Irwell Valley Housing Association Limited and its subsidiaries.

irwell valley homes

consolidated financial statements

for the year ended 31 March 2023

Statutory accounts for 2022/23 including the value for money self-assessment

Registered Society (20684R)

Regulator of Social Housing No: L0061

Contents

Annual report of the Chair

In my role as Chair of Irwell Valley Homes (IVH), I am very pleased to introduce our 2022-23 Financial Statements. These demonstrate a strong financial performance, in a year that has been challenging for the organisation as well as the sector given the volatility and pace of change in our operating environment.

We have risen to the challenges we have faced including the impact of the Russia-Ukraine war on energy and food costs, inflationary pressures increasing our construction and maintenance costs, new building safety measures, a cap on our rental income and interest rate rises. We also understand the impact the cost-of-living crisis has had on our customers, communities and colleagues and have continued to offer support during these challenging times. Despite these challenges IVH has performed well in 2022-23 and maintained a high level of service to our customers and made significant progress in delivering our Living Well Corporate Plan to enable people to live well in their homes and communities as highlighted below:

IVH continue to invest in our existing homes and spent £19.9m maintaining our homes. As data quality is key, we commissioned Savills to carry out stock condition survey of 40% of our homes. We will use this data to ensure we continue to invest and provide safe, affordable, good quality homes.

We have also continued to invest in building safety and reviewed our approach, policy and reporting on damp and mould to ensure our homes are safe and to provide Board with assurance.

During the year we were successful in a bid for £1.75m of Social Housing Decarbonisation Funding (SHDF) to improve the energy efficiency of our homes as part of our commitment to ensure all our homes achieve a minimum of EPC C and as part of the longer-term journey, towards the carbon zero target of 2050.

We have continued to grow and completed 72 new energy efficient homes within the year, with support from Homes England and Greater Manchester Combined Authority, a total of 276 new homes since 2019.

The Board have ensured development is still a key strategic priority for IVH and although we have reduced the future programme due to the current climate, we still aim to build over 700 new homes over the next 7 years as we recognise the need for more affordable homes within Greater Manchester.

As well as building new homes we have continued to make good progress on the Sale West Regeneration which has received positive recognition across Greater Manchester and nationally, being shortlisted for a number of awards.

IVH successfully completed a £60m loan facility with Scottish Widows, securing a favourable fixed term rate to help us deliver on our ambitions.

Annual report of the Chair *(continued)*

IVH is also committed to making a difference in the communities we serve. Several teams within IVH have helped deliver social value though our supply chain, ensuring our partners are aligned to our corporate priorities, through the provision of employment and training opportunities, additional services and goods for our customers. We support a number of community groups through our Irwell Valley Foundation and IVH colleagues and board members also enjoy volunteer days within the community, planting trees and flowers, painting fences, providing free lunches during the school holidays and taking the opportunity to get to know our customers and communities.

None of the above would be achievable without the commitment of IVH colleagues. We continue to recognise, invest in, and empower our colleagues to improve services and focus on supporting colleagues to enjoy work, learn and grow, helping to retain existing and attract new talent across the organisation.

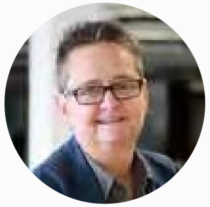
As part of our continuous improvement the Board carried out a review of skills, composition, training and effectiveness which informed our succession planning and we confirmed compliance with the NHF Code of Governance 2020.

Following the retirement of two board members last year we have welcomed two new board members as well as two co-optee members, providing an important link to our Resident Scrutiny Panel and appointed new Chairs of Audit and Risk, Development and Governance and Renumeration Committees, continuing to strengthen our governance.

I also look forward to working closely with the two new executive directors of Homes and Customers who were appointed during the new financial year. Board recognise that the year ahead will remain challenging, and I am confident that we have the appropriate skills, funding and plans in place to continue to deliver on our priorities. Board has reviewed our resilience planning and we have a mitigation plan in place to ensure we can manage any further adverse events. We have also been preparing for forthcoming changes in legislation and regulation.

I would like to take this opportunity to thank my fellow Board members for their dedication, support and commitment to ensuring IVH 's continued success. I would also like to thank Sasha and the Leadership Team for their vision and hard work, producing strong performance and delivering on our commitments to customers.

In 2023 Irwell Valley Homes celebrates its 50th birthday. We were formed in May 1973 with a handful of homes in Salford and one mission – to enable people to live well in their homes and communities. From nine terrace homes, we have grown to serve more than 20,000 customers across Greater Manchester, remaining true to our social purpose and diversifying to offer new tenures and types – from supported housing and independent living to shared ownership and rent to buy opportunities. We will be celebrating this milestone with our customers, communities, colleagues and stakeholders.



Niki Stockton

Chair, IVH

Annual report of the Chief Executive

I am pleased to be sharing our progress against the first 12 months of our Living Well corporate plan - focused on enabling customers to live well in their homes and community by delivering the basics brilliantly and driving up the quality of our homes. Over the year we have remained committed to this by delivering against our 4 overarching priorities in our Living Well Plan:

- Providing safe, affordable and quality homes and services.
- Making a difference in the communities we serve.
- Building more affordable homes.
- Supporting our colleagues to enjoy work, learn and grow.

As we approached our 50th birthday in May 2023, our social purpose remained unchanged after 5 decades. But the challenges and opportunities we face, and the tools at our disposal to navigate them, have evolved and developed.

Over the year the Social Housing Sector continued to face increasing scrutiny over the quality of our homes and services, as well as how we serve and engage with our customers. Strengthening and diversifying customer voice has been central to all our work this year, and we are pleased to have had meaningful engagement with nearly 3,400 customers on the issues which matter most to them, from procuring a new cleaning contractor to building safety measures. We also increased membership to our Resident Scrutiny Panel, which reports directly into the board, and delivered comprehensive training for them, as well as appointing a new chair who also joined our Board to strengthen customer voice at the very top of our decision making.

The cost-of-living crisis has continued to have a huge impact on our customers and their ability to pay their rent, whilst as a business we too have faced spiralling costs. We have worked hard to drive value for money and efficiency savings, keeping tight control of our budgets and remaining financially viable.

The shortage of decent, affordable homes remains a chronic issue and demand continues to grow, vastly outstripping supply. On average our social rent homes remain at 59% of the market rent, whilst our affordable rent homes are let at 80% of the market value. Over the year we built an additional 72 affordable homes, delivered supported housing to 319 people with additional needs and supported 457 older people to live independently in their community.

We also increased our reach in tackling homelessness with new homes going to 213 people who were previously homeless during 2022-23, a 30% rise on the year before.

We have supported the growth of a strong local economy and understand the impact this has on our communities. Last year 82% of our employees lived in Greater Manchester and all colleagues were paid the real living wage. We spent more than £18.8 million with local businesses in the city region.

With living costs rising exponentially, colleagues have remained focused on maximising customer income and supporting them to access additional support. During the year, £170k was secured in extra income for customers through new benefits and grants. This included a new Cost of Living Support Fund, created using proceeds from an investment fund and topped up with donations from our partners and suppliers through social value commitments. The fund issued vouchers worth nearly £18k to support customers with energy, food and other household essentials. We also unlocked £2k in energy vouchers from the Housing Association Charitable Trust.

Annual report of the Chief Executive *(continued)*

One of the things driving the cost-of-living crisis is the significant increase in food prices. We have continued to support food projects across the communities we serve and delivered 2,950 free meals for children during the school holidays from our community café thanks to funding from Our Sale West.

This year we supported 255 people into secure employment and 1,831 people with employment and skills. We also employed apprentices and have supported work experience and Kickstart placements which resulted in people securing full-time work and long-term career prospects. Working together with our statutory, community and voluntary sector partners we have been able to maximise our impact in our neighbourhoods – responding to specific challenges to meet local needs and supporting the delivery of 4,524 hours of volunteering in our communities.

Supporting our colleagues to learn and grow has remained a constant, ensuring we retain talented people who can serve our customers in the way they need. Despite the increased costs we are facing, coupled with the looming 2023-24 rent cap, we recognised the pressures our colleagues are also dealing with around rising household bills.

All colleagues received a pay increase, with the package weighted to benefit the majority of colleagues. We also provided financial education and have a colleague hardship fund to support those in most need.

Over the year, the Irwell Valley Foundation invested in supporting individual customers and community projects with grant funding. Due to declining dividends, attracting match funding has been a focus. Over the year we issued £86k in grants which unlocked more than £121k in match funding to maximise the impact of the projects and initiatives we have supported.

Overall, it's been another challenging year and our colleagues, Leadership Team and Board have done an incredible job in ensuring Irwell Valley Homes continues to operate successfully, according to the social purpose we were founded with half a century ago. As we mark 50 years in business, we remain committed to enabling our customers to live well in their homes and communities for another 50 years, and beyond.

Sasha Deepwell, Chief Executive, Irwell Valley Housing Association Limited.

Association details

Registered Office:
Soapworks
1st Floor Colgate Lane
Salford
M5 3LZ

Bankers:
Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Auditors:
BDO LLP
6th Floor
3 Hardman Street
Manchester
M3 3AT

Registration Numbers:

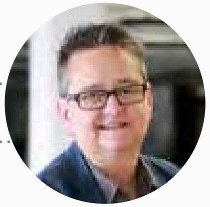
20684R – Co-Operative and Community Benefit Society Act 2014

L0061 – Regulator of Social Housing

The Board

Niki Stockton

Appointed Chair



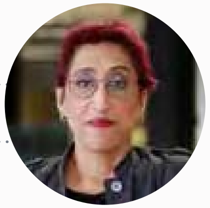
Adam Warburton

Gemma Bell Smith

Gareth Rees

Appointed 26 September 2022

Shahida Latif-Hader



Laureen Donnan

Fiona Car

Guy Millichamp

Appointed 26 September 2022

Christine Finegan (co-opted)

Appointed 6 February 2023

Jane Healey Brown

Paul Wilcox

Resigned 26 September 2022

Susan Curran

Resigned 26 September 2022

Rachael McCullough (co-opted)

Appointed 26 September 2022

Senior Leadership Team

Sasha Deepwell

Chief Executive

Linda Levin

Executive Director of, Customer Experience

Resigned 19 May 2023

Sam Young

Director of People, Technology & Innovation

Helen Nicholson

Executive Director of Finance, Governance & Investment

Ceris Esplen

Executive Director of Customers

Appointed 22 May 2023

Claire Griffiths

Executive Director of Growth, Development & Assets

Resigned 31 July 2022

Following a rigorous recruitment process in March 2023, Scott Murray was appointed Executive Director - Homes and joined the organisation in July 2023.

Strategic report of the Board

Irwell Valley Homes group structure

Our group is known as Irwell Valley Homes (IVH). We have a simple structure which provides a clear line of sight from the Group Board over our active subsidiary and joint venture. Our subsidiary Board and Committee members are drawn from the Group Board, (excluding IVDL Board which is Executives only). We believe this approach provides the best overview of risks and ensures that activities carried out by our subsidiary supports the corporate objectives.

The group consists of:

- **Irwell Valley Housing Association Ltd. (IVHA)** – The asset holding Housing Association is the group parent. It is a registered Co-operative and Community Benefit Society and a Registered Provider of Social Housing with the Regulator of Social Housing (RSH). The Association is an exempt charity.
- **Irwell Valley Developments Ltd. (IVDL)** – A wholly owned company limited by shares. The company provides development services and delivering of development contracts to IVHA. This company also oversees the activities of our development Joint Venture, Hive Homes.
- **The Board have clear oversight of the Group with:**
  - a common Board for IVHA and IVDL;
  - consolidated accounts.
  - consolidated financial plan; and
  - consolidated group strategic risk map.

The Irwell Valley Foundation (IVF) is not part of the Group structure of Irwell Valley Homes. IVF is a £2m endowment investment fund, managed by Forever Manchester, the Community Foundation for Greater Manchester.

The work of IVF is overseen by a resident-led panel, chaired by a resident Board Member.

Strategic report of the Board *(continued)*

IVH provides homes for general needs social rent, as well as more specialist services in our supported accommodation, for over 20,000 people across Greater Manchester. From the income we receive from rents and service charges, we deliver housing management & associated support services and repairs & maintenance services to our customers. We also invest in these homes and meet the interest payments on loans, which help to finance the delivery of new properties.

The group needs to generate an appropriate level of surplus and maintain its reserves and liquidity to ensure it is financially resilient to withstand shocks and to reinvest surpluses back into our corporate priorities.

Regulation

We are regulated by the Regulator of Social Housing (RSH) and retain the highest grade available for governance (G1). In 2020, our financial viability assessment was re-graded from V1 to V2. This grade is still compliant and has been maintained each financial year following the decision to continue investment in fire safety works, maintaining our existing homes and developing new homes in periods of economic volatility, consistent across the sector.

Strategic report of the Board *(continued)*

Board and committee structure

Our Board and its sub-committees are key in setting the strategic direction of the organisation and monitoring our performance. Board and committee membership is based on skills and knowledge and members are remunerated for the time, skills and knowledge that they bring.

In line with our rules and adopted code of governance, the Board annually review their effectiveness and skills as a group. The annual skills review also ensures that Board skills are aligned with our corporate priorities. All Board Members were asked to give their views in relation to five key areas and the findings were collated and summarised to identify and recommend areas for improvement.

The quality of debate and challenge at Board and sub-committee meetings is extremely important to us. It is, therefore, essential that we have high levels of attendance at meetings to ensure that there is full discussion and challenge, to underpin key decisions.

In November 2022 the main Board agreed to implement the final stage of the Governance Action Plan which involved the following:

- Retain the Vice Chair role on the Board.
- Approved IVDL Board to become a Board of Executives only.
- Approved Development Committee to constitute non-Executives only.

We have a one main Board for the Group, with members also sitting on the various committees. This ensures effective oversight between the Board and committees.

