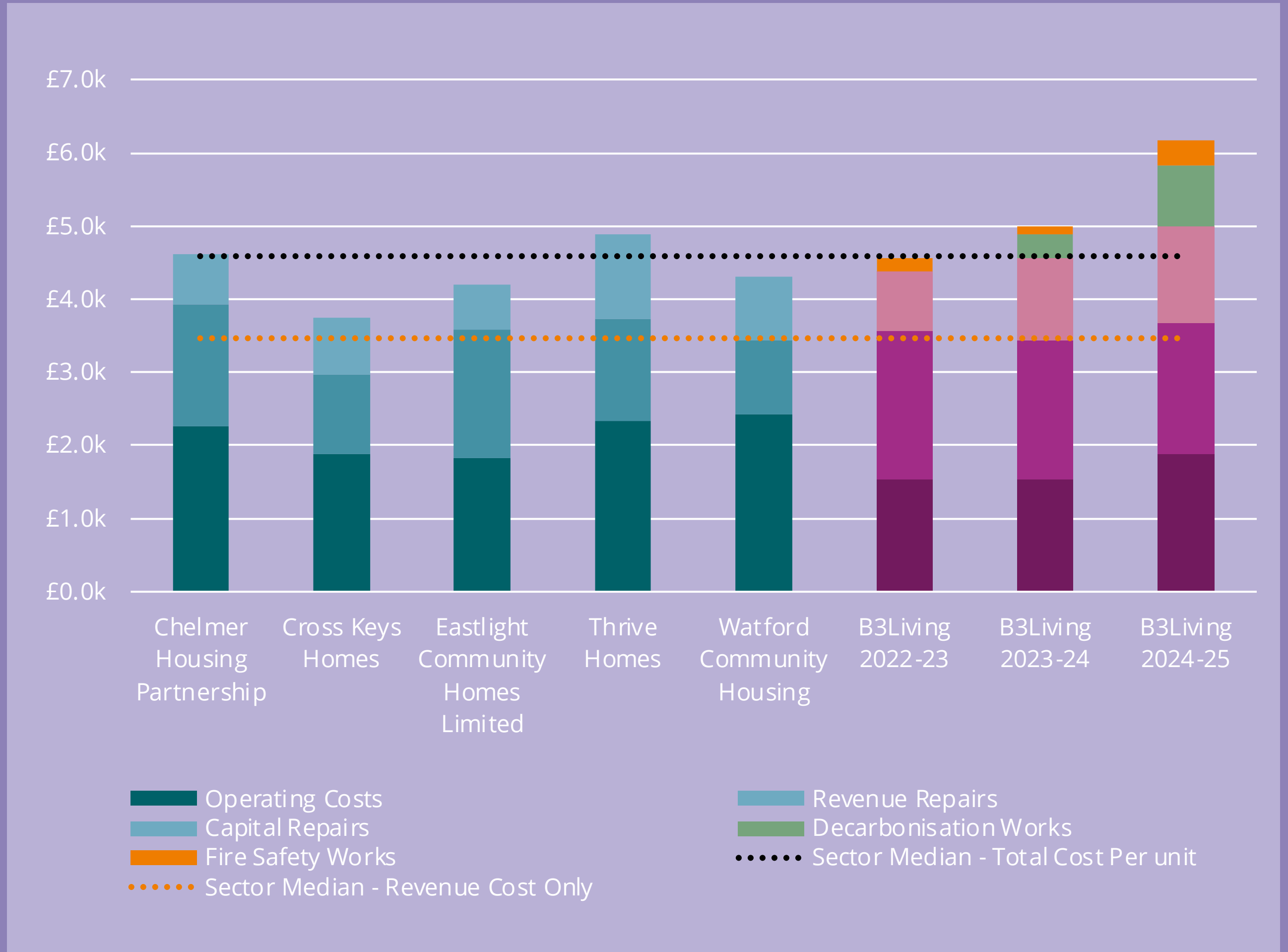


Return on capital employed %

We are currently outperforming our peers and the sector's upper quartile. As a housing association with a gearing position that is near the top decile in the sector, it is important we generate strong surpluses and Return on Capital Employed (ROCE) performance to allow us to sustainably invest in new and existing homes at sector upper quartile levels.

With our strong operating margins, we expect performance to continue between 4%-5%, which aligns with the Board's value for money target of sector upper quartile level.

However, with the sharp increase in the cost of new debt, it will be challenging to continue to bring new affordable homes into management without weakening ROCE performance. Therefore, as a social landlord who is committed to tackling the housing crisis in our local geography, we as a business we are willing to accept a marginal erosion of performance during these challenging times.



Cost per unit*

Our approach to cost control and our value for money ethos have resulted in solid cost per unit performance, hitting our VFM target of sector median (£4.57k) in 2022-23, albeit this was slightly more than our peers average (£4.35k). Our operating costs are forecast to continue to remain comparable to the best of our peers at c. £1,880 per unit by 2024-25. Our low operating costs are a legacy benefit from the decision the Board took in response to the four-year period of rent cuts; during this period, we made significant operational cost savings by reducing our head count and investing in new IT to increase productivity; savings in these back-office areas have allowed the business to increase its investment in our core repairs service without materially impacting on overall performance.

The Board's commitment to providing good quality, safe and energy efficient homes means that we spend around £500-£600 per unit more on revenue repairs than our peers, and a further £200-£300 per unit more on capital repairs. A majority of this additional revenue spend has been caused by two key drivers, firstly, the amount we have needed to spend on customer and building safety works; and secondly, the introduction of our sector leading voids standard, which involves decorating and carpeting each property before letting. We believe that, aside from the fire safety works, which are predominantly fire door replacements, these costs have peaked and will fall in future years. Moreover, to manage our cost base, the Board has asked the business to review its voids standard, to ensure maximum VFM is achieved, and we aren't diverting too much of our finite resources away from other key areas of the business, such as tackling our carbon footprint. In the chart above, it is clear to see that our decarbonisation ambitions are pushing up our cost per unit, the main driver for this expenditure is the delivery of our Social Housing Decarbonisation Fund (SHDF) programme. This two-year programme is expected to increase the energy efficiency of around 263 homes following a fabric first approach. After the SHDF programme is delivered, we will only have around 100 homes rated EPC D or lower; it is the Board's ambition to bring these up to EPC C by the end of 2028.

Whilst our total social housing cost per unit is currently greater than the sector median and our peers, our 2022-23 revenue costs are comparable to the sectors median and our peers. It is important to note that our 2023-24 data is being compared to the sector's median and peers' performance from 2022-23, therefore, these do not include the full effects of the UK's recent high inflationary environment and the sector's push to invest more in existing homes and improving customer experiences. Therefore, we are expecting our 2023-24 performance, when compared to the sector's and peer's equivalent period performance to show a much stronger position. Having robust revenue cost controls allows for stronger operating margins and interest coverage, along with greater surpluses and investment capacity, which means we can sustainably invest in new and existing homes at over sector median levels.

B3Living's value for money metrics

Along with the Regulator's metrics, our Board also monitors its own value for money performance indicators (see the table below).

The metrics are designed to ensure the Group is delivering upon its customers' expectations, using its assets effectively, and employing its finite resources in the right areas. In December 2023 the Board modified our VFM metrics to ensure they are more focused on customer experiences and perceptions of us. Aside from setting the metrics, the Board have set challenging sector leading targets, and the achievement of these targets underpin our corporate strategy and our budget setting and business planning processes.

	B3Living 2021-22 Actual	B3Living 2022-23 Actual	B3Living 2023-24 Actual	B3Living 2024-25 Forecast	Sector Median	Upper Quartile	Board VFM Target
Value for money metrics							
Customer Perception - B3Living Services	86.3%	85.4%	84.6%	82.0%	75.0%	80.0%	Upper Quartile
Customer Perception - Repairs Service	83.0%	84.0%	84.9%	82.0%	76.0%	81.0%	Upper Quartile
Customer Perception - Trust in B3Living	n/a	n/a	75.4%	72.0%	n/a	n/a	Upper Quartile
Customer Perception - Quality of Home	86.6%	88.1%	82.4%	79.0%	71.0%	78.0%	Upper Quartile
Customer Perception - Safe Home	n/a	n/a	83.2%	84.0%	78.0%	83.0%	Upper Quartile
Customer Perception - Communal Areas Home	n/a	n/a	70.9%	72.0%	66.0%	72.0%	Upper Quartile
Customer Perception - Rent Level	88.1%	87.7%	84.3%	85.0%	82.0%	86.0%	Median
Overheads as a % of turnover	13.2%	11.1%	16.4%	14.5%	14.9%	12.0%	Median
% Spend from Framework agreements	n/a	63.0%	74.0%	85.0%	n/a	n/a	85.0%

Key

Board VFM target

We strive to generate genuine cash savings across the business so we can do more for our customers, in terms of delivering a consistently great service and to provide good quality homes that are safe and energy efficient. We seek to generate these cashable savings by tackling ineffective expenditure, increasing productivity by improving processes and/or better utilising technology, and maximising procurement gains. These principles are central to how we strive to achieve the optimum balance between cost, quality and performance across the business.

Since 2020 we have embarked on a journey to better understand our customers and their expectations of us as a landlord and the services we provide. This learning has enabled us to evolve our thinking, our services, policies and strategies, to ensure we put the customer first in everything we do. We believe our customer focus coupled with the upper sector levels of investment to improve the quality, safety and energy efficiency of the homes we provide, has allowed us to realise sector leading levels of customer satisfaction.

The table shows that since 2021-22, our overall customer satisfaction performance has been very consistent at between 85-86%. This consistency shouldn't be seen as stagnant performance, especially when we consider the headwinds B3Living and our customers have faced over that period, be that, the recent negative press towards the sector, the effects of the pandemic on our service delivery, the sea change in our operating environment, for example, the heightened role of the Ombudsman, the requirements from the Building Safety Act, Awaab's Law, the Social Housing Act, the new Consumer Regulations, etc, plus an economic environment which pushed inflation into double digits and rents up by 7%.

With all these headwinds, it is not surprising that many housing associations have seen their customer satisfaction levels fall, for example, in 2020-21, the sector upper quartile performance for overall customer satisfaction was 91%, in 2022-23, this fell to 85%, and in 2023-24 this fell again to 82%. Therefore, to achieve performance of around 85% is excellent. That said, the Board have made it clear that we have not finished with our customer journey, and we still need to continue to do more, and they have demonstrated this by retaining "excellent customer experiences" as a central theme of the 2024-27 corporate strategy.

To improve our services, we recognise that we need a strong and transparent relationship with our customers, for example, we have developed a network of over 260 engaged customers, we continue to improve our customer complaints and lessons learnt processes, for example, in 2024-25 we will bring in two complaints resolutions officers into the business, and we have invested in our customer insight capabilities, including additional transactional surveys and the co-production of key strategies and policies with customers. These are a handful of examples that demonstrate that we are committed to understanding our customers better, ensuring our services meet expected standards, responding efficiently to complaints, utilising technology to improve communications, and tackling any negative stereotypes in our community around social housing. With these actions, along with embedding our Customer Strategy and Customer Ethos we aim to continue to meet our customer satisfaction target of sector upper quartile into the future.

We are pleased to see that over 84% of our customers believe their rent level represents value for money, especially considering that around 25% of our rented homes pay affordable rent, which is generally more expensive than social rented, and in 2023-24 rents increased by 7%. During the rent consultation with customers regarding the 2024-25 rent increase of 7.7%, our customers were clear that if they had to pay more that they wanted us to invest more in their homes. Therefore, the Board were keen to reflect these expectations in the 2024-25 budget to ensure our rents continue to offer value for money. Therefore, the 2024-25 budget includes an £11m provision for the improvement of the quality, safety and energy efficiency of our homes. This investment equates to £2.5k per home; according to the 2023 Global Accounts, only five out of 199 housing associations invested more than this in their existing homes.

Whilst the Board want to invest more in our existing homes, they are still keen to ensure we are getting VFM for every pound we spend. Therefore, the Board felt it was important the business utilise its procurement function, as tendering is an excellent opportunity to assess what the business and our customers want from our contractors, so we can aim to achieve the optimum balance between cost, quality and performance across the business. In 2021, the business created a procurement function, since then, we have significantly increased the amount we spend on contracts or framework agreements, be it in our own name or via a third party. Therefore, the Board have set a VFM target of 85% of our expenditure being made via a contract or framework agreement.

Value for money into the future

The 2023-24 financial results reflect our commitment to value for money with our core operating margins over 40% and healthy interest coverage. Our corporate strategy recognises that cost management is key to us protecting financial resilience whilst doing more for our existing and future customers. The Board understand that reductions in spend in certain areas could adversely impact on customer experiences, therefore we aim to achieve our cost forecasts by tweaking or reallocating our expenditure to ensure it is effective and proactively contributes to our strategic objectives.

That said, we will aim to increase efficiency to generate costs savings, but we expect these savings to be reinvested in improving frontline services and existing homes. We expect to deliver savings through:

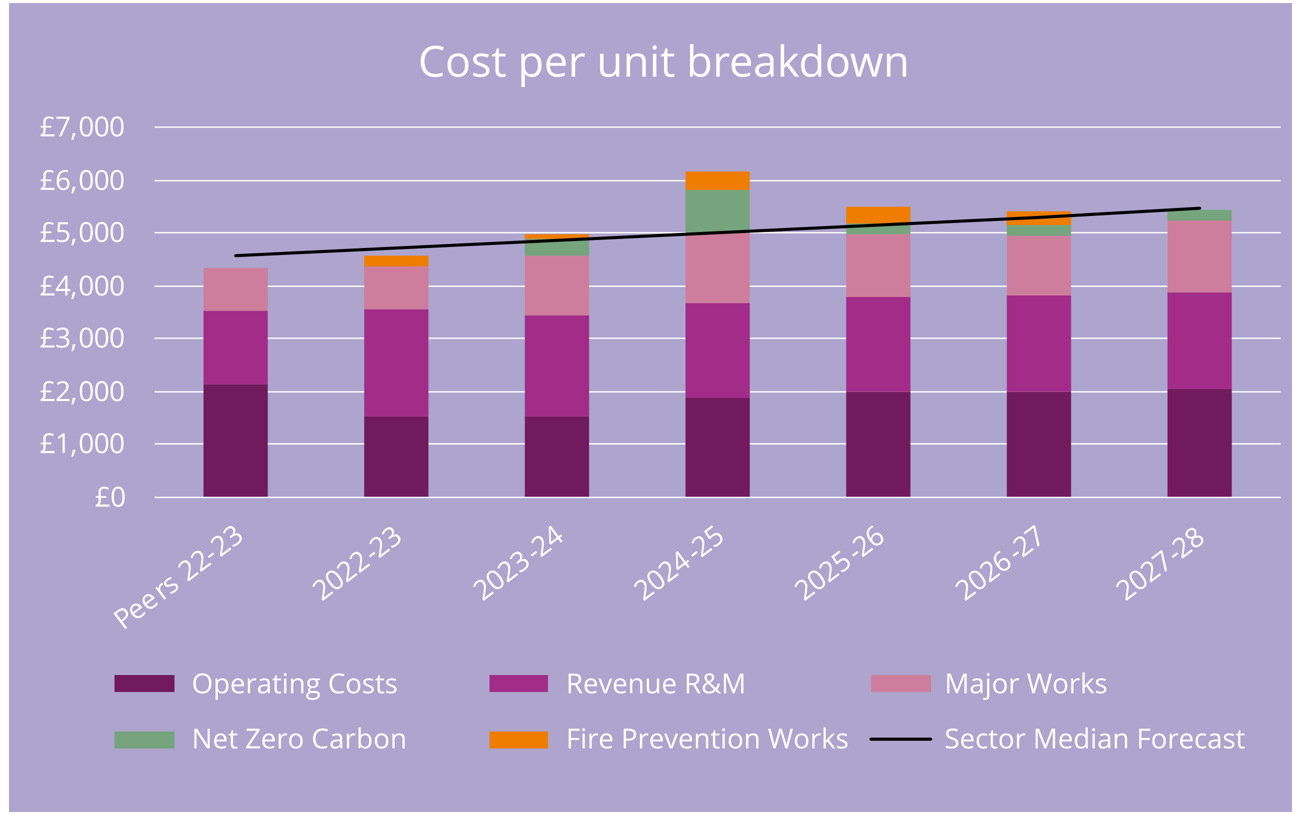
- Challenging how we work to improve performance and reduce wastage.
- Utilising IT to improve services, data quality and communication.
- The delivery of our new Asset Management Strategy, including potential disposals.
- The delivery of our improved approach to procurement.
- The provision of new homes and seeking to manage homes for others.

The table below shows our performance against the Regulator's value for money metrics with a comparison with our peers. The table shows that our reinvestment levels over 2022-23 and 2023-24 have been lower than expected, however, with a challenging market for house builders, and the high interest rates adversely impacting on development viability, the business took a cautious approach towards the provision of new homes, especially with the level of cost uncertainty we were experiencing. With our costs better under control, the Board feels more emboldened to increase our investment in new and existing homes, for example between 2024-25 and 2026-27 we plan to invest c. £90m in the provision of new homes and over £26m improving the quality, safety, and energy efficiency of our existing homes. This level of investment will result in us outperforming our VFM target of sector median for reinvestment and take our supply of new social homes to over 2.4% by 2026-27. This level of investment is only sustainable if we continue manage our cost base to generate c. 40% social housing operating margins.

