



Hightown Housing Association Limited

Annual Report and Financial Statements For The Year Ended 31 March 2024

Co-Operative and Community Benefit Society Registration No. 18077R
Regulator of Social Housing Registration No. L2179

www.hightownha.org.uk

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Board of Management

<p>Bob Macnaughton Chair</p> <p>Joined Board 2015. Chair since September 2017 Member of the Remuneration & Nominations and Treasury Committees</p>	<p>Chartered Accountant and former company Chief Executive. Has had a career as a senior executive in a number of large and small businesses. More recently he has been involved in the development of commercial property and renewable energy schemes.</p> <p>He is Chair of Board of Trustees of ACS International Schools and is a Board member at the University of Hertfordshire.</p>
<p>Qadeer Kiani OBE Chair Designate</p> <p>Co-opted to the Board in February 2024. Member of the Remuneration Nominations Committee</p>	<p>A senior leader with social housing background and wealth of experience which spans over 30 years in diverse, multi-faceted, complex organisations in the private, public and not for profit sectors. A former Housing Association Chair and Chief Executive, he now runs his own successful Housing and Management Consultancy Practice which he founded in 2007.</p> <p>He is an EDI Board Advisor at NHS Midlands and Lancashire Commissioning Support Unit, holds an MA degree in Housing and was previously a fellow of the Royal Institute of Chartered Surveyors.</p>
<p>Cordelia Pace Vice-Chair</p> <p>Joined Board 2017. Chair of Remuneration & Nominations Committee and Member of Operations and Investment Committees. Designated Board member for Whistleblowing</p>	<p>Senior Legal Counsel. A qualified solicitor employed as Senior Legal Counsel and Compliance Manager for INEOS Oil & Gas UK.</p> <p>In her current role within a large commercial company, Cordelia analyses and advises the company on how to manage its business safely, transparently and responsibly. Her role is to ensure clear governance and compliance structures are in place and used which allow the company to grow and develop.</p>
<p>Sarah Pickup CBE Vice-Chair</p> <p>Joined the Board in 2017. Chair of Operations Committee and member of Risk & Audit and Remuneration & Nominations Committees</p>	<p>Qualified Accountant, Sarah is Deputy Chief Executive of the Local Government Association (LGA).</p> <p>In her current role she is engaged in national policy discussions on a range of matters including social care, local government finance and national housing policy. She is chair of HUC, a community interest company delivering primary care and integrated urgent care services for a number of Integrated Care Boards. She is also Trustee of the Nuffield Trust and of a local arts charity in Hertford. Sarah has extensive experience in the social care sector including commissioning and being responsible for the management of care and supported housing.</p>
<p>Sarah Barton</p> <p>Joined the Board in 2021. Chair of Risk & Audit Committee (From June 2023) and Member of Investment and Remuneration & Nominations Committees</p>	<p>FCA Qualified Finance Director. Former Interim Finance Director at CARE International UK until June 2022, an International NGO where she managed the UK Finance Team on all aspects of financial reporting, control and finance operations. Previously Director of Financial Reporting at The Guinness Partnership.</p> <p>Sarah has wide experience of financial leadership across all key areas including statutory reporting, control, treasury,</p>

	<p>budgeting and capital planning, forecasting, and investment portfolio management.</p>
<p>Olayinka (Yinka) Bolaji</p> <p>Co-opted to the Board in February 2024. Member of the Operations and Investment Committees</p>	<p>Currently Executive Director for Property and Development at Wandle HA, a housing association in South London. Yinka leads teams that develops genuinely affordable homes, maintains or improves existing assets to required standard and enhances the value of the property portfolio.</p> <p>With over 30 years' experience, Yinka has worked in senior roles at Genesis Housing Association and Anchor Trust. He has a degree in Quantity Surveying, a MBA from University of Cambridge and a Leadership 2025 alumni, a development programme that supports and empowers black professionals to become sector leaders of the future.</p>
<p>Leslie Channon</p> <p>Co-opted to the Board in February 2024. Member of the Operations and Risk & Audit Committees</p>	<p>Leslie holds a MA in Housing studies from the University of Westminster and is a Chartered member of the Chartered Institute of Housing. She is an experienced housing consultant, trainer, facilitator, independent chair & NED – with a strong track record of creating 'pitchfork-free' zones to enable collaboration.</p> <p>Leslie began her housing career as the Tenant Chair of an award-winning Scrutiny Panel. She has over 13 years' experience working in resident engagement, housing policy and research, data analysis and insight, consumer regulation, and public affairs.</p> <p>Post Grenfell, Leslie worked closely with MHCLG and various housing ministers to develop and co-facilitate the Ministerial Roadshows that informed the Social Housing Green Paper (2018). She has worked with the Regulator of Social Housing, the Housing Ombudsman and DLUHC in-light-of recent legislation and regulation. Her particular focus has been to ensure that residents had opportunities to shape the strengthening of the newly published Consumer Standards for Registered Providers.</p>
<p>Charmaine De Souza</p> <p>Joined the Board in 2021. Member of Operations and Remuneration & Nominations Committees. Board lead for Equality, Diversity & Inclusion</p>	<p>Experienced HR leader. Currently Chief People Officer at Oxford Health NHS Trust.</p> <p>Charmaine has worked across a range of sectors including the BBC, central government, London government and the third sector. She is a member of the People and Culture Advisory Group for the Money and Pensions Service.</p>
<p>Chris Ellmore</p> <p>Joined the Board in 2023. Member of the Risk & Audit and Treasury Committees</p>	<p>A qualified Accountant and qualified chartered Treasurer. Director of Corporate Finance for Moat Homes, a 20,000-unit Housing association based in London and the south-east. Chris has responsibility for treasury, long term planning, regulatory returns, investment appraisal and rent setting.</p> <p>Before joining Moat, Chris worked for a number of Local Government and Housing Association organisations in a variety of different finance roles.</p>

Zeena Farook

Joined the Board in 2023.
Member of the Investment and
Operations Committees

Chartered Civil Engineer and employed as Strategy Director for ArcadisGen, providing Asset Management Solutions which look at improving efficiency and NZC outcomes globally.

Zeena has over 18 years' experience in the Built Environment and has a breadth of experience from development, leading site works on major projects, to sustainability and digital solutions, building this capability into a Global business.

Alan Head

Joined the Board in 2018.
Chair of the Investment Committee
and member of the Risk & Audit
and Remuneration & Nominations
Committees

Retired building surveyor. Experienced non-executive director in the residential development and construction sectors.

Alan's last employment was Head of Major Projects at Three Rivers District Council where he was responsible for the direction and commerciality of the Council's development, property investment and major construction projects.

David Matthews

Joined the Board in 2020.
Chair of Treasury Committee
(From June 2023) and Member of
the Risk & Audit Committee

A professional banker. Currently Managing Director, Head of Loan Capital Markets EMEA at Barclays Investment Bank where he leads a team which structures loans for large corporate clients. David is involved in a range of debt and risk management products.

David's interest in the social housing sector is long standing and he was instrumental in establishing Barclays' first dedicated Housing Association team in the 1990's.

**James Steel
(to September 2023)**

Joined the Board in 2013.
Member of the Risk & Audit and
Treasury Committees

Currently a commercial consultant to the Cabinet Office. Previously an investment banker and chartered accountant.

James is also a Senior Independent Director of Ahli United Bank (UK) PLC, a Trustee of two local charities, and was until November 2023 a Director of Shared Services Connected Ltd. Past appointments include Director of PZ Cussons plc and various private companies, Trustee of various charities and Governor of the University of Hertfordshire.

Executive Directors

The executive directors hold no interest in the Association's shares and act as executives within the authority delegated by the Board.

David Bogle

Role: Chief Executive

Years with Hightown: 30

David Bogle is Chief Executive of Hightown Housing Association.

After leaving university, David worked as a Housing Officer in three London Boroughs before joining Anchor Housing. He was then briefly Director of Praetorian HA before it merged with Hightown HA in 1995. David has been Chief Executive of Hightown since then. He is a Fellow of the Chartered Institute of Housing.

David is also Chair of Homes for Cathy which is a group of around 100 housing associations and housing charities which works with Crisis and others to encourage housing associations to do more to tackle homelessness and rough sleeping and to lobby for more resources to end homelessness. See www.homesforcathy.org.uk

Amy Laurie

Role: Director of Care & Supported Housing – job share

Years with Hightown : 6 plus 4.5 years previously.