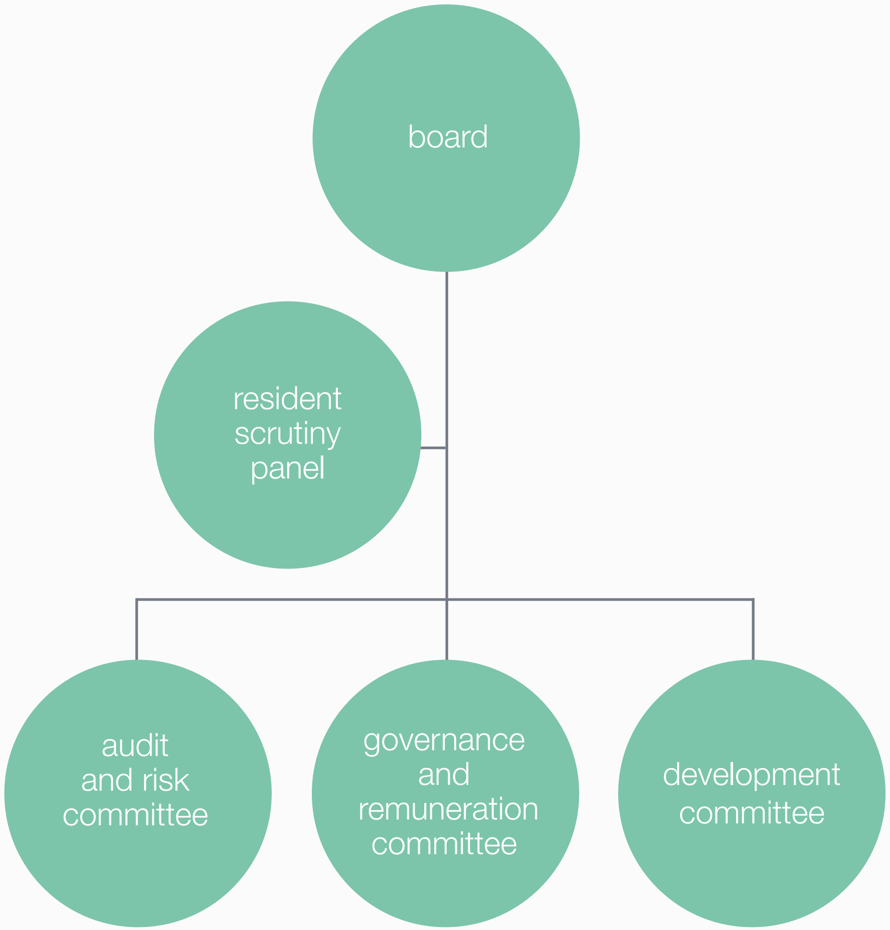
The IVDL Board continues to be responsible for approving contracts and monitoring the overall delivery of the development programme, including key performance indicators, which are aligned to the Group's priorities. An update is provided to the Chair of Development Committee.

The Terms of Reference for the Board, IVDL Board, committees and Resident Scrutiny Panel (RSP) are reviewed and updated annually and clearly outline the roles and responsibilities of each. A forward agenda and meeting dates are set in advance of the start of the year. Board meets at least 6 times per annum and committees meet at least quarterly. This ensures that consideration and discussion is held in advance of key decision items and that all statutory and legislative deadlines are maintained.

At each Board meeting, the Chair of each committee provides feedback on the discussion of the last committee meeting.

The Board and Committees continued to be flexible throughout 2022-23 and were able to respond to efficiently and effectively to sector wide issues.

Strategic report of the Board *(continued)*



Three separate committees support the work of the Board:

The committees have delegated authority from the Board to conduct the business in relation to key areas and make decisions on behalf of the Board, thereby enabling the Board to operate on a strategic level and yet retain oversight of these areas:

- **Audit and Risk Committee** – provides an essential assurance function, including risk management and internal controls. They are supported by our independent internal and external auditors and other experts. The internal audits identify recommendations for action and improvement, which are agreed by management with implementation plans. The internal auditor carries out follow-up audits to provide assurance that implementation has taken place.
- **Governance & Remuneration Committee** – makes recommendations to the Board on membership, succession planning, colleague remuneration and pension arrangements.
- **Development Committee** – has delegated responsibility for approving and monitoring development schemes, provided these are delivered in accordance with the overall approved parameters and programme set annually by Board. The Committee discuss and deliberate the benefits and risks associated with individual development schemes, before approving them.

Strategic report of the Board *(continued)*

Listening to customers

We continue to have a long history of listening to customers to shape and review our services. The customer voice is heard at Board level. We have two members of the Board who are customers of IVH.

Our Resident Scrutiny Panel has been strengthened by increasing the number of members and providing training. A new Building Safety Panel has been added to the menu of engagement opportunities for customers.

We are improving the quantity and quality of the data we hold about our customers, to help us to tailor services to meet customer needs. Activities include a programme of tenancy review visits and a customer census.

Actions arising from resident scrutiny reviews are monitored via the Audit & Risk Committee. IVH were also an early adopter of the National Housing Federation (NHF) Together with Tenants.

We support customers to feed back in ways to suit them and their circumstances. This includes taking part in transactional surveys at the point of service delivery or taking part in our Customer Offer Panel.

We comply with the Housing Ombudsmen Complaint handling code and our self-assessment is published on our website annually.

The Customer Strategy 2022-25 sets out our vision to enhance the work we are doing well and addresses areas for improvement, including empowering our customers to be more influential, addressing low satisfaction scores and providing clear, transparent learnings to customers and reviewing processes to ensure we are proving an effective service.

Equality, Diversity and Inclusion

IVH is all about people and we want to provide fair and equitable homes, services, and employment, foster an inclusive culture, promoting diversity and advocating for change.

Our Equality Diversity and Inclusion (EDI) strategy sets out our ambitions for customers, colleagues, and partners to help us achieve this. Developed in consultation with IVH's EDI panel and customers, the strategy has been informed by public data, alongside our own EDI data using the National Housing Federation's EDI data tool. Plus, to provide insight, we have used transactional survey data to understand differences in satisfaction linked to customers' protected characteristics.

Strategic report of the Board *(continued)*

The strategy also incorporates the findings and recommendations from the DICE Baseline Survey Report, a study carried out in 2020 by IVH to understand how members of the Greater Manchester Housing Providers partnership are tackling inequality within our own organisations and collaboratively, and priorities for future joint working. An action plan was developed to support the strategy and the progress is reported to the Board of Management annually.

The Better Social Housing Review and government's work on the new regulatory standards has found many tenants face structural inequalities, especially people from black and minority ethnic communities, those with disabilities, and single parents. The ongoing work that is being directed through our EDI Strategy continues to focus our efforts in addressing these issues.

Living well
Our Corporate Plan
2022-25

Sustainability Framework

In March 2022, Board approved the Sustainability Framework which sets out Irwell Valley Homes' (IVH) approach to:

- Enabling people to live well in their home and community (our social impact).
- Having a positive impact on the environment (our environmental impact); and
- Remaining a well-managed organisation (effective governance).

Despite the challenging operating environment, during 2022/23 IVH has made good progress towards the social, environmental and governance targets in the framework. The report detailing the progress within 2022/23 can be found **here**, this provides details against each target and sets out several revised targets going forwards in-line with the updated corporate plan and 30-year financial plan agreed by members in March 2023.

Corporate Plan

IVH's Corporate Plan 'Living Well' ensures customers are at the heart of what we do.

Irwell Valley Homes' mission is to ensure people live well in their homes and communities. IVH are all about people. The people who live in our homes, the people living in the communities we serve, and the people we work with. They are at the heart of what we do. Each financial decision, operating decision and corporate decision IVH make is to ensure our mission is achieved.

To enable us to achieve this mission, our new Corporate Plan identifies the following corporate priorities:

Strategic report of the Board *(continued)*

To achieve our priorities IVH will focus on the following within the next 12 months:

- To make a difference in the communities we serve we need to increase our Community Impact.
- To provide affordable, safe and good quality homes and services we need to progress towards our zero-carbon ambition.
- To provide affordable, safe and good quality homes and services we need implement changes to meet the Consumer regulatory standard.
- To provide safe and good quality homes and services we need to implement changes to meet the Building Safety Bill.
- To provide safe and good quality homes and services we need to maximize the impact from the investment in our homes.
- To provide safe and good quality homes and services we need to secure our income.
- To support colleagues to enjoy work, learn and grow we need to continue to improve our colleague offer, systems and data.

Objectives are set for teams and individuals as part of this corporate planning process, linked to projects and performance. The financial budget is also set in quarter four and is linked to the short-term action plans and objectives detailed above.

Within 2022-23 IVH focused on the following to work towards achieving our corporate priorities:

Living well

Our Corporate Plan 2022-25

Providing safe and good quality homes and services:

- Over 400 properties relet & over 200 people housed who were homeless.
- Over 21,000 repairs completed last year, averaging RFF 86-87% & 80% satisfaction (TSM score).
- Significantly improved complaints response times.
- Extensive support given to customers across teams and within communities.
- Engaged customers around performance, complaints, policies and procurement.
- Completed fire safety works - upgrading fire doors, self-testing emergency lighting, new fire escapes, and compartmentation.
- Invested c £6.6m improving our homes, plus an additional £0.9m reactive capital works.
- Carried out c. 2645 stock condition surveys (40% of social homes).

Strategic report of the Board *(continued)*

Living well
Our Corporate Plan 2022-25

Making a difference in the communities we serve

Making a difference in the communities we serve:

- Community patches assigned to community coordinators who organise events and activities.
- New cleaning contractor chosen with engagement with customers.
- Sale West regeneration - new homes, environmental improvements and home improvements completed during the year.
- 43 community groups supported across all local authority areas.
- Over £30k generated through our supply chain to fund our cost-of-living support for customers.
- £50k invested from the Irwell Valley Foundation to support community groups, projects.
- 221 people supported into employment and 1798 people supported towards employment.
- Sunshine café - free school meals, work placements for young people with additional needs.

Providing more affordable homes

Providing more affordable homes:

- 72 new homes completed.
- Spent £14.6m and secured £4.2m grant.
- Spent £414k Regeneration Funding on community projects.
- Claimed £735k Brownfield Land Funding.

Supporting colleagues to enjoy work, learn and grow

Supporting colleagues to enjoy work, learn and grow:

- Launched 'Successful conversations', 'Refer a friend' and 'Manager rewards' based on colleague feedback.
- Supported colleagues to get the most from their benefits, plus retirement, pension and cost of living advice sessions.
- Pay benchmarking and pay award.
- Next stage Disability Confident accreditation, Armed Forces Silver award
- 639 training courses attended by colleagues, including mental health training and first aiders refresher courses.
- 77 improvement initiatives delivered via the HIVE.
- Piloted new ways of working and tech to design and build new systems the way we want them.
- Improved the security and resilience of our systems - Azure.
- Acceptable behaviour / zero tolerance statement.

Strategic report of the Board *(continued)*

Risk management

IVH has an established risk management framework, aligned to our Corporate Plan and Financial Plan. Our risk management framework has a clear link between the controls and mitigations we have in place to manage risk and the high-level causes of risk.

The Board sets our top strategic risks at their annual strategy day, in the context of our corporate priorities, the wider sector and economic operating context.

The top risks are reviewed by the Board on a six-monthly basis or more frequently, by exception. The reviews include any changes to the risk profile, including the impact and probability should a risk materialise, and the controls in place to mitigate this risk. The Board also receive a dashboard risk report in between their six-monthly reviews, including any updates to the risk profile.

All Board decisions are made with a consideration of relevant risks in the context of our agreed risk appetite, mitigating controls and financial, value for money and regulatory implications.

PWC are our Internal auditors provide an Annual Report to the Audit & Risk Committee advising on the appropriateness of the risk management framework and its capacity for risk taking, this assurance is provided to Board when reviewing and approving the financial statements.

IVH adopted a new risk management software called Decision Time in April 2022. The Board identified, maintained and reviewed ten strategic risks, with any operational implications/risks embedded as sub risks throughout the year.

When setting the Financial Plan, the Board considers and sets our risk appetite and associated triggers for each risk area, which are monitored via identified performance measures quarterly by Board.

All Board approvals require consideration of the impact on the risk appetite. The risk appetite allows for innovation to progress our corporate priorities, whilst taking appropriate risk, balanced against maintaining robust financial performance.

Strategic report of the Board *(continued)*

The Audit & Risk Committee, on behalf of the Board, oversees the management of risk on a quarterly basis and receives assurance that risks are being appropriately managed and mitigated.

Risk management is inherent throughout decision making and operational risks are discussed quarterly with risk owners to take account of new or emerging internal and external factors, with any changes to risk profiles discussed by Audit & Risk Committee and Board.

Strategic Risks held in the Risk Register, monitored against sector risk profiles (RSH & PwC). Owned and monitored by the Board, overseen by Audit & Risk Committee.

Controls managed by SLT and Leadership Team.

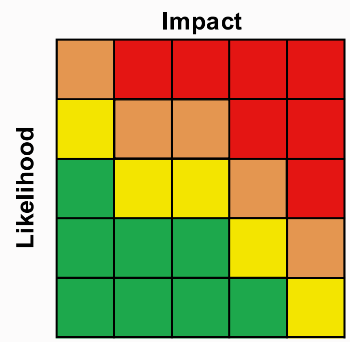
Operational Risks held in the Risk Register.

Linked to Strategic Risks.

Controls managed by SLT and Leadership Team.

Strategic Risk Assessments - Documentation held by departments and centrally, within Decision Time where required.
Advice from Subject experts.
Owned and controlled by departmental colleagues.
Controls manages by colleagues.

Based on the presence and effectiveness of Controls, all risk levels quantified against the 5 x 5 matrix



Strategic report of the Board *(continued)*

Strategic risks and mitigations

Strategic Risk, Risk Appetite, and colour	Causes/key concern	Mitigations/Controls
Strategic Risk 1 **Operating Environment** **Open** **(Yellow)**	• Changes in inflation and interest rates and how these might impact customers and counterparties. • Flexibly to National Policy changes or in the political climate. • Reduced availability or service/materials delivery from counterparties. • Impairment of property values.	• Financial forecasts and Financial Plan based on reasonable assumptions with expert advice and market data. Annual scenario-based stress-testing of Financial Plan. • Rent Policy, Treasury Management Policy, Treasury Strategy and Funding Plan in place, reviewed externally where necessary. • Process for credit checks / review of financial standing and monitoring of counterparty risks. • Limited Investment Property Portfolio and exposure to sales risk. • Impairment Value Triggers, properties subject to annual external valuation. • Monitor liquidity regularly, triggers and contingencies in place to ensure sufficient cash.
Strategic Risk 2 **Development** **Open** **(Amber)**	• Unplanned loss of properties through sales. • Supplier and contractor labour and material shortages. • Increases in construction costs. • Potential reduced grant funding. • Growth above Financial Plan approved development programme.	• Limited exposure to sales risk, 7% of programme shared ownership. • Development Committee have delegated authority for approving and monitoring schemes. • Development strategy (2022-2027) in place, scheme parameters and financial assumptions agreed annually. • Monthly and quarterly cashflow monitoring, forecast regularly to assess future needs and impact of price increases. Also conduct regular stress testing. • Scheme appraisals reviewed by Finance, approved by Dev Comm, assess impact of reduced grant.
Strategic Risk 3 **Asset Management** **Open** **(Yellow)**	• Compliance with new and emerging building safety legislation. • Balance of investment and repairs. • Efforts to achieve a carbon zero footprint. • Deterioration of aging stock and maintaining DHS. • Complex needs and resource required to maintain leasehold properties.	• Asset management policies, procedures, and systems setting out expectations to maintain and invest in properties and their ongoing management/repair. • Financial Plan that balances customer need and IVH investment priorities, risk trigger and performance targets in place. • 40% stock condition survey complete, roll out of internal survey 20% each year. • RAG-rated compliance systems to monitor, maintain KPIs. • Right First Fix initiative to successfully repair on an initial visit to avoid repeat attendance and ongoing disruption/discomfort to customers.