	Peer average 2022-23	Sector median 2022-23	Sector upper quartile 2022-23	Board VFM target	B3Living Actual 2022-23	B3Living Actual 2023-24	B3Living Forecast 2024-25	B3Living Forecast 2025-26	B3Living Forecast 2026-27
Value for money metrics									
Reinvestment	10.85%	6.75%	9.49%	Sector Median	8.15%	5.63%	10.37%	10.07%	8.08%
New supply (social)	1.93%	1.29%	2.23%	Sector Median	4.98%	1.01%	0.58%	1.66%	2.41%
Gearing	57.61%	45.18%	53.89%	Upper Quartile	63.28%	59.30%	58.74%	60.63%	60.79%
EBITDA MRI Interest Rate Cover	144.33%	128.54%	170.88%	Sector Median	168.57%	176.20%	124.10%	151.78%	162.09%
Headline social housing cost per unit (£k)	4.35	4.62	5.94	Sector Median	4.57	4.99	6.17	5.50	5.40
Operating margin (SHL)	24.76%	19.89%	26.00%	Upper Quartile	40.55%	43.99%	41.04%	40.66%	42.03%
Operating margin (overall)	25.52%	18.20%	22.98%	Upper Quartile	34.32%	37.46%	37.53%	41.01%	40.55%
Return on Capital Employed (ROCE)	3.33%	2.84%	3.61%	Upper Quartile	4.54%	5.07%	4.71%	4.46%	4.73%

As we deliver our £5.9m SHDF programme to improve the energy efficiency of 263 homes our forecast EBITDA MRI performance is temporarily expected to dip to around 125% in 2024-25, however once the programme has been delivered performance returns to a level well over sector median and our peer average.

A key efficiency metric is operating cost per unit. The table shows the cost per unit increasing from c. £4,570 per unit in 2022-23 to c. £6,170 per unit in 2024-25. The chart below shows the breakdown of the five key cost per unit components, alongside a comparison of the sector median forecast – based on 2022-23 outturn increasing by 3% per annum – and our peers. The chart shows that during 2023-24 to 2025-26 our cost per unit is likely to be significantly over our sector median target, however, the key cost drivers such as decarbonisation and fire safety are expected to decline into the mid-term as we finish replacing all our fire doors and we have brought all of our homes to EPC C by 2028. The chart below shows that once these costs have past, we will align with our sector median target by 2027-28.



Governance and controls

Responsibilities of the Board

The Board is responsible for preparing the Report and Financial Statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (UK GAAP).

The Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation in the United Kingdom require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs at B3Living at the end of the year and of the surplus of the Group and Association for the year then ended.

In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association, to enable it to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Cooperative 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 has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association, and to prevent and detect fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the current Statement of Recommended Practice: "Accounting by Registered Social Landlords".

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

The Board certify that there is no relevant audit information of which the auditors are unaware, and the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Annual General Meeting

The Annual General Meeting will be held on **10 September 2024** at Scania House, 17 Amwell Street, Hoddesdon, Hertfordshire, EN11 8TS.

The report of the Board was approved by the Board on 16 July 2024 and signed on its behalf by:

David Biggs
Chair of the Board of B3 Living Limited

Dated: 16 July 2024

Registered with the Mutuals Public Register of the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Number 29876R).

Registered with the Regulator of Social Housing (Number L4455).

Internal controls

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining a sound system of internal controls and reviewing their effectiveness. The Board delegates the ongoing review of internal controls to the Audit and Risk Committee (ARC), but they receive an annual assurance from the Audit and Risk Committee prior to the publication of the Financial Statements.

Internal controls review process

The Board conducts an annual review of the effectiveness of the systems of internal controls following a more detailed examination by the Audit and Risk Committee.

The system of internal control is designed to manage and mitigate, rather than eliminate the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or financial loss. This provides reasonable assurance about the preparation and reliability of financial and operational information and of the safeguarding of the Group's assets and interests.

The review of internal controls covers our approach to risk management, which includes the business's approach to setting its risk appetite, identifying and managing risks, governance, and the internal control environment. The review covers our key strategic risks and how they are managed, and the internal and external audit functions.

Risk management

B3Living is a social housing provider that is focused on building more much-needed affordable homes, managing its existing housing portfolio, and providing excellent services to our customers.

All these activities, including those that support them happening, for example, treasury management, data management, staff management, etc, all carry inherent levels of risk, be it safety, reputational, financial or compliance. Therefore, as we are unable to eradicate all risks from the business, we maintain a robust risk management framework that enables us to identify, evaluate and manage the risks the business faces so we can deliver upon our objectives.

The Board has overall responsibility for establishing and maintaining a sound system of risk management and internal controls and for reviewing their effectiveness. To this end, in the financial year the Board approved a new Risk Management Strategy to help it manage risk effectively in an evolving and changing external environment. The Strategy delivers against expectations of the Regulator of Social Housing's (RSH) Governance and Financial Viability Standard (2015), which states that Registered Providers (RP) shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for tenants and potential tenants in an effective, transparent and accountable manner.

These include, but are not limited to:

- Being accountable to tenants, the Regulator and relevant stakeholders.
- Safeguarding taxpayers' interests and the reputation of the sector.
- Having an effective risk management and internal controls assurance framework.
- Protecting social housing assets.

As a provider of homes to some of society's most vulnerable people we have a duty to understand and manage our risks effectively to ensure the long-term availability of our much-needed affordable homes for our customers and community. Failure to understand or manage risk effectively could result in a regulatory downgrade, putting our customers at risk, and/or financial loss, which would cause reputational damage and undermine the confidence of our key stakeholders, i.e. customers, funders, local authority, partners etc.

Risk management framework at B3Living

The risk management framework at B3Living can be broken down into five distinct elements:

- **Identifying and recording risk** - Categorisation and identification of individual significant risks to the organisation.
- **Risk appetite** - Categorisation of key risk areas to the business and consideration of the amount and type of risk that the organisation is willing to accept to meet strategic objectives and its tolerance levels.
- **Evaluating and managing** - Procedures for evaluating risks identified.
- **Governance** – Roles and responsibilities and processes for effective monitoring.
- **Risk management culture** – how the organisation will ensure that risk management thinking is embedded at all levels of the organisation.

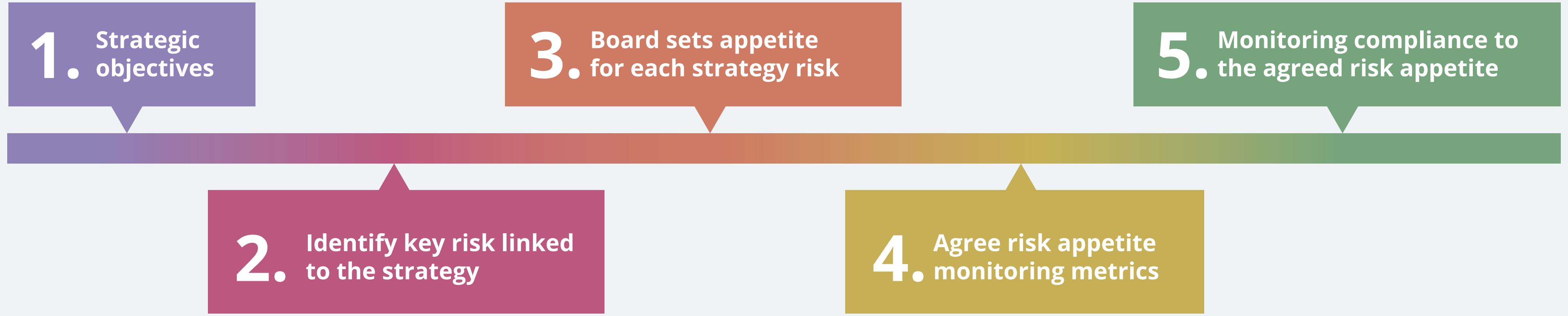
Risk appetite

The Board is responsible for setting the risk appetite of the Group, for example, the nature and level of risks that the Board is willing to accept and expose the business to in order to achieve its objectives. On occasion it may be appropriate to conclude that a high level of risk is acceptable to achieve greater rewards, the "risk and reward" concept, with the reward being financial and/or social. Each year, during either a Board awayday or at a Board meeting, members discuss and agree their risk appetite for the Group. During the discussions in 2023, the Board asked the Executive to create two new risk statements relating to cyber security and data quality, due the heightened importance of these risks to the delivery of our corporate strategy,

The flow chart below provides an overview of the risk appetite process.

The risk appetite is an important exercise as it helps set the tone of an organisation. For example, the Board in December 2023 expressed a reasonably strong risk tolerance towards activities that help to reduce our carbon footprint and to promote our profile in the sector. Conversely, the Board maintained a low risk tolerance towards regulatory and legislative compliance. To ensure the business is operating within the parameters of the Board's risk appetite, the Board approves a review to show how the risk appetite matrix will be applied across the business and within the decision-making process.

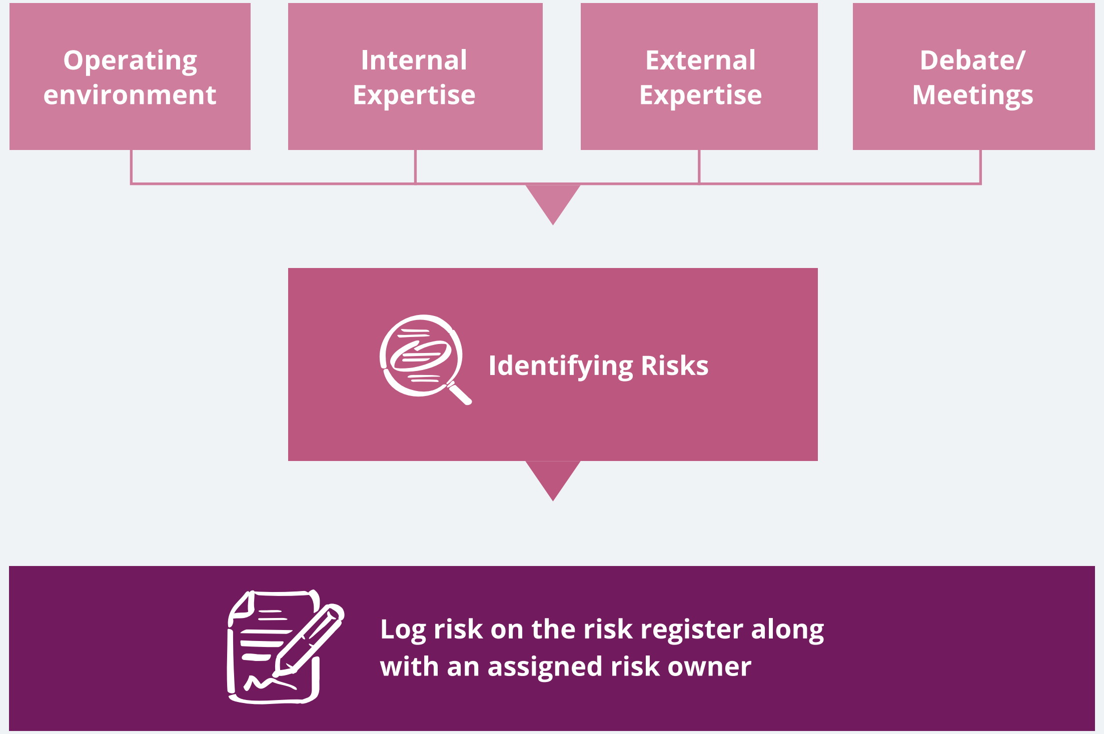
Further to the risk appetite exercise, the Board set a suite of Financial Golden Rules for the business to operate within. These financial parameters reflect the Board's risk appetite in terms of financial performance to achieve its objectives and they are used to help define and quantify the business's investment capacity, for example, around how many new affordable homes B3Living can deliver for our communities.



Identifying and recording risk

The Executive and Board members are selected for their positions based on the skill requirements of the business and therefore these inherent skills provide a robust foundation to support our ability to identify new and emerging risks. To support the need to identify emerging risks or changes to existing risks, the Board receives biannual reports on the economic environment and housing market, quarterly reports on the lending market, professional speakers to discuss sector risks, time at Board awaydays to discuss emerging risk and to "Blue Sky" think about potential risks, an analysed review of the Regulator's annual sector risk profile, an annual presentation of the asset and liability register, and a detailed review of the business plan's stress testing results. Members and officers are also encouraged to attend sector conferences and read sector publications. All identified risks are logged on the corporate risk register to be evaluated and managed.

Below is a flow chart showing where B3Living's risks could come from:

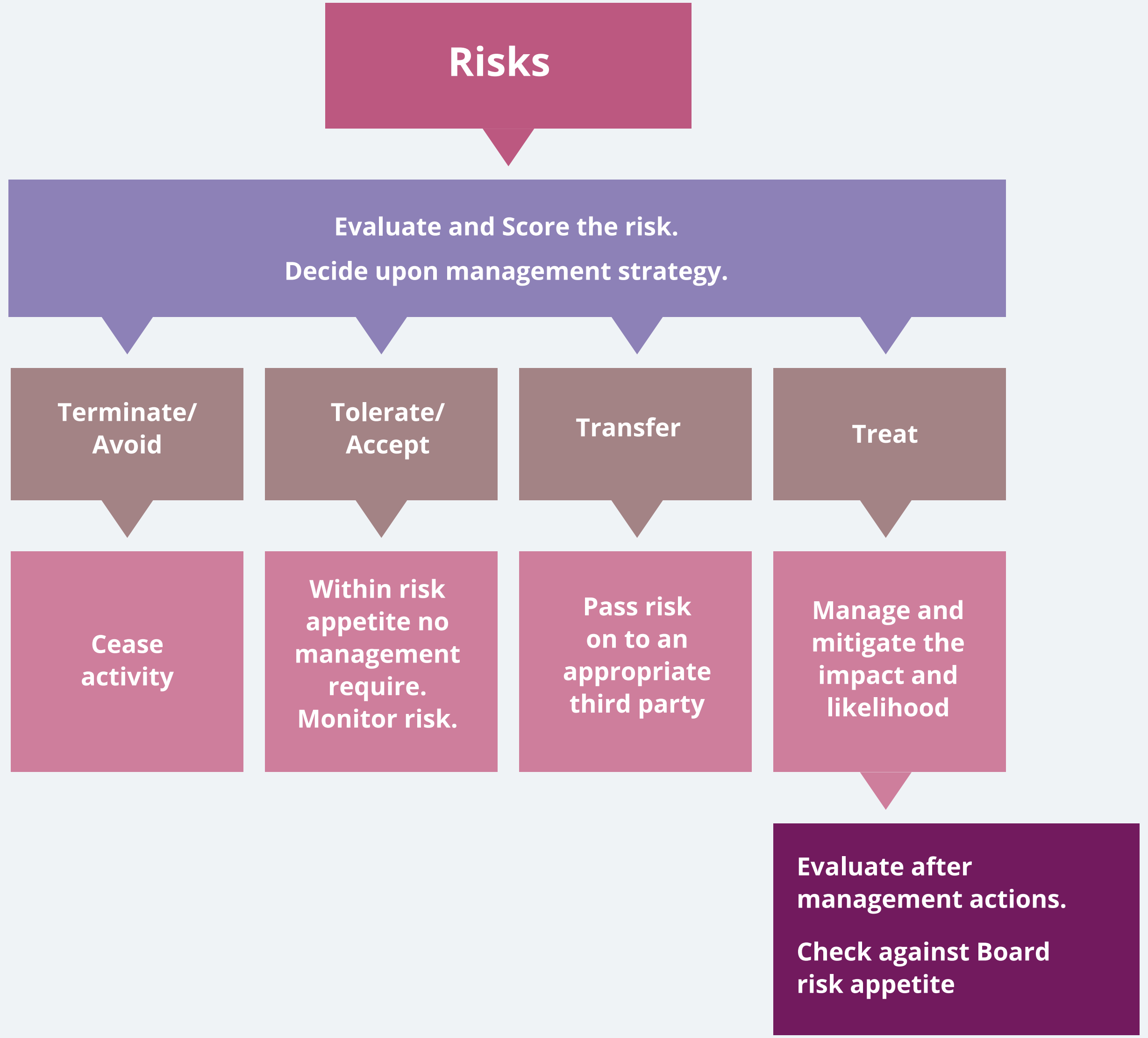


Evaluating and managing risk

All risks logged on the risk register, either existing or new risks, are evaluated in terms of the likelihood of the risk crystalising and the potential impact if it does. All identified risks are assessed twice. The initial assessment evaluates the uncontrolled risk i.e. the risk the organisation would be exposed to if it did not put any controls in place. Second the 'residual' risk assessment which determines the exposure after action(s) have been taken to manage/mitigate it.

Each risk is carefully considered in terms of how, if at all, the risk should be managed, i.e., do nothing and accept it, take actions to reduce the likelihood or impact of the risk crystalising, transfer to a third party or avoid it. We maintain a comprehensive risk register which logs all the identified risks and their score based on likelihood of materialising and impact of the risk crystalising. The Strategic Risk Register is presented at every Board, Audit and Risk Committee, Executive and Leadership team meeting for review and discussion.

The flow chart below provides an overview of the evaluating and risk management process:



Governance

The Board is responsible for overseeing the framework of delegation and systems of internal control, including risk appetite and strategic risks. The Board reserves certain matters to itself, including determining the long-term business objectives of the Group and any material decisions. The Board has delegated to the Audit and Risk Committee (ARC) the responsibility for reviewing the risk management systems, monitoring the integrity of the Financial Statements, providing oversight of the internal and external audit processes, and reporting their findings to the Board. Audit and Risk Committee is required to meet four times a year and once during the year, usually before the approval and publication of the Financial Statements they meet with the external and internal auditors without the presence of officers.

Delegation of authority and financial regulations set a framework for board committees, the Chief Executive and the Executive team. Board committees provide assurance to the Board on key areas of activity such as safeguarding of assets, the effectiveness of the finance and treasury functions and the delivery of quality services. As part of the system of internal controls, the Board has a policy on fraud which covers prevention, detection and reporting of fraud and the recovery of assets in line with the expectation of the Regulator of Social Housing.

The Board is responsible for ensuring that the business maintains an appropriate risk register. To retain strategic focus at Board meetings, members are only presented with strategic risks with a residual score, based on the multiple of likelihood/probability score (1-5) and impact score (1-5), of 12 or more, the entire risk register is made available at each Board meeting. As the Board predominately focuses on strategic risks it has delegated the responsibility to the Audit and Risk Committee to review the whole Risk Register (strategic and operational) at each meeting.