Amy has 19 years' experience in the supported housing & care sector - 2 years working frontline in services, 7 in operational management & 11 delivering strategic management. Amy is a certified practitioner of the Chartered Institute of Housing, holding professional qualifications in both supported housing and leadership & management.

Amy is expert in designing & delivering housing and support solutions across cohorts, including the formation of social enterprise schemes. As an experienced senior leader Amy has been influential in delivering new initiatives within the sector & enhancing existing provision in key areas including; Complex Needs HRS, VCS Services, Supported Living & Care.

Gemma Richardson

Role: Director of Care & Supported Housing – job share

Years with Hightown: 19

Having graduated from the University of Hertfordshire with her BSc in Psychology, Gemma joined Hightown as a graduate trainee in 2005 while completing work placements across the business including Housing, Leasehold, Development, Asset Management and Income Recovery. In this time, she achieved her qualification with the Chartered Institute of Housing and completed training with the Institute of Leadership and Management. Having completed the graduate programme Gemma moved into the first of many managerial roles for Hightown commencing within the general needs housing and operations team.

Since then, Gemma has moved across the business and in 2012 joined the C&SH department as a senior leader. She went on to work as the Head of Department for C&SH overseeing county wide contracts and service delivery until her recent appointment into the

Andrew Royall

Role: Director of Development

Years with Hightown: 21

position of Director – a role she shares with her job share partner Amy Laurie.

Andrew Royall holds a BA Hons in Housing Studies from Sheffield Hallam University and is a Member of Chartered Institute of Housing. He has over 30 years' experience of working in housing in a number of organisations including a local authority, three housing associations doing policy work, managing a range of supported housing services and property development. He also spent three years working on a construction training/housing development project in a South African township.

Andrew has worked for Hightown since 2003 starting as a Supported Housing Manager in the Care and Supported Housing Department before moving into Development. He spent 12 years as Head of Development before taking up the post as Director of Development in 2017.

David Skinner

Role: Director of Financial Services

Years with Hightown: 15

David Skinner has 47 years financial experience in the not-for-profit sector including 20 years in local government finance and the last 27 years working for Housing Associations.

He began working in the social housing sector in 1997 with the William Sutton Trust and then as Finance Director to their subsidiary Ridgehill. In 2006 David joined the newly merged Affinity Sutton Housing Group as Director of Financial Services and in February 2009, after a short period of interim assignments, David joined Hightown Housing Association as Director of Financial Services.

David is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Fellow of the Association of Corporate Treasurers (FCT).

Natalie Sturrock

Role: Director of Housing

Years with Hightown: 15.5

Natalie Sturrock holds a BA Hons in Sociology from the University of Exeter and is a Chartered Member of Chartered Institute of Housing, having completed the Level 5 Professional Diploma in Housing in 2017.

She has over 15 years' experience of working in housing and started her career as a Tenant Board Member for a Housing Association in South-West England. Natalie has extensive experience of housing management and has worked for Hightown since 2008. She started as a Graduate Trainee, before moving into Home Ownership and then General Needs housing management. She spent 7 and a half years as Head of Housing, before taking up the post of Director of Housing in June 2022.

Sarah Salter (to 30 April 2023)

Role: Interim Director of Corporate Services

Years with Hightown: 27

Sarah Salter holds a BA Hons in Housing from the University of the West of England and is a Member of Chartered Institute of Housing. She has over 30 years' experience of working in housing in several organisations including local authority housing needs, and in a number of housing management roles at a national housing association working in Hertfordshire, Sussex and London.

Sarah has worked for Hightown for over 27 years in various roles across the organisation including Housing Manager and Service Review Manager. For the last 7 years Sarah was Head of Business Support and led on a number of business transformation projects across the Care & Support Department and Operational teams. Sarah took up the post of Interim Director of Corporate Services in April 2022 while Susan Wallis took a 12 month sabbatical. Sarah retired from Hightown in April 2023.

Susan Wallis (to 25 April 2023)

Role: Director of Corporate Services

Following a year on sabbatical leave from 25 April 2022 Susan decided to leave Hightown in April 2023.

Company Secretary

Trudi Kleanthous

Registered Office

Hightown House
Maylands Avenue
Hemel Hempstead
Herts, HP2 4XH

Advisors and Bankers

External Auditors

Beever & Struthers
150 Minorities Bunhill Row
London EC3N 1LS

Principal Solicitors

Pennington Manches Cooper LLP
9400 Garsington Road
Oxford Business Park
Oxford, OX4 2HN

Devonshires LLP
30 Finsbury Circus
London
EC2M 7DT

Principal Bankers

Lloyds Bank plc
Public & Community Sector
25 Gresham Street
London, EC2V 7HN

It has been another busy and challenging year for Hightown and its residents. The effects of high inflation and increased interest rates have impacted the Association's finances and meant a cost of living squeeze on our residents. They have faced higher rent increases and, in some cases, service charge increases over and above inflation due to energy and labour cost rises. More of our tenants have struggled to pay their rent and our tenancy sustainment and financial inclusion teams have been working at full capacity to support them. Hightown exists to provide high quality and affordable homes and this purpose remains undiminished. We need to support our residents as much as possible through these difficult times.

Hightown, like the rest of the sector, has also been dealing with a significant increase in fire and building safety works together with a much greater focus on remedying damp and mould issues. As a consequence expenditure on repairs and maintenance has increased significantly which is shown in the asset management report section.

The combination of the increased costs from macro economic factors and the increased maintenance costs have resulted in a decrease in the financial performance of the Association. Hightown does remain in a strong financial position, however, recognising the changing circumstances the Board has taken the decision that it is prudent to slow down the programme for the development of new homes. As a consequence our objective for new homes has been reduced from 500 new homes per year to 350.

Our ongoing commitment to the development of new homes is reflected in a record year for Hightown, with 664 new affordable homes delivered in 2023/24. This is likely to be a peak year for development as the future programme will start to slow. However, building new homes is a key part of our purpose as new homes make a major contribution to reducing homelessness in our area of operations, allowing families to move from unsatisfactory temporary accommodation into permanent, secure housing. 46% of our lettings in 2023/24 went to homeless households – much higher than the national average.

The funding for new homes comes from a combination of reinvesting our surpluses, government grants and third party lending. In September we borrowed more funds via a £125 million Private Placement ('PP') which was well subscribed and brought in new lenders to Hightown. This means that Hightown has strong liquidity to fund its development programme and we have increased the proportion of fixed rate debt. In February our Moody's rating improved to A3 stable, in recognition of Hightown's strong finances and the steps taken to reduce risk in our financial plan.

Operational performance remains strong despite the financial headwinds described above. Unsurprisingly, rent arrears have increased during the year, but they appear to have stabilised. We have been pleased to see a reduction in our average lettings times back down to 20 days for the year.

Reflecting a trend across the housing sector, we have seen an increase in complaints. We reviewed our complaints process in preparation for the Housing Ombudsman Service's new statutory Complaints Handling Code from April 2024, and continue to work on how we can improve complaints handling. We carried out the first annual Tenant Satisfaction Measures survey and created an action plan to implement service improvements and improve satisfaction. Over the year, we have also seen an increase in repairs costs, and have worked hard to meet the implementation of legislative and regulatory changes around building safety.

I am pleased to report that we retained our G1/V2 rating from the Regulator of Social Housing following the In Depth Assessment we underwent in January. It was a very thorough exercise which highlighted areas of good practice and areas for improvement. Although we were too early for formal assessment under the Consumer Standards, we were questioned about our preparedness for the new regime and received positive feedback on our progress. The new consumer standards will be an important focus for the whole organisation in the coming years, with a particular attention to Tenant Satisfaction Measures and resident engagement.

Chair's Statement

For the year ended 31 March 2024

At Hightown we are very proud of our Care and Supported Housing ('C&SH'), where we provide a range of services and housing to some of the most vulnerable people. This sector has faced funding pressures for many years, so we are happy to report that we remain in surplus and have been able to continue our commitment to pay the Real Living Wage to our staff. Furthermore, all of our services are now rated 'good' or better by the Care Quality Commission.

Our ongoing commitment to our C&SH activities can be illustrated by the retention of two large contracts in Buckinghamshire which went out to tender in the year. Also, in March, we acquired 41 supported housing properties in Herts from another provider. We were already providing support services in many of those properties. Other expansion and investment in C&SH included the opening of a new scheme for rough sleepers in Hemel Hempstead and the refurbishment of Martin House, one of our supported housing projects in St. Albans.