Strategic report of the Board *(continued)*

Strategic risks and mitigations continued…

Strategic Risk, Risk Appetite, and colour	Causes/key concern	Mitigations/Controls
Strategic Risk 4 **Customer Experience** **Open (Yellow)**	• Poor performance on reducing the period and volume of Empty Homes. • Failure to manage/respond to customer expectations. • Inadequate Safeguarding measures in place or being adhered to.	• Customer Strategy- three-year action plan to improve services, with customers. • Rent Policy and Complaints Policy supported by continuous customer surveys, include TSMs. • Customer Offer developed with customers, monitored by Customer Offer Panel. • Tenancy Sustainment Team assist customers obtain additional benefits and support schemes. • Rent Smart Model, prioritise arrears cases, targeted approach, automate customer interactions. • RSP offering scrutiny, feedback, and recommendations to improve.
Strategic Risk 5 **Health & Safety** **Averse (Yellow)**	• Lack of compliance with regulatory requirements. • Reduced building safety systems and infrastructure. • Ongoing requirement for fire remedial works. • Establishing and embedding widespread safe practice Recording and investigating safety incidents to address root causes.	• Health & Safety Policy, Fire Safety Management Policy, and support from H&S Manager and competent external contractors. • Annual H&S colleague training, corporate induction, and local induction/instruction, and certification of specialists as required. • Colleague reporting of accidents, incidents, with automated notification to H&S Manager and managers. • RAG-rated compliance checks against regulatory requirements. • Internal H&S inspections completed and documented online to determine gaps in safety.
Strategic Risk 6 **Charitable Investments** **Cautious (Yellow)**	• Exposure to market rented properties and market for sale properties. • Hives Homes joint venture. • Changes in market conditions.	• Charitable Investment Policy sets out the ambitions and boundaries associated with financial investment decisions. • Portfolio of Investment Properties with performance monitoring, annual appraisal of investments, and annual independent external valuation. • Members of Exec Team sit on the Board of Hive Homes and the Fund Company. • Cap on market for sale schemes >2% of total stock. • Scenario planning for changes in market conditions on individual charitable investments.
Strategic Risk 7 **Leadership & People** **Open** **(Yellow)**	• Recruitment, retention, and succession planning fail to meet business needs. • Colleague capacity, skill mix fail to meet business needs. • Lack of training, growth and development opportunities.	• Annual Pay Award to colleagues as a component of Financial Plan. • Recruitment & Selection Policy and procedures to ensure opportunities for all. • Pay Policy to remain competitive and attract and retain the best talent, annually benchmarked across the sector. • People Strategy Developed with three-year action plan. • Colleagues given opportunities to grow and achieve, supported by the Successful Conversations initiative. • Colleague benefit package including full commitment to agile/flexible working. • Colleague Forum and attendance of SLT. • Colleague objectives and programme of documented performance appraisal. • Mandatory Policies and Training.

Strategic report of the Board *(continued)*

Strategic risks and mitigations continued…

Strategic Risk, Risk Appetite, and colour	Causes/key concern	Mitigations/Controls
Strategic Risk 8 Financial Management Cautious (Yellow)	• Poor budgetary control, overspending on budgets. • Poor performance, limits access to funding/ refinancing options. • Increased costs, inflationary increases.	• Development of 30-year Financial Plan and Budget allows headroom against funders covenants and includes cashflow forecasting. • Treasury Management Policy and Treasury Management Strategy updated as required and Funding Plan updates reported quarterly to Board. • Policies and procedures/processes are in place for all aspects of the financial management function. • Delegation and segregation of financial duties across a qualified and experienced Financial Reporting Team. • General Financial management with review and reporting process from executives to Financial Reporting Team.
Strategic Risk 9 Information Management & Technology Cautious (Yellow)	• Increase in malicious global cyber-security threats spread electronically. • Continuous development to reduce paper-based systems, digitise information, and streamline processes. • Lack of adherence to personal data security controls. • System lifecycle can lead to unsupported systems requiring further investment.	• Digital Innovation Strategy for 2022-2025. • Cyber Incident Response Plan in place. • Data quality Continual Improvement approach. • Change and Demand Group and planning of associated digital sprints with appropriate change control. • Greenfield Project and Lean Systems Reviews to improve data quality, processing of data for decision-making, and service delivery. • Data Governance Policy meeting regulatory requirements, qualified DPO in place with team to manage data incidents, subject requests, and maintain profile of data protection.
Strategic Risk 10 Governance Cautious (Green)	• Insufficient, weak, or poorly evidenced systems of internal control and maintaining statutory compliance. • Inefficient Board operations/planning, member experience and/or skill mix. • Unexpected financial loss by the organisation or customers as a result of Fraud or Money Laundering.	• Registered with the RSH in accordance with the Regulatory Standards (G1/V2). • Annual review of compliance with current and future legislation. • Range of approved policies for all staff accessible via The Hub and part of mandatory training • Segregation of duties embedded within systems. • Terms of Reference in place for Board, committees, and IVDL. Annual Board succession and effectiveness review. Simple group structure providing clear oversight of activities, with intragroup agreement, design and build contract, and SLAs between IVHA and its subsidiary IVDL. • Risk Management Framework and risk register in place and assignment of risk owners, annually appraised against RSH Sector Risk Profile and internal auditors' risk profile. • Independent internal and external audits produced each year, conducted across the organisation. • Internal annual self-assessments against the regulatory standards, codes of conduct and governance.

Strategic report of the Board *(continued)*

Financial overview

Long term financial plan

Setting the long-term Financial Plan ('the Plan') for 2023-24 has been a challenging process due to the uncertainty within our external economic environment. We have factored in a number of varying economic and housing sector issues such as inflation, rising interest rates, current and potentially future rents caps, cost of living crisis, the impact on our customers as well as the impact on rent arrears and void loss. We have also considered our carbon zero obligations and increasing and emerging building safety regulation as well as increasing customer expectations.

Following in depth challenge and discussions the Plan was approved by Board in March 2023 and has been developed in the context of the current and forecast political, regulatory and economic environment mentioned above.

The Plan provides assurance of IVH's financial strength and viability, demonstrating ongoing compliance with funders' covenants. The Plan is underpinned by the investment in existing homes and the development programme which includes approved and pipeline schemes.

These key areas of investment determine our requirements for long term funding which has become increasing challenging due to the current economic climate, due to the rising interest rates and increased material costs.

Asset Management Programme - The 30-year capital investment in our existing homes within the Plan is £200.5m, including £33.1m over the first five years (excluding inflation). This investment is key to achieving our priority of providing safe and good quality homes.

Previously IVH have been committed to working towards achieving the carbon zero deadline of 2038 for Greater Manchester however following the economic challenges and increased costs, based on IVH's affordability the deadline has been extended to achieve carbon zero by 2050 in line with the UK legislation. Included within the Plan is £69.0 million carbon zero costs, net of forecast grant receivable with £8.3 million included within the first five years.

During 2022-23 IVH commissioned a stock condition survey by Savills which has resulted in 40% of IVH's stock being reviewed. Savills presented their findings to Board in May 2023, which was based on their survey data and had been extrapolated across IVH'S social housing asset base, to produce a 30-year cost profile. Their findings suggest that the Plan broadly aligns with the estimated cost profile for years 1-5, however, IVH need to consider using some of the financial headroom later on in the Plan to increase our investment levels for years 6-15 and 26-30.

Strategic report of the Board *(continued)*

Development

Another of our key strategic objectives is to provide more affordable homes, however due to the challenges faced by the sector IVH have reduced pipeline spend within the 2023-24 plan. In 2022-23, we completed 72 new homes, with a further 133 new homes on-site or committed and 173 new homes approved to progress as at 31 March 2023.

The investment in the current development programme is £114.8 million over the first five years, supported by £27.6 million of grant and £1.8 million of proceeds from sales, with 545 new homes completed during this period. Beyond this, the Plan includes a reduced uncommitted programme of an additional 189 homes with year six and seven, total new homes being 734. This requires a further £13.1 million of investment, supported by £1.8 million grant and £2.6 million shared ownership proceeds. Decisions to commit to the uncommitted schemes, will be based on economic forecasts, availability of grant, continual monitoring of cash balances, required loan draw downs and the impact on interest cover and gearing. It remains a strategic priority of IVH's to continue to develop new homes.

Other assumptions

The Rent Cap implemented for 2023-24 allows rents to increase up to 7% for general needs, affordable rent and shared ownership. Supported housing, includes a rent increase of CPI +1%. The rent increases are against rising costs of c10%. As CPI remains relatively high and had not reduced to the Bank of England 2% target, it is possible another rent cap may be implemented in 2024-25. IVH have estimated a 5% CPI in 2024-25, which would allow a 6% rent increase, based on the current rent standard of CPI +1%.

The Plan makes allowance for inflationary pressures, and interest rate rises, due to the continued economic uncertainty. The Plan prudently assumes that rent increases are restricted to CPI after 2025. We are also aware of the continuing challenges to the cost of living for our customers and colleagues and have reviewed and updated our assumptions around arrears management. A key priority for Board is ensuring our strategies and procedures are fit for purpose to over support and guidance to our customers who may be struggling.

Non-social housing

IVH has a small portfolio of non-social properties, including 53 market rented homes and 12 commercial properties. These are reviewed every year by the Board to ensure projected returns continue to be in line with our charitable investment policy. Valuations of our market rented properties are provided by external valuers.

In 2019, IVDL became a member of GMJV FundCo LLP along with nine other housing associations in Greater Manchester. GMJV FundCo LLP holds an 80% investment in Hive Homes (Greater Manchester) LLP with the remainder held by the Greater Manchester Combined Authority (GMCA). The purpose of Hive Homes is to increase the supply of housing in the region, predominately housing for sale, with the long-term aim of generating returns from the joint venture to reinvest into the housing association's core social housing business.

Hive Homes has ten schemes in the pipeline based on 781 new homes. Across the 10 housing association partners and GMCA, total work in progress amounts to £12.1m, including £1.8m for land and £8.5m for works cost. IVH have invested £961k up to the end of March 2023 out of the total £3m planned and approved.

Strategic report of the Board *(continued)*

Results for the year

The financial statements have been prepared in accordance with SORP (Statement of Recommended Practice) 2018 and FRS102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland).

The group's operating surplus for the year was £10.6m (2022: £10.7m) which is 27% of turnover. This includes a surplus from the sale of housing properties of £1.5m (2022: £1.03m).

Total group operating costs were £30.3m (2022: £28.6m). The increase is due to planned additional spend on the Savills stock condition survey, which resulted in 40% of IVHs stock being reviewed, additional building safety works in relation to smoke and CO2 alarms and fire remedial, spend on environmental works relating to the DLUCH grant received in 2021/22 as noted above as well as an increase in depreciation. IVH have also incurred increased costs in relation to service-chargeable utility bills, as well as disrepairs claims and damp and mould repairs.

The operating surplus for the year is stated after charging depreciation on housing properties of £6.0m (2022: £5.4m) and the write-off on disposal of components of £552k (2022: £461k).

Net turnover from lettings increased by £1.7m to £37.8m (2022: £36.1m) due to the impact of the rent increase for social lettings and rent from new homes.

The total expenditure on repairs and planned maintenance, major repairs and improvements to existing social lettings properties was £19.9m (2022: £15.2m). Of this amount, there was £7.7m (2022: £6.1m) relating to improvements, which has been capitalised and added to housing fixed assets.

Surplus on ordinary activities before tax was £4.3m (2022: £1.6m). The prior year includes the impairment loss on Bridge Square Apartment of £3.4m, the current year includes the surplus on sale of the property of £0.9m as well as a positive movement in the valuation of investment properties of £0.4m. Total comprehensive income is £2.6m (2022: £2.6m) which includes an actuarial loss on pension schemes of £1.7m (2022: Gain £0.9m).

Strategic report of the Board *(continued)*

Surpluses and reserves

The generation of annual surpluses is necessary to support the development of new homes and to provide for unforeseen events which may arise, ensuring that we can continue to meet our obligations to lenders. The Group had reserves at 31 March 2023 of £79.6m (2021: £76.9m), which have been generated from surpluses over the years. The increase in reserves to March 2023 is due to the surplus in year..

Fixed assets

The group's total fixed assets (after accounting for depreciation) are £347.7m (2022: £338.9m). This includes the value of housing properties after depreciation of £336.1m (2022: £323.0m). These have been funded from Social Housing Grants of £118.1m (2021: £116.9m), loans and the group's own reserves.

Properties held for investment purposes reported during the year have been valued at £8.1m (2022: £10.7). An impairment review has been carried out on all properties at 31 March 2023. Based on the current valuations no impairment has been recognised to date, the external valuation indicated an increase in value of £0.4m. During the year, IVH sold Bridge Square Apartments, which consistent of 91 market rented properties and 9 leasehold properties. The surplus on disposal was £0.9m as noted within note 9.

Fixed asset investments

Irwell Valley Housing Association Limited continues to hold the entire issued share capital of Irwell Valley (Development) Limited. IVHA, via IVDL, holds an investment of £961k in Hive Homes which reflects our share in the joint venture with nine other housing associations and GMCA. As at 31 March 2023, IVH foresees the investment to be repaid within the foreseeable future, based on this assumption the investment has been apportioned in the financial statements with £573k shown as an equity investment and the remainder within long term debtors.

Treasury management

The Treasury Strategy and Funding Plan Treasury Management Policy (TMP) reflect our key priority to deliver new homes and investment in existing homes. Group borrowings, primarily from banks and building societies are £160.6m (2022: £148.1m), which includes planned drawdowns less scheduled repayments on our existing borrowing. During the year, IVH committed to a 30-year, fixed rate loan with Scottish Widows, £20m was drawn down in December 2022, further drawdowns are due June and December 2023.

The TMP sets out how we manage funding and liquidity risk to ensure that funding is agreed and available in advance of business requirements and interest rate exposure is minimised by fixed-term borrowings.

The TMP states that debt subject to fixed rates should ideally exceed 65% of total borrowings. At 31 March 2023, 75% (2022: 67%) of borrowings were subject to fixed rates. The increase in fixed rate funding was due to the drawdown of £20m from the Scottish Widows facility.

All loan covenants for the year to 31st March 2023 were met. Actual and forecast compliance is monitored monthly by the Leadership Team and quarterly by Board. The 30-year Financial Plan projects that all loan covenants will be met throughout the life of the Plan. The most restrictive loan covenants are shown in the following table. It should be noted that the funders' covenants are calculated on a different basis to the Value for Money metrics:

Covenants	Actual as at 31.03.2023	Compliant	Limit
Interest Cover	IVHA 241% (Group 235%)	✓	130% (min)
Gearing	39% IVHA & Group	✓	65% (max)
Asset Cover	152% IVHA & Group	✓	150% (min)

Strategic report of the Board *(continued)*

Security valuations

All our funding is secured by our housing stock, and in some cases the valuation for security purposes is based on Market Value – subject to tenancy (MV-STT or MV-T). During the financial year, IVH have conducted a number of valuations that covered 47% of our stock portfolio, based on the valuation outcomes there has been no reduction on the MV-STT that would cause us to breach any loan covenants, taking into account the current housing market prices. Our tightest asset cover covenant is 150%, with headroom of 2%, the lender and IVH are satisfied with the level of cover and have confirmed with external valuers, JLL, that at the 5-year valuation the headroom is expected to increase.