Internal controls environment

To support the delivery of the risk management framework we have improved, and will continue to improve, our internal controls environment and framework. A key element of our internal control environment is the need to review, monitor, learn and improve. To this end, we:

- The corporate risk register and their sources of assurance are updated on a periodic basis along with deliverable mitigating actions which are designed to protect the business should these risks crystalise. This process is led by the Business Improvement Manager under the supervision of the Executive Director (Finance).
- Regularly review staff attitudes to risk management and how well it is embedded across the business. This review considers staff at all levels throughout the organisation and includes, but is not limited to, surveys, interviews, working group, documented knowledge, etc. These reviews are used to determine the need for increased risk training or improved communications.
- Annually present our 'three lines of defence' assurance framework to the Audit and Risk Committee for review and discussion. The 'three lines of defence' framework segregates our sources of assurance into three distinct categories.
    - o The first line is the information received directly from management to indicate how effectively controls are operating (such as policies and procedures, management reports, etc.).
    - o The second line is information provided from independent internal sources (such as independently validated KPIs, internal quality checks, etc.).
    - o The third line of assurance is external bodies who assess the effectiveness of the controls in place. This is often provided by internal audits but can include regulatory reviews or specialist consultants, something we have undertaken in respect building health and safety compliance and cyber security.
- Annual review of the effectiveness of the internal audit function to the Audit and Risk Committee. When approving the annual internal audit plan the Audit and Risk Committee consider how the plan corelates to risks within the corporate risk register and delivery of our Better Futures Strategy. The Committee also considers if certain audits would be better delivered by a specialist third party for assurance rather than our appointed internal auditors, for example we have commissioned Knowledge Industries to review our data governance.

- Annual Risk Maturity review is carried out to assess the robustness of the risk management process. The review aids members and the Executive to understand which areas of the risk management framework are working well and which areas need improvement, for example, the latest review highlighted that we needed to embed the key objectives within the Better Futures Strategy across the business, line managers needed to ensure risk management is discussed regularly during team meetings and Board should review the process of how it determines its risk appetite.
- Data integrity. Where possible we utilise creditable external data to inform key decisions or provide Board insight; for example, in our biannual economic and housing report to Board, we rely on data from the Bank of England, Savills, Knight Frank, HM Treasury, GfK, RICS, etc, to inform conclusions. Aside from external data, we are continuously improving our own data, for example, a recent rent and service charge working group cleansed all data required to set rent and service charges, resulting low levels of customer queries and a substantial assurance from our internal auditors. We also, utilised two external consultants to review our approach and data for building safety compliance, one contractor to advise and support, the other to validate our finalise position. We are currently undertaking a similar two contractor approach to our 100% stock condition survey, to satisfy ourselves of data quality. Data quality is a key consideration for the Board, and in 2024-25 we will kick-off a data review, led by an external consultant, which will result in a new Data Strategy being developed, and a delivery programme implemented which will ensure all key data sets are cleansed, controlled and have an owner.
- In the year the senior leadership received fraud awareness training and they undertook an exercise to document all the areas of the business most at risk from fraudulent activities and the controls we have in place, or plan to put in place, to reduce the potential of fraud.

Strategic risks

Below are the main key risks that, if crystalise, would adversely impact on B3Living's ability to deliver on its key objectives, such as building new affordable housing, cutting our carbon emissions, providing safe, good quality homes and estates, etc.

Our Better Future strategy is supported by our approved business plan, which is underpinned by a suite of important assumptions. If our operating environment changes or we experience material internal failures then it is unlikely that these assumptions will be realised, which could adversely impact on investment capacity or the business's ability to our strategic objectives.

Strategic risk	Mitigations
Political change Changes in government policy impacting on B3Living's operating environment and ability to achieve business objectives.	• We run a suite of severe stress tests to pre-empt the impact of a change in government policy on the business, this includes changes to how registered providers set their rents. • We ensure that we have sufficient liquidity in place to overcome a sudden shock to our forecast income. • We maintain a prudent approach to business planning to ensure we can deliver the key business objectives in a range of different operating environments. • We have a robust suite of mitigating actions available to the business to either increase investment capacity or protect our long-term viability. • We report on a semi-annual basis on changes within our operating environment, this includes government policy changes.
Economic forces Deteriorating economic conditions – The UK has experienced significant economic turbulence arising from the conflict in Ukraine. With further geo-political tensions, for example, the middle east and China, the UK could experience further economic headwinds.	• We have increased our liquidity position by securing £65m of new long-term funding over the last 18 months. • We have a suite of robust Financial Golden Rules in place to ensure we operate within the risk appetite of the Board. • We have a comprehensive approach to stress testing and recovery planning. • We have a robust Investment Policy that seeks to deliver value for money whilst ensuring we can deliver much-needed new affordable homes. • We monitor the credit profile of key contractors weekly. • We present a comprehensive economic and housing report to the Board twice a year.

Strategic risk	Mitigations
Cyber security A breach of B3Living's IT security could result in the loss of data, money and/or disruption to IT based services (including externally hosted applications and web sites).	• Multi-factor authentication – meaning access must be verified from a secondary device and maintain effective firewall to protect network. • Disaster Recovery Plan updated regularly and tested, including a malware/ransomware attach response plan. • "Cyber Essentials Plus" accreditation plus annual penetration testing. • Biennial internal audits on cyber-security. • Cyber-security maturity review by B3Living's internal auditor scheduled for 2024-25. • Policies (Data Protection and Information Management Policy; Access Control policy; Password policy; IT Acceptable Usage Policy). • Staff training and awareness.
Housing market downturn Unfavourable housing market leading to reduced sales values and/or significant sales delays.	• We maintain sufficient financial capacity and liquidity to switch the tenure types (e.g. shared ownership to affordable rent). • We ensure our financial plan has been modelled correctly by conducting annual third-party reviews. • We closely monitor the housing market via regular housing market reports. • Our Financial Golden Rules are designed to manage our exposure to the housing market in any one year. • Deep dive presentation from officers to Audit and Risk Committee on the sales programme and process.
Asset management B3Living does not have a robust approach to asset management, the data quality or knowledge/resource to enable its stock to be maintained at Decent Homes Standard.	• We have a comprehensive and robust Asset Management Strategy in place. • In 2022-23 we completed an internal audit on stock condition data highlighted improvement actions, which were completed during 2023-24. • 67% of stock surveyed in two-years, with the remaining homes surveyed in 2024-25. • 401 energy efficiency tests carried out in 2023-24.
Data quality/governance B3Living's data quality is driving sub-optimal investment decisions and/or results in operational failures.	• A Responsible, Accountable, Consulted, and Informed (RACI) review on all the key data sources required to run the business completed in 2020. • IT security controls, including access restrictions to certain data. • Data Protection policies and procedures were completed in 2021. • Rent and Service charge data cleansing review – 2021. Internal audit in 2023 gave substantial assurance. • Data integrity section on all Board and committee reports included since 2022. • External consultants leading a data discovery review during 2024-25, which will culminate in the development of a new Data Strategy for B3Living.

Strategic risk	Mitigations
Building safety compliance B3Living's approach to Asbestos, Gas, Fire, Water, Lift, Damp and Mould, and Electric safety is either not robust enough or reporting/data is not of sufficient quality to highlight areas of concern.	• Our health and safety compliance control regime in place and includes policies, procedures, compliance, and clear roles and responsibilities. • We complete regular and in-depth reporting to the Board (quarterly) and the Executive (monthly). • We hold annual internal audits covering elements of the seven key compliance areas. • Comprehensive third-party review into B3Living's approach to building safety compliance by Manifest completed in 2021, and a secondary review was completed by Savills in 2023.
Net zero carbon B3Living developing its understanding around its approach to net zero carbon.	• We have amended our Asset Management Strategy to reflect our approach to achieving our net zero carbon ambitions. • We undertake annual SHIFT carbon footprint analysis to allow us to monitor progress and create action plan. • Commissioned external advice on how B3Living can best replace its gas boilers with a more carbon friendly alternative. • We have appointed a strategic expert to support the delivery our Social Housing Decarbonisation Fund bid, which will improve the EPC rating of a further 263 to C. • We have agreed with our funders to carve out our decarbonisation works from our interest cover loan covenants. • We have a prudent assumption in the Business Plan, based on an external contractors estimate to achieve net zero carbon by 2050.
Contractor failure Better Futures Strategy delivery is adversely impacted by a key contractor ceasing trade.	• We complete regular financial assessments of all our major suppliers during the on-boarding process and monthly credit checks. • Enter into turnkey development agreements with small house builders. • Procure via own framework agreements to ensure we have two or three additional suppliers available should the winner cease trading. • Regular contractor meetings to create transparent working relationship and to hold contractors to the terms of the contractor.

Governance and viability compliance

Statements of compliance with the Regulator's Governance and Financial Viability Standard

The Board confirms that the Strategic Report has been prepared in accordance with the principles set out in paragraphs 4.6 and 4.7 of the 2018 Housing SORP for registered social landlords. B3Living has undertaken an assessment of compliance with the Regulator's Governance and Financial Viability Standard for the year ended 31 March 2024, as required by the Accounting Direction for Social Housing in England 2022.

The Board can confirm that during the year in question, B3Living has complied with the Governance and Financial Viability Standard, and during the 2023-24 financial year, B3Living has maintained the top governance and viability ratings of G1 and V1 respectively, awarded in March 2022 following a regulatory in-depth assessment (IDA) and reaffirmed via a desktop stability check in November 2023.

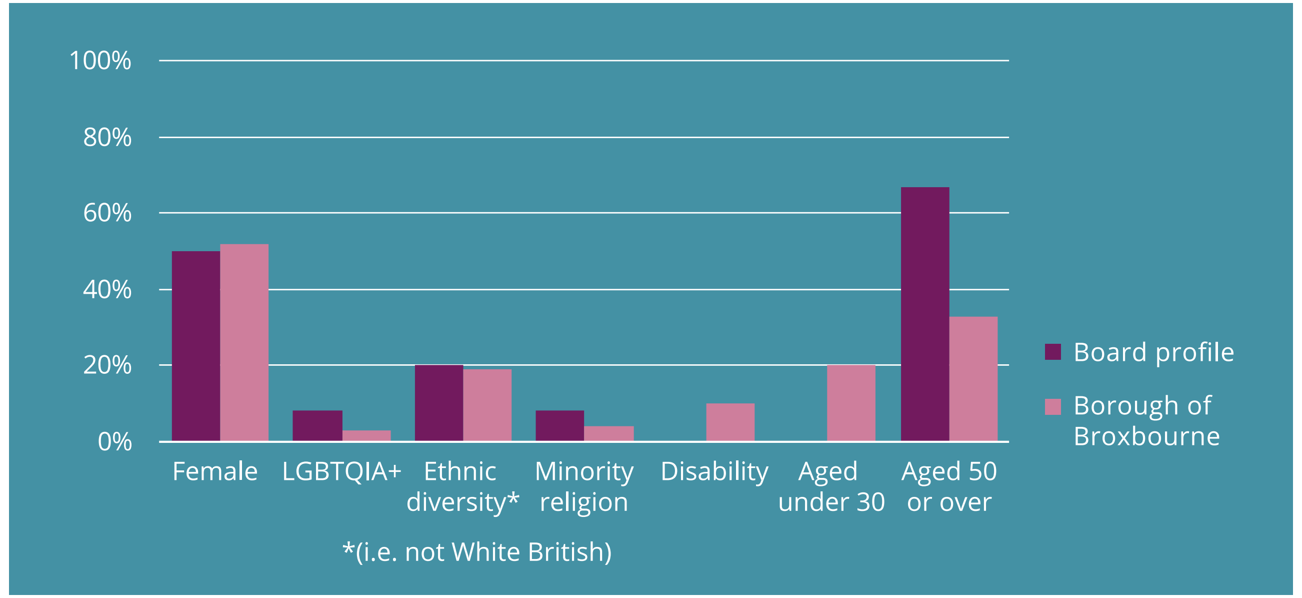
In May 2024, B3Living completed an internal review of its performance against the Regulator's Governance and Viability Standards. This was reported to the Board, which confirmed that B3Living remained compliant with these standards.

Governance

B3 Living Limited (the Association) is a public benefit entity registered with the Regulator of Social Housing (RSH) as a housing association, a registered provider of social housing. The Association's principal activities relate to the development, acquisition, and management of affordable general needs, sheltered, low-cost home ownership, and supported social housing for those in need, as well as investment in the community.

The Group Board (Board) for the Association and its subsidiaries ordinarily consists of up to twelve members, drawn from wide backgrounds to bring together professional, commercial, and local experience, who are remunerated. B3Living has made efforts in recent years to expand the diversity of its Group Board, and we are pleased to report that our board demographic profile is broadly representative of our local community – with the exception of the age profile and individuals with a disability. Details of the skills, attributes and profile of individual members are available on pages 138 to 140 of this report.

Our Board has an agreed skills statement against which we regularly assess our current Board members' skills and attributes and address any gaps through recruitment, training, succession planning and bringing in external expertise, if required. Our Board is made up of members with a wide range of expertise and backgrounds, including banking, governance, property, tax, social housing and real estate.



Board member appointments are made via an assessment of their skills, knowledge, and experience against the skills matrix of the Board in order to support succession planning or to support future business and commercial activities.

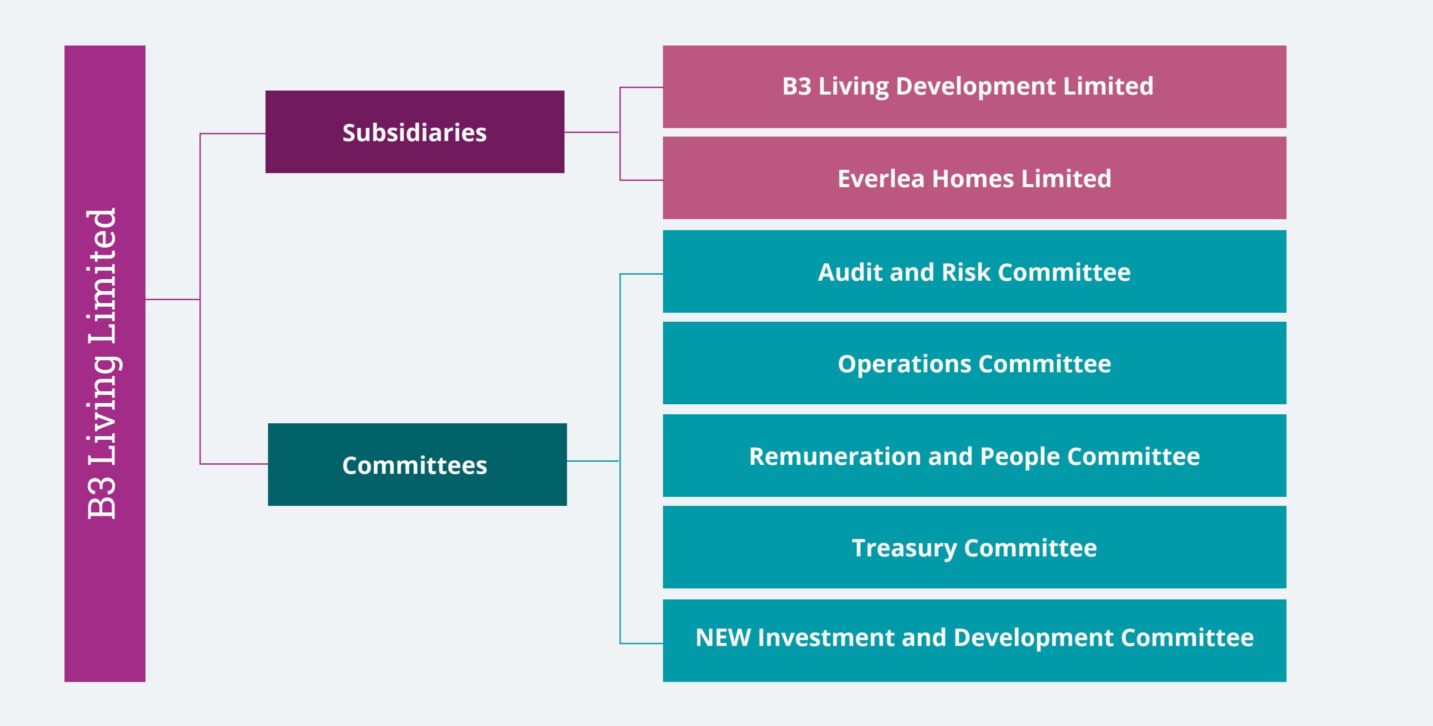
The organisation annually publishes information about the appointment of new Board members and about the diversity, skills, and attributes of all the Board members. This year our Board remained stable; therefore, we have no incoming members to announce but profiles of existing members, their backgrounds and length of service are available on pages 138 to 140 and on our website (https://b3living.org.uk/board/).

The Board meets at least seven times per financial year and is responsible for the overall strategy, direction, and control of the Group. Board members and Executive Directors currently in post are set out on pages 138 to 141.

The Board has delegated certain responsibilities to five main committees. Of these, four are ongoing from previous years: the Audit and Risk Committee, which meets four times a year, the Remuneration and People Committee, and the Treasury Committee, both of which meet at least once a year. In November 2022, the Board approved the establishment of an Operations Committee, which has agreed to meet three times a year and has been working to further embed the customer voice into our governance structure and to ensure we take a robust approach to customer and building safety.

Finally, in January 2024 following the recommendation made during a legal compliance check, the Board approved the creation of an Investment and Development Committee which has agreed to meet at least once a year.

There are also two subsidiary companies (B3 Living Development Limited and Everlea Homes Limited) with their own boards, which meet three times a year. The Board has delegated approvals of small schemes to the Executive team and the Investment and Development Committee, while approval of the delivery of the scheme sits with our subsidiary, B3 Living Development Limited.