Recruiting and retaining staff remains challenging in many parts of our operations with staff often having to step in where statutory services are in short supply. We recruited 219 permanent staff and 187 bank workers in the year – our highest totals ever.

On the subject of recruitment, I am delighted that we have recruited three new Board members – Leslie Channon, Yinka Bolaji and, our Chair elect, Qadeer Kiani. I know they will bring energy and valuable new perspectives to the Board. It is also time to say goodbye, with Sarah Pickup and I leaving the Board after reaching our term limits.

After nine years as a Board Member and seven years as Chair of the Board I will step down in September 2024. During my tenure Hightown has grown from around 6,000 homes to 9,000 homes and increased its annual turnover from £63 million to £121 million. I am pleased to have been able to play a part in that success and am very grateful for the contribution of my fellow Board members during my time as Chair and my thanks to the amazing team at Hightown.

Looking forward I am confident that Hightown will continue to deliver its mission of building homes and supporting people. There will remain headwinds from the challenge of financial pressures. There will also be the added pressure from increased external scrutiny, new legislation and enhanced regulation.

Working with others including as part of the Homes for Cathy group, Hightown will continue to do all it can to end homelessness, build new affordable housing and provide vital supported housing and services while fulfilling its role as a leading social landlord.

Bob Macnaughton

Chair

4 July 2024



STRATEGIC REPORT

Mission

Building homes. Supporting people.

Values

- Put residents and service users first
- Treat people with respect
- Be cost effective
- Don't compromise standards or safety
- Develop passionate and committed teams

Culture

Hightown's culture aligns with our values and social purpose. We are supportive, inclusive, and responsive and share an ambition to learn and to develop for the benefit of current and future residents and service users.

Our Objectives and Strategy

Background and objectives

Hightown is a charitable housing association which was founded in Hemel Hempstead in 1967. It has merged with a number of local housing associations in west Hertfordshire, including Praetorian H.A. (1995) and St. Albans District and Churches H.A. (2003), which were also founded by volunteers in the late 1960's in response to the homelessness crisis at that time.

Hightown owns and manages nearly 9,000 homes and provides care and supported housing in 90 projects. It operates mainly in Hertfordshire, Bedfordshire and Buckinghamshire but also has care and support projects in Berkshire.

Hightown's central office is on the Maylands Business Park in Hemel Hempstead, Hertfordshire and all operational activities are contained within an area which is no more than one hour's travel from that office.

Hightown's primary objectives are:









- to provide excellent services to its existing residents and service users; and
- to develop new affordable housing and services to meet the urgent needs of people who are vulnerable or disabled or who cannot afford to buy or rent housing at market rates in the area.

Along with other 'traditional' housing associations, Hightown has responded to local housing needs by developing a wide range of housing and services for different client groups.

Hightown considers itself to be an agile, 'can do' organisation that can move quickly in response to changing local housing and support needs. During 2023, Hightown has been developing its Corporate Strategy for 2024-27 in collaboration with the Board, staff and residents.

Strategic Plan Objectives

The Strategic Plan Objectives 2021-24 and performance to March 2024 are as follows:

Strategic Plan Objective	Progress at March 2024	Flag
Property Development		
Develop 500 new affordable homes each year on a three year rolling average.	610 homes completed to 31st March 2022 530 homes completed to 31st March 2023 664 homes completed to 31st March 2024 Total homes developed 21-24 = 1,804	
Develop each year an average of 250 of those new affordable homes on Hightown sites.	2021-22 - 239 homes 2022-23 - 165 homes 2023-24 - 277 homes Total homes developed on Hightown sites 21-24 = 681 averaging 227 per year	
All new homes to have an Energy Efficiency rating of Band B or better.	Band B EPC is 81-91 SAP points for all homes. The average SAP rating for handovers in 2023/24 was 83. The average SAP rating for all handovers within 2021-24 was 84.	
Achieve a minimum of 80% customer satisfaction with new homes.	Overall satisfaction with new homes has remained consistent at 82%.	
Financial Viability		
Maintain a strong surplus.	Surplus for 2023/24 = £11m – £4.5 m below budget. EBITDA MRI 133.8% (Golden rule >140%) Budget 2023/24 – 144.6%	
Maintain current Moody's rating of A3.	Hightown currently rated A3 Stable by Moody's.	
Diversify and extend funding streams to support development programme.	New secured £125m Private Placement delivered in September with six new investors.	
Ensure Care and Supported Housing financial performance supports sustainable and high quality services.	Provisional year-end position for 2023/24 shows an actual YTD C&SH surplus of £207k. Uplifts secured across multiple contracts/care packages throughout the financial year. C&SH's Viability RAG Assessment Tool is now live. Viability action plans will be produced to ensure future viability of contracts & quality of services.	

Resident Services

Achieve upper quartile performance for tenant satisfaction with overall service provided.

The TSM survey was completed in Summer 2023 and resulted in satisfaction of 68.1% for our rented tenants. HouseMark have reported significant falls in satisfaction in the sector. Hightown uses perception surveys but transactional surveys generally achieve better results. Analysis of key drivers was carried out and an action plan has been developed to improve satisfaction.



Achieve 25% increase in satisfaction levels amongst shared owners and leaseholders.

The TSM survey was completed in Summer 2023 and resulted in satisfaction of 36.1% for shared owners. Satisfaction has dipped across the sector. Analysis of key drivers was carried out and an action plan has been developed to improve satisfaction.



With regard to Value for Money, aim to position all Hightown Key Performance Indicators in the low cost/high quality quartile of the HouseMark cost v. performance matrix.

The annual Housemark benchmarking report for 2022-23 placed Hightown's overall performance compared with similar housing associations as below:



Develop and commence implementation of a plan to improve the environmental impact and efficiency of existing homes.

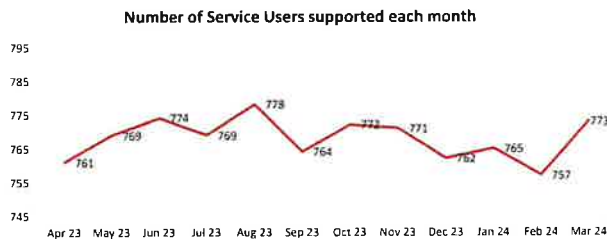
Calford Seadon Sustainability report discussed at Board Away day in October 2023. Since then the Board has approved a number of new schemes with Air Source Heat Pumps despite the higher costs. Early adoption of Future Homes Standard has been impeded by increases in build costs. A new SHIFT report on our carbon footprint is due to be commissioned this year. However, our lack of financial interest cover headroom is currently a constraint on developing a programme for our existing stock.



Care and Supported Housing

Grow and develop our Care and Supported Housing Services.

Number of Service Users supported each month



Number of service users has stayed broadly in line following the development of Alexandra Road and the development of Martin House, in combination with the closure of Printers Avenue and repurposing of Manor View.

<p>Improve the average CQC/Commissioners rating across our services.</p>	<p>Overall inspections - 100% rated Good or above [this includes 100% of CQC inspections]. Up from 82% at March 2023.</p>	
<p>Improve our ability to support Service Users independence as measured by achievement of goals and outcomes with our Growth model.</p>	<p>The Support Planning Growth Tool is under review following internal & external feedback on suitability, effectiveness & functionality.</p>	
<p>Aim to be a Real Living Wage employer.</p>	<p>Project brief has been developed & is with our software development team for review. Implementation Target date is Q4 2024-25.</p>	
<p>Corporate</p>	<p>Real Living Wage of £12 per hour paid from April 2024.</p>	
<p>Seek out and consider ways to improve resident engagement, resulting for each year of the plan in continuous improvement in opportunities for engagement and evidence that the residents' voice is being heard.</p>	<p>Good progress made against the Resident Involvement Strategy action plan, with most items completed. New opportunities for involvement and feedback have been developed. A representative from C&SH Voicebox attended the January Operations Committee providing direct feedback to members of the committee. Positive, consistent progress made against C&SH's VoiceBox & Co-Production Action Plan 2021-23, reviewed periodically by Operations Committee.</p>	
<p>Aim to be rated G1/V1 rating by the Regulator for Social Housing.</p>	<p>In January 2023, in light of economic stresses facing the sector, the RSH regraded Hightown's rating to G1/V2. An IDA was completed in March 2024, that secured Hightown's rating at G1/V2, a fully compliant grading.</p>	
<p>Promote actions and encourage diverse communities and workforce.</p>	<p>Action plan arising from the annual E&D Report has been agreed in conjunction with E&D Forum.</p>	
<p>Support the work of the 'Homes for Cathy' group and deliver an annual homelessness action plan.</p>	<p>Hightown continues to support Homes for Cathy with staff resources. Annual Hightown Homes for Cathy report recently reviewed by Ops Cttee and Board.</p>	
<p>Ensure that the Association's data is fully protected and IT systems remain fully accessible at all times.</p>	<p>There was a phishing attack in September 2022 and assurance was provided from a specialist IT forensic team that the attack was contained and no was data ex-filtrated. The ICO have confirmed no action further action is to be taken.</p>	
<p>Use Five Ways to Wellbeing to develop staff and move towards a culture of continuous improvement.</p>	<p>A Penetration Exercise was completed in December 2022 and no critical vulnerabilities were identified. This exercise was repeated in December 2023 again with no critical vulnerabilities.</p> <p>Cyber Essentials certification was obtained in July 2023 and work has commenced towards obtaining Cyber Essentials Plus. This includes elements that factor into Business Continuity.</p> <p>The Five Ways to Wellbeing are embedded into the annual appraisals. A range of wellbeing initiatives is rolled out to staff from our Wellbeing Champions group.</p>	