Cashflow and liquidity

The net cash generated from operations before interest costs and investment activities for the group was £14.4m (2022: £14.4m). Bank balances at the year-end were £17.6m (2022: £11.2m). The cash balance is high due to the drawdown of the 1st tranche of the Scottish Widows loan of £20m combined with the reduction in development activity within the year.

The TMP ensures that adequate liquidity is available, with a minimum requirement of 18 months to meet committed and uncommitted forecast expenditure, and a trigger point of 21 months to provide headroom above and beyond the minimum requirement. As of 31 March 2023, IVH had 47 months liquidity available which well above our trigger point.

Cash balances are held in interest bearing accounts, Board agreed during the financial year to increase balance limits in individual accounts to take advantages of some banks providing more generous rates. Cashflow forecasts are reported within the quarterly finance and performance report to Board and to each Development Committee.

Going concern

The Board and Executive Team review the financial forecasts on a quarterly and monthly basis respectively. The impact the cost of living and the uncertainty of the economic climate has had on arrears, void loss and major capital programmes and development programme has been monitored throughout the year. As noted above, this has impacted operating costs in terms of service costs, disrepairs and increased costs of repairs.

The Financial Plan is underpinned by assumptions approved by Board, which reflect a level of prudence as a result of economic uncertainty reflecting rising interest rates and the 2023/24 rent cap.

The robustness of the Plan has been tested through rigorous stress testing, taking into account increases in inflation, interest rates rises and increased costs of materials and labour.

Given the strength of the balance sheet, the availability of undrawn loan facilities of £100m, the Board believe that, while uncertainty exists given the extent of the stress testing we have carried out and the detailed mitigation plan we have in place, this does not pose a material uncertainty that would cast doubt on IVH's ability to continue as a going concern, and the accounts are prepared on this basis.

Report of the Board

Financial statements

The Board presents its reports and audited financial statements of Irwell Valley Housing Association Limited for the year ended 31 March 2023. The consolidated statements have been prepared in accordance with Social Housing SORP 2018 and UK GAAP including FRS 102.

Legal status

Irwell Valley Housing Association Limited is incorporated under the Co-operative and Community Benefit Society Act 2014 and is a Registered Provider of Social Housing.

Activities

The Association exists for the benefit of the community and its principal activities are the management and development of social housing and related services.

Review of the year

A review of the business during the year is contained within the Annual Report of the Chair and the Strategic Report of the Board.

Results

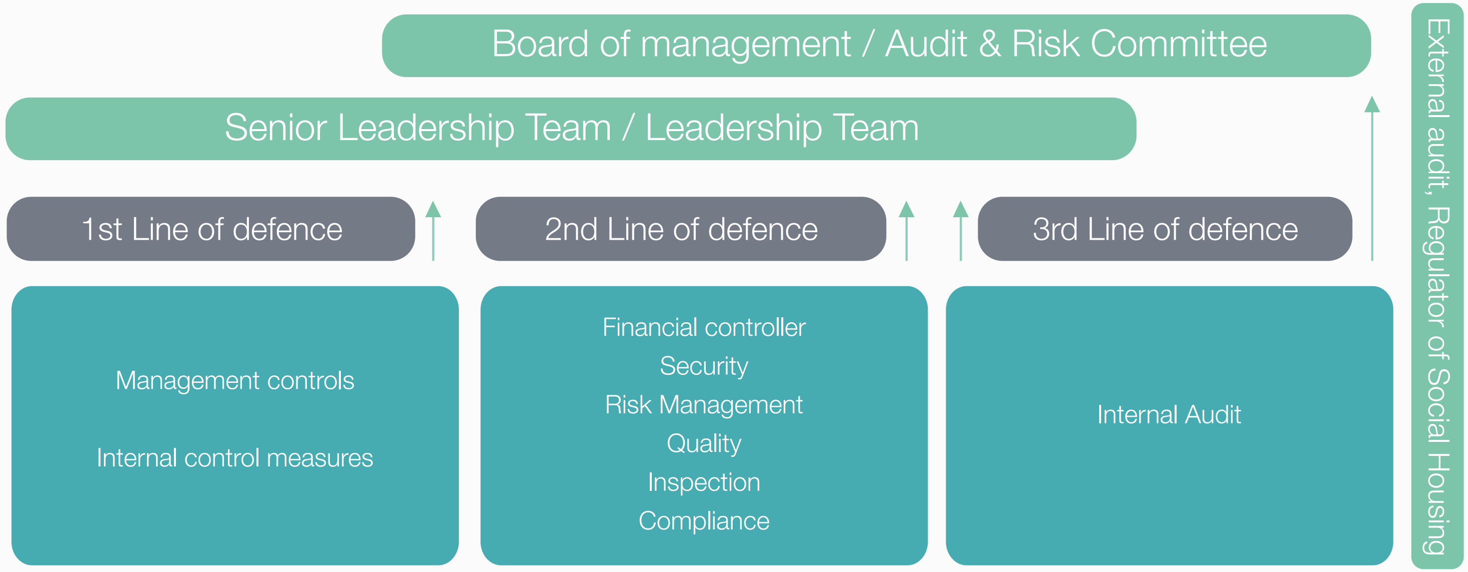
The results for the year are set out in the financial statements on page 50-89.

Internal control

The Board has ultimate responsibility for ensuring that Irwell Valley Homes (IVH) group has an effective risk management and internal controls assurance framework in place. The risk management and internal controls framework is designed to manage rather than eliminate the risk of failure and to provide reasonable assurance against material misstatement or loss.

Report of the Board *(continued)*

The IVH Combined Assurance Framework provides assurance to Board that risk is being appropriately managed and controlled. Assurance is derived from our three lines of defence as shown below.



First line of defence - This is formed by IVH Colleagues who are responsible for identifying and managing risk as part of their responsibility for achieving objectives. Collectively, they should have the necessary knowledge, skills, information, and authority to operate the relevant policies and procedures of risk control. This requires an understanding of IVH, its objectives, the environment in which it operates, and the risks it faces. This is the function that owns and manage risks.

Second line of defence – Provides the policies, frameworks, tools, techniques, and support to enable risk and compliance to be managed in the first line, conducts monitoring to judge how effectively they are doing it and helps ensure consistency of definitions and measurement of risk. This is the function that oversee or who specialise in compliance or the management of risk.

Third line of defence - This is provided by internal audit. Sitting outside the risk management processes of the first two lines of defence, its main roles are to ensure that the first two lines are operating effectively and advise how they could be improved. Tasked by, and reporting to the Audit & Risk committee, it provides an evaluation, through a risk-based approach, on the effectiveness of governance, risk management, and internal control to the Board and senior management. It can also give assurance to the Regulator of Social Housing and our external auditors that appropriate controls and processes are in place and are operating effectively. This is the function that provides independent assurance.

Report of the Board *(continued)*

Risk management is embedded across all areas at IVH – risk identification, evaluation and the management of risk through associated controls is a continuous process:

- The strategic risks are identified and discussed by the Board at least annually at the strategy day with a focus on future horizon scanning, incorporating housing market and demand analysis, the Regulator of Social Housing sector risk profile and the consideration of risks specific to IVH's corporate priorities.
- The strategic risks are reviewed at least every six months by the Board, or more frequently if the profile of risk moves as a result of business changes, sector charges or events in the external operating environment. The Board considers the controls we have in place to mitigate any possible impacts of the risk occurring.
- The operational risks cascade from the strategic risks – the Leadership team work closely with operational managers to identify and implement suitable controls for each operational/sub risk.
- The Audit & Risk Committee are provided with assurance on a quarterly basis that our key risks are being managed as part of our Combined Assurance Framework. On an annual basis, the Audit & Risk Committee reviews the effectiveness of the internal control system on behalf of the Board, and this is discussed by the Committee as part of the preparation of the annual accounts.
- A three-year risk-based Internal Audit programme is in place to provide assurance relating to the operation and validity of the system of internal control.
- At the end of each financial year, the Internal Auditors provide the Audit and Risk Committee with an annual report which summarises the audit work undertaken during the year, the scope and outcome of the work completed and the Auditor's annual statement on internal controls assurance.
- The 2022-23 Internal Audit annual report stated "We have completed the programme of internal audit for the year ended 31st March 2023. Our work identified 'medium', 'low' risk and 'advisory' rated findings. No 'critical' or 'high' risk rated findings were raised. Our follow up work has identified that there are effective controls in place within IVH to ensure that actions agreed as a result of Internal Audit reviews are implemented in a timely way and that evidence to support their implementation is recorded."
- IVH have continued to monitor risk ratings against the RSH sector risk profile and also the PWC Sector Risk profile, which contains emerging risks producing an annual gap analysis comparing our strategic risks. This has also been monitored on IVH's new risk management database, Decision Time.
- A Fraud Policy is in place covering prevention, detection and reporting of fraud and the recovery of assets. Any incidents of fraud or attempted fraud are recorded in the IVHA Public Register and reported to Audit and Risk Committee annually. During 2022-23 no cases of actual or attempted fraud were recorded, but one attempted tenancy breach was investigated and reported to Board.

Corporate governance

- The Board is committed to achieving the highest standards of corporate governance in its management and oversight of IVH. The Board have adopted the National Housing Federation (NHF) model rules, the NHF Code of Governance and the NHF Code of Conduct. From April 2021, the Board adopted the new 2020 NHF Code of Governance and the NHF Code of Conduct for 2022-23.

Statement of compliance by the Chair of the Board

As part of our co-regulatory commitment, the Board reviews our compliance with:

- the economic standards set by the Regulator of Social Housing (RSH), including the Governance, Financial Viability, Rent and Value for Money Standard.
- the Consumer Standards set by the RSH.
- legislative requirements; and
- the 2020 NHF Code of Governance and the NHF Code of Conduct.

We currently have no areas of non-compliance with the above and the Board is satisfied that effective processes are in place to evidence our compliance. Our full supporting document can be viewed on our website. **www.irwellvalley.co.uk**.

Report of the Board *(continued)*

Statement of Board's responsibilities under the Co-operative and Community Benefit Societies Act 2014 for a Registered Social Landlord

The Board members are responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare the financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with 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 2019.

They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Financial statements are published on the Group and Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group and Association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

The Directors, who held office at the date of the approval of this report, confirm that, so far as they are each aware, there is no relevant information which the auditors need to be made aware of; and each Director has taken all the steps that they ought to have taken as a member to make themselves aware of any relevant audit information and to establish that BDO LLP are aware of that information.

Auditors

The Audit services are provided by BDO LLP, who were awarded the contract for three years from April 2019 and granted a two-year extension from April 2022.

Approved by the Board on 18th September 2023 and signed on their behalf by

Niki Stockton

Chair

Value for money

What Value for Money means for Irwell Valley Homes

Irwell Valley Homes (IVH) is committed to providing Value for Money for our customers and other stakeholders who benefit from or support our services. Our Value for Money (VfM) Strategy covers the period from 2023-2026 and has been developed in the context of our strategic priorities and the external operating environment in which we operate.

For IVH, VfM means delivering high quality services and homes to both existing and new customers using an optimal combination of cost and quality, whilst at the same time ensuring the sustainability of our assets:

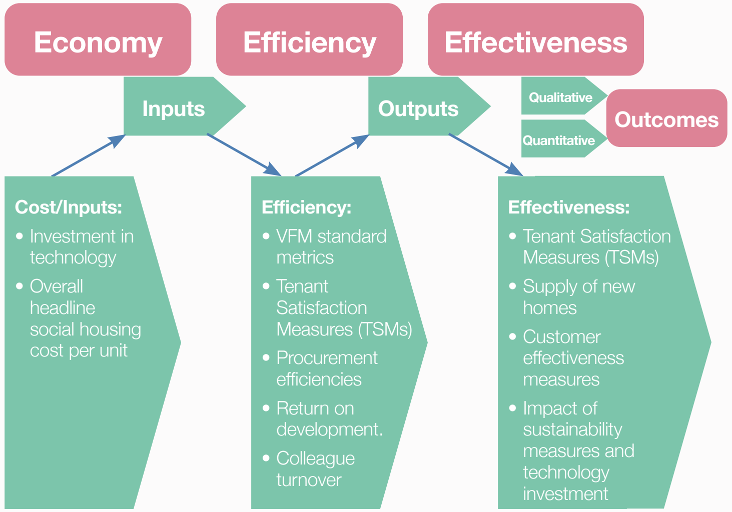
- **Cost** – consideration of both short term and whole life cycle costs.
- **Quality** – ensuring we provide services and homes that are fit for purpose and meet our standards, as described in our customer offer, as well delivering added social value.
- **Sustainability** – consideration of the economic, social and environmental impact of our assets.

The VfM savings efficiencies that we achieve help us to maintain our financial strength and to maintain the confidence of external stakeholders. Surplus VfM gains are reinvested in:

- New or improved services - to meet customer needs and preferences.
- Existing homes - where this has an economic or social benefit, we will ensure we help customers live successfully in their homes and community.
- New homes - which helps address the shortage of affordable homes as well as improving our asset base to ensure the long-term sustainability of our business.

Irwell Valley Homes' mission is to ensure people live well in their homes and communities. IVH are all about people. The people who live in our homes, the people living in the communities we serve, and the people we work with. They are at the heart of what we do. Each financial decision, operating decision and corporate decision IVH make is to ensure our mission is achieved.

Our mission is incorporated into the Corporate Plan through our four corporate priorities, the way we reinvest our VfM gains ensures we are working towards achieving our corporate priorities. Achieving VfM is often described in terms of the '3 E's' – economy, efficiency and effectiveness. IVH monitor the achievement of the 3 E's using the following performance measures:



The Regulator of Social Housing (RSH) has a VfM Standard, published in April 2018, which sets out the following requirements for all housing associations:

- A robust approach to decision making and a rigorous appraisal of potential options for improving performance.
- Regular and appropriate consideration by the board of potential VfM gains across their whole business.
- Have appropriate targets in place for measuring performance.

Value for money *(continued)*

In order to measure the performance of the housing association sector in a consistent way, the RSH has set a defined set of VfM performance metrics (known as the “core VfM metrics). These metrics allow the Regulator and IVH, to compare performance against peer groups and to explain why performance differs from others, in the context of our own organisation and operating environment.

VfM table one – Core metrics performance

Metric	Definition	Type	Irwell Valley Homes			peer group[1]
			2022-23 Group	2022-23 Target	2021-22 Group	2021-22
1: Reinvestment	Investment in properties including both in existing and new homes, as a percentage of the value of total properties held.	Efficiency	5.7%	14.9%	7.1%	4.5%
2: New supply delivered	**Social:** The number of new social housing units acquired or developed in the year as a proportion of total social housing units owned at period end.	Effectiveness	0.9%	1.8%	2.1%	1.0%
	Non-social: The number of new non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.	Effectiveness	0.0%	0.0%	0.0%	0.1%
3: Gearing	How much of the adjusted assets (on a net book value basis) are made up of debt and the degree of dependence on debt finance. It is an indicator of appetite and scope for growth.	Efficiency	43%	46%	42%	43%
4: Interest cover based on earnings before interest, tax and depreciation, less major repairs (EBITDA MRI)	A key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.	Efficiency	106%	132%	139%	157%

[1] Registered providers across Northwest, excluding LSVTs.