National Housing Federation (NHF) Code of Governance

B3Living followed the National Housing Federation Code of Governance 2020 for 2023-24.

B3Living is signed up to the NHF Code for Mergers, Group Structures and Partnerships.

In May 2024, B3Living completed an internal review of its performance against the NHF Code of Governance 2020, which confirmed that B3Living was compliant with all elements within this code.

Executive team

The Executive team comprises the Chief Executive and four executive directors, who hold no shareholding interest in the Association and act as executives within the authority delegated by the Board.

The Chief Executive and the Executive team have employment contracts with notice periods ranging from three to six months.

Insurance policies indemnify Board members and officers against liability when acting for the Association and its subsidiaries. Details of executive director remuneration packages are included in note 9 to the Financial Statements.

Independent auditor's report

Independent auditor's report

Opinion

We have audited the financial statements of B3 Living Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2024 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group and Association Statement of Changes in Equity, the consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. 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 2024 and of the Group's surplus and the Association's surplus 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 believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor of B3 Living Limited by the Board for the period ending 31 March 2007. The period of total uninterrupted engagement for the Group is for 18 financial years ending 31 March 2024. 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 the audit

Materiality for the Group financial statements as a whole was set at £911,020, 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 that reinvests all surpluses generated from its activities within the Group and does not make any distributions of profit to external parties.

Materiality for the parent Association financial statements as a whole was set at £797,143, determined with reference to a benchmark of Association turnover (of which it represents 1.75%).

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £45,551, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's three reporting components, we subjected all three 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. We summarise below the key audit matters in arriving at our audit opinion above, together with our key audit procedures to address these matters and, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

1. Financial performance, treasury management and loan covenants

The risk – significant risk high value

The Group posted a full year surplus of £9.4m before actuarial gains on pension schemes (refer to pages 92 to 136 (accounting policies) and pages 88 to 91 (financial disclosures)). At 31 March 2024 the Group had borrowings of £205m (refer to pages 92 to 136 (accounting policies and notes to the accounts) and pages 88 to 91 (financial disclosures).

Our response

Our procedures included the following:

- Assessment of ability to service and repay its long-term borrowings: Reviewed the Group and Association's 2024-25 budget and longer-term financial forecasts, and the underlying assumptions, to assess the Group's ability to service and repay the debt.
- 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 2024 and projected future performance.

Our results

Our audit work concluded that all loan covenants were comfortably met at 31 March 2024. Forecast performance at 31 March 2025 shows a similar position, with gearing and interest cover forecast to be 42% and 168% respectively, against covenant limits of 80% and 110% respectively. Across a range of stress testing scenarios, including those linked to macro-economic conditions, the Group remains comfortably within its funding covenants. The Group has £85m of undrawn existing loan facilities.

2. Housing Properties – capitalisation of new build development costs

The risk – significant risk high value

The parent Association capitalised new build development costs of £4.6m (2023: £19.2m). Refer to pages 92 to 136 (accounting policies and notes to the accounts) and pages 88 to 91 (financial disclosures).

Our response

Our procedures included the following tests of detail:

- Test of detail: We agreed a sample of development additions in the year to invoice or certificate.
- Test of detail: We reviewed and agreed workings for capitalised interest in the year. This included a review of the Association's weighted average interest rate applied versus the actual paid for its borrowing and to ensure that capitalisation of interest ends when a development reaches practical completion.
- Test of detail: We reviewed the Association's policy on overhead capitalisation and that the costs directly related to the development programme. We note that the majority of costs in this regard are the salaries of the development team.
- Test of detail: We reviewed amounts capitalised in our sample testing to confirm the treatment adopted accords with guidance in FRS 102 and the SORP 2018.

Our results

Based on the audit procedures performed, we found the capitalisation of new build development costs to be acceptable.

3. Sales risk and exposure to the property market

The risk – significant risk medium value

The Group recorded turnover from properties developed for first tranche shared ownership sale of £9.3m (2023: £10.3m). Other property sales (such as staircasing, RTB and asset disposals) generated a further surplus of £351k (2023: £669k). At 31 March 2024, the balance of work in progress relating to completed unsold properties was £2.8m (2023: £7.0m), with work in progress of £nil (2023: £11.8m) relating to properties for sale under construction.

Refer to pages 92 to 136 (accounting policies) and pages 88 to 91 (financial disclosures).

Our response

Our procedures included the following tests of detail:

- Test of detail: Agreed the calculation of the surplus on sale for a sample of sales in the period.
- Assessment of recoverability: Reviewed the carrying value of the Group's stock and work-in-progress at the year-end to ensure it is stated at its selling price less costs to complete and sell. This included an assessment of the profitability on the current schemes.

Our results

We found no errors in the calculation of surplus on sale of properties. We reviewed a sample of additions to work in progress and found that they had been capitalised appropriately. We also reviewed the latest forecast costs for each development and found that there were no significant cost overruns to the approved budgets and no indication that the carrying value of the properties is overstated at the year end.

The Group has stress tested a range of scenarios, including house price fall of 35%, the sales programme being delayed by one year, and having to convert all shared ownership properties in development to affordable rent, and in these scenarios the Group remained able to meet all funders' covenants.

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 or Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Report of the Board including Strategic 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 information given in the Report of the Board including Strategic Report for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept adequate accounting records; or
- the Association's financial statements are not in agreement with accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 68, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and 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 Group or 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's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Chartered Accountants and Statutory Auditors
The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT

Date: 10 June 2024

Financial statements

Statement of comprehensive income

For the year ended 31 March 2024

	Notes	Group March 2024 £000	Group March 2023 £000	Association March 2024 £000	Association March 2023 £000
Turnover	3	45,551	42,469	45,551	42,469
Cost of sales	3	(8,062)	(8,531)	(8,243)	(8,913)
Operating expenditure	3	(20,424)	(19,364)	(20,655)	(19,719)
Gains on disposal of housing properties	3	351	669	351	669
Changes in valuation of investment properties	10c	-	85	-	85
Operating surplus	**5**	**17,416**	**15,328**	**17,004**	**14,591**
Share of surplus from joint ventures		-	49	-	-
Gift Aid		-	-	331	511
Interest receivable	6	139	29	128	29
Interest and financing costs	7	(8,196)	(6,338)	(8,196)	(6,338)
Financial asset impairment		-	(6,542)	-	-
Surplus / (deficit) before tax		**9,359**	**2,526**	**9,267**	**8,793**
Taxation		-	-	-	-
Surplus / (deficit) for the year		**9,359**	**2,526**	**9,267**	**8,793**
Actuarial (losses) / gains in respect of pension schemes	27	(99)	587	(99)	587
Comprehensive income for the year		**9,260**	**3,113**	**9,168**	**9,380**

The Financial Statements were approved and authorised for issue by the Board on 16 July 2024 and were signed on its behalf by:

David Biggs
Chair of Board

Trudi Kleanthous
Board Member

Paul Tyrrell
Board Member

Claire Howe
Company Secretary

The notes on pages 92 to 136 form an integral part of the Financial Statements.

Registered with the Mutuals Public Register of the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Number 29876R). Registered with the Regulator of Social Housing (Number L4455).

Statement of financial position

As at 31 March 2024

	Notes	Group March 2024 £000	Group March 2023 £000	Association March 2024 £000	Association March 2023 £000
Fixed assets					
Housing Properties at costs	10a	328,954	317,046	329,320	317,734
Other Fixed Assets	10b	3,616	3,648	3,616	3,648
Investment properties	10c	3,671	3,366	3,671	3,366
Investment in subsidiaries	10d	-	-	-	-
Investment in Joint Ventures	10e	-	-	-	-
Tangible fixed Assets		**336,241**	**324,060**	**336,607**	**324,748**
Current assets					
Stock	11	2,829	9,461	2,829	9,461
Trade and other debtors	12	3,211	1,823	3,195	1,797
Agreement to improve existing properties	25	1,323	1,439	1,323	1,439
Cash and cash equivalents	13	7,645	7,045	7,455	5,911
		15,008	**19,768**	**14,802**	**18,608**
Less: Creditors falling due within one year	14	(7,641)	(7,233)	(7,894)	(6,762)
Net current assets		**7,367**	**12,535**	**6,908**	**11,846**
Total assets less current liabilities		**343,608**	**336,595**	**343,515**	**336,594**
Creditors falling due after more than one year	**15**	**(239,016)**	**(241,179)**	**(239,016)**	**(241,179)**
Provisions for liabilities					
Agreement to improve existing properties	25	(1,323)	(1,439)	(1,323)	(1,439)
Pension provision	29	(331)	(299)	(331)	(299)
		(1,654)	**(1,738)**	**(1,654)**	**(1,738)**
Total net assets		**102,938**	**93,678**	**102,845**	**93,677**
Reserves					
Non-equity share capital	26	-	-	-	-
Income and expenditure reserve		102,938	93,678	102,845	93,677
Total reserves		**102,938**	**93,678**	**102,845**	**93,677**

The Financial Statements were approved and authorised for issue by the Board on 16 July 2024 and were signed on its behalf by:

David Biggs
Chair of Board

Trudi Kleanthous
Board Member

Paul Tyrrell
Board Member

Claire Howe
Company Secretary

The notes on pages 92 to 136 form an integral part of the Financial Statements.

Registered with the Mutuals Public Register of the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 (Number 29876R). Registered with the Regulator of Social Housing (Number L4455).

Statement of changes in equity

As at 31 March 2024

	Group		Association	
	Share Capital* £000	Income & Expenditure £000	Share Capital* £000	Income & Expenditure £000
Balance as at 1 April 2022	**-**	**90,565**	**-**	**84,297**
Surplus for the year	-	2,526	-	8,793
Actuarial (losses) / gains in respect of pension schemes	-	587	-	587
Balance as at 31 March 2023	**-**	**93,678**	**-**	**93,677**
Surplus for the year	-	9,359	-	9,267
Actuarial loss in respect of pension schemes	-	(99)	-	(99)
Balance as at 31 March 2024	**-**	**102,938**	**-**	**102,845**

*The Group and Association have issued share capital of £11 (2023: £11).

The Group and Association had equity at the reporting date of £102,938k (2023: £93,678k) and £102,845k (2022: £93,677k) respectively.

The notes on pages 92 to 136 form an integral part of the Financial Statements.

Consolidated statement of cash flows

For the year ending 31 March 2024

	March 2024 £000	March 2023 £000
Net cash generated from operating activities (see Note 21)	**29,188**	**15,520**
Cash flow from investing activities		
Purchase of tangible fixed assets (social housing)	(16,635)	(23,769)
Purchase of other fixed assets	(573)	(571)
Purchase of other investment properties	**(305)**	**(121)**
Proceeds from sale of tangible fixed assets	1,318	2,353
Grants received	1,095	10,903
Investments in JVs	-	49
Investment income received	139	9
	(14,961)	**(11,147)**
Taxation	**-**	**-**
Cash flow from financing activities		
Interest paid	(8,627)	(7,989)
Financing costs	-	(74)
New secured loans	-	40,000
Bond Premium	-	2,400
Repayments of borrowings	(5,000)	(35,000)
	(13,627)	**(663)**
Net change in cash and cash equivalents	**600**	**3,710**
Cash and cash equivalents at beginning of the year	7,045	3,335
Cash and cash equivalents at end of the year	7,645	7,045
	600	**3,710**

The notes on pages 92 to 136 form an integral part of the Consolidated Financial Statements.

Legal status, accounting policies, and notes to the Financial Statements

1. Legal status

B3Living is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 with the registration number 29876R and is also registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing with the registration number L4455. B3Living's registered office is 17 Amwell Street, Hoddesdon, EN11 8TS.

The Group is a public benefit entity as defined in FRS 102, section 34.

2. (a) Principal accounting policies

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with Regulator of Social Housing with effect from 1 April 2012 as a registered provider of social housing.

Basis of accounting

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102, the financial reporting standard applicable in the UK and Republic of Ireland ("FRS 102"); the Statement of Recommended Practice: Accounting by Registered Social Landlords 2018 Update (SORP); and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The accounts are prepared on the historical cost basis of accounting as modified by valuation of investment properties and are presented in £'000, except where specifically stated otherwise. The Group and Association meet the definition of a public benefit entity (PBE).

Basis of consolidation

The Group Consolidated Financial Statements include the financial statements of the Association, all its subsidiary undertakings, and its joint ventures. A subsidiary is an entity controlled by the Group. Control is construed as the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The Financial Statements have been prepared using the line-by-line consolidation for subsidiaries and the equity method for joint venture entities as appropriate. Group entities are detailed within note 28 to the Financial Statements. The results of joint ventures have been incorporated into the Financial Statements, consolidated from management accounts, as they do not share the same reporting date with the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Exemptions for qualifying entities under FRS 102

The Association has elected to apply the following reduced disclosures, which are permitted in accordance with FRS 102:

- The exemption to not disclose a separate cash-flow statement in accordance with FRS 102 1.12(b) as the Association is a qualifying entity and the Group prepares a consolidated cash-flow statement.
- The exemption under FRS 102 Paragraph 33.1A to not disclose the details of related party transactions with wholly owned subsidiaries.

Turnover and revenue recognition

Turnover represents rental income receivable, service charge receivable income, amortised capital grants from government sources, revenue grants from local authorities and Homes England, income from the sale of the first tranche of low-cost home ownership, outright property sales, and other income. Turnover is recognised in relation to the period when the goods or services have been supplied and when the risks and rewards of ownership have transferred from B3Living to the counterparty.

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

Value Added Tax

The Association charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The Financial Statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

The Association operates a VAT shelter arrangement on 91 properties which are part of the stock transfer from the London Borough of Haringey. This was agreed with HM Revenue and Customs and this facilitates the full recovery of VAT on expenditure falling within the agreed definition of "improvements" to the properties.

At the reporting date only the VAT shelter that was agreed in 2013 and relates to the refurbishment of properties acquired from London Borough of Haringey, was in operation. The Association retains the full VAT recoveries from this VAT shelter agreement.

Related party transactions

The Group and Association have taken advantage of the exemptions in FRS 102 and have decided not to disclose transactions between regulated entities or between non-regulated entities, except as required by the Accounting Direction 2022. Disclosure requirements for transactions between regulated entities and non-regulated entities are provided in note 28.

Tangible fixed assets

Tangible fixed assets are made up of housing properties held for social housing, housing and commercial properties classified as investment properties, and other fixed assets such as leasehold offices, freehold offices, furniture, fixtures and fittings, IT and office equipment, motor vehicles, and plant and equipment.

Tangible fixed assets other than investment properties are stated at cost, less accumulated depreciation, less impairment where applicable. Investment properties are carried at their fair value at the reporting date.

Other than investment properties which are not depreciated, 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 reassessing 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.

Housing properties

Housing properties are principally properties available for rent and low-cost home ownership. They are held for social benefit purposes and are stated at net historic cost after accumulated depreciation and accumulated impairment. Historic costs are made up of the acquisition costs of the housing assets, plus unavoidable costs of acquisition when the asset is bought outright by B3Living. Where B3Living develops the property, costs include the cost of acquiring land and buildings, construction costs, capitalised interest charges incurred during the development period, and directly attributable development overhead costs.

Any subsequent major repairs or capital expenditure to existing properties, which replace a component that has been identified separately for depreciation purposes, along with those works that result in enhancing the economic benefits of the properties, are capitalised as improvements. Where a component is replaced, the cost and related depreciation are derecognised from the business assets. Economic benefits are enhanced if the work performed results in an increase in rental income, a reduction in future maintenance costs or a significant extension to the useful economic life of a property and its components.

Improvements are works which either fall within the definition of the VAT shelter works or result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

2. (a) Principal accounting policies (continued)

Low-cost home ownership properties are split between current and tangible fixed assets based on the anticipated first tranche sale proportion. The first tranche proportion is recognised in the current assets as stock. The remaining fixed asset proportion of low-cost home ownership properties is included in housing properties at cost, less any accumulated impairment. Low-cost home ownership properties are not depreciated.

Impairment of housing properties

Housing properties and other assets are subject to impairment reviews when a potential trigger for impairment has occurred. Where there are no impairment triggers, no impairment is recognised. Any impairment will be recognised in the Statement of Comprehensive Income in the year it materialises.

Where there is evidence of impairment, the fixed assets are written down to their recoverable amount. Any such write down is charged to the operating surplus. The recoverable amount is the higher of the fair value or value in use (VIU) or value in use – service potential (VIU-SP). The fair value for social housing units is the existing use value for social housing (EUV-SH). VIU is the discounted future cash flow from the housing asset. B3Living assesses VIU-SP as the amount it will cost to replace the housing asset. Impairment is assessed at income generating unit, and B3Living has judged the scheme level to be its income generating unit level.

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.

Interest is capitalised based on the weighted average cost of capital and the costs incurred until practical completion. 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 their intended use.

Depreciation of housing properties

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 useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Group and Association depreciate freehold housing properties by component on a straight-line basis over the estimated useful economic lives of the component categories. Useful economic lives for identified components are as follows:

	Years
Structure – houses	100
Structure – flats	100
Roofs	60
Windows and doors	30
Bathrooms	30
Electrics	30
Lift	30
Adaptations	15
Kitchens	20
Heating	30
Other	15

Land is not depreciated.

The Group and Association depreciate 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.

Other fixed tangible assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. A full year's depreciation is charged in the year of acquisition of the asset. No depreciation is charged in the year of disposal. The principal annual rates used for other assets are:

	Years
Freehold offices	30
Furniture, fixtures and fittings	10
Plant and equipment	10
IT and office equipment	5
Motor vehicles	5

Long leasehold properties

Long leasehold properties are depreciated over the life of the lease.

Investment properties

The Group and the Association have properties that have been classified within the scope of FRS 102, section 16, such as market rented properties and commercial buildings. These are carried in the Statement of Financial Position at their fair values, with the changes in fair value being recognised in the Statement of Comprehensive Income, if they are completed properties.