Our Performance

Financial Performance

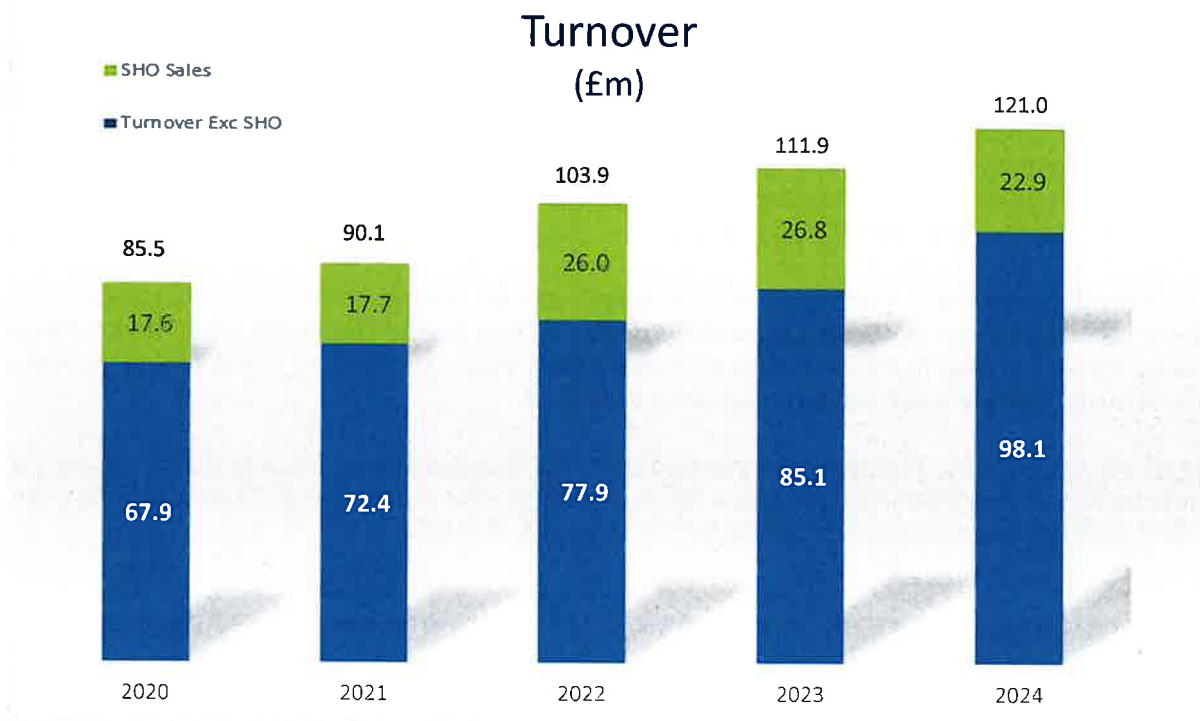
Turnover has grown by 8.1% (2023 7.7%) reflecting the growth in rented units delivered by the development programme. Property rents in April 2023 were increased by the 7% cap agreed with the Regulator of Social Housing. Hightown's turnover from recurring activities excluding First Tranche Shared Ownership sales, rose by £12.9m 15.2% (2023 9.2%). However, high inflation on repair costs, major repairs spend including building safety and rises in interest rates in the year have reduced the surplus for the year to £10.6m (2023 £18.5m).

The following tables and charts show how Hightown's annual turnover has risen over the last 5 years. Turnover has risen by 41.4%, 44.5% excluding First Tranche Shared Ownership sales. Gross margin remains strong but net margin has reduced in the last two years due to higher interest costs and rising repair costs. Interest cover remains above loan covenants.

Over the last 5 years, Hightown has invested the Total Comprehensive Income of £84.9m into the delivery of new over 2,000 new affordable homes, aided by debt of £233.6m and social housing grant. The number of homes owned and managed has risen 30% to 8,873.

5 Year Financial Summary	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Turnover	120,969	111,914	103,887	90,088	85,536
First Tranche Shared Ownership sales (included in turnover above)	22,891	26,828	25,992	17,726	17,642
Operating Surplus	42,454	38,646	34,666	29,121	27,412
Interest payable	32,048	20,199	13,640	11,252	11,750
Surplus for the year	10,632	18,487	21,028	17,595	15,746
Total Comprehensive Income	9,804	17,999	23,002	13,588	20,522
Gross Margin %	35%	35%	33%	32%	32%
Net Margin %	8%	17%	20%	20%	18%
Interest cover (times)	1.3	1.9	2.5	2.6	2.3
Housing Properties at cost (GBV)	1,220,435	1,113,878	1,006,030	907,574	825,284
Housing Properties at cost (NBV)	1,127,802	1,032,534	934,750	844,990	770,314
Total Assets less current liabilities	1,155,861	1,065,584	974,697	882,084	824,085
Total Debt after fees	739,124	669,346	610,078	540,200	505,506
Total Reserves	216,099	206,295	188,295	165,293	151,705
Units Owned and managed	8,873	8,271	7,797	7,227	6,818

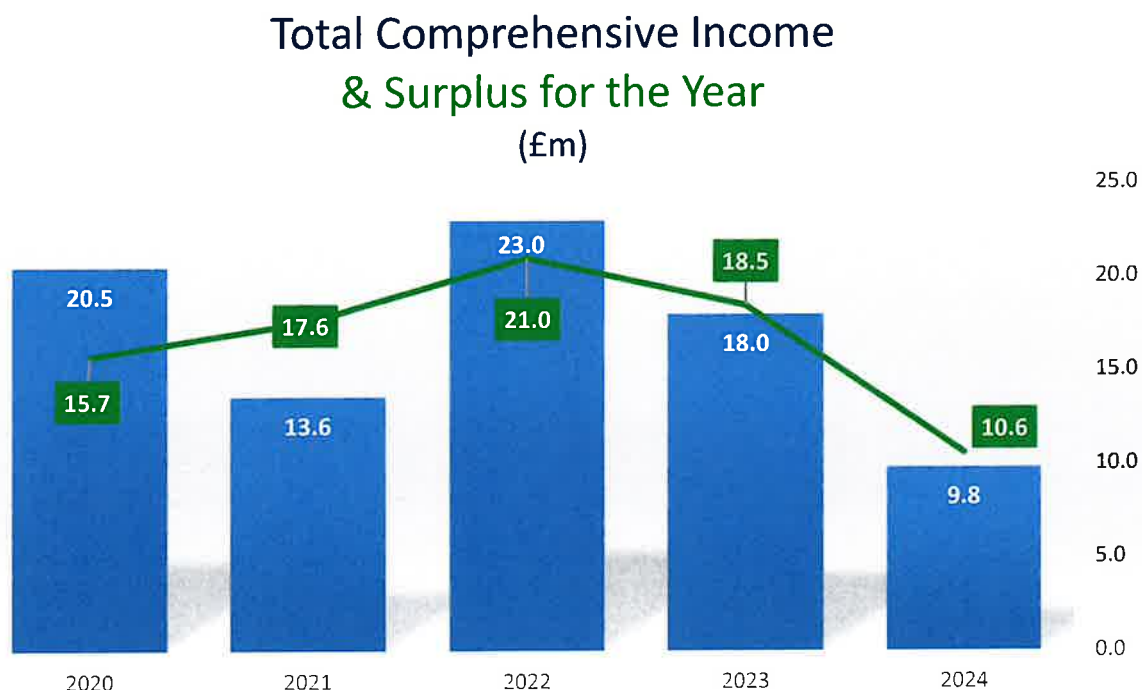
Turnover, including sales of First Tranche Shared Ownership (SHO) properties has risen over the last five years as shown below:



Hightown's turnover has seen continued growth in the last five years as shown above, due to the delivery of new homes, annual increases in rents under the Rent Settlement and shared ownership unit leases, and the value of first tranche shared ownership units.