Value for money *(continued)*

VfM table one – Core metrics performance continued

Metric	Definition	Type	Irwell Valley Homes			peer group[1]
			2022-23 Group	2022-23 Target	2021-22 Group	2021-22
5: Headline social housing costs	This includes management, service costs, routine & planned maintenance, major repairs, lease costs, capitalised major repairs and other social housing costs. This total cost is divided by the total social housing units owned/ managed at year end.	Economy	£3,867	£3,585	£3,440	£4,040
6: Operating margin	**Social Housing operating margin:** The operating surplus generated from social lettings as a proportion of turnover from social lettings. This demonstrates the profitability of operating assets before exceptional expenses are taken into account.	Efficiency	28%	31%	33%	22%
	Overall operating margin: The overall operating surplus before the gain on disposal of housing assets, as a proportion of overall turnover.		23%	27%	25%	19%
7: Return on capital employed	Compares the operating surplus to total assets, less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.	Efficiency	3.0%	2.7%	3.2%	3.0%

Value for money *(continued)*

Commentary on the core VfM metrics

1. Reinvestment

We have invested £11.6m (2022: £15m) in developing new homes and a further £7.7m (2022: £6.1m) in our existing homes. Despite this spend our reinvestment ratio is below our target which is due to slippage in our development programme following delays in planning applications and negotiating price increases with contractors not yet in contract. The Asset Management Programme has however been fully spent within 2022-23, with some additional reactive capital replacements which collectively has had a positive impact on our reinvestment ratio.

IVH's level of reinvestment is above our peer group for 2021-22, the average spend per property was £598, with IVH's average spend being £799, second highest within the group. This provides assurance to IVH that we are continuing to enhance our existing homes, as well as (although currently challenging) developing new homes.

Within the 2023-24 Financial Plan, IVH have reduced in pipeline schemes due to the rising interest rates and the requirements to balance investment in existing homes and services and building new homes. Despite this, the reinvestment ratio is estimated to increase to 8.7%.

2. New supply

We have completed 72 new homes during the year across 4 schemes, this is a combination of social rent and affordable rent. New supply has fallen below target of 1.8% to 0.9% due to reduced investment as well as one scheme, Fairfield, completing within the previous yearend which also resulted in our 2021-22 performance exceeding our 2021-22 target.

Over the next 5 years, we have committed to 288 new homes as well as an additional 257 new homes, resulting in a net cash outflow of £85m (excluding inflation). Our new supply ratio for 2023-24 is 0.4%, based on completion of 33 new homes. The 2023/24 Plan includes 734 new homes completed by March 2030, of which 7% are allocated to shared ownership. The programme continues to be heavily weighted towards rented schemes, reducing exposure to sales risk. We have increased the average build costs for future schemes in the baseline Plan to account for new building standards and building cost inflation pressures.

3. Gearing

The gearing ratio is 43% against a target of 46%. This is due to slippage in the development programme and a reduction in required loan drawdowns. We had anticipated to drawdown our full RCF facility of £30m as well as an additional £10m from Warrington Borough Council. Within the year we drew down £20m of the new Scottish Widow facility only, however despite the reduced drawdowns our asset base has increased due to the investment in our existing and new homes.

Our gearing ratio is consistent with our peer group average, previously we have always been below our peer group but as we progress with our development programme, our level of borrowing has increased since 2018-19.

Our VfM gearing ratio is expected to peak at 50% in 2028-29 based on our Financial Plan, which is lower than the previous plan due to the reduced pipeline development programme.

Our funding covenant for gearing is measured on a different basis and is expected to peak at 44% against a covenant limit of 65%. By this point we are forecast to still have significant headroom of £51m against our trigger point of 54%. We have capacity to borrow more if we decide to increase the pipeline development programme.

4. Interest cover (EBITDA MRI)

This metric is based on a more stringent measure of interest cover than we have in our funding agreements, however it is monitored by Board through our quarterly finance reports.

During the year, the Board approved additional spend compared to the Financial Plan in relation to stock condition surveys and associated spend relating to levelling up funding which was included as income within the prior year. This has also impacted the social housing cost per property. The fall in EBTIDA MRI is also due to increased maintenance costs, following an increase in demand from customers, as well as increased number of reported damp and mould repairs and disrepair, compounded by an increase in material and subcontractor costs.

Value for money *(continued)*

In addition to this we completed the fire remedial works on the non-social market rented scheme, Bridge Square Apartments, to facilitate the sale of the property. This has contributed to the fall in EBITDA MRI of 106% against a target for 2022-23 of 132%. Excluding the additional approved spend, IVH would have achieved a ratio of 121%, which is still lower than target. This is due to an increase in interest and funding costs, following a £60m facility negotiated in June 2022 and the first tranche of £20m being drawn in December 2022. The loan was negotiated earlier than the 2022-23 Financial Plan required, however due to rising interest rates Board made an informed decision to ensure the future liquidity of IVH at an attractive long-term rate, to facilities investment in existing and new homes.

The 2023-24 Financial Plan has taken into account the additional challenges faced within the sector and Board have consequently revised the risk triggers associated with EBITDA MRI. Within 2023-24 IVH will hope to achieve an EBITDA MRI of 115%, with a risk trigger of 110%. The Board have assessed the requirements to invest in existing stock, maintain services in line with customer expectations and invest in new homes, resources will need to be prioritised however to ensure the service IVH provide to customers, the financial performance compared to prior year will be affected, resulting in a fall in EBITDA MRI.

Our EBITDA MRI is considerably lower than our peers, this is expected based on the average spend on properties and the additional spend agreed by Board.

We continue to have comfortable levels of headroom against our funder's covenants of EBITDA only, and this continues within the Financial Plan forecasts

5. Headline social housing cost per unit

The headline social housing cost is £3,867 per property in 2022-23, which is above our target but below our peer average. The cost per unit is due to the approved additional spend mentioned above as well as the increase in maintenance costs caused by increased expectations and demands. Despite the challenges faced within the sector and the decision to increase spend as detailed above, IVH have continued to manage budgets well and forecasted variances regularly. The cost per unit is due to the approved additional spend mentioned above as well as the increase in maintenance costs caused by increased expectations and demands.

Our headline social housing cost in forecast to be £3,745 per property in our baseline Financial Plan for 2023-24.

6. Operating margin

The overall operating margin, excluding surplus on sales has decreased from 25% to 23% and is below the target for the year, the fall is due to the agreed additional spends on stock condition, levelling up spend and fire remedial spend on Bridge Square Apartments, as well as increases in maintenance costs.

The operating margin for social housing is higher than the overall margin at 28% as this excludes the £1.5m fire remedial spend.

The overall operating margin is expected to increase to 28% within the 2023-24 Financial Plan.

Due to IVH's procurement plan, many contracts have been procured early reducing the impact of rising inflation in some areas of the organisation, enabling services and investment to be maintained.

7. Return on capital employed

This measure has decreased to 3.0% from 3.2% in the prior year, due to the fall in financial performance, however the measure does indicate growth based on the generation of an operating surplus from the organisation's capital base. The measure is above target due to generation of a healthy operating margin, against a slightly reduced capital base. Investment decisions will continue to be made based on meeting agreed parameters for returns on new investment.

Value for money *(continued)*

VfM table two - Additional VfM measures against Corporate Priorities

corporate priority	definition	type	Irwell Valley Homes		
			2022/23 actual	2022/23 target	2021/22 actual
Making a difference in the communities we serve	Percentage of customers engaged who are in arrears	Effectiveness	43%	45%	46%
Providing safe and good quality homes and services	Right first fix	Efficiency	86%	85%	85%
Providing safe and good quality homes and services	Channel shift	Effectiveness	31%	30%	22%
Providing safe and good quality homes, services	Ratio of responsive repairs to planned maintenance	Efficiency	43%	43%	40%
Providing more affordable homes	Void rent loss as a percentage of rent due	Efficiency	1.2%	1.1%	1.4%
Supporting colleagues to enjoy work, learn and grow.	Colleague attendance - average number of sick days excluding long- term sickness	Effectiveness	5.5 days	2.5 days	5.4 days
	Colleague turnover percentage	Effectiveness	26%	20%	33%
Supporting colleagues to enjoy work, learn and grow.	Proportion of IT spend on business change and innovation	Economy	27%	25%	22%

Value for money *(continued)*

Commentary on our additional VfM metrics:

- **Percentage of general needs customers engaged who are in arrears -** Throughout the year engagement from customers in arrears varied, averaging 43% for the year against a target of 45%. Arrears have increased during the year and the number of customers entering arrears have also increased, however resources allocated have remained consistent with prior years. Despite the fall in the metric compared to last year, bad debts written off have been below target, indicating arrears are not escalating to levels that cannot be managed by the customer. The Income and Tenancy Sustainment Teams continue their efforts through initiating repayment agreements, financial inclusion, or tenancy support cases, and being as proactive as possible in contacting customers.

- **Right first fix (RFF) -** IVH have achieved a consistent 86% RFF throughout the year, which is above target. This indicates that our customers are receiving an increased quality of service, which should reduce complaints and disrepairs and create greater efficiencies within the repairs team.

- **Channel shift –** This was a new measure for 2021/22, which quantifies the transfer of manual transactions to digital. The shift to greater digital methods provides ease and convenience for our customers, who can log or report a repair, complaint, complement at any point during the day or night.

  In 2022 we introduced live chat across all services through our new website as well as monitoring the use of our digital applications to assess the preferences of our customers to increase their digital usage. The impact of the increased digital transactions from 22% in 2021-22 to 31% for 2022-23.

- **Ratio of responsive to planned -** This measure is on target at 43%. As we continue to invest in our existing stock, this metric will reduce, as less repairs are required due to the increased planned works on each home. As the 40% stock condition survey has been completed, the data gathered will be analysed, ensuring spend is allocated efficiently. Within 2023-24, the ratio is expected to fall to only 42% as we expect customer expectations to continue to rise and due to the challenges faced by the sector, IVHs planned programme is prioritised around building safety requirements.

- **Rent loss from voids -** This was slightly higher than target for the year due to continued high level of voids in independent and supported housing, however an improvement on the prior year due following the improvements in the process for letting new homes.

- **Colleague attendance -** This was above target at 5.5 days across each department, a slight increase from 5.4 days in 2021-22. Despite the increase, we have achieved an overall 98% attendance rate for the year, which is in line with our peers who have internal repairs services from data shared within the GMHP HR group. A robust approach to return-to-work interviews and sickness absence triggers is in place and is well adhered to by managers with support from the people team as appropriate.

- **Colleague turnover -** This was 26% against a target of 20% but significantly lower than the previous year of 33%. The highest non-managed turnover remains within our Homes and Independent Living teams, with majority stating the reason for leaving as promotion/career opportunity/pay. Both teams are very sensitive to market conditions.

- **Proportion of IT spend on business change and innovation Investment in technology -** We continue to improve our systems to ensure our work processes are as efficient as possible for our customers and colleagues. The metric is above the target set, due to additional transformation and opportunities identified during the year.

Value for money *(continued)*

- **Understanding our Properties Assets -** In 2022/23, IVH commissioned a 40% stock condition survey of its social housing to improve the data we hold in relation to our homes. This survey data has enabled us to extrapolate the 30-year cost requirements across all of our stock, as well as providing valuable data in relation to health & safety (including damp & mould) and energy performance data.

The asset management team will use this information to develop a new 30-year Asset Management Plan, which takes into account priorities around improving thermal efficiency of our homes, our own investment standards, and required smoothing of programmes to ensure they can be delivered in the most cost-effective way and can be accommodated within the Financial Plan.

To supplement the external survey data and to facilitate long term asset planning and knowledge in-house, we also recruited a new stock condition surveyor, with the aim of completing 100% surveys on a rolling 5-year programme, approximately c2,000 per annum.

We will continue to collect component data, refresh and update our asset database on an ongoing basis to ensure a holistic view of our property datasets for current and future requirements is obtained and maintained, both in relation to condition and overall performance as an asset.

An additional set of SAP, EPC and carbon measurements will be incorporated into the survey, mirroring the external survey forms, to inform planning. Along with the data from the external stock condition surveys, this rolling EPC data will feed into our energy performance DREam software to ensure we are able to secure appropriate funding opportunities as they emerge. This will also help us to meet our sustainability targets of becoming carbon zero by 2050 and enable us to take long term viability reviews to ensure our existing stock can continue to meet the needs of customers in a cost-effective way. Using the data set, we can analyse the performance of our properties and initiate a detailed option appraisals where applicable, where considerations of remodelling/further investment, tenure change, or disposal of assets will be assessed.

As well as monitoring against the VFM metrics noted above, IVH have also set out our approach to delivering social purpose, having a positive impact on the environment and remaining a well-managed organisation within our Sustainability Framework. Within the framework we have a number of future targets to increase the impact we make to our community and environment every year. Within the IVH VfM annual metrics we have included specific measures to monitor our carbon footprint and impact on the environment.

Value for money *(continued)*

VfM table three – Annual VfM measures

corporate priority	definition	type	Irwell Valley Homes		
			2022/23 actual	2022/23 target	2021/22 actual
Making a difference in the communities we serve	Percentage of customers engaged who are in arrears	Effectiveness	221 £170k	50 £130k	New Measure
Making a difference in the communities we serve	Right first fix	Effectiveness	-	£100K	New Measure
Making a difference in the communities we serve	Channel shift	Effectiveness	Qualitative measure	Qualitative measure	Qualitative measure
Providing more affordable homes	Ratio of responsive repairs to planned maintenance	Efficiency	75%	57%	New Measure

Value for money *(continued)*

Commentary on Annual VfM measures

Social Value generated by Customers.

During the year, IVH assisted 221 people into paid employment and IVH also assisted 1,798 people towards employment through training, volunteering and employment support. The Tenancy Sustainment Team obtained £170k in benefits and grants to assist customers with the current cost of living crisis, to try and ease the challenges currently faced by our customers, exceeding a target of £130k.

Investment in green technology

No funding has been obtained within 2022-23 or spend allocated to green technology as the priority was to commission a 40% stock condition survey to improve the data we hold in relation to our stock. The data collected includes energy performance data and will feed into our energy performance DREam software to ensure we are able to secure appropriate funding opportunities and help prioritise investment in green technology within our properties.

Improvements to the open environment

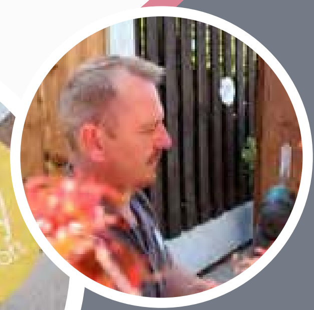
During the year IVH incurred £215k of costs in relation to levelling up grant. This spend was used to assist with the regeneration of Sale West. It has been invested in playgrounds, gardens, and car parks to improve the surrounding area of the Sale West estate. During the year, a tree survey programme has been completed, resulting in necessary remedial action on a risk-based approach to enhance the safety and outlook of external communal areas.

Return on development

Based on the number of properties completed during the year and associated overheads and maintenance, each new property has generated an average 75% operating surplus, this has a positive contribution to the overall operating surplus.