Where investment properties are work in progress, they are carried at cost less impairment. Cost includes the purchase price plus any other acquisition costs, construction costs to date, plus directly attributable development overheads and capitalised interest.

The Group and Association engage an independent valuer to determine the fair value at each reporting date. The independent valuer uses 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 10c.

Donated land

Donated land from government sources, such as local authorities, is included in the cost at the valuation on donation, which reflects how the land will be used, with the donation treated as a capital grant. Land donated for social housing is valued on donation at the EUV-SH and land.

Donated for non-social housing purposes is valued at the open market value. In the case of Section 106 land, the valuation takes into account all the conditions of sale imposed by the local authority and its value in use to the Association. Where land is donated by a non-government source, it is recognised as income using the performance approach.

When housing properties are to be transferred to another registered provider, the net costs, after Social Housing Grant (SHG), are dealt with in the current assets. In this instance, the SHG follows the property to the association said property is being transferred to.

Social housing and other government grants

Where developments have been financed wholly or partly by Social Housing grants (SHG) and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover. The grant amortisation only commences when the housing asset is practically complete; therefore, grants relating to properties under construction are not amortised.

The accumulated amortised government grants recognised through the Statement of Comprehensive Income represent contingent liabilities to the Group and Association. The grant contingent liability materialises when the relevant property to which the amortised grant relates to ceases to be used for social housing purposes. This is usually due to events such as the disposal of the relevant housing property or change in use of the property from social housing to open market activity. If the property is disposed of or there is a change in use, the grant for the asset needs to be recycled.

Recycled Capital Grant Fund (RCGF)

RCGF arises when a property funded or part funded by SHG, or a property from a stock transfer which was grant funded, ceases to be used for social housing purposes. Where SHG is recycled, it is credited to a fund which appears as a creditor until it is used to fund the acquisition or construction of new properties. Where recycled grant is known to be repayable, it is shown as a creditor within one year.

2. (a) Principal accounting policies (continued)

Holiday pay accrual

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

Pensions

The Group and Association participate in two funded multi-employer defined benefit schemes: The Social Housing Pension Scheme (SHPS) and the Hertfordshire County Council Pension Fund (HCCPF). HCCPF is a local government pension scheme. The Group and Association also participate in two defined contribution schemes: The Social Housing Pension Scheme (SHPS) and the Group Personal Pension Scheme (GPPS).

The management's estimates relating to the defined benefit schemes are based on a number of critical underlying assumptions, such as standard rates of inflation, mortality, discount rate and the anticipation of future salaries. Variation in these assumptions may impact the defined benefit obligation and annual expense significantly, as shown in this note. These assumptions and calculations are prepared by an independent actuary.

Under Defined Benefit Accounting, the current service cost, and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net-defined benefit liability. Re-measurements are reported in other comprehensive income.

With the defined contribution pension scheme, the Group and Association do not have further future obligations falling due within one year which are paid a month following deductions on each payroll processing, other than those disclosed in the Statement of Financial Position within the creditors.

The Pensions Trust Social Housing Pension Scheme (SHPS)

Since 2019 it has been possible to disaggregate the share of the Group and Association's asset and liabilities in a SHPS scheme; therefore, the closed SHPS scheme is accounted for as a defined benefit scheme. The accounting information is based on the present value as at 31 March 2024, as provided by the Pension Trust.

Hertfordshire County Council Pension Fund (HCCPF)

For the HCCPF, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs expected return on assets, and any other changes in fair value of the assets and liabilities are recognised in the accounting period in which they arise.

The operating costs, finance costs, expected return on assets, and any other changes in fair value of assets and liabilities are recognised in the Statement of Comprehensive Income.

Supported housing managed by agencies

Income and expenditure in respect of supported housing projects depend on the nature of the partnership arrangements between the Group and Association, and any managing agents, and on whether the Group and Association carry the financial risk. Where the Group and Association carry the financial risk, these transactions are recognised in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Group and Association's Statement of Financial Position.

Property managed by agents

Where the Group and Association carry the majority of the financial risk on property managed by agents, all the income and expenditure arising from that property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Group and Association's Statement of Financial Position.

Service charges

The Association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with its 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 through a reduced charge, and a deficit being recovered via a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Support income and costs, including Supporting People income and costs

Supporting People (SP) contract income received from any administering local authorities is accounted for as SP income in the turnover, note 3. The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings, note 3, and matched against the relevant costs.

Interest receivable and similar income

Interest receivable income is recognised on an accrual basis in the period it relates to using the effective interest rate method. It is included as income in the Statement of Comprehensive Income.

Interest payable and similar charges

Interest payable is recognised on an accrual basis using the effective interest method. It is included as an expense in the Statement of Comprehensive Income. The Association has elected to capitalise interest on developments under construction.

Financial instruments

FRS 102 provides for three accounting choices for accounting for financial instruments. The Association has elected to use the option to apply the requirements of FRS 102, sections 11 and 12 when accounting for financial instruments. FRS 102 classifies financial instruments into two classes: basic financial instruments and other financial instruments.

Basic financial instruments are recognised at the transaction price plus transaction costs on initial recognition and subsequently they are accounted at carrying value, which is the amortised cost. Other financial instruments are recognised at the transaction price plus transaction costs on initial recognition and subsequently at their fair value at each reporting date. The Association's financial instruments are classified into either financial assets or financial liabilities.

The Association recognises financial instruments when it becomes party to them and when the risks and rewards of the financial instruments transfer to the Association. Financial instruments are derecognised when an extinguishment event occurs. An extinguishment event occurs when the Association is no longer party to the financial instruments and ceases to have risks or rewards associated with the financial instrument or when there are significant changes to the terms of the financial instrument. Below are the Association's accounting policies for accounting for the following financial instruments:

Basic financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and short-term investments, which can be liquidated at short notice with no loss of capital. Bank overdrafts that are repayable on demand and form an integral part of the Association's cash management, are included as a component of cash and cash equivalents for the purpose of the cash-flow statement.

The Group and Association have identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use. These investments have been classified as cash equivalents.

Trade debtors, other debtors, trade creditors and other creditors

Trade debtors, including rent arrears and other debtors, are recognised initially at their transaction price less transaction costs. Subsequent to initial recognition, these are measured at amortised cost using the effective interest method, less any impairment losses.

In the case of debtors where any arrangement constitutes a financing transaction that ceases to be a normal trading transaction, for example, if a payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors are recognised initially at their transaction price plus transaction costs. Subsequent to initial recognition these financial instruments are measured at an amortised cost.

Impairment of debtors

A provision for doubtful bad debt is made for the impairment of current rent debtors based on the average age profile of the relevant rent arrears. The bad debts provision is calculated to reflect the risk of default of the relative tenant arrears or trade debtor. The longer the amount remains due, the higher the provision will be made for the amount owed.

Bond issues and housing loans

Bond issues and other interest-bearing borrowings, such as housing loans from lenders, are recognised initially at the transaction price less transaction costs. Subsequent to initial recognition, bond issues and housing loans are stated at the amortised cost using the effective interest method, less any impairment losses where applicable.

2. (a) Principal accounting policies (continued)

Concessionary loans

The Association is party to interest-free arrangements or financing arrangements that are not subject to paying or receiving market interest rates: for example, with some customers who are over the normal payment terms, or where the Association is party to a joint arrangement agreement with a development partner.

Where an entity is a public entity member such as the Association, it can elect, in line with FRS 102, section 34, to account for transactions that are not at market interest rates as concessionary loans. The Association has accounted for some tenant arrears and the interest-free loan in the joint arrangement as concessionary loans, and these are, therefore, being carried in the Statement of Financial Position at amortised cost.

Liquid resources

Liquid resources are readily disposable current asset investments. This policy is defined in the treasury policy. Liquid resources are accounted under FRS 102, section 11 at an amortised cost less transaction costs using an effective interest rate.

Other financial instruments

Other financial instruments are financial instruments that do not meet the definition of basic financial instruments in FRS 102, section 11 and are recognised initially at a transaction price less their transaction costs. Subsequent to initial recognition, other financial instruments are measured at fair value with changes recognised through the Statement of Comprehensive Income. At the reporting date all of the Association's financial assets and financial liabilities met the definition of basic financial instruments under FRS 102, section 11.

Loan finance issue costs

The costs relating to the raising of finance are amortised over the life of the related debt financial instrument, such as a bond issue or housing loan. Debt financial instruments are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts of the issue costs written off. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

Corporation taxation

B3 Living Limited has charitable status and provides services that are exempt from corporation tax; therefore, it has no taxation liability for corporation tax. The subsidiaries are non-charitable and, as such, are subject to corporation tax.

The subsidiaries sometimes elect to gift aid to the charitable parent. When that happens, gift aid is not accrued in the financial year but in the year when the cash is actually paid to the parent; however, the corporation tax implications are recognised in the year the subsidiary elects to gift aid.

Stock – properties for sale

Stock – properties for sale include the first tranche element of low-cost home ownership units and properties developed for outright sale. These are accounted for as current assets in the Statement of Financial Position, and they are stated at the lower of cost and fair value, less costs to complete and sell. Costs include the cost of land, construction costs, directly attributable costs, capitalised interest and direct overheads. Fair value reflects the market value of the stock at the reporting date.

Under the terms of the transfer agreement with the Borough of Broxbourne Council, proceeds from right to buy and low-cost home ownership staircasing sales are shared with the Borough of Broxbourne Council. On completion of a right to buy or relevant low-cost home ownership sale contract, only proceeds attributable to the Association are credited to the Statement of Comprehensive Income.

Agreements to improve existing properties

Where the Association has entered into agreements to purchase property from a third party and subsequently enters into a subcontracting agreement to carry out improvement works to the properties, the related assets and liabilities are shown at their gross values unless the right of net settlement exists.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and Association undertake an economic activity, mainly the development of properties with development partners, such as private developers or a local authority, that is subject to joint control with those third parties. Those third parties, together with the Group and Association, have rights to the net assets of the joint venture. The Association's interest in the joint venture is accounted for as an investment; however, the Group accounts for joint ventures under the equity method of accounting at cost. Under the equity method, the Association's share of profits, after taxation or losses, are included in the Statement of Comprehensive Income and its interest in net assets is included as an investment in the Statement of Financial Position.

Provisions

Provisions are recognised when the Group and Association have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources from the Association will be required to settle the obligation, and the amount of the obligation can be estimated reliably at the reporting date.

Segmental reporting

As the Group has issued a listed bond debt which is publicly traded, it is required to disclose information about its operating segments in accordance with IFRS 8. The Chief Operating Decision Makers (CODM) have been identified as the Executive Directors.

The Executive Directors have identified the operating segments as: general needs, sheltered housing, low-cost home ownership, and other, reflecting the way in which the organisation is operated and managed. As the Group has no activities outside of the UK, segment reporting is not required by geographical region.

- **General needs and sheltered housing** segments incorporate all of the Group's social rented housing provision activities, including both social rent and affordable rent properties. Income is derived primarily from rental income and service charges.
- **Low-cost home ownership** is comprised of those properties where the Group has sold a proportion of the equity share to the occupier, while retaining the remaining equity and the freehold of the property. Income is derived from the service charges in respect of the properties and from rent charged on the unsold equity element of the properties.
- **Other** incorporates all income and costs from overhead departments, one commercial property and market rented properties.
- The analysis of the Statement of Comprehensive Income by segment is provided in note 3c to these Financial Statements. The management reporting structure does not require analysis of assets and liabilities by segment, and these are, therefore, not included in the analysis of segmental reporting.

2. (b) Principal accounting policies, judgements, and accounting 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 reporting 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 the amounts recognised in the Financial Statements.

i. Critical judgements in applying the Association's accounting policies

The following are the significant management judgements made in applying the accounting policies of the Association which have the most significant effect on the Financial Statements:

Classification of housing properties (notes 10a and 10c)

The Association has undertaken a detailed review of the intended use of its housing property portfolio. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. Where the Association has determined that its housing portfolio is held for social benefit purposes, it has been accounted for under the requirements of FRS 102, section 17. Where the Association has deemed that the properties are not held for social benefit purposes, these properties have been classified as investment properties and therefore have been accounted for under FRS 102, section 16.

Capitalisation of property development costs (notes 10a and 10c)

Distinguishing the point at which a project is considered to be more likely to continue and therefore recognised as an asset, thus allowing capitalisation of development costs, requires judgement. After capitalisation, management monitors the project and considers whether events indicate that an impairment review is required. Where a project is considered not to continue and therefore is aborted, the costs relating to that project are expensed within the Statement of Comprehensive Income.

Determining whether an impairment review is required (notes 10a and 10e)

Indicators of impairment are applied in determining whether there is impairment in respect of an asset, or association of assets, owned by the Association. Indicators include: changes in government policy, a reduction in the market value of properties where the occupant has the right to acquire, a reduction in the demand for a property, obsolescence of a property, or contamination of a site. Impairment is tested at income generating unit (IGU) level, which is at scheme level.

Impairment on housing properties is assessed by comparing the carrying value of the asset against its recoverable amount. The recoverable amount is the

2. (b) Principal accounting policies, judgements, and accounting estimates (continued)

higher of value in use or fair value as represented by existing use value social housing (EUV-SH), value in use (VIU) or value in use service potential (VIU-SP). Determining the EUV-SH, VIU and VIU-SP to be used requires management judgement.

Impairment on joint ventures is assessed by comparing the carrying value against the recoverable amount. The recoverable amount is the expected cash flows and returns that are expected to accrue from the joint venture. Where the recoverable amount is lower, the joint venture is carried at cost less impairment.

Determining whether a debt instrument satisfies the requirement to be treated as basic (note 15)

Judgement is required to determine whether a debt instrument satisfies the requirements in FRS 102, paragraph 11.9 to be treated as basic. For debt instruments to be classified as basic financial instruments, the interest must be a positive amount or positive rate, at market rates. They should not be index linked, excluding RPI, and the lender cannot unilaterally amend interest rates. Debt instruments are used to provide long-term funding for the Association's operations and not used for speculative trading. Facilities with two-way break clauses are judged to be basic. The capital structure of the Association includes bond and loan funding from lenders which are judged to be basic financial instruments.

Determining the fair value of other debt instruments (note 15)

Financial instruments that do not meet the definition of being basic under FRS 102 have to be measured at fair value using a hierarchy of estimates which prioritises quoted prices in an active market, then recent transactions of identical assets and finally the use of valuation techniques. In applying this hierarchy, management has to apply a significant amount of judgement and,

where applicable, deem the best estimate of fair value of any one debt instrument to be the exit prices quoted by the respective counterparty.

ii. Key accounting estimates and assumptions

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

Housing property impairment

Housing properties are reviewed for impairment to determine whether an impairment trigger is deemed to have occurred. Where there is an impairment trigger and evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the operating surplus. Impairment is assessed by comparing the carrying value to the recoverable amount.

The recoverable amount is the higher of fair value less costs to sell as represented by EUV-SH, VIU, and VIU-SP. If the carrying value is greater than the recoverable amount, then an impairment charge is made. VIU and VIU-SP require management estimates of the timing of cash flows, discount rate and life of the asset and EUV-SH is underpinned by judgements and estimates made by independent valuers (see note 10a).

Depreciation of housing properties

Components of housing properties are depreciated over their useful economic life, which is determined by the length of time the individual component will be used before it is replaced. Management judges the estimates of the economic lives of components based on the historic replacement cycles and the historic component performance. Components are determined by management using the largest elements of the properties by cost which can be separately identified as assets in their own right (see note 10a).

Housing property cost allocation

Where a scheme under construction is a mixed tenure scheme, the total costs of the scheme are split using a suitable method, such as floor area or rental yield between the various elements, which may include tangible housing asset, investment property and stock. The allocation of the cost of low-cost home ownership schemes under construction between stock and housing properties is determined by looking at the predicted amount to be sold as a first tranche sale. This predicted amount is based on the likely demand for the scheme (see note 10a).

Investment properties fair value estimation

The independent valuer uses a valuation technique based on a discounted cash-flow model to ascertain the fair value. The fair value of the investment property is sensitive to annual inflation rates, the level of rent increases, the estimated yield, and long-term vacancy rates. This means that there is a level of volatility in both the carrying amounts disclosed in Statement of Financial Position and the fair value gains or losses disclosed in the Statement of Comprehensive Income. The key assumptions used to determine the fair value of investment property are further explained (see note 10c).

Other fixed assets are depreciated over their useful economic lives, which are determined by the length of time the asset is expected to be in use (see note 10b).

Stock – properties for sale

Stock is carried in the Statement of Financial Position at the lower of cost and fair value less costs to complete to sell. Fair value less costs to sell is based on the estimated selling price, less selling costs such as marketing. Estimated selling prices are based on estimates of similar properties in the same location and traded in an optimum market where demand and supply assume perfect market conditions.