The Total Comprehensive Income for the year has seen volatility from interest rate rises and higher repair costs, and in past years, volatile swings in the estimated position (surplus/deficit) of the Association's defined benefit pension schemes calculated in accordance with Financial Reporting Standard 102 (FRS 102). Measurement of the accounting provision for pension is particularly sensitive to movements in both the discount rate (the 10 year corporate bond rate) and future inflation assumptions. The pension provision at 31 March 2024 was £3.9 million (2023: £3.9 million). See Statement of Financial Position and Note 29.

The graph below shows the Total Comprehensive Income and the Surplus for the Year before pension provisioning:



With an active new build development programme each year, Hightown typically spends over £120 million gross. This is funded from capital grant from Homes England and local authorities, first tranche shared ownership property sales, Hightown's net cash surplus, and the balance, typically around £70-£80 million comes from new borrowing from banks and institutional investors in the capital markets. of new borrowing is required each year to fund the development programme.

Moody's Credit Rating

In March 2024, Hightown received a public credit rating of **A3 Stable outlook**, from Moody's Investment Services. This investment grade rating illustrates the financial strength of the Association.

Development Programme

The financial year 2023/24 was another very active year in Hightown's development programme. Despite continued increases in construction costs and the higher cost of borrowing, Hightown built 667 properties of which 648 were new homes - a growth rate of 7.8%. It refurbished 16 units and delivered 3 commercial shops. In the last three years Hightown has built nearly 1,800 new homes.

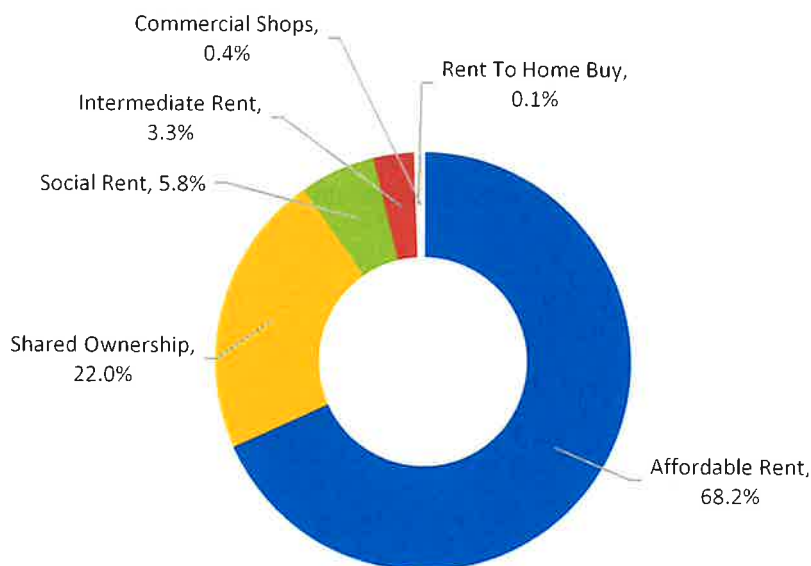
A summary of the 2023/24 development programme is as set out below:

a) Tenure

In 2023/24 Hightown predominantly built properties to let at Affordable Rent 68.2% (2023: 53.4%) and for Shared Ownership 22% (2023: 31.1). There were 39 homes (5.8%) developed at Social Rent (2023: 12.6%) which reflects the low level of Social Housing Grant available to subsidise this tenure. Hightown does not develop for market sale or market rent. Around 41% of the new homes were houses.

	Apr-Jun 23	Jul-Sep 23	Oct-Dec 23	Jan-Mar 24	Total	
Total	186	170	142	169	667	
Affordable Rent	124	155	96	80	455	68.2%
Shared Ownership	51	8	45	43	147	22.0%
Social Rent		7	1	31	39	5.8%
Intermediate Rent	10			12	22	3.3%
Rent To Home Buy	1				1	0.1%
Commercial Shops				3	3	0.4%

Development by Rent Tenure

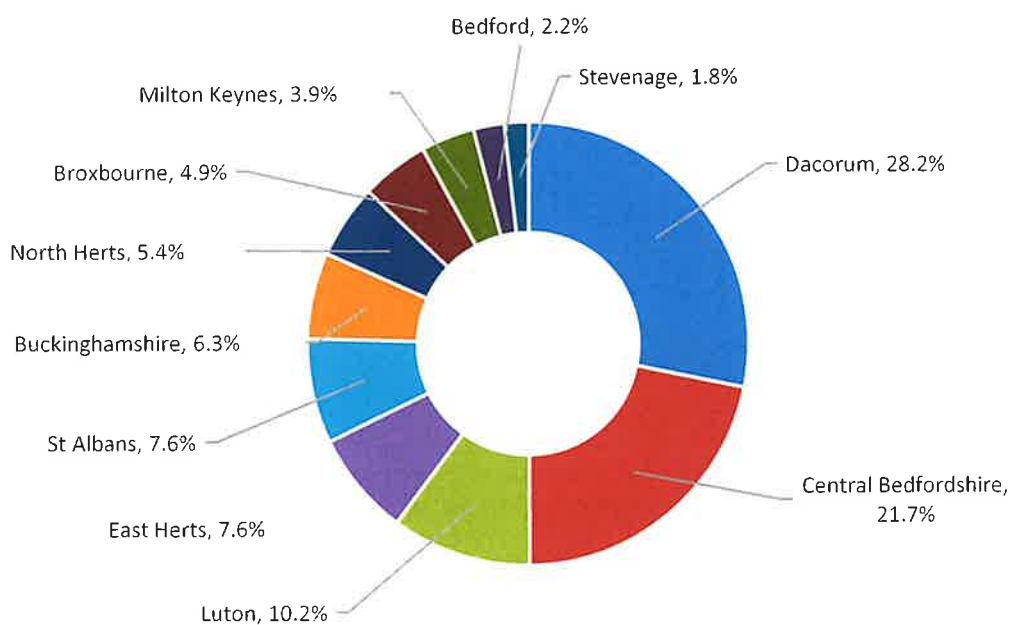


b) Local Authority Area

Hightown built 667 properties in 11 local authority areas within Hertfordshire, Bedfordshire and Buckinghamshire:

	Apr-Jun 23	Jul-Sep 23	Oct-Dec 23	Jan-Mar 24	Total	
Total	186	170	142	169	667	
Dacorum	47	43	20	78	188	28.2%
Central Bedfordshire	57	35	29	24	145	21.7%
Luton	39	29	0	0	68	10.2%
East Herts	14	19	17	1	51	7.6%
St Albans	19	4	0	28	51	7.6%
Buckinghamshire	0	13	21	8	42	6.3%
North Herts	0	4	16	16	36	5.4%
Broxbourne	9	0	12	12	33	4.9%
Milton Keynes	1	23	2	0	26	3.9%
Bedford	0	0	13	2	15	2.2%
Stevenage	0	0	12	0	12	1.8%

Development by Local Authority Area

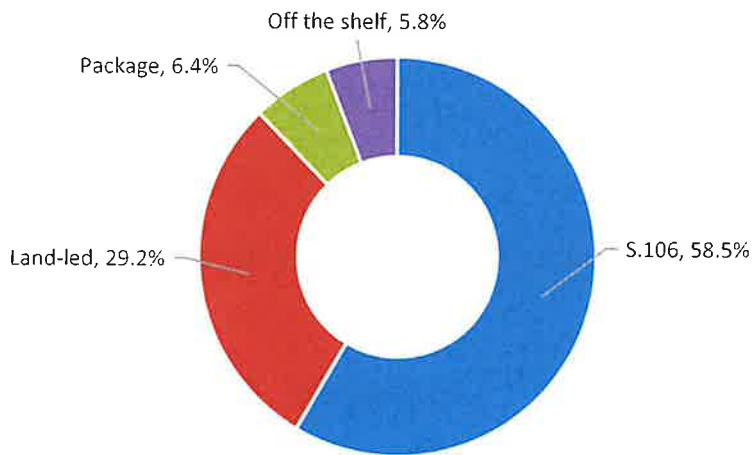


c) Procurement Route

In total, 58.5% of Hightown’s new build homes were developed by housebuilders under S.106 planning requirements to provide affordable housing and 41.5% came from land purchased and developed by Hightown and from package deals:

	Apr-Jun 23	Jul-Sep 23	Oct-Dec 23	Jan-Mar 24	Total	
Total	186	170	142	169	667	
S.106	123	91	101	75	390	58.5%
Land-led	47	43	11	94	195	29.2%
Package	0	13	30	0	43	6.4%
Off the shelf	16	23	0	0	39	5.8%

Development by Procurement Route



Development Policy

Hightown’s policy is to maximise the number of new affordable homes it can provide while maintaining strong finances and managing associated risks. Its preference is to deliver Affordable Rent and, where supported by social housing grant or other subsidy, Social Rent. Where this is not possible, Hightown will develop sub-market rented properties let at Intermediate Rent and homes for Shared Ownership. Housing needs in Hightown’s area of operations are overwhelmingly for homes to rent at sub-market rents so the Association aims to have at least 65% of its development programme producing homes for rent, with the remaining proportion being for shared ownership.

Hightown expects to deliver around 1,200 new affordable homes over the next four years, from 2024/25 to 2027/28. Around 67% of the new homes will be on sites purchased by Hightown for affordable housing with the remaining 33% coming from the affordable housing element on sites developed by private housebuilders under S.106 planning requirements.

Asset Management

Hightown is committed to providing good quality, safe and energy efficient homes to our residents. Building safety and well maintained homes for our residents remains our priority, also ensuring our homes are ones our residents want to live in and are proud to call their home. We will not compromise on resident safety or our legislative duties.

Maintenance Expenditure

During 2023/24 the repairs programme was actively managed to reflect increased demand. Total repair costs (excluding overhead allocation) were £10.4m against a budget of £8.6m, calculating an adverse budget variance of £1.8m.

Costs were overspent in every category due to a combination of unplanned works, including damp and mould, fire door replacements, linked detection and major repairs at two schemes.

5 Year Maintenance Expenditure (including overhead allocation)	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
SOCI Costs					
Routine maintenance	8,673	6,727	5,215	3,714	3,709
Planned maintenance	1,794	1,022	963	849	658
Major repairs expenditure	4,088	3,266	1,981	1,485	1,115
	14,555	11,015	8,159	6,048	5,482
Components Capitalised	2,055	2,159	2,346	1,873	1,830
Total	16,610	13,174	10,505	7,921	7,312

Building Safety and Stock Condition

Resident Safety is the Board's top priority, with 2023/24 one of the most challenging years in building safety. Unplanned safety works pertaining to fire safety and combustible cladding were carried out at two schemes. These works resulted in significant unbudgeted expenditure, as the buildings required extensive remediation, including the removal of all upper floor cladding. This involved temporarily decanting residents.

In the summer of 2023, the Regulator of Social Housing announced further scrutiny of rolling five-year stock condition surveys. Entering financial year 2023/24, Hightown's percentage of in-date surveys on its stock stood at around 35%, which was primarily due to the COVID Pandemic. Due to this backlog of surveys, Hightown engaged specialist Faithorn Farrell Timms (FFT) to complete a programme of surveys to bring Hightown's stock survey data back up to date.

FFT completed over 4,000 surveys, increasing our compliance rate to 93%. Moving forward, we have appointed dedicated staff resource to carry out the ongoing programme of inspections to ensure continued high compliance and reduce cloned surveys. The inspection programme will see Hightown hold 100% physical survey data within the next two years.

Damp and Mould

Following the tragic death of Awaab Ishak in Rochdale in 2020, and the subsequent coroner's findings that damp and mould in his Rochdale Boroughwide Housing Association home was the main cause, there has been a heightened focus on damp and mould across the social housing sector.

Hightown reviewed its approach to identifying, investigating and resolving damp and mould in tenants' homes in November 2022, introducing a revised robust inspection process. In June 2023 a dedicated staff team was implemented to focus on damp and mould cases. Between November 2022 and March 2024, Hightown completed 566 damp and mould inspections, 270 of which have been completed since the introduction of the new team. At the end of March 2024, there were 141 damp and mould cases logged requiring inspection. We have provided residents with updated information about how Hightown deals with condensation, damp and mould and have engaged with residents through activities at estate events.

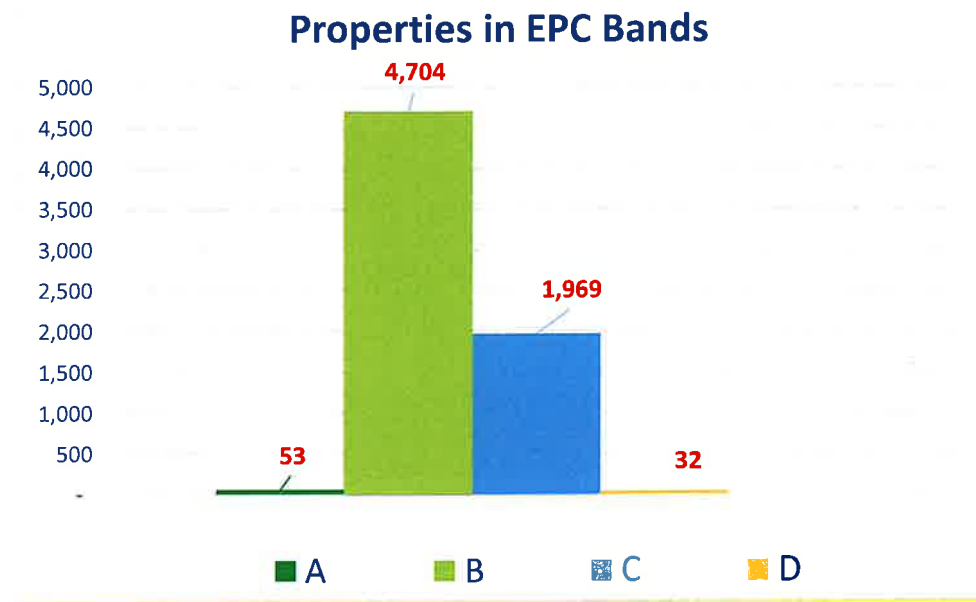
Sustainability

As well as providing good quality and affordable homes Hightown also understands the impact our homes have on the environment and is therefore continuing to work on improving the energy ratings of our properties and this aligns with Government strategies. The Government's Clean Growth Strategy, published in 2017, included an aspiration for homes in England and Wales to achieve EPC band C by 2035, where cost effective, practical and affordable. The Government's Heat and Buildings Strategy, published in October 2021, has set out a number of measures for improving the energy efficiency of buildings including a target for as many homes as possible to achieve a minimum energy efficiency rating of band C by the end of 2030, with an interim target of achieving band D by 2025 and that setting minimum energy performance standards for social housing properties through regulatory standards should be considered.

In addition to the above, the Climate Change Committee, has recommended that all social housing homes should reach an EPC band C by 2028 with Government due to consult on the minimum energy efficiency standards in social housing in 2023/24.

Whilst the Government is considering various targets for when homes are to achieve an EPC band C, Hightown has set a target of 2025/26 for all homes to achieve an EPC band C. Improving the energy efficiency of homes contributes to affordable warmth initiatives, which helps to make fuel bills more affordable for residents and helps to tackle fuel poverty, which the Government defines as spending more than 10% of household income on energy bills. Improving the affordable warmth of the stock also helps to reduce the burden on the NHS, which is reported to spend £1.4bn a year treating conditions that arise from poor housing.

At the end of March 2024 Hightown's stock had increased to more than 8,500 homes, with over 6,500 of these rented homes at an average EPC rating of 81.22 which is equivalent to a band B. Currently, as can be seen in the graph below, Hightown has over 4,500 rented homes with an EPC band B or higher with just over 1,900 rented properties in a band C. The average EPC rating for new properties developed in 2023/24 was 83.13.



In the last financial year, the number of properties rated at below a band C increased from 16 to 32. In part this reflects the purchase of units from another housing association at the end of the financial year. There are no properties below a band D rating. Hightown will continue to look to improve the energy efficiency of these properties, with the aim of all properties achieving a band C by 2025/26.