Responsibilities & reporting

The Board is ultimately responsible for setting the VfM Strategy and ensuring we are achieving VfM in all operations across our organisation. They must be satisfied the actions taken to improve our VfM metric performance are adequate and will generate the optimal benefit from our resources and assets. The Audit & Risk Committee is responsible for monitoring and scrutinising the achievement of VfM metrics and the target efficiencies based on the Procurement Plan. Day to day responsibility for delivering VfM is delegated to the Leadership Team and budget holders. Delivering our VfM targets requires an organisation-wide approach, that is embedded in the way we do things. VfM needs to be at the forefront of all investment decisions and plays a key part in process improvement. Collaboratively we need to prioritise our resources to deliver the best possible outcomes for customers and other stakeholders.



Independent auditors report to the members of irwell valley housing association limited

Opinion on financial statements

We have audited the financial statements of Irwell Valley Housing Association Limited ("the Association") and its subsidiary ("the Group") for the year ended 31 March 2023 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 Group Statement of Cashflows and 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31st March 2023 and of the Group's 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 properly prepared in accordance with 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 sufficient and appropriate to provide a basis for our opinion. We are independent of the Group and Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements..

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISA's (UK) require us to report to you where the Board members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the Board members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Association's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors report to the members of irwell valley housing association limited *(continued)*

Other information

The Board are responsible for the other information. Other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, 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 including the Annual Report of the Chair and Chief Executive, Strategic Report of the Board, Report of the Board and the Value for Money report 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 where we are required by the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

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

Responsibilities of the board

As explained more fully in the statement of Board's responsibilities set out on page 32, 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 members determine 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 are responsible for assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Independent auditors report to the members of irwell valley housing association limited *(continued)*

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those the Audit and Risk Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be the Financial Reporting Standard 102, 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 Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be industry related such as compliance with employment law and health & safety regulations.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and the Audit and Risk Committee regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Independent auditors report to the members of irwell valley housing association limited *(continued)*

Based on our risk assessment, we considered the areas most susceptible to fraud to be the opportunity for the fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were in relation to the posting of inappropriate journal entries and revenue being recognised in the correct period around the year end.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Challenging assumptions made by management in the significant accounting estimates, in particular in relation to the defined benefit pension liability; and
- Completing substantive procedures on revenue recognised around the year end to ensure that this had been appropriately included within the recognised revenue.

Independent auditor's report to the members of Irwell Valley Housing Association Limited continued

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Group and association statement of comprehensive income

	Note	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Turnover	3	39,334	38,087	39,759	38,542
Operating Costs	3	(30,300)	(28,574)	(30,276)	(28,556)
First Tranche Sales	3	79	183	79	232
Surplus on sale of fixed assets	9	1,474	1,031	1,474	1,031
Total Operating surplus	8	10,587	10,727	11,036	11,249
Interest receivable	7	191	5	159	5
Interest payable and similar charges	7	(6,884)	(5,651)	(6,884)	(5,651)
Gift aid receivable	-	-	-	650	-
Movement in valuation of investment properties	12	440	(3,434)	440	(3,434)
Movement in valuation of fixed asset investments		-	(2)	-	(2)
Surplus on ordinary activities before tax	-	4,334	1,645	5,401	2,167
Tax on surplus on ordinary activities	10	-	-	-	-
Surplus for the year		4,334	1,645	5,401	2,167
Actuarial (loss)/gain in respect of pension schemes	29	(1,710)	916	(1,710)	916
Total comprehensive income		2,624	2,561	3,691	3,083

The notes on pages 50 to 89 form part of these financial statements.

Group and association statement of changes in reserves

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Balance as at 1 April 2022	76,949	74,388	78,365	75,282
Total comprehensive income for the year	2,624	2,561	3,691	3,083
Balance as at 31 March 2023	79,573	76,949	82,056	78,365

The notes on pages 50 to 89 form part of these financial statements.

Group and association statement of financial position

	Note	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Fixed Assets					
Housing properties	11	336,140	323,014	334,084	325,070
Investment properties	12	8,053	10,662	8,053	10,662
Tangible fixed assets	13	2,749	4,261	2,749	2,527
Fixed asset investment	14	573	739	-	-
Homebuy properties	15	181	181	181	181
		347,696	338,857	345,067	338,440
Debtors: due after one year	16	1,712	1,316	1,324	1,316
Current assets					
Trade & other debtors	16	4,211	4,054	10,024	7,190
Stock	17	780	553	810	571
Cash & cash equivalents	-	17,562	11,186	17,179	9,971
		22,553	15,793	28,014	17,732
Creditors: falling due within one year	18	(16,654)	(18,866)	(16,616)	(18,972)
Net current assets/(liabilities)		5,899	(3,073)	11,398	(1,240)
Total assets less current liabilities		355,307	337,100	357,789	338,516
Creditors: due after one year	19	(271,796)	(257,104)	(271,796)	(257,104)
Provision for liabilities					
Pension – Defined benefit liability	22	(3,938)	(3,047)	(3,938)	(3,047)
Total net assets		79,573	76,949	82,056	78,365
Capital and reserves					
Non-equity capital	25	-	-		-
Revenue reserves		79,573	76,949	82,056	78,365
Total reserves		79,573	76,949	82,056	78,365

Group statement of cash flow

	Note	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Net cash generated from operating activities	26		14,357		14,424
Cashflow from investing activities					
Purchase and improvement of housing properties		(20,687)		(22,391)	
Purchase of tangible fixed assets		(762)		(2,188)	
Proceeds from sale of housing properties		5,699		3,208	
Grant received		2,091		4,539	
Investment in Joint Ventures		(222)		(441)	
Net cash from investing activities			(13,881)		(17,273)
Cash flow from financing activities					
Interest paid		(6,955)		(5,922)	
Interest received		89		5	
Repayment of borrowings		(6,646)		(6,695)	
Loan received		20,000		5,000	
New borrowing fees		(588)			
Net cash used in financing activities			5,900		(7,612)
Net change in cash and cash equivalents			6,376		(10,461)
Cash and cash equivalents at 1 April 2022			11,186		21,647
Cash and cash equivalents at 31 March 2023			17,562		11,186

Notes to the consolidated financial statements

1. legal status

Irwell Valley Housing Association Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a housing provider.

2. principal accounting policies

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing providers and comply with the Accounting Direction 2019.

The financial statements are presented in pound sterling and rounded to the nearest thousand unless otherwise stated.

Going concern

The financial statements have been prepared on a going concern basis. The Group and Association's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report of the board on pages 10 to 27.

The Group and Association has long-term debt facilities in place to fund its future development aspirations as well as to provide adequate resources to finance committed reinvestment and day to day operations. The Association also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The Financial Plan is underpinned by assumptions approved by Board, which reflect a level of prudence as a result of economic uncertainty. The robustness of the Plan has been tested through rigorous stress testing, taking into account increases in inflation, interest rates rises and increased costs of materials and labour. The Group continue to carry out stress testing on the Plan throughout the year and analyse the monthly forecast results.

On this basis, the board has a reasonable expectation that the association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

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

a. Adjustment to net interest on net defined pension liability

FRS 102 requires that the net interest on the net defined benefit liability is calculated using the liability discount rate for the scheme

b. Categorisation of housing properties

The Group and Association undertake a detailed review of the intended use of all housing properties. In determining the intended use, the association has considered if the asset is held for social benefit or to earn commercial rentals. The review is conducted in line with the Charitable Investment Policy reviewed and approved by Board.

c. Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. The association has relied on an external valuation of its investment properties as at 31 March, the group are satisfied that the external consultant has estimated a reasonable fair value.

Notes to the consolidated financial statements *(continued)*

d. Impairment

The association assessed at 31st March, whether an indicator of impairment exists, if an indicator exists the Group and Association perform an impairment assessment at property scheme level. Indicators of impairment are examples of the following: Change in government policy, regulation or legislation, a change in demand of the properties or a material reduction in market values.

e. Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

Estimation uncertainty

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

a. Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to deterioration of assets, technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

b. Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 29).

c. Recoverability of rent arrears

Management estimate the recoverability of rental bad debts at each reporting date, as well as monthly for management accounts purposes. The estimate is based on the life of the debt and the situation of individual customers.

Basis of consolidation

The financial statements for the Group are the results of the consolidation of the financial statements of the association and its subsidiary undertakings at 31 March 2023.

Details of these subsidiaries are given in note 14.

Turnover recognition

Turnover substantially represents rental income receivable together with income from services to other housing associations and amortised capital grant and revenue grant from local authorities.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from sales of properties built for sale is recognised at the point of legal completion of the sale.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities. Community regeneration income is recognised as the income is received.

Service charges

The Group adopts the variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Notes to the consolidated financial statements *(continued)*

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in income and expenditure, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted.

Value Added Tax

The Group and 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 Group and 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.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historical cost model.

Direct costs incurred in connection with the issue of a basic financial instrument are deducted from the proceeds of the issue. Finance interest, transaction costs and associated premium or discount are charged to the Statement of Comprehensive Income using either the effective interest rate (EIR) method or on a straight-line basis where not materially different. The EIR method spreads all associated costs over the life of the instrument by comparing the borrowing amount at initial recognition and amount at maturity. On the basis that the difference produced by the two methods is not material, these costs have been amortised on a straight-line basis in this set of financial statements.

Debtors

Short term debtors are measured at transaction price, less any appropriate provision for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. The amount of the provision is recognised in the Statement of Comprehensive Income.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs.

Employee Benefits

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

Pensions

The association participates in defined contribution and defined benefit pension schemes. Since April 2016 we have no active members of the defined benefit scheme.

Following an actuarial valuation for 31 March 2023 the share of underlying assets and liabilities of the defined benefit scheme belonging to participating employees has been identified and recognised as a liability within the financial statements.

Notes to the consolidated financial statements *(continued)*

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

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

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as unsold current assets and any sales made during the year are included within turnover. The remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities.

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

Fixed asset investments

Fixed asset investments are accounted for at cost less any impairment at year end.

Homebuy properties

Homebuy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest and any impairment loss is recognised in income and expenditure to the extent that it cannot be offset against the Homebuy grant. The associated Homebuy grant is recognised as deferred income until the loan is redeemed.

Investment properties

Investment properties consist of market rented and commercial properties and other properties not held for social benefit or for use in the business. The purpose of holding these assets is to generate surpluses to apply to Irwell Valley's charitable purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Government grants

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

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

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

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income. If there is a requirement to recycle the grant upon disposal of the associated property, the Group and Association is required to recycle grant proceeds and recognise them as a liability.

Notes to the consolidated financial statements *(continued)*

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of housing properties

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

The association depreciates the major components of its housing properties at the following length of time:

Component	Years
Structure	100
Roof	50
Windows and Doors	30
Boilers	15
Kitchens	20
Bathrooms	30
Heating and Ventilation	30
Electrics	30
Fencing	20
Lifts	30
Road Surfacing	40
Fires	20
Other fixtures and fittings	12
Lighting	15
Cladding	30
Solar panels	25

Freehold land is not depreciated. Leasehold properties are amortised over the life of the lease or their estimated useful economic lives.

Notes to the consolidated financial statements *(continued)*

Scheme Equipment

Scheme equipment is for the refurbishment or replacement of equipment, which are capitalised and then depreciated over the estimated useful life of the item and are service charged to the residents over the useful economic life:

Scheme Equipment	Years
Blinds & Curtains	12
Disabled adaptations	8
CCTV & Aerials	15
Communal furniture	15
Door entry	15
Communal fire equipment	15
Communal lighting	15
Floor covering & carpet	12
Lifts	30
Cladding	30
Security & digital	15
White goods	8

Impairment

From 1 October 2020, the association has increased social housing rents by CPI plus 1% in accordance with the Housing and Planning Act 2016. Following the 2023/24 rent cap and the current economic uncertainty the association considered this as a trigger for impairment.

As a result, we estimated the recoverable amount of our housing properties and other tangible fixed assets in accordance with SORP 2018 and compared this to the carrying amount of our assets to determine if any impairment loss has occurred. Where able, the association have instructed external valuations and discussed the impact of the economic situation on housing properties with our valuer, JLL. Based on these assessments and discussions, we do not consider there to be an impairment charge against social housing properties or other tangible fixed assets.

Other tangible fixed assets

Depreciation is provided on all other tangible fixed assets, at rates calculated to write off each asset evenly over its expected useful life as follows:

- Improvement to leaseholders – over the term of the lease
- Fixtures, equipment and computer equipment– between 3-15 years

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

Notes to the consolidated financial statements *(continued)*

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group and Association. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

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

Provisions for liabilities

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

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre- tax discount rate. The unwinding of the discount is recognised as a finance cost in Statement of Comprehensive Income in the period it arises. The Group and Association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next nine months. The provision is measured at the salary cost payable for the period of absence.

Notes to the consolidated financial statements *(continued)*

3a. Turnover, cost of sales, operating costs and operating surplus

Group	2023 Turnover £'000	2023 Operating Costs £'000	2023 Operating surplus £'000	2022 Turnover £'000	2022 Operating Costs £'000	2022 Operating surplus £'000
Social housing lettings	**37,787**	**(26,606)**	**11,181**	36,098	(24,286)	11,812
Other social housing activities						
Supporting people contracts	520	(590)	(70)	561	(625)	(65)
Community regeneration	105	(491)	(386)	230	(359)	(129)
First Tranche Sales (note 9)	-	-	79	-	-	183
Surplus on sales of fixed assets (note 9)	-	-	1,474	-	-	1,031
Development activities	1	(104)	(103)	4	(198)	193
	38,413	**27,791**	**12,175**	36,893	(25,468)	12,639
Non-social housing activities - lettings	921	(2,509)	(1,588)	1,194	(3,106)	(1,912)
	39,334	**30,300**	**10,587**	38,087	(28,574)	10,727

Notes to the consolidated financial statements *(continued)*

3a. Turnover, cost of sales, operating costs and operating surplus

	2023 Turnover	2023 Operating Costs	2023 Operating surplus	2022 Turnover	2022 Operating Costs	2022 Operating surplus
Association	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	**37,787**	**(26,606)**	**11,181**	36,098	(24,286)	11,812
Other social housing activities						
Supporting people contracts	520	(590)	(70)	561	(625)	(65)
Community regeneration	105	(491)	(386)	230	(359)	(129)
First Tranche Sales	-		79	-	-	232
Surplus on sales of fixed assets (note 9)	-		1,474	-	-	1,031
Development activities	426	(80)	346	459	(180)	280
	38,838	**27,767**	**12,624**	37,348	(25,450)	13,161
Non-social housing activities - lettings	921	(2,509)	(1,588)	1,194	(3,106)	(1,912)
	39,759	**30,276**	**11,036**	38,542	(28,556)	11,249

Notes to the consolidated financial statements *(continued)*

3b. Group and Association – Income and expenditure from social housing lettings

	General needs housing	Low Cost Home Ownership	Supported housing & housing for older people	Association and Group Total	Association and Group Total
				2023	2022
	£'000	£'000	£'000	**£'000**	£'000
Rent receivable net of service charges	27,633	2,043	3,330	**33,006**	31,094
Service charges receivable	894	428	1,339	**2,661**	2,756
Amortised government grants	1,177	35	154	**1,366**	1,301
Government grants taken to income	-	-	-	**-**	882
Other income	754	-	-	**754**	65
Turnover from social housing lettings	**30,458**	**2,506**	**4,823**	**37,787**	36,098
Management	3,482	300	563	**4,345**	5,746
Services	1,416	450	1,443	**3,309**	3,082
Routine repairs	7,082	240	709	**8,031**	7,088
Planned repairs	3,348	146	609	**4,103**	1,985
Major repairs	5	10	-	**15**	84
Rent losses from bad debts	244	7	32	**283**	361
Depreciation of housing properties	5,613	167	735	**6,515**	5,394
Component write off	-	-	-	**-**	461
Other costs	5	-	-	**5**	86
Operating costs on social housing lettings	**21,195**	**1,320**	**4,091**	**26,606**	**24,287**
Operating surplus on social housing lettings	9,263	1,186	732	**11,181**	11,812
Rent losses from voids	**211**	**-**	**116**	**327**	**447**

Notes to the consolidated financial statements *(continued)*

4. Accommodation in management and developments

At the end of the year the number of units in management for each class of accommodation as shown within the table.