3. (a) Group turnover, cost of sales, operating costs, and operating surplus

	Group				
	Turnover £000	Cost of Sales £000	Operating expenditure £000	Operating surplus 2024 £000	Operating surplus 2023 £000
Social housing lettings (note 3c)	35,381	-	(19,564)	**15,817**	12,775
Other social housing activities:					
First tranche home ownership sales	9,298	(8,062)	-	**1,236**	1,800
Supporting people	93	-	(93)	**-**	-
Leaseholders	506	-	(568)	**(62)**	(216)
Other	-	-	(144)	**(144)**	(1)
Total other social housing activities	**45,278**	**(8,062)**	**(20,369)**	**16,847**	**14,358**
Activities other than social housing					
Commercial rent	-	-	(8)	**(8)**	(1)
Market rent	61	-	(33)	**28**	49
Other	212	-	(14)	**198**	168
Total non-social housing activities	**273**	**-**	**(55)**	**218**	**216**
Total	**45,551**	**(8,062)**	**(20,424)**	**17,065**	**14,574**
Gains on disposal of housing properties				**351**	669
Changes in valuation of investment properties				**-**	85
Total	**45,551**	**(8,062)**	**(20,424)**	**17,416**	**15,328**

3. (b) Association turnover, cost of sales, operating costs, and operating surplus

	Association				
	Turnover £000	Cost of Sales £000	Operating expenditure £000	Operating surplus 2024 £000	Operating surplus 2023 £000
Social housing lettings (note 3c)	35,381	-	(19,816)	**15,565**	12,775
Other social housing activities:					
First tranche home ownership sales	9,298	(8,243)	-	**1,055**	1,418
Supporting people	93	-	(93)	**-**	-
Leaseholders	506	-	(568)	**(62)**	(216)
Other	-	-	(137)	**(137)**	(363)
Total social housing activities	**45,278**	**(8,243)**	**(20,614)**	**16,421**	**13,614**
Activities other than social housing					
Commercial rent	-	-	(8)	**(8)**	(1)
Market rent	61	-	(33)	**28**	49
Other	212	-	-	**212**	175
Total non-social housing activities	**273**	**-**	**(41)**	**232**	**223**
Total	**45,551**	**(8,243)**	**(20,655)**	**16,653**	**13,837**
Gains on disposal of housing properties				**351**	669
Changes in valuation of investment properties				**-**	85
Operating surplus	**45,551**	**(8,243)**	**(20,655)**	**17,004**	**14,591**

3. (c) Income and expenditure from social housing lettings – Group and Association

	General Housing £000	Sheltered Housing £000	Low cost home ownership £000	Total 2024 £000	Total 2023 £000
Income					
Rent receivable net of identifiable service charge	30,056	1,656	1,840	**33,552**	29,954
Service charge income	992	580	-	**1,572**	1,317
Net rental income	**31,048**	**2,236**	**1,840**	**35,124**	**31,271**
Amortised government grants	193	-	64	**257**	234
Turnover	**31,241**	**2,236**	**1,904**	**35,381**	**31,505**
Operating expenditure					
Management Costs	(2,645)	(725)	(168)	**(3,538)**	(3,809)
Service charge costs	(1,622)	(546)	(151)	**(2,319)**	(2,026)
Responsive	(4,815)	(430)	-	**(5,245)**	(4,957)
Planned cyclical maintenance	(3,391)	(134)	-	**(3,525)**	(4,271)
Bad debts	(7)	(5)	-	**(12)**	(14)
Depreciation	(4,508)	(309)	-	**(4,817)**	(3,538)
Other costs	(105)	(1)	(2)	**(108)**	(115)
Operating expenditure	**(17,093)**	**(2,150)**	**(321)**	**(19,564)**	**(18,730)**
Operating surplus	**14,148**	**86**	**1,583**	**15,817**	**12,775**
Prior period operating surplus	**11,463**	**106**	**1,206**	**12,775**	
Voids	***(332)***	***(9)***	***(4)***	***(345)***	***(332)***

3. (d) Group segmental report

	General Housing £000	Sheltered Housing £000	Low cost home ownership £000	Other £000	Total 2024 £000	Total 2023 £000
Income						
Rent receivable net off service charges	30,056	1,656	1,840	-	**33,552**	29,954
Service charge income	992	580	-	-	**1,572**	1,317
Net rental income	**31,048**	**2,236**	**1,840**	**-**	**35,124**	**31,271**
Amortised government grants	193	-	64	-	**257**	234
Market rent	-	-	-	61	**61**	56
Management fees	-	-	-	212	**212**	182
Supporting people income	-	-	-	93	**93**	98
Leaseholders	-	-	-	506	**506**	297
First tranche home ownership sales	-	-	9,298	-	**9,298**	10,331
Turnover	**31,241**	**2,236**	**11,202**	**872**	**45,551**	**42,470**
Operating expenditure						
Cost of Sales - Stock	-	-	(8,062)	-	**(8,062)**	(8,531)
Management Costs	(2,697)	(725)	(168)	(14)	**(3,552)**	(3,816)
Service charge costs	(1,622)	(546)	(151)	-	**(2,319)**	(2,026)
Responsive	(4,815)	(430)	-	-	**(5,245)**	(4,957)
Planned cyclical maintenance	(3,391)	(134)	-	-	**(3,525)**	(4,271)
Bad debts	(7)	(5)	-	-	**(12)**	(14)
Depreciation	(4,508)	(309)	-	-	**(4,817)**	(3,538)
Supporting people costs	-	-	-	(93)	(93)	(98)
Other costs	(105)	(1)	(2)	(501)	(861)	(644)
Operating expenditure	**(17,345)**	**(2,150)**	**(8,383)**	**(608)**	**(28,486)**	**(27,895)**
Gains on disposal of housing properties	148	-	203	-	351	669
Change in valuation of investment properties	-	-	-	-	-	85
Segmental Operating Surplus	**14,044**	**86**	**3,022**	**264**	**17,416**	**15,329**
Share of surplus from joint ventures	-	-	-	-	-	49
Interest receivable	-	-	-	139	139	29
Interest and financing costs	(6,261)	(451)	(1,484)	-	(8,196)	(6,338)
Operating surplus	**7,783**	**(365)**	**1,538**	**403**	**9,359**	**9,069**
Social housing properties	251,308	18,099	59,547	-	328,954	317,046
Other fixed assets	2,732	197	647	40	3,616	3,648
Investment properties	-	-	-	3,671	3,671	3,366
	254,040	**18,296**	**60,194**	**3,711**	**336,241**	**324,060**

3. (e) Accommodation owned and in management

The accommodation in management for each class for Group and Association was as follows:

	April 2023 £000	Acquired/ developed £000	Sold/ demolished £000	Other movements £000	March 2024 £000
Social housing units					
General Needs	2,700	-	-	2	2,702
Affordable rental tenure	1,075	38	-	-	1,113
Supported Housing	276	-	-	(6)	276
Intermediate Rent	11	-	-	-	11
Social - Managed by others	49	-	-	-	49
Low-Cost Home Ownership	423	15	(1)	(2)	435
Leaseholders (social managed)	643	-	-	5	648
Total social housing units owned and / or managed	**5,183**	**53**	**(1)**	**(1)**	**5,234**
Leased to others - Associations	56	-	-	-	56
Total social housing units	**5,239**	**53**	**(1)**	**(1)**	**5,290**
Leaseholders (non-social)	104	-	-	(1)	103
Market rented	4	-	-	1	5
Commercial units	2	-	-	-	2
Total non-social units	**110**	**-**	**-**	**-**	**110**
Total	**5,349**	**53**	**(1)**	**(1)**	**5,400**

The Group owns and/or manages 5,234 units and the per unit cost of these properties are;

	2024	2023
Remuneration payable to the highest paid Director per unit (£)	33	33
Aggregate amount of remuneration paid to Directors per unit (£)	139	130
Management costs per unit (£)	761	773

4. Gains on disposals of property, plant and equipment – Group and Association

	2024 £000	2023 £000
Right to buy and acquire		
Proceeds	706	1,031
Cost of sales	(592)	(946)
	114	**85**
Staircasing		
Proceeds	578	1,109
Cost of sales	(375)	(678)
	203	**431**
Other Disposals		
Proceeds	34	153
	34	**153**
Total surplus	**351**	**669**

5. Operating surplus

	Group		Association	
	March 2024 £000	March 2023 £000	March 2024 £000	March 2023 £000
Operating surplus is stated after charging / (crediting):				
Auditors' remuneration (excluding VAT):				
In their capacity as auditors	80	63	71	53
Operating lease payments	211	214	211	214
Depreciation:				
Tangible Fixed Assets - housing properties	4,561	3,262	4,561	3,262
Accelerated depreciation on component	256	276	256	276
Other fixed assets	605	575	605	575
Amortisation of grant funding	257	234	257	234
Surplus on sale of fixed assets	351	669	351	669

6. Interest receivable and similar income

	Group		Association	
	March 2024 £000	March 2023 £000	March 2024 £000	March 2023 £000
Interest receivable and similar income	139	29	128	29

Interest receivable is from cash held in bank accounts and from the Liquid reserve fund.

7. Interest and financing costs

	Group		Association	
	March 2024 £000	March 2023 £000	March 2024 £000	March 2023 £000
On loans repayable in more than five years	8,291	7,918	8,278	7,918
Costs associated with financing	368	311	368	311
Less: Interest capitalised*	(465)	(1,911)	(465)	(1,911)
	8,196	**6,318**	**8,181**	**6,318**
Deferred benefit pension charge (Note 29)				
Interest on pension scheme liabilities	-	-	-	-
Expected return on employer assets	13	20	13	20
	13	20	13	20
Total Interest payable and similar charges	**8,196**	**6,338**	**8,181**	**6,338**

*The weighted average rate of interest on borrowing of 4.0% (2023: 3.7%) was used for calculating capitalised interest.

8. Tax on surplus

	Group		Association	
	March 2024 £000	March 2023 £000	March 2024 £000	March 2023 £000
(a) Analysis of tax charge in year				
UK corporation tax on surplus	-	-	-	-
(b) Factors affecting tax charge for the year				
Surplus before tax	**9,295**	**2,526**	**9,203**	**8,793**
Corporation tax rate in the UK of 19% (2023: 19%)	1,766	480	1,749	1,671
Effects of:				
Surplus covered by charitable exemption	(1,766)	(1,723)	(1,749)	(1,671)
Unallowable capital losses	-	1,243	-	-
Total tax charge	**-**	**-**	**-**	**-**

*The weighted average rate of interest on borrowing of 4.0% (2023: 3.7%) was used for calculating capitalised interest.

9. (a) Employee information

	Group and Association	
	2024 No.	2023 No.
Executive	5	5
Development and sales	5	6
Finance	8	8
Corporate services	24	22
Service delivery	124	124
	166	**164**

	Group and Association	
	2024 £000	2023 £000.
Wages and salaries	6,662	6,412
Social security costs	661	641
Pension costs	755	712
Termination payment	37	20
Less: capitalised salaries	(1,046)	(1,243)
	7,069	**6,542**

Aggregate number of full-time equivalent staff whose remuneration exceeded £60k (including pension)

	Group and Association	
	2024 £000	2023 £000
£60,000 to £70,000	1	2
£70,000 to £80,000	1	1
£80,000 to £90,000	2	2
£90,000 to £100,000	1	-
£120,000 to £130,000	-	1
£130,000 to £140,000	1	2
£140,000 to £150,000	2	-
£150,000 to £160,000	-	2
£160,000 to £170,000	2	-
£170,000 to £180,000	-	1
£190,000 to £200,000	1	-
	11	**11**

9. (b) Board members and Executive Directors

Key management personnel comprise the Executive and Non-executive Directors. Total remuneration amounted to £876k (2023: £817k).

	Group and Association	
	2024 £000	2023 £000
Wages and salaries (including performance related pay for period)	744	697
Pension contributions	73	68
Total emoluments paid to executive officers	**817**	**765**

Non-executive Board member remuneration for the year ended 31 March 2024

	Group and Association	
Non-executive Board Member	2024 £000	2023 £000
David Biggs (Chair)	11	11
Paul Tyrrell	6	5
Rosalind Rowe	5	5
Trudi Kleanthous	6	6
Jaine Cresser	6	6
Rebecca Lewis	4	4
Stephen Nunn	6	6
Caroline Abomeli	4	4
Vipul Thacker	4	4
Marianne Davies	4	1
Stephen Glover	1	-
	59	**52**

The Chief Executive is the highest paid director and his remuneration amounted to £174k (2023: £163k) excluding pension contributions.

The Chief Executive is a member of the Group Personal Pension Plan. He is an ordinary member of the pension scheme, and no enhanced or special terms apply. The Association did not make any further contribution to an individual pension arrangement for the Chief Executive.

10. (a) Tangible fixed assets - housing properties - Group

	Completed Social housing properties held for letting £000	Social Housing properties under construction £000	Shared Ownership properties under construction £000	Completed Shared Ownership housing properties £000	Total 2024 £000
Cost					
At 1 April 2023	283,945	15,331	6,418	45,468	**351,162**
Additions during year	5,974	3,661	1,300	-	**10,935**
Net zero carbon	1,460	-	-	-	**1,460**
Improvements	5,684	-	-	-	**5,684**
Interest capitalised	-	399	66	-	**465**
Schemes completed in year	8,258	(8,258)	(2,118)	2,118	**-**
Transfers	(131)	-	(1,236)	-	**(1,367)**
Disposals	(82)	-	-	(371)	**(453)**
Component Disposals	(532)	-	-	-	**(532)**
At 31 March 2024	**304,540**	**15,558**	**5**	**47,215**	**367,318**
Depreciation and impairment					
At 1 April 2023	(34,116)	-	-	-	**(34,116)**
Charged in year	(4,561)	-	-	-	**(4,561)**
Transfers	14	-	-	-	**14**
Component Disposals	276	-	-	-	**276**
Disposals	24	-	-	-	**24**
At 31 March 2024	**(38,364)**	**-**	**-**	**-**	**(38,364)**
Net book value	-	-	-	-	**-**
At 31 March 2024	**266,176**	**15,588**	**5**	**47,215**	**328,954**
At 1 April 2023	**249,829**	**15,331**	**6,418**	**45,468**	**317,046**

Additions to the Group's housing properties during the year include capitalised interest of £465k (2023: £1,911k) and capitalised administration costs of £505k (2023: £511k).

Existing Use Value - Social Housing

As at 31 March 2024, the valuation for social housing properties on an Existing Use Value - Social Housing (EUV-SH) is £502m (2023: £483m). The carrying amount of these social housing properties is £498m (2023: £423m). The EUV-SH valuation includes £3.6m (2023: £3.6m) for garages.

Below is an analysis of the expenditure on works to existing properties:

Expenditure on works to existing properties	2024 £000	2023 £000
Amounts capitalised	5,684	4,577
Amounts charged to income and expenditure account	8,792	9,228
Total	**14,476**	**13,805**

10. (a) Tangible fixed assets - housing properties - Association

	Completed Social housing properties held for letting £000	Social Housing properties under construction £000	Shared Ownership properties under construction £000	Completed Shared Ownership housing properties £000	Total 2024 £000
Cost					
At 1 April 2023	283,949	16,015	6,418	45,468	**351,850**
Additions during year	5,974	3,339	1,300	-	**10,613**
Improvements	5,648	-	-	-	**5,648**
Net zero carbon	1,460	-	-	-	**1,460**
Interest capitalised	-	399	66	-	**465**
Schemes completed in year	8,258	(8,258)	(2,118)	(2,118)	**-**
Transfers	(131)	-	(1,236)	-	**(1,367)**
Disposals	(82)	-	-	(371)	**(453)**
Component Disposals	(532)	-	-	-	**(532)**
At 31 March 2024	**304,544**	**15,920**	**5**	**47,215**	**367,684**
Depreciation & impairment					
At 1 April 2023	(34,116)	-	-	-	**(34,116)**
Charged in year	(4,561)	-	-	-	**(4,561)**
Transfers	14	-	-	-	**14**
Component Disposals	276	-	-	-	**276**
Disposals	24	-	-	-	**24**
At 31 March 2024	**(38,364)**	**-**	**-**	**-**	**(38,364)**
Net book value					
At 31 March 2024	**266,180**	**15,920**	**5**	**47,215**	**329,320**
At 1 April 2023	**249,833**	**16,015**	**6,418**	**45,468**	**317,734**

Additions to the Group's housing properties during the year include capitalised interest of £465k (2023: £1,911k) and capitalised administration costs of £505k (2023: £511k).

Existing Use Value - Social Housing

As at 31 March 2024, the valuation for social housing properties on an Existing Use Value - Social Housing (EUV-SH) basis is £502m (2023: £483m). The carrying amount of these social housing properties is £498m (2023: £423m). The EUV-SH valuation includes £3.6m (2023: £3.6m) for garages.

Below is an analysis of the expenditure on works to existing properties:

Expenditure on works to existing properties	2024 £000	2023 £000
Amounts capitalised	5,684	4,577
Amounts charged to income and expenditure account	8,792	9,228
Total	**14,476**	**13,805**

10. (b) Tangible fixed assets – other fixed assets - Group and Association

	Freehold Offices £000	Furniture, Fixtures & Fittings £000	IT & Office Equipment £000	Motor vehicles £000	Plant & Equipment £000	Total 2024 £000
Cost						
At 1 April 2023	2,652	318	2,945	13	325	**6,253**
Additions during year	-	-	327	-	255	**582**
At 31 March 24	**2,652**	**318**	**3,272**	**13**	**580**	**6,835**
Depreciation						
At 1 April 2023	(351)	(315)	(1,858)	(5)	(76)	**(2,605)**
Charged in year	(44)	-	(551)	(3)	(15)	**(613)**
At 31 March 24	**(394)**	**(315)**	**(2,409)**	**(8)**	**(91)**	**(3,218)**
Net book value						
At 31 March 24	**2,258**	**3**	**863**	**5**	**489**	**3,617**
At 1 April 2023	**2,301**	**3**	**1,087**	**8**	**248**	**3,648**

10. (c) Fixed assets – investment properties - Group and Association

	Group and Association		
	Market Rented £000	Commercial £000	£000
At 1 April 2023	1,795	1,571	3,366
Additions during the year	273	32	305
Fair value movements	-	-	-
At 31 March 2024	**2,068**	**1,603**	**3,671**

Market rented

At the reporting date, market rented properties under construction were carried at their costs to date in line with the Association's accounting policy of carrying work-in-progress investment properties at their development costs to date. Completed investment properties are annually revalued to their fair values by independent valuers. In the current year a fair value gain of £nil (2023: £85k) was recognised and charged to the Statement of Comprehensive Income. The carrying at fair value of investment properties causes volatility to both the carrying value of the investment property and the amount charged to the Statement of Comprehensive Income.

The completed market rented properties were transferred from social housing assets and were valued at year end by independent external valuers. Completed market rented properties were valued by Derrick Wade Waters Chartered Surveyors, in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards.