Hightown has the resources and funds available to maintain our stock to an excellent standard and continue to meet our obligations to keep residents' homes safe as well as having a thorough understanding of the construction type of its buildings and plans for any material replacements required.

Through a regular review of the stock, Hightown is able to properly plan future upgrade and improvement works and provide effective financial modelling to ensure the necessary funds are in place to allow us to meet these upgrades as well as statutory and contractual obligations.

As a business Hightown works to the principles of:

- a. Having homes that meet all Health and Safety requirements;
- b. Achieving a high-quality standard, agreed with our involved residents, across all properties owned by Hightown;
- c. Understanding the performance and sustainability of individual properties across the portfolio and maximising the use of property assets including, where appropriate, disposal of any poor quality, low demand, expensive to maintain or poorly located housing and reinvesting into new development opportunities.

Hightown's asset register captures information about the performance and sustainability of the stock, its condition, and its energy efficiency.

Housing Management

General Housing

The majority of Hightown's properties are social housing homes let at social or affordable rents, i.e. at sub-market rents. The properties range from one bedroomed flats to four bedroomed houses with the typical Hightown property being a two bedroomed flat in a low rise block. Hightown also owns a number of properties let at sub-market intermediate rents. It also provides shared ownership properties and manages leasehold properties including some retirement leasehold schemes.

Complaints

Hightown saw an increase in complaints throughout the year, a trend which has been seen across the social housing sector. In November 2023, we reviewed our complaints policy and removed the early resolution step for complaints handling. This led to an increase in the number of Formal complaints being received.

Hightown has a dedicated Customer Resolution Officer who is responsible for liaising with complainants and monitoring complaints which are logged.

Hightown aims to provide excellent services to all of our residents, and we welcome complaints as an opportunity to learn and improve our services. Sometimes things go wrong, but we work hard to put them right.

In total, 268 complaints were received for Head Office departments in 2023/24:

85 complaints were resolved informally

124 complaints were logged at Formal Stage One

59 complaints reached Formal Stage Two

As a result, Hightown has made several changes to services as part of learning from complaints, including:

- Improving the way we communicate and keeping residents informed of progress in Anti-Social Behaviour casework
- Reviewing the void recharge process in full to ensure transparency and clarity.
- Reviewing the process for keeping residents informed of how works are progressing
- Reviewing the way we give information on damp and mould to residents, and the feedback given on the way messages are delivered will be used to ensure that they are supportive and helpful to residents.
- Implementing a process to ensure that casework or complaints are reallocated if the member of staff investigating is absent or leaves the Association's employment.
- Improve record keeping of refunds throughout the process and to processing requests in a timely manner.
- Reviewing the process for escalating issues which are the responsibility of a managing agent or outside of Hightown's jurisdiction so that residents are supported with this.
- Changed our process so that in future the Procurement Team will deal with the replacement of entry-phone systems, which should prevent delays occurring.

Hightown received 5 determinations from the Housing Ombudsman Service during the year with 12 findings. There were no Severe Maladministration findings.

All orders from the Ombudsman were complied with within the timescales stipulated.

Hightown reviewed and updated complaints processes in preparation for the Housing Ombudsman Service's new statutory Complaints Handling Code coming into force from 1st April 2024. A new complaints logging system is being developed for rollout in 2024/25, and a dedicated complaints handling staff team is being introduced to improve complaints handling performance. Hightown's Annual Complaints Performance Report and Service Improvement Plan, which highlights complaints trends and learning will be submitted to the Housing Ombudsman Service in June 2024.

Resident Involvement

Following a review of our Resident Involvement Strategy in 2022/23, we developed and implemented an action plan to enhance opportunities for residents to get involved in giving feedback and scrutinising our services.

In 2023/24, residents were involved in:

- Resident Voice and Scrutiny Panel
- Complaints Scrutiny Group
- Estate champions inspections
- Contractor tender and selection
- Parking consultations
- Estate surveys via post and email
- Anti-Social Behaviour Scrutiny Group
- Festive Open day at Hightown House
- Housing Officer Meet & Greet events
- Anti-Social Behaviour door knocks working in partnership in the community.
- Annual Summer Events on estates
- Focus groups: Website review, carer support, Tenant Satisfaction Measures

Our Residents' Voice & Scrutiny Panel (RVSP) is made up of and chaired by residents and plays a key role in scrutinising performance and shaping Hightown's services. The Panel holds quarterly evening meetings with managers and a member of Hightown's Board to review and scrutinise our services, performance and policies.

Over the last year, the Panel assessed the impact and value for money of Hightown's programme of resident involvement activities, provided feedback on the results of an independent review of Hightown's Anti-Social Behaviour Service, considered and approved resident bids for estate improvements, assisted with the drafting and publication of the Annual Report to Residents, and scrutinised Hightown's performance in key service areas.

Tenancy Support

The Tenancy Support team consisted of two Financial Inclusion Officers and two Tenancy Sustainment Officers. This year saw the introduction of a Tenancy Support Supervisor to bring the two arms of the team closer as the scope of work becomes ever more complex. The effects of a post-Covid and the Cost of Living crisis increased the need for support.

The team has made huge efforts to engage with third party support agencies and develop new partnerships, with the aim of sustaining more tenancies and enhancing the wellbeing of our residents. We have actively engaged with statutory services such as the Department of Work and Pensions and worked with Local Authorities to improve communication and availability of resources. The team is also keen on ensuring internal partnerships are strong, as they understand the journey of a customer throughout their tenancy and the need to have cohesion across the board is key to a positive outcome.

Some of the fabulous work done this year has not only included supporting tenants to claim welfare benefits, which safeguard the resident's tenancy, and provide a much-needed increase to their income, but have also supported with provision of carpets or essential white goods, liaising with and gaining access to Mental Health support, reducing Anti-Social Behaviour, access to localised support for marginalised communities, mattresses, vacuum cleaners, provision of ID, home security, home clearance.

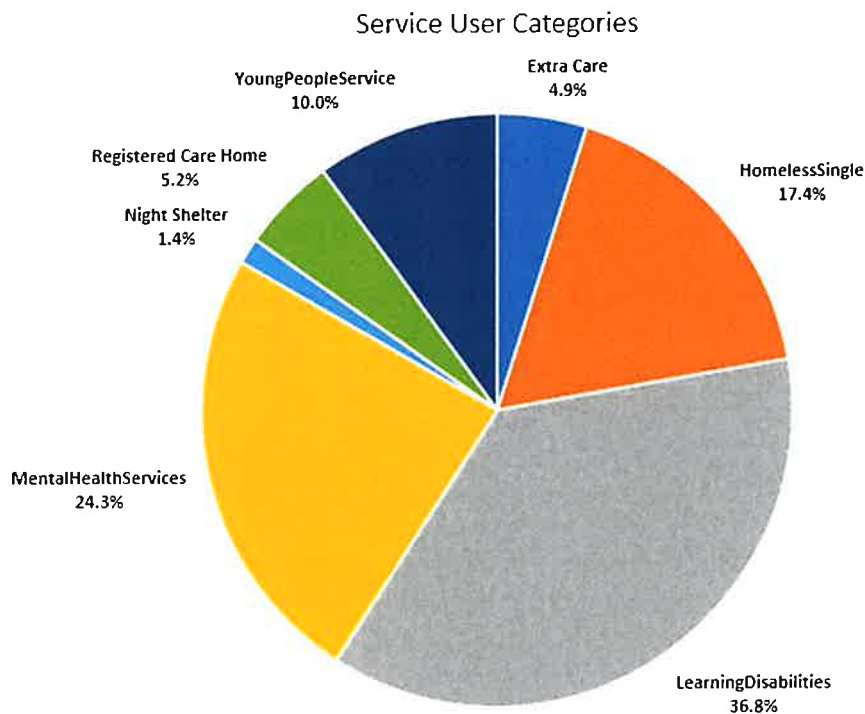
In the year, the team achieved the following:

- Supported 347 tenants;
- Assisted tenants to claim over £500,000 worth of support from third party agencies, of which over £220,000 was support with rent;
- 321 Home Visits and 628 phone appointments;
- 3,986 contacts with customers, professionals and statutory services.

Care & Supported Housing

Around £31.2 million (31.8%) of Hightown's 2023/24 turnover came from the provision of care and supported housing. Its operations provide housing and support services to vulnerable and disabled people and are central to Hightown's strategic and charitable goals. A large proportion of the Association's 1,100 staff are employed in delivering care and supported housing.