	Owned not managed No. Units	Managed not owned No. Units	Owned and managed No. Units	Total owned and managed No. Units	Total owned and managed No. Units
				2023	2022
General needs – social rent	23	-	6,018	**6,041**	5,999
General needs – affordable rent	1	-	217	**218**	192
Low-Cost Home Ownership	-	-	190	**190**	198
Supported Housing	185	-	170	**355**	356
Supported Housing – affordable rent	24	-	-	**24**	24
Supported Housing for older people	-	-	457	**457**	457
Intermediate rent	**-**	-	**138**	**138**	138
Non-social rent	43	-	56	**99**	190
Social leased	-	-	252	**252**	250
Non-social leased	-	-	-	**-**	9
Total	**276**	**-**	**7,498**	**7,774**	7,813

Accommodation in development at year end	
Social rent	33
Affordable rent	28
Low-Cost Home Ownership	9
Total	**70**

Notes to the consolidated financial statements *(continued)*

4. Accommodation in management and developments

	General needs – social rent	General needs – affordable rent	Low-Cost Home Ownership	Supported	Intermediate rent	Other	2023 Total	2022 Total
Opening stock numbers	5,999	192	198	837	138	449	**7,813**	**7,678**
New stock into management	46	26	-	-	-	-	**72**	**161**
Other gains	-	-	-	3	-	-	**3**	**3**
Sales to Local authorities	-	-	-	-	-	-	**-**	**-**
Sales to another Registered Provider	-	-	-	-	-	-	**-**	**-**
Sales to Open Market	-	-	-	-	-	(100)	**(100)**	**-**
Sales to tenant's freehold	(4)		(6)	-	-	-	**(10)**	**(19)**
Sales to tenant's leasehold	-	-	(2)	-	-	2	**-**	**-**
Other losses			-	(4)	-	-	**(4)**	**(8)**
Movement within category	-	-	-	-	-	-	**-**	**(2)**
Net change within stock	**42[1]**	**26[2]**	**(8)[3]**	**(1)[4]**	**-**	**(98)[5]**	**(39)**	**(135)**
Closing unit numbers	**6,041**	**218**	**190**	**836**	**138**	**351**	**7,774**	**7,813**

[1] 4 RTB/RTA Sales, 46 newly development homes
[2] 26 newly development homes
[3] 8 Full staircased shared ownership properties
[4] 2 properties refurb from 4 units to 3 units
[5] Sale of Bridge Square Apartments December 2022, leaseholds from sale of shared ownership properties.

Notes to the consolidated financial statements *(continued)*

5. Directors' emoluments and expenses

Group and Association

Executive Directors	**2023** £'000	**2022** £'000
Remuneration and fees (excluding pension contributions)	368	441
National insurance	50	52
Pension contributions	33	34
Expenses allowances (subject to tax)	32	33
	483	**560**

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments (Gross Salary, Car Allowance and National Insurance) was £203k (2022 - £176k). Pension contributions of £15k (2022 - £15k) were made to a money purchase scheme on her behalf. The Chief Executive has no enhanced or special terms in relation to the pension scheme.

Board members		**2023** £'000	**2022** £'000
John McHale	Stepped down 27.09.2021	-	8
Paul Wilcox	Stepped down 26.09.2022	8	13
Susan Curran	Stepped down 26.09.2022	6	11
Catherine Fearon	Stepped down 27.09.2021	-	3
Fiona Carr		5	6
Steve Parrington	Stepped down 27.09.2021	-	5
Nikki Stockton	Appointed Chair 26.09.2022	13	8
Luchia Fitzgerald	Stepped down 31.03.2022	-	5
Shahida Latif - Haider		10	7
Gemma Bell-Smith		7	3
Laureen Donnan		5	3
Jane Healey-Brown		8	3
Adam Warburton		5	3
Rachael McCullough	Appointed 26.09.2022	3	-
Guy Millichamp	Appointed 26.09.2022	3	-
Gareth Rees	Appointed 26.09.2022	3	-
Christie Finegan	Appointed 06.02.2023	1	-
Total		**77**	**78**

The aggregate amount of emoluments payable to Board of Management was £77k (2022: £78k).

Total expenses reimbursed to the Board of Management were £nil (2022: £nil).

Notes to the consolidated financial statements *(continued)*

6. Employees

Group and Association	2023 Number	2022 Number
Average number employed		
Directors & Board	13	13
Office & Operational Staff	259	281
	272	**294**
Part Time	45	51
Full Time	227	243
Total	**272**	**294**
Full time equivalent (calculated based on a standard working week of 35 hours	**256**	**265**

A defined contribution pension scheme is operated by the Group and Association on behalf of the employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

Staff costs	2023 £'000	2022 £'000
Wages & Salaries	8,865	8,888
Redundancies	28	103
Social Security Costs	841	808
Pension Costs	507	505
	10,241	**10,304**

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards.

Salary bandings for employees above £60,000 per annum	2023	2022
£60,000 -£70,000	3	3
£70,001 - £80,000	4	4
£80,001 - £90,000	3	2
£90,001 - £100,000	-	-
£100,001 - £110,000	1	-
£110,001 - £120,000	-	2
£120,001 - £130,000	1	-
£170,001- £180,000	-	1
£180,001-£190,000	1	-
	13	**12**

Notes to the consolidated financial statements *(continued)*

7a. Interest receivable and other income

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest receivable on bank deposits	191	5	159	5

7b. Interest payable and similar

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Interest on bank loans and overdrafts	6,812	5,562	6,812	5,562
Net interest on net defined benefit liability	72	89	72	89
	6,884	**5,651**	**6,884**	**5,651**

Notes to the consolidated financial statements *(continued)*

8. Operating surplus

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Is stated after charging:				
Depreciation:				
- Housing Properties	6,515	5,394	6,515	5,394
- Scheme Equipment	143	145	143	145
- Other Tangible Fixed Assets	415	390	415	390
Loss on Disposal:				
- Housing properties - components	-	(461)	-	(461)
- Scheme Equipment	-	-	-	-
- Other Tangible Fixed Assets	-	-	-	-
Operating Lease Charges:				
- Plant and Machinery	273	224	273	224
- Other	379	273	379	273
Auditor Remuneration:				
- For audit services	36	31	31	26
- For non-audit services	4	1	4	1
- Tax compliance	3	16	3	4

Notes to the consolidated financial statements *(continued)*

9. Surplus on sale of fixed assets - housing properties

	Group and Association	
	2023	**2022**
	£'000	£'000
1st Tranche Sales		
Proceeds	606	1,110
Cost of Sales	(527)	(878)
Surplus	**79**	**232**
RTA/RTA Sales		
Proceeds	415	1,328
Cost of Sales	(123)	(566)
Surplus	**292**	**762**
Full Staircased		
Proceeds	678	770
Cost of Sales	(429)	(501)
Surplus	**249**	**269**
Non-social Sales		
Proceeds	4,000	-
Cost of Sales	(3,067)	-
Surplus	**933**	**-**
Total Sales excluding 1st Tranche	**1,474**	**1,031**

Notes to the consolidated financial statements *(continued)*

10. Tax on surplus on ordinary activities - Group

	Group and Association 2023 £'000	2022 £'000
Analysis of tax credit for the period		
Current Tax		
UK Corporation tax at 19%	-	-
Deferred Tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	-	-
Profit on ordinary activities before tax	182	650
Profit on ordinary activities multiplied by 19% tax	35	123
Income not taxable/deductible	-	-
Expenses not deductible for tax purposes	19	-
Amounts charged directly to STRGL or transferred	-	(131)
Other permanent differences	-	8
Deferred tax not recognised	-	-
Adjustments to tax charge in respect of previous periods	11	-
Adjust closing deferred tax to rate of 25%	-	-
Adjust opening deferred tax to rate of 25%	-	-
Deferred tax not recognised	(46)	
Total tax charge for the period	-	-

Notes to the consolidated financial statements *(continued)*

11. Housing properties - Group

	Housing Properties				Under Construction			
	Social Housing £'000	Non-Social Housing £'000	Intermediate Market Rent £'000	Shared Ownership £'000	Social Housing £'000	Intermediate Market Rent £'000	Shared Ownership £'000	Total £'000
Cost								
At 1 April 2022	353,890	2,152	18,006	11,847	10,797	414	373	397,479
Replaced components	7,604	-	72	44	-	-	-	7,720
Transfer from Tangible Fixed Assets	-	-	-	-	1,734	-	-	1,734
Construction costs	-	-	-	-	10,618	42	935	11,595
Transfer to Housing Properties	14,679	-	68	-	(14,333)	(414)	-	-
Transfer to Assets Held for Sale	-	-	-	-	-	-	(547)	(547)
1st Tranche Adjustment	-	-	-	(277)	-	-	-	(277)
Disposal of Components	(1,634)	-	(47)	-	-	-	-	(1,681)
Disposal of Housing Properties/Staircasing Sales	(153)	-	-	(518)	-	-	-	(671)
At 31 March 2023	**374,386**	**2,152**	**18,099**	**11,096**	**8,818**	**42**	**761**	**415,352**
Depreciation								
At 1 April 2022	70,991	407	1,949	1,118	-	-	-	74,465
Charged in year	6,120	33	266	96	-	-	-	6,515
Disposal of Components	(1,634)	-	(47)	-	-	-	-	(1,681)
Disposal of Housing Properties/Staircasing Sales	(32)	-	-	(55)	-	-	-	(87)
At 31 March 2023	**75,445**	**440**	**2,168**	**1,159**	**-**	**-**	**-**	**79,212**
NBV At 31 March 2023	**298,941**	**1,712**	**15,931**	**9,937**	**8,818**	**42**	**761**	**336,140**
NBV At 31 March 2022	**282,899**	**1,745**	**16,057**	**10,729**	**10,797**	**414**	**373**	**323,014**

The net book value of housing properties held by freehold are £245m (2022: £236m) and leasehold are £86m (2022: £87m). The Group and Association had property with a net book value of £224m pledged as security at 31 March 2023 (2021: £237m).

Notes to the consolidated financial statements *(continued)*

11. Housing properties - Association

	Housing Properties				Under Construction			
	Social Housing £'000	Non-Social Housing £'000	Intermediate Market Rent £'000	Shared Ownership £'000	Social Housing £'000	Intermediate Market Rent £'000	Shared Ownership £'000	Total £'000
Cost								
At 1 April 2022	354,763	2,152	18,222	11,987	11,543	438	430	399,535
Replaced components	7,604	-	72	44	-	-	-	7,720
Transfer to Other Fixed Assets	-	-	-	-	(1,186)	-	-	(1,186)
Construction costs	-	-	-	-	9,376	47	1,008	10,431
Transfer to Housing Properties	15,227	-	69	-	(14,858)	(438)	-	-
Transfer to Assets Held for Sale	-	-	-	-	-	-	(575)	(575)
1st Tranche Adjustment	-	-	-	(277)	-	-	-	(277)
Disposal of Components	(1,634)	-	(47)	-	-	-	-	(1,681)
Disposal of Housing Properties/Staircasing Sales	(153)	-	-	(518)	-	-	-	(670)
At 31 March 2023	**375,807**	**2,152**	**18,316**	**11,236**	**4,875**	**47**	**863**	**413,296**
Depreciation								
At 1 April 2022	70,991	407	1,949	1,118	-	-	-	74,465
Charged in year	6,120	33	266	96	-	-	-	6,515
Disposal of Components	(1,634)	-	(47)	-	-	-	-	(1,681)
Disposal of Housing Properties/Staircasing Sales	(32)	-	-	(55)	-	-	-	(87)
At 31 March 2023	**75,445**	**440**	**2,168**	**1,159**	**-**	**-**	**-**	**79,212**
NBV At 31 March 2023	**300,362**	**1,712**	**16,148**	**10,077**	**4,875**	**47**	**863**	**334,084**
NBV At 31 March 2022	**283,772**	**1,745**	**16,273**	**10,869**	**11,543**	**438**	**430**	**325,070**

Notes to the consolidated financial statements *(continued)*

11. Expenditure on works to existing properties

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Amounts capitalised	7,720	6,081	7,720	6,081
Amounts charged to income and expenditure accounts	12,150	9,157	12,150	9,157

Notes to the consolidated financial statements *(continued)*

12. Investment properties - Group

The Group's and Association's freehold commercial investment properties were subject to an external valuation as at 31 March 2023. This valuation was carried out by Longdon and Cook Real Estate Limited and Axis Property Consultancy under instruction from the directors of Irwell Valley Housing Association Limited.

	Group and Association	
	2023	**2022**
	£'000	£'000
At 1 April 2022	10,662	13,732
Additions from Housing Properties	-	364
Movement in Valuation	440	(3,434)
Disposal	(3,049)	-
At 31 March 2023	**8,053**	**10,662**

During the year, the association sold one investment property, Bridge Square Apartments in December 2022. The surplus on sale was £933k detailed within note 9 of the financial statements.