The market valuations have been prepared using the comparative method of valuation, which is a market-based method. This approach is consistent with the market approach stated in IVS 230. The market-based approach used relies firstly on identification of transactional evidence in the market, that is the sales and lettings; secondly, on an interpretation of that evidence; and thirdly, on an application of that evidence, with suitable adjustment per the valuer's judgement in the valuation of the property.

Commercial properties

Commercial properties under construction are being held at the cost of developing these properties. These properties will be carried at fair value when construction has been completed. Two recently completed commercial units are also being carried at cost for prudence reasons as they are still void and rental arrangements are not yet finalised. These units are not impaired as the fair valuations undertaken at the reporting date were higher than the reported carrying amounts.

10. (d) Investment in subsidiaries

The Group and Association have two 100% owned subsidiaries: Everlea Homes Limited and B3 Living Development Limited, both non-regulated bodies. The results of these subsidiaries have been consolidated in the Group accounts. The Group's and the Association's investment into these two subsidiaries are set out below:

	2024 £	2023 £
Everlea Homes Limited	2	2
B3 Living Development Limited	2	2
	4	**4**

10. (e) Investments in joint ventures

At the reporting date, the Group had no interest in joint ventures as it had divested from the Farnham Road LLP joint venture, a limited liability partnership incorporated in England and Wales.

During the prior year Everlea Homes received back all its investment in Farnham Road LLP. The joint venture is now formally wound up and closed. Below is the analysis of the investment and performance of joint ventures prior to divestment:

Joint venture entity	Partner	Group interest	Nature of business
Farnham Road LLP	Bellis Homes Ltd	50% owned by Everlea Homes	Develop and sell properties

	Group		Association	
	2024	2023	2024	2023
Share of turnover	-	49	-	-
Share of operating surplus for the year	-	49	-	-

The joint venture had no assets or liabilities at both the reporting date and the prior year.

11. Stock – properties for sale

	Group		Association	
	March 2024 £'000	March 2023 £'000	March 2024 £'000	March 2023 £'000
Shared ownership – completed	2,829	6,970	2,829	6,970
Shared ownership – under construction	-	2,491	-	2,491
	2,829	**9,461**	**2,829**	**9,461**

Stock recognised in cost of sales as an expense was £8,062k (2023: £8,531k) and £8,243k (2023: £8,913k) in the Group and Association respectively.

An impairment charge of £nil (2023: £nil) has been recognised during the year.

None of the stock is pledged as collateral against borrowing (2023: £nil).

12. Trade debtors and debtors

	Group		Association	
	March 2024 £'000	March 2023 £'000	March 2024 £'000	March 2023 £'000
Rent arrears	221	924	221	924
Less: provision for bad debts	(157)	(213)	(157)	(213)
	64	**711**	**64**	**711**
Prepayment and accrued income	2,483	571	2,483	571
Other debtors	664	541	648	515
Intercompany debtors	-	-	-	-
	3,211	**1,823**	**3,195**	**1,797**

13. Cash and cash equivalents

	Group		Association	
	March 2024 £000	March 2023 £000	March 2024 £000	March 2023 £000
Cash in hand and at bank	6,480	5,913	6,290	4,779
Liquidity reserve fund	1,056	1,023	1,056	1,023
Cash held for leaseholders and low-cost home ownership	109	109	109	109
	7,645	7,045	7,455	5,911

£109k (2023: £109k) is not available for general use as it is held for leaseholders' major repairs and includes Epping Council's share of the open market low-cost home ownership units. The liquidity reserve fund of £1,056k (2023: £1,023k) is also not available for general use. This is held in two short-term deposits with Lloyds Bank Corporate Markets.

14. Creditors: Amounts falling due within one year

	Group		Association	
	March 2024 £000	March 2023 £000	March 2024 £000	March 2023 £000
Trade creditors	561	467	516	427
Rent and service charges received in advance	1,716	1,547	1,716	1,547
Taxation and social security	183	178	183	178
Accruals and deferred income	4,653	4,538	3,574	2,707
Deferred grants due to be released in 1 year (note 17)	306	235	306	235
Intercompany creditors	-	-	1,377	1,399
Other creditors	221	268	221	269
	7,640	7,233	7,893	6,762

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

	Group and Association	
	March 2024 £000	March 2023 £000
Debt (note 16)	205,000	210,000
Less Issue costs	(2,293)	(2,327)
	202,707	**207,673**
Bond Premium*	2,287	2,362
Deferred Capital Grant (note 17)	33,368	31,087
Deferred Social Housing Development Fund (Note 17)	595	-
Recycled capital grant fund (note 18a)	59	57
	239,016	**241,179**

The Group and Association have £100m (2023: £100m) revolving credit facilities. At the reporting date, the facilities had an undrawn balance of £85m (2023: £80m). During the year, the Group and Association did not have any drawdowns but made repayments of £5m (2023: £5m).

16. Debt analysis – Group and Association

	2024 £000	2023 £000
Analysis of debt (note 15)		
Bond and note purchase agreement	190,000	190,000
Revolving credit facility	15,000	20,000
	205,000	210,000

The Group and Association have a £68m amortising bond issued at 4.823% in January 2013 and a £57m amortising note purchase agreement issued at 3.778% in February 2015. The £68m bond will start to amortise from January 2029 and the £57m note purchase agreement will start to amortise from April 2039. In the 2021-22 financial year, the Group and Association raised two bonds with bLEND for £35m at 3.072% and ARA Venn via the Affordable Housing Guarantee Scheme for £30m at 1.527%. Both the bLEND and ARA Venn facilities have been fully drawn down. The bonds will amortise on a straight-line basis.

The Group and Association have two revolving credit facility (RCF) agreements with Lloyds Plc of £50m and £50m. At the reporting date, £85m (2023: £60m) of the Lloyds facilities were undrawn. All loan financial instruments are secured against individual properties of the Association and all fall within the scope of FRS 102, section 11; therefore, they are all basic financial instruments. Basic financial instruments are carried at amortised cost.

16. Debt analysis – Group and Association (continued)

At 31 March 2024	Effective interest rate %	Total carrying amount £000	Within 1 Year £000	1-2 Years £000	2-3 Years £000	3-4 Years £000	4-5 Years £000	Over 5 Years £000
RCFs								
Lloyds	1.643	15,000	-	15,000	-	-	-	-
Bond stock								
Fixed rate	4.823	68,000	-	-	-	-	-	68,000
Fixed rate	3.778	57,000	-	-	-	-	-	57,000
Fixed rate	3.072	35,000	-	-	-	-	-	35,000
Fixed rate	1.527	30,000	-	-	-	-	-	30,000
		205,000	**-**	**15,000**	**-**	**-**	**-**	**190,000**

At 31 March 2023	Effective interest rate %	Total carrying amount £000	Within 1 Year £000	1-2 Years £000	2-3 Years £000	3-4 Years £000	4-5 Years £000	Over 5 Years £000
RCFs								
Lloyds	1.643	20,000	-	-	20,000	-	-	-
Bond stock								
Fixed rate	4.823	68,000	-	-	-	-	-	68,000
Fixed rate	3.778	57,000	-	-	-	-	-	57,000
Fixed rate	3.072	35,000	-	-	-	-	-	35,000
Fixed rate	1.527	30,000	-	-	-	-	-	30,000
		210,000	**-**	**-**	**20,000**	**-**	**-**	**190,000**

17. Deferred capital grant – Group and Association

As at 31 March 2024, £257k of capital grants had been amortised (2023: £234k) in the year.

	March 2024 £000	March 2023 £000
At 1 April	**31,322**	**30,586**
Received during the year	2,609	1,025
RCGF utilised during the year	-	-
Recycled to RCGF	-	(57)
Amortised during the year	(257)	(234)
Other repayment	-	2
At 31 March	**33,674**	**31,322**
To be released in 1 year	257	235
To be released after 1 year	33,367	31,087
	33,674	**31,322**

Deferred Social Housing Development Fund – Group and Association

	March 2024 £000	March 2023 £000
At 1 April	**-**	**-**
Received during the year	595	-
At 31 March	**595**	**-**
To be released in 1 year	-	-
To be released after 1 year	595	-
	595	**-**

The Deferred Social Housing Development Fund (SHDF) grant is government funding provided to co-fund works required to achieve net zero carbon targets and to bring units of below EPC C to EPC C or higher.

18. Recycled capital grant fund – Group and Association

	March 2024 £000	March 2023 £000
At start of the year	57	-
Inputs to RCGF:		
Grants recycled during the year	-	57
Interest	2	-
At the end of the year	**59**	**57**

None of the RCGF was due for repayment (2023: £nil)

19. Capital commitments

	Group and Association	
	March 2024 £000	March 2023 £000
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	5,934	11,386
Capital expenditure that has been authorised by the Board but has not yet been contracted for	32,639	17,754
	38,573	**29,140**
The Association expects these commitments to be financed by:		
Social Housing Grant	3,746	4,336
Proceeds from the sales of properties	8,334	14,340
Committed loan facilities	26,493	10,464
	38,573	**29,140**

The expenditure authorised by the Board but not contracted is in respect of new build housing. The Group and Association expect that these commitments will be financed internally from cash generated from trading and grant funding, with the balance coming from the revolving credit facility. The Group and Association had undrawn loan facilities of £85m (2023: £80m); so, the Group and Association have sufficient funding headroom to meet all commitments.

20. Operating leases

The Group and Association have commitments of future minimum lease payments as follows:

	Group		Association	
	March 2024 £000	March 2023 £000	March 2024 £000	March 2023 £000
Land and buildings				
Within one year	5	5	5	5
Within two to five years	5	5	5	5
	10	**10**	**10**	**10**
Other				
Within one year	211	211	211	211
Within two to five years	211	469	211	469
	422	**680**	**422**	**680**
	432	**690**	**432**	**690**

The lease on buildings relates to Holdbrook Court and the other operating leases relate to vans. None of the leases are for five years or more.

21. Net cash generated from operating activities

	Group and Association	
	2024 £000	2023 £000
Comprehensive income for the year	**9,260**	**3,113**
Adjustment for non-cash items		
Depreciation of tangible fixed assets	5,678	4,389
Depreciation write-off	(256)	(276)
Government grants utilised in the year	(257)	(234)
Decrease / (increase) in stock	6,632	5,828
(Increase) / decrease trade and other debtors	985	(1,289)
Decrease / (increase) in trade and other creditors	(592)	(777)
Increase / (decrease) in provisions	-	-
Pension gains and losses	(67)	(153)
Surpluses from the sales of fixed assets	(351)	(669)
Share of operating surplus of joint ventures	-	(49)
FV changes - investment properties	-	(85)
Interest payable	8,196	6,338
Interest received	(139)	(29)
Taxation	-	-
Actuarial Gains/(losses) in respect of pension schemes	99	(587)
Net cash generated from operating activities	**29,188**	**15,520**

22. Reconciliation of net cash flow to movement in net debt

	Group and Association	
	March 2024 £000	March 2023 £000
Increase in cash	600	3,710
Cash inflow from increase in net debt and lease finance	5,000	(5,000)
Increase in net debt from cash flows	**5,600**	**(1,290)**
Total changes in net debt for the period:		
Net debt at 1 April	(202,955)	(201,665)
Net debt at 31 March	**(197,355)**	**(202,955)**

23. Analysis of net debt - Group and Association

	01-Apr 2023 £'000	Cash Flow £'000	31-Mar 2024 £'000
Cash at bank and in hand	7,045	600	**7,645**
Bank overdraft	-	-	**-**
Changes in cash	**7,045**	**600**	**7,645**
Bonds Issues	(190,000)	-	**(190,000)**
Housing loans	(20,000)	5,000	**(15,000)**
Changes in debt	**(210,000)**	**5,000**	**(205,000)**
Net debt	**(202,955)**	**5,600**	**(197,355)**

24. Financial liabilities

Borrowing facilities

The facilities available at 31 March 2024 were as follows:

	Group		Association	
	2024 £000	2023 £000	2024 £000	2023 £000
Expiring in one year or less	-	-	-	-
Expiring in more than one year but not more than two years	15,000	-	15,000	-
Expiring in more than two years	190,000	210,000	190,000	210,000
	205,000	**210,000**	**205,000**	**210,000**

At the reporting date, the Group's loan drawn down facilities and bond issued were £205m (2023: £210m). This is made up of £68m bond raised in January 2013, £57m note purchase agreement raised in February 2015, £30m ARA Venn (AHGS) bond, £35m bLEND and £15m revolving credit facility drawn down. The Group had £85m unused revolving credit facility at the reporting date (2023: £80m).

25. Group VAT development agreement

The Group and Association was party to a transfer of 91 of housing properties from London Borough of Haringey on 25 March 2013, with an obligation to carry out works pursuant to the agreement. At the point of the transfer of the properties to the Group, the gross values of the balance of £3,581k had been recognised as both an asset and liability in the Statement of Financial Position. At 31 March 2024, the gross values of the balance has been reduced to £1,323k (2023: £1,439k) with VAT arising on the works during the period totalling £116k (March 2023: £30k).

26. Share capital

	Group		Association	
	2024 No.	2023 No.	2024 No.	2023 No.
Shares of £1 each issued and fully paid				
At start of year	11	9	11	9
Issued during year	-	2	-	2
At end of year	**11**	**11**	**11**	**11**

27. Income and expenditure reserves

	Group		Association	
	2024 £000	2023 £000	2024 £000	2023 £000
At 1 April 2023	93,678	90,565	93,677	84,297
Surplus for the year	9,359	2,526	9,267	8,793
Actuarial gains/ (losses)	(99)	587	(99)	587
	102,938	**93,678**	**102,845**	**93,677**

28. Subsidiaries, related undertakings, related party transactions and transactions between regulated and non-regulated entities

All the subsidiaries and joint venture entities are non-regulated bodies. The only regulated body in the Group is the parent entity B3 Living Limited. The related undertakings, whose results or financial performance principally affect the figures shown in the Consolidated Financial Statements, are as follows:

Name of subsidiary undertaking	Principal activity	Interest	Legal status
B3 Living Development Limited	A company with non-charitable status undertaking design and build on behalf of B3 Living Limited and its subsidiaries	Wholly owned subsidiary	Company registered by shares and incorporated in England and Wales
Everlea Homes Limited	A company with non-charitable status undertaking market rent and outright sales activities	Wholly owned subsidiary	Company registered by shares and incorporated in England and Wales.

The Association provides management services, professional services and loans at an arm's length to its subsidiaries. The Association waived its fees to both B3 Living Development Limited and Everlea Homes Limited. Details of transactions between the Association and the non-regulated entities are outlined below.

B3Living has provided on-lending facilities to intra-group entities. When drawn down, these loans are repayable on demand and no guarantees are in place on either loan. Interest is also payable on the loan balances. At the reporting date and prior year, the subsidiaries had £nil drawdowns, therefore; B3 Living Limited charged interest of £nil (2023: £nil) and £nil (2023: £nil) to Everlea Homes Limited and B3 Living Development Limited respectively for the intercompany loans.

B3Living manages the Group's treasury function centrally. It places excess cash held by both Everlea Homes Ltd and B3 Living Development Limited into high interest earning saving accounts. During the year these saving accounts managed by B3Living generated £5k (2023: £nil) and £6k (2023: £nil) to Everlea Homes Ltd and B3 Living Development Limited.

At the reporting date B3 Living Development Limited elected to pay gift aid of £61k (2023: £331k) to the parent entity B3 Living Limited. The gift aid has not been accrued in the accounts in line with the requirements of FRED 68: Payments by subsidiaries to their charitable parents that qualify for gift aid. The £331k which B3 Living Development Limited elected to pay in the prior financial year was paid in December 2023.

B3 Living Development Limited provided design and build services to B3 Living Limited, the parent entity. During the year B3 Living Development Limited generated £3.2m (2023: £17.3m) from design and build services to the parent. At the end of the reporting period, B3Living owed B3 Living Development Limited £1,065k (2023: £1,358k) and Everlea Homes Limited £270k (2023: £nil).

The aggregate emoluments paid to key management personnel are disclosed in note 9.

The Board had no tenant members during the year (2023: nil).

29. Pensions

Group and Association

The Group and Association participate in the Social Housing Pension Scheme (SHPS), which is a funded multi-employer defined benefit scheme. The Group and Association also participate in the Group Personal Pension Scheme, which is a defined contribution scheme. As at the end of the financial year the Group and Association ceased to participate in the Hertfordshire County Council Pension Fund (HCCPF).

Social Housing Pension Scheme (SHPS)

B3 Living Limited participates in the Social Housing Pension Scheme (SHPS). The scheme is funded and contracted out of the State Pension scheme. In previous years it was not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. This ceased to be the case in 2019 therefore it is accounted for as a defined benefit scheme. This scheme is no longer offered to new employees to B3Living. Below is the net pension provision provided in the Statement of Financial Position.