Notes to the consolidated financial statements *(continued)*

13. Tangible fixed assets - Group

	Scheme Equipment £'000	Leasehold Office Premises £'000	Computer Equipment £'000	Fixtures & Equipment £'000	Land & Residential Properties £'000	Total £'000
Cost						
At 1 April 2022	3,037	39	3,559	936	1,734	9,305
Additions	215	-	562	3	-	780
Transfer to Housing Properties	-	-	-	-	(1,734)	(1,734)
Disposals	(100)	-	(554)	-	-	(654)
At 31 March 2023	**3,152**	**39**	**3,567**	**939**	**-**	**7,700**
Depreciation						
At 1 April 2022	1,594	35	2,856	559	-	5,047
Charged for the Year	143	1	380	34	-	558
Disposals	(100)	-	(554)	-	-	(654)
At 31 March 2023	**1,637**	**36**	**2,682**	**593**	**-**	**4,951**
NBV At 31 March 2023	**1,515**	**3**	**885**	**346**	**-**	**2,749**
NBV At 31 March 2022	**1,444**	**4**	**703**	**376**	**1,734**	**4,261**

Notes to the consolidated financial statements *(continued)*

13. Tangible fixed assets - Association

	Scheme Equipment £'000	Leasehold Office Premises £'000	Computer Equipment £'000	Fixtures & Equipment £'000	Total £'000
Cost					
At 1 April 2022	3,037	39	3,559	936	7,571
Additions	215		562	3	780
Disposals	(100)	-	(554)	-	(654)
At 31 March 2023	**3,152**	**39**	**3,567**	**939**	**7,697**
Depreciation					
At 1 April 2022	1,594	35	2,856	559	5,044
Charged for the Year	143	1	380	34	558
Disposals	(100)	-	(554)		(654)
At 31 March 2023	**1,637**	**36**	**2,682**	**593**	**4,948**
NBV At 31 March 2023	**1,515**	**3**	**885**	**346**	**2,749**
NBV At 31 March 2022	**1,444**	**4**	**703**	**376**	**2,527**

Notes to the consolidated financial statements *(continued)*

14. Fixed asset investments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Investment in Joint Ventures				
GMJV – The Hive	**573**	**739**	**-**	**-**

Investments represent a 10% share in GMJV Fundco LLP, a Limited Liability Partnership incorporated in England & Wales. The Investment has been made in the form of an equity stake representing a 10% stake of the partnership with a value of £573k (2022 - £428k) and a debtor of £388k (2022 - £310k) due to the investment expected to be repaid within the foreseeable future. Interest is charged at 6% on the outstanding debtor balance.

This balance has been apportioned in the financial statements with £573k shown as an equity investment and the remainder within long term debtors. The net cashflow to the subsidiary within the financial year was £222k.

Notes to the consolidated financial statements *(continued)*

15. Home buy properties

	Group and Association	
	2023	**2022**
	£'000	£'000
At 1 April 2022	181	181
Movement within year	-	-
At 31 March 2023	**181**	**181**

Notes to the consolidated financial statements *(continued)*

16. Debtors

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Amounts receivable after one year				
Other debtors	1,324	1,316	1,324	1,316
Loan to GMJV	388	-	-	-
Total amounts receivable after one year	**1,712**	**1,316**	**1,324**	**1,316**
Amounts receivable within one year				
Rent and Service Charges	3,163	2,604	3,163	2,604
Less: Provision for Bad Debts	(1,166)	(981)	(1,166)	(981)
Amounts due from group undertakings	-	-	5,977	3,202
Other debtors	2,156	2,365	2,051	2,365
Other tax and social security	58	66	-	-
Total amounts receivable within one year	**4,211**	**4,054**	**10,024**	**7,190**
Total amounts receivable	**5,923**	**5,370**	**11,348**	**8,506**

17. Stock and Work In Progress

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Stock - Van & Materials	232	138	232	138
Shared Ownership Properties - Work in Progress	548	87	578	93
Shared Ownership Properties - Completed	-	328	-	340
	780	**553**	**810**	**571**

Notes to the consolidated financial statements *(continued)*

18. Creditors: amounts falling due within one year

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Social housing and other grants (see note 23)	1,371	1,449	1,371	1,449
Bank loans (see note 19)	6,706	6,992	6,706	6,992
Rent received in advance	1,082	1,643	1,082	1,643
Amounts due to contractors	149	270	149	270
Trade creditors	1,677	914	1,676	888
Recycled Capital Grant Fund (see note 24)	242	334	242	334
Amounts due to group undertakings	-	-	1,364	2,399
Other tax and social security	9	187	9	187
Other creditors	930	1,516	930	1,516
Accruals	4,488	5,561	3,087	3,294
	16,654	**18,866**	**16,616**	**18,972**

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

	Group and Association	
	2023	2022
	£'000	£'000
Social Housing and other grants (see note 23)	116,695	115,420
Bank loans	153,923	141,134
Recycled Capital Grant Fund (see note 24)	317	369
Homebuy grant	181	181
Other Creditors	680	-
	271,796	**257,104**

Notes to the consolidated financial statements *(continued)*

Debt Analysis

	Group and Association	
	2023	2022
	£'000	£'000
Debt on bank loans repayable as follows:		
Between one and two years	8,408	7,027
Between two and five years	24,123	23,504
In five or more years	121,392	110,603
	153,923	**141,134**
In one year or less	6,706	6,992
	160,629	**148,126**

Housing loans from lending institutions are secured by specific charges on majority of the Group and Association's housing properties and are repayable at rates of interest of between 1.37% and 11.7% The level of undrawn facilities at the year-end stands at £100m, this relates to a revolving credit facility with Danske and a £30m fixed term loan with Warrington Borough Council, as well as the remaining £40m Scottish Widows Loan agreed in June 2022, for the facility of £60m.

During the year, IVHA completed an agreement with Scottish Widows for a £60m fixed rate facility.

20. Financial instruments

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Financial Assets				
Debt instrument measured at amortised cost	**24,001**	17,042	**28,528**	18,290
Financial Liabilities				
Measured at amortised cost	**168,730**	158,030	**167,329**	158,136

Notes to the consolidated financial statements *(continued)*

21. Operating leases

As at 31 March 20232 and 2022, the Group and Association had annual commitments under non-cancellable operating leases as set out below:

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Land and building				
Within 1 Year	273	273	273	273
Between 2-5 Years	1,091	1,091	1,091	1,091
After 5 Years	1,545	1,818	1,545	1,818
	2,909	**3,182**	**2,909**	**3,182**
Other operating leases				
Within 1 Year	379	354	379	354
Between 2-5 Years	896	1,173	896	1,173
After 5 Years	-	-	-	-
	1,275	**1,527**	**1,275**	**1,527**

22. Provision for liabilities

	Group		Association	
	2023	**2022**	**2023**	**2022**
	£'000	£'000	£'000	£'000
Pension deficit liability (see note 29)	3,938	3,047	3,938	3,047
	3,938	**3,047**	**3,938**	**3,047**

Notes to the consolidated financial statements *(continued)*

23. Deferred grant income

	Group and Association	
	2023	2022
	£'000	£'000
At 1 April 2022	116,869	113,492
Grants received during the year	3,306	4,539
Grants recycled (from) /to the RCGF	(144)	81
Released to income in the year	(1,965)	(1,242)
At 31 March 2023	**118,066**	**116,869**
Amounts to be released within one year	1,371	1,449
Amounts to be released in more than one year	116,695	115,420
	118,066	**116,869**

24. Recycled Capital Grant Fund (RCGF)

	Group and Association	
	2023	2022
	£'000	£'000
At 1 April 2022	703	622
Additions to fund	222	187
Utilised in the year	(366)	(106)
At 31 March 2023	559	703
Amounts to be released within one year	242	334
Amounts to be released in more than one year	317	369
	559	703

Notes to the consolidated financial statements *(continued)*

25. Share Capital Group

	Group		Association	
	2023	2022	2023	2022
Shares of £1 each issued and fully paid				
At 1 April 2022	9	8	9	8
Issued during the year	2	4	2	4
Surrendered during the year	(2)	(3)	(2)	(3)
At 31 March 2023	**9**	**9**	**9**	**9**

The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions. The members' liability is limited to £1 on a winding up of Irwell Valley Housing Association Limited.

Notes to the consolidated financial statements *(continued)*

26. Notes to Group cash flow statement

Reconciliation of operating surplus to net cash generated from operating activities

	Group and Association 2023 £'000	2022 £'000
Surplus	4,334	1,645
(Increase)/Decrease in valuation of Investment Properties	(440)	3,434
Interest charge	6,812	5,651
Interest received	(191)	(5)
Surplus on the sale of housing properties	(1,553)	(1,214)
Bad debt	283	361
Depreciation charges	7,073	5,929
Loss on disposals	-	461
Decrease/(Increase) in debtors	(153)	(1,503)
Amortisation of Housing Grant	(1,366)	(1,301)
Difference between net pension expense and cash contribution	(836)	(709)
Decrease/(Increase) in creditors	987	1,675
Non-cashable income	(593)	
	14,357	**14,424**

Net debt reconciliation

	1 April 2022 £'000	Cashflows £'000	Non-cash movement £'000	31 March 2023 £'000
Cash at bank and in hand	11,186	6,376	-	17,562
Bank loans	(148,126)	(12,766)	262	(160,630)
Net debt	**(136,940)**	**(6,390)**	**262**	**(143,068)**

Notes to the consolidated financial statements *(continued)*

27. Capital commitments

	Group and Association	
	2023	**2022**
	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	14,011	27,712
Capital expenditure that has been authorised but not yet contracted for	31,858	19,927
	45,869	**47,639**
The group and association expect to finance the above commitments by:		
Loan facilities, shared ownership stair-casing sales and other trading cash flows	**45,869**	**47,639**

Notes to the consolidated financial statements *(continued)*

28. Related parties

	Group and Association 2023 £'000	2022 £'000
Irwell Valley (Developments) Limited		
Intercompany balances		
Amounts owed in relation to design and build to IVHA	1,350	1,138
Amounts owed in relation to design and build to IVDL	1,364	2,399
Cash amounts transferred to IVDL for the Rivington development	4,627	2,064
Intercompany transactions		
Management fee charged to IVDL for Development & back office	425	546
Amounts recharged to IVHA for scheme contracts	8,352	15,623

IVDL began activity in July 2019, acting as a Design and Build Company for all the associations schemes.

GMJV - The Hive		
Investment in Joint Venture	**573**	**739**
Interest on debtor	**32**	**-**

Other related parties

The Association has two resident Board of Management members, F Carr had a credit balance of £1 as at 31 March 2023 and rental charges for 2022/23 of £7,380 and C Finegan had a nil balance and rental charges for 2022/23 of £3,131.

Sasha Deepwell, Irwell Valley Housing Association's Chief Executive, was a Director of Manchester Athena Limited up to April 2022. During the year, the group paid membership fees totalling £8k (2022: £8k) to Manchester Athena Limited.

Linda Levin, Irwell Valley Housing Association's Executive Director of Customers and Communities, is a Board Member of Bolton Community Homes. During the year, the group paid partnership fees totalling £10k (2022: £10k) to Bolton Community Homes.

Notes to the consolidated financial statements *(continued)*

29. Pension costs - SHPS

The Association is a member of the SHPS Pension Scheme.

The last completed triennial valuation of the scheme for funding purposes was carried out as at30 September 2020. The latest accounting valuation was carried out with an effective date of 30 September 2022.

Fair value of plan assets, present value of defined benefit obligation and defined benefit asset (Liability)

	Group and Association	
	2023	**2022**
	£'000	£'000
Fair value of plan assets	18,112	27,212
Present value of defined benefit obligation	22,050	30,259
(Deficit) in plan	(3,938)	(3,047)
Unrecognised surplus	-	-
Defined (liability) to be recognised	(3,938)	(3,047)
Deferred tax	-	-
Net defined benefit (liability) to be recognised9!	-	-

Reconciliation of opening and closing balances of the defined benefit obligation

	Group and Association	
	2023	**2022**
	£'000	£'000
Defined benefit obligation at start of period	30,259	30,685
Current service cost	-	-
Expenses	17	17
Interest expense	830	636
Member contributions	-	-
Actuarial losses due to scheme experience	593	1,766
Actuarial losses due to changes in demographic assumptions	104	-
Actuarial gains due to changes in financial assumptions	(8,987)	(2,108)
Benefits paid and expenses	(766)	(737)
Defined benefit obligation at end of period	22,050	30,259

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

	Group and Association	
	2023	**2022**
	£'000	£'000
Fair value of plan assets at start of period	27,212	26,013
Interest income	758	547
Experience on plan assets (excluding amounts included in interest income) - loss	(10,000)	574
Employer contributions	908	815
Member contributions	-	-
Benefits paid and expenses	(766)	(737)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	18,112	27,212

Notes to the consolidated financial statements *(continued)*

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was (£9.242m).

Defined benefit costs recognised in statement of the comprehensive income (SOCI)	**Group and Association**	
	2023 £'000	**2022** £'000
Current service cost	-	-
Expenses	17	17
Net interest expense	72	89
Losses on business combinations	-	
Losses on settlements	-	
Losses on curtailments	-	
Losses due to benefit changes	-	
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	89	106

Defined benefit costs recognised in other comprehensive income (OCI)	**Group and Association**	
	2023 £'000	**2022** £'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)	(10,000)	574
Experience gains and losses arising on the plan liabilities - (loss)	(593)	(1,766)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)	(104)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	8,987	2,108
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - (loss)	(1,710)	916
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain	-	-
Total amount recognised in Other Comprehensive Income - (loss)	(1,710)	916

Notes to the consolidated financial statements *(continued)*

	Group and Association	
	2023	**2022**
	£'000	£'000
Assets		
Global Equity	338	5,222
Absolute Return	196	1,092
Distressed Opportunities	548	974
Credit Relative Value	684	904
Alternative Risk Premia	34	897
Fund of Hedge Funds	-	-
Emerging Markets Debt	97	792
Risk Sharing	1,333	896
Insurance-Linked Securities	457	634
Property	780	735
Infrastructure	2,069	1,938
Private Debt	806	698
Opportunistic Illiquid Credit	775	914
High Yield	63	235
Opportunistic Credit	1	97
Cash	131	93
Corporate Bond Fund	-	1,815
Liquid Credit	-	-
Long Lease Property	546	700
Secured Income	831	1,014
Liability Driven Investment	8,342	7,593
Currency Hedging	35	(107)
Net Current Assets	46	76
Total assets	**18,112**	**27,212**

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.

Notes to the consolidated financial statements *(continued)*

	Group and Association 2023	2022
Key assumptions		
Discount Rate	4.86%	2.78%
Inflation (RPI)	3.19%	3.53%
Inflation (CPI)	2.77%	3.03%
Salary Growth	2.77%	3.33%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

	Life expectancy at age 65 (Years)	Life expectancy at age 65 (Years)
Male retiring in 2023	20.8	20.8
Female retiring in 2023	23.4	23.4
Male retiring in 2043	22.1	22.1
Female retiring in 2043	24.8	24.8

Notes to the consolidated financial statements *(continued)*

30. Joint Venture – GMJV The Hive

In 2019, IVDL, a fully owned subsidiary of Irwell Valley Housing Association Limited became a member of GMJV Fundco LLP with 9 other local registered providers. The LLP holds an 80% investment in Hive Homes LLP, a partnership which is helping to address growing housing crisis in Greater Manchester. IVDL made a contribution of £222k within the year (2022: £441k). Below is Hive Homes 31 March 2023 financial performance.

	GMJV Hive Homes	
	2023	**2022**
	£'000	£'000
Current Assets		
Work in Progress	9,250	6,805
Trade Debtors	422	505
Cash at bank	11,910	1,740
	21,582	9,050
Current liabilities		
Creditors	(5,874)	(1,914)
Net Current Assets	15,706	7,136
Reserves		
Members capital classified as equity	7,118	6,265
Members capital classified as debt	8,057	2,150
Revenue Reserves	1,304	(504)
Retained Earnings	(773)	(775)
Profit and Loss Account	15,706	7,136

For a copy of the signed accounts please contact us.

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irwell valley homes