Analysis of the net pension liabilities

	Group and Association	
	2024 £000	2023 £000
Fair value of plan assets	1,317	1,321
Present value of defined benefit obligation	(1,648)	(1,620)
Net pension surplus (deficit)	**(331)**	**(299)**

Analysis of the amount charged to the Statement of Comprehensive Income

	Group and Association	
	2024 £000	2023 £000
Current service cost	-	(4)
Expenses	(3)	(3)
Total operating charge	**(3)**	**(7)**

Analysis of net interest charged to the Statement of Comprehensive Income

	Group and Association	
	2024 £000	2023 £000
Expected return on pension scheme assets	65	64
Interest on pension liabilities	(78)	(72)
Net interest charge	**(13)**	**(8)**

Analysis of the amounts recognised in Other Comprehensive Income

	Group and Association	
	2024 £000	2023 £000
Actuarial gains/(losses) on pension scheme assets	(129)	(1,087)
Actuarial gains/(losses) on scheme liabilities	30	1,021
Actuarial gain/(loss) recognised in Other Comprehensive Income	**(99)**	**(66)**

Movement in surplus/(deficit) during the year

	Group and Association	
	2024 £000	2023 £000
Association's share of scheme deficit at beginning of year	(299)	(300)
Current service cost	-	(4)
Employer contributions	83	82
Expenses	(3)	(3)
Net interest charge	(13)	(8)
Actuarial losses/(gains)	(99)	(66)
Association's share of scheme deficit at end of year	**(331)**	**(299)**

29. Pensions (continued)

Changes in present value of defined benefit obligation are as follows

	Group and Association	
	2024 £000	2023 £000
Defined benefit obligation at start of period	1,620	2,584
Current service cost	-	4
Interest cost	78	72
Expenses	3	3
Employee contributions	-	3
Actuarial losses/(gains)	(30)	(1,021)
Benefits paid	(23)	(25)
Closing defined benefit obligation	**1,648**	**1,620**

Changes in the fair value of plan assets are as follows

	Group and Association	
	2024 £000	2023 £000
Fair value of plan assets at start of period	1,321	2,284
Expected return on assets	65	64
Contributions by members	-	3
Contributions by employer	83	82
Actuarial losses/(gains)	(129)	(1,087)
Benefits paid	(23)	(25)
Closing fair value of plan assets	**1,317**	**1,321**

Assets

	Group and Association	
	2024 £000	2023 £000
Global Equity	131	25
Absolute Return	51	14
Distressed Opportunities	46	40
Credit Relative Value	43	50
Alternative Risk Premia	42	2
Emerging Markets Debt	17	7
Risk Sharing	77	97
Insurance-Linked Securities	7	33
Property	53	57
Infrastructure	133	151
Private Equity	1	-
Private Debt	52	59
Opportunistic Illiquid Credit	52	56
High Yield	-	5
Cash	26	10
Long Lease Property	9	40
Secured Income	39	61
Liability Driven Investment	537	608
Currency Hedging	(1)	3
Net Current Assets	2	3
Total assets	**1,317**	**1,321**

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

	p.a	p.a
Discount Rate	4.93%	4.83%
Inflation (RPI)	3.08%	3.16%
Inflation (CPI)	2.79%	2.82%
Salary Growth	3.79%	3.82%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

Hertfordshire County Council Pension Fund (HCCPF)

The HCCPF is a multi-employer scheme, administered by Hertfordshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

At the end of the financial year B3 Living Limited ceased to participate in this LGPS. At the reporting date, the exit value of scheme had not been quantified; however, the scheme had net assets of £3,332k. In these financial statements we have accounted for this LGPS at £nil in line with the requirements of FRS102 paragraph 28.22 which requires a pension asset to be recognised to the to the extent that it is able to recover the surplus.

The cessation rules of the LGPS also outline that the pension asset or exit credits are only payable in respect of admissions who joined the LGPS before 14 May 2018. The Group and Association joined the LGPS before 14 May 2018, so our prudent view was to account for this at £nil.

Below is the net pension asset provided by the actuary at 31 March 2024.

Analysis of the net pension liabilities

	Group and Association	
	2024 £000	2023 £000
Present value of defined benefit obligation	(13,588)	(13,559)
Fair value of scheme assets	16,920	15,763
Net pension surplus (deficit)	**3,332**	**2,204**

Financial assumptions

	2024 % p.a	2023 % p.a
Pension Increase Rate (CPI)	2.80%	3.00%
Salary Increase Rate	3.30%	3.50%
Discount Rate	4.80%	4.75%
Mortality assumptions	**Males**	**Males**
Current Pensioners	22.6 years	23.7 years
Future Pensioners*	23.0 years	25.8 years

* Figures assume members aged 45 as at the last formal valuation date.

29. Pensions (continued)

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2024	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	214
1 year increase in member life expectancy	4%	544
0.1% increase in the Salary Increase Rate	0%	6
0.1% increase in the Pension Increase Rate (CPI)	2%	212

	Group and Association	
Actual return on plan assets	2024 £000	2023 £000
Interest income on plan assets	742	458
Return/(loss) on plan assets excluding amounts included in net interest	687	(1,587)
Actual return on plan assets	**1,429**	**(1,129)**

The major categories of plan assets as a percentage of total plan assets

	2024 £000	2023 £000
Equities	61%	52%
Bonds	21%	21%
Property	12%	14%
Cash	6%	13%

Analysis of the amount charged to the Statement of Comprehensive Income

	Group and Association	
	2024 £000	2023 £000
Current service cost	93	148
Total operating charge	**93**	**148**

Analysis of net interest charged to the Statement of Comprehensive Income

	Group and Association	
	2024 £000	2023 £000
Expected return on pension scheme assets	742	458
Interest on pension liabilities	(634)	(470)
Net interest charge	**108**	**(12)**

Analysis of net interest charged to the Statement of Comprehensive Income

	Group and Association	
	2024 £000	2023 £000
Actuarial gains/(losses) on pension scheme assets	687	(1,508)
Actuarial gains/(losses) on scheme liabilities	181	4,143
Actuarial gain/(loss) recognised in Other Comprehensive Income	**868**	**2,635**

Movement in surplus/(deficit) during the year

	Group and Association	
	2024 £000	2023 £000
Association's share of scheme deficit at beginning of year	2,204	(517)
Current service cost	(93)	(148)
Employer contributions	245	246
Net interest charge	108	(12)
Actuarial gains/(losses)	868	2,635
Association's share of scheme deficit at end of year	**3,332**	**2,204**

Changes in present value of defined benefit obligation are as follows:

	Group and Association	
	2024 £000	2023 £000
Opening defined benefit obligation	13,559	17,617
Current service cost	93	148
Interest cost	634	470
Employee contributions	22	22
Actuarial losses/(gains)	(181)	(4,143)
Benefits paid	(539)	(555)
Closing defined benefit obligation	**13,588**	**13,559**

Changes in the fair value of plan assets are as follows:

	Group and Association	
	2024 £000	2023 £000
Opening fair value of plan assets	15,763	17,100
Expected return on assets	742	458
Contributions by members	22	22
Contributions by employer	245	246
Actuarial losses/(gains)	687	(1,508)
Benefits paid	(539)	(555)
Closing fair value of plan assets	**16,920**	**15,763**

The above figures are for funded obligations only and do not include any unfunded pension liabilities. The durations are as they stood at formal valuation at 31 March 2024.

30. Other provisions

At the reporting date, the Group and Association had no other provisions for liabilities.

31. Contingent liabilities

The Group and Association has contingent liabilities arising from amortisation of government grants. The Group and Association receive financial assistance from Homes England and the Borough of Broxbourne Council, in the form of government grants.

These government grants are accounted for as deferred income and as long-term liabilities in the Statement of Financial Position and are amortised annually to the Statement of Comprehensive Income, based on the life of the build structure or building fabric that they relate to. The amount amortised represents a contingent liability to the Group and will be recognised as a liability when the properties funded by the relevant government grant are disposed of or when the property ceases to be used for social housing purposes.

Below is the analysis of the assistance from government sources in the form of government grants:

	2024 £000	2023 £000
Government funding received to date	35,859	33,250
Grant amortised to date (contingent liabilities)	(2,185)	(1,928)
Social Housing Development Fund (SHDF)	595	-
Grants via stock transfer from another registered provider	2,500	2,500
Contingent grants via stock transfer	(2,500)	(2,500)
At 31 March	**34,269**	**31,322**

The Group and Association do not have financial assets and liabilities that are measured at fair value, as all financial instruments meet the definition of basic financial instruments as per FRS 102, section 11.

32. Financial instruments and financial management

Financial management

The Group and Association's treasury function is responsible for the management of the funds and control of the associated risks. Its activities are governed in accordance with the board-approved treasury policy. The risks related to the Group and Association are detailed in the Report of the Board.

The Group and Association transact in financial instruments (both financial assets and financial liabilities) and as a result of transacting in these financial instruments there are some inherent risks associated with the transactions. These risks have both upside and downside implications to the Group and Association. The financial instruments are set out below:

	Group		Association	
	March 2024 £'000	March 2023 £'000	March 2024 £'000	March 2023 £'000
Financial assets measured at amortised cost				
Cash and cash equivalents (Note 13)	7,645	7,045	7,455	5,911
Rent arrears (Note 12)	64	711	64	711
Other debtors (Note 12)	664	541	648	515
Prepayment and accrued income (Note 12)	2,108	-	-	-
Total financial assets measured at amortised cost	**2,836**	**1,252**	**712**	**1,226**
Total financial assets	**10,481**	**8,297**	**8,167**	**7,137**
Financial liabilities measured at amortised costs				
Trade creditors (note 14)	561	467	516	427
Rent and services charges received in advance (note 14)	1,716	1,547	1,716	1,547
Other Creditors	221	268	221	269
Accruals and deferred income (note14)	4,653	4,538	3,574	2,707
Recycled capital grant fund (note 18.a)	59	57	59	57
Debt (note 15)	202,707	207,673	202,707	207,673
Total financial liabilities measured at amortised costs	**209,917**	**214,550**	**208,793**	**212,680**
Total financial liabilities	**209,917**	**214,550**	**208,793**	**212,680**

32. Financial instruments and financial management (continued)

The Group and Association actively manage the risks arising from financial instruments and the main risks from these financial instruments are:

- Interest rate risk
- Liquidity risk
- Counterparty risk
- Customer credit exposure

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument, such as a loan, will fluctuate due to changes in market interest rates.

The Association borrows from bond holders or lenders using long-term financial instruments, such as the use of bond issues or housing loans. The borrowing is undertaken based on the Association's long-term business plans and the Board's assessment of both current and future macro-economic environments: for instance, the Board's view of the future direction of interest rate, future direction of the costs of running the business, assessment of demand, and assessment of the political and legal environment.

To mitigate against interest risk exposure, the Association ensures it has the right balance between fixed and variable loans in its debt portfolio. The Association has also removed some of the variability in interest rates by employing bond finance as part of the capital structure. As a result of this, the Association is not heavily exposed to fluctuations in interest rates, as the loans and bond finance are currently on a fixed rate of interest.

Liquidity risk

The purpose of managing liquidity risk is to ensure that the Group and Association have sufficient cash resources to meet their financial obligations as and when they fall due; to meet the contracted development commitments; and also, to ensure the Group and Association do not forgo attractive business opportunities due to a lack of liquid resources or cash headroom. As part of liquidity management, the Group and Association ensure there is enough cash headroom, in line with the treasury policy, to fund financial obligations and to take advantage of opportunities when they arise.

The Group and Association meet financial obligations through cash flows from operating activities, such as the underlying cash from rental income streams, grants from government sources and through long-term borrowing from lenders and bond issues. The Group and Association have a treasury policy which is updated annually and approved by the Board. The treasury policy addresses issues such as funding, gearing, liquidity risk, covenant compliance and investment policy.

Cash flows are monitored on a routine basis and remedial action is taken well in advance of adverse events occurring.

Counterparty risk

The Group and Association's treasury policy sets minimum credit ratings for counterparties on investments to reduce loss from counterparty risk of default. The Group and Association use the primary banker Lloyds, investment counterparties or money market funds. The treasury policy is reviewed annually by the Board.

The Group and Association are exposed to counterparty risk from the potential risk of default by our development partners or joint arrangement or joint venture partners. The Group and Association have a Procurement Policy and strict investment limits and use development arrangements which mitigate this risk. The Group and Association also conducts due diligence exercises on joint arrangement and joint venture partners.

Customer credit exposure

The Group and Association are exposed to the possibility of some of its tenants not paying their rents in time or defaulting altogether. To mitigate this risk, the Group and Association monitor arrears on a monthly basis and engages with tenants. The Group and Association also collect deposits from tenants when they take out their tenancy agreements to mitigate this exposure.

Members

Board members, executive directors, funders, advisors and auditors

Our Board

David Biggs,
Chair of the Board
Joined September 2018

With nearly three decades experience operating as a senior executive, David has worked in property in both private and public sectors. A former Finance Director, he recently stepped down as Managing Director of Network Rail Property after 11 years. His customer-focused approach to placemaking showed how stations can be a catalyst for regeneration - creating a hub for communities and becoming destinations in their own right. Embracing partnerships with developers, David has overseen many commercial ventures such as the landmark £1.4bn Arches portfolio sale, major upgrades at London Bridge station, and the unlocking of land for more than 10,000 homes.

Trudi Kleanthous,
Vice Chair
Joined December 2018

Trudi has worked in social housing for 40 years within both local authorities and housing associations. Trudi has held a number of Executive Director roles covering both operational and back office support functions.

Caroline Abomeli
Joined September 2021

Caroline is A2Dominion's communications director and brings expertise in communications, marketing, business planning and corporate strategy, business change and digital.

Jaine Cresser
Joined September 2018

Jaine has worked in the social housing sector for over 30 years and is an experienced leader, covering housing management, property and repairs, as well as asset management and investment. Her specific skills are around change management, staff engagement and empowerment and transformation of services. Jaine is passionate in ensuring that services are customer focused.

Marianne Davies
Joined January 2023

Marianne is Global Head of People Services with GSK. She holds a BA (hons) degree in Philosophy and a Diploma in HR Management. She is a Trustee with Youth Action Alliance (YAA) a youth charity, SPANA, an animal welfare charity, and is also an Independent Committee Member for the Equality, Inclusion and Diversity Committee at the Royal College of Obstetricians and Gynaecologists.

Stephen Glover
Joined January 2023

Stephen is currently University College London's Director of Financial Planning and Analysis. Prior to joining UCL, Stephen was a Senior Civil Servant at the Department for Work and Pensions. He is a chartered management accountant and CIMA fellow. Stephen is also a Board member of a Multi-Academy Trust in south London and, as a BACP accredited psychotherapist, he runs a private practice specialising in supporting LGBT+ clients. Following university, Stephen trained and worked as a professional actor and has since directed a number of plays and films.

Rebecca Lewis
Joined December 2019

Rebecca has over 10 years' experience in the real estate sector. With a background as a chartered surveyor, Rebecca has worked at Grainger Plc, spearheading the creation and delivery of Grainger Trust, the first for profit housing association in the UK. Further experience followed at PfP Capital where Rebecca worked for the PRS Joint Venture with the Universities Superannuation Scheme. Rebecca now works at Morgan Sindall Investment Limited, working in joint venture partnerships with local authorities to deliver mixed tenure regeneration schemes.

Steve Nunn
Joined January 2020

Steve has worked in the Housing sector for over 30 years across all disciplines including housing management, operations, property services, shared ownership, estate and social regeneration and development.

Rosalind Rowe

Joined December 2018

Ros has more than 30 years' experience in property taxation and deals. As a tax partner at a global firm Ros provided advice to housebuilders, housing associations and investors on housing projects while also developing initiatives with Government to increase the supply of housing.

Paul Tyrrell

Joined December 2018

Paul is a professional commercial banker with over 35 years' experience in the finance industry. Paul has spent more than 20 years of his career lending to the social housing sector. As well as finance Paul's skills include leadership, collaboration and is passionate about customer service and teamwork.

Vipul Thacker

Joined September 2021

Vipul is Notting Hill Genesis's group director of central services and has oversight of human resources, health and safety, data protection, equality, diversity and wellbeing, governance, procurement, office accommodation and facilities management. He has experience of inspections and value for money reviews.

Steve Woodcock, Chief Executive of B3Living

Joined September 2019

Steve brings a wide range of experience from working at an executive level at a number of registered providers within the sector, including Network Homes, Clarion and more recently, smaller providers Red Kite and Housing Solutions. He is passionate about providing a quality service to customers and helping to provide more homes to those in the greatest need.

Executive directors

Steve Woodcock
Chief Executive

Chris Ellison
Executive Director (Operations)
Resigned 19 April 2024

Jon Hayden
Executive Director (Development)

Claire Howe
Executive Director (Corporate Services)
Company Secretary

Alex Shelock
Executive Director (Finance)

Funders, advisors and auditors

External auditors

Beever and Struthers
15 Bunhill Row,
London, EC1Y 8LP

Tax advisor

Grant Thornton UK LLP
The Colmore Building, 20 Colmore Circus,
Birmingham, B4 6AT

Bankers

Lloyds Bank Plc
Corporate Banking, 25 Gresham Street,
London, EC2 7H

Nationwide Building Society
Kings Park Road, Moulton Park
Northampton, NN3 6NW

Solicitors

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

Trowers & Hamlin LLP
55 Princess Street
Manchester, M2 4EW

Winckworth Sherwood LLP
Minerva House, 5 Montague Close,
London, SE1 9BB

Investors and funders

ARA Venn (Saltaire Housing Limited)
Reading Bridge House,
Reading, RG1 8LS

bLEND (Affordable Housing Finance Plc)
17 St Swithin's Lane,
London, EC4N 8AL

M&G Investment Management Ltd
5 Laurence Pountney Hill,
London, EC4R 0HH

Lloyds Bank Plc
Corporate Banking, 25 Gresham Street
London, EC2 7HN

Internal auditors

TIAA Ltd
Artillery House, Fort Fareham, Newgate Lane,
Fareham, PO14 1AH

Valuers

Derrick Wade Waters
1 Station Road
Tottenham Hale, N17 9LR

Paul Wallace
70 High Street
Hoddesdon, EN11 8ET

Savills Plc
37-39 Perrymount Road
Haywards Heath, RH16 3BN

Treasury advisors

Savills Plc
33 Margaret Street
London, W1G 0JD

Registered office

Scania House
17 Amwell Street
Hoddesdon
Hertfordshire
EN11 8TS

Registration numbers:
FCA registration number 29876R
Regulator of Social Housing registration number L4455

Regulator of Social Housing registration no. L4455
Co-operative and Community Benefit Societies Act registration no. 29876R
HM Revenue and Customs (Charities Division number XR92753)

We comply with the National Housing Federation Code of Governance and are regulated by the Regulator of Social Housing.

www.b3living.org.uk

Twitter: @B3Living

LinkedIn: B3Living