The Association's aim is to provide outstanding person-centred support, ensuring individuals have choice & control over their lives and can live as independently as possible. At 31 March 2024, Hightown was supporting 774 service users in the following areas:



Financing

Just under £25 million of the £31.2 million turnover in Hightown's Care & Supported Housing (C&SH) service is generated from contracts for the provision of care and support commissioned by local government and the NHS. The remaining income comes from rents. Hightown's policy is that revenue income from social care and health commissioners should at least cover the support costs and overheads while income from the supported housing rents should cover management, property repairs, depreciation and interest (as with General Rented Housing).

The management accounts for the year show Care & Supported Housing producing a surplus in-line with the budget. The viability of services remains heavily dependent on uplifts awarded by commissioners and Hightown continues to work within financial constraints further compounded by inflationary pressures. In 2023/24 contract income increased by 9% in comparison to 2022/23, the increase comprises of contractual uplifts and placement fee negotiations. We continue to work with our commissioning partners to ensure viability & sustainability across services.

New & Re-provisioned Services

Following a competitive tender process, the Bucks mental health and learning disability supported living contracts have been awarded to Hightown for another 5 years (with a further 2 years' extension possible). The "Homes for Living" and "Options for Support" contracts combined are worth approximately £5m and employ around 150 workers.

In partnership with Hertfordshire County Council, Hightown and London Paramount, re-provisioned the empty care home at Manor View, Stevenage as a new service to support adults with severe and enduring physical and learning disabilities for those with autism and behaviours that challenge services.

In recognition of the growing demand locally to address the migrant children crisis, Hightown worked alongside Hertfordshire's Children's Services to deliver a targeted response. With their revenue support we were able to transform our scheme at Oysterfields, St Albans into a dedicated provision for migrant children who are separated from their families. The scheme now houses and supports 8 young people who have fled their home countries in the search for safety and the prospect of a better life.

Development of our existing homelessness service Martin House, St Albans was completed and provides supported accommodation for local homeless adults. The first lettings took place towards the end of March with the scheme now home to 16 residents who are all settling in well.

A new homelessness service at 34 Alexandra Road, Hemel Hempstead, opened its doors in November 2023 to house 9 service users. The brand-new self-contained flats are designed as move-on accommodation for homeless adults in the Dacorum area. Residents receive input from the onsite staff team who provide support and advice to help people develop the skills to move to independent accommodation.

Contracts were exchanged on 22nd March for the acquisition of 92 units of care and supported housing stock owned by Notting Hill Genesis (NHG). Hightown were already operating services from many of the NHG buildings and so for many of the sites, we are now both landlord and support provider.

C&SH Staffing

In early 2023 an internal review was carried out to define workstreams across the department. Following consultation with the workforce, this resulted in the launch of area specialisms across the fields of learning disabilities, mental health and homelessness and registered care. This change has helped us to define our offers across specific cohorts and enhance specialist training and opportunities for staff.

Ensuring a decent wage to cover the true cost of living remains a primary strategic aim for Hightown. A funding uplift awards for 2023/24, meant that Hightown were once again able to ensure that salaries continued to keep pace with the Real Living Wage.

Our performance on staffing measures has continued to improve throughout 2023/24 and the year ended with all set targets achieved across sickness, turnover and vacancy rates.

Hightown's workforce of internal bank staff continue to help services to provide continuity of care and ensure quality standards limiting the need for external agency use. Hightown employ over 360 bank workers with 80% of them picking up shifts with us each month. Throughout 2023/24 the bank work force covered a record of 39,593 shifts which equates to 20% of our cover shifts each month.

Quality Improvements and External Validation

During 2023/24 Hightown continued to increase the number of services rated highly by commissioning partners and/or the Regulator, the Care Quality Commission (CQC), reflecting the commitment to improving the quality of services. 100% of regulated provision rated as 'GOOD' including all 9 CQC registered care homes and 22 % of the contract monitored local authority commissioned services rated as 'EXCELLENT'.

The Association received a nomination and was shortlisted for external awards recognising work in the sector this year. The learning disability and autism service at Grove Gardens in High Wycombe reached the final of the National Learning Disability and Autism Awards and the service user involvement group 'VoiceBox' won the award at the Great British Care Awards Eastern Region for co-production.

Social Impact Reporting

Hightown is an organisation with a social purpose – it's the reason we exist. Every penny the association makes is reinvested into delivering social impact – through building safe, environmentally-friendly homes, creating enduring communities, providing support for those who need it most and prioritising the wellbeing of our employees.

Hightown produces a separate social impact report - 'Our Impact' - showcasing the data and stories that bring the association's work to life and evidencing our continued investment in society.

In summary, for 2023/24 Hightown has:

- Built 664 new homes, 70% of which were for affordable and social rent.
- Driven economic growth through its development programme, the direct impact of which is estimated to be £36.8 million in gross value added, £20 million in gross employee earnings and 628 jobs* (in England).
- Allocated 46% of new lettings to homeless households, providing a secure home for 414 families and individuals previously rough sleeping or living in temporary or insecure accommodation.
- Increased resource in its tenancy support team to assist 372 vulnerable tenants with their finances and wellbeing, making contact by telephone and in person over 1,000 times during the year.
- Accepted 185 referrals for financial inclusion support and 187 referrals for tenancy sustainment support, providing a holistic, person-centred service for residents experiencing multiple disadvantage.
- Advocated for tenants to secure £568,666 in unclaimed benefits, welfare payments and grants, helping to alleviate financial hardship and maintain 'at risk' tenancies.
- Paid over £8,000 through its tenancy sustainment fund to help tenants in extreme financial hardship purchase essential items.
- Invested £19,333 in neighbourhood improvements at 11 estates, following bids from residents.
- Supported 49 tenants experiencing domestic abuse and provided domestic abuse refresher training for housing and tenancy officers.
- Maintained a 'court as a last resort' approach to evictions to prevent potential homelessness, reducing evictions in general needs housing to 13, from 14 in 2023/24.
- Ensured tenants' voices shaped its policies, procedures and services through a structured resident involvement programme of meetings, focus groups, consultations, surveys and events.
- Obtained and acted on feedback from its day-to-day interactions with tenants, including complaints, ASB, income recovery, repairs, tenancy reviews and tenancy support.
- Improved its response to high level and serious ASB with the creation of a new Anti-Social Behaviour Officer role.
- Worked in partnership with local councils to secure ongoing funding for Housing First schemes in St Albans and Dacorum, to house and support 18 individuals with histories of repeat homelessness and complex needs.
- Supported 774 service users every day through 90 care and supported housing (C&SH) services, delivering 2.2 million hours of support over the year.
- Transformed the interior of seven homelessness and mental health services in line with the 'psychologically informed environment' (PIE) approach, recognising the impact of trauma and past experience on service users and promoting wellbeing.
- Accommodated 96 people via the Open Door night shelter in St Albans, 11 of whom were encouraged to use the shelter by its rough sleeper outreach service.
- Facilitated 73 positive move-ons to secure housing from its nine emergency, short-term and move-on supported homelessness schemes.

- Appointed a new homelessness hub co-ordinator for St Albans to provide support and activities across its adult homelessness services – since November 2023, 12 activities have been accessed by 42 individuals, including fitness classes, tenancy skills training, stress management, cookery and art and craft sessions.
- Maximised energy efficiency and reduced carbon emissions by achieving an average SAP rating of 81.2 for its general needs and C&SH properties, 70.4% of which were rated EPC Band B or higher and 99.5% of which were rated EPC Band C or higher.
- Achieved an average SAP rating of 83.4 across new homes – the equivalent to Band B – by adopting a Fabric First construction approach.
- Future-proofed new homes by committing to low carbon sustainable heating technologies such as air source heat pumps (ASHP) for Hightown's own developments and prioritising other schemes with low carbon systems.
- Encouraged continuous professional development, investing £258,060 in staff learning, delivering 362 in-house training courses.
- Invested £48,901 in staff apprenticeships, with 21 apprenticeships started and six completed.
- Provided EDI champion training for members of its EDI forum and appointed a Board member as EDI champion.
- Handed over £5,345 to anti-poverty charity the Trussell Trust, following a two-year fundraising campaign organised by the staff charity committee.

**Source National Housing Federation Economic Impact Calculator*

Homes for Cathy

Hightown is a founding member of Homes for Cathy, a group of housing associations, charities and local authorities working together to end homelessness.

One of the Association's strategic objectives is to reduce homelessness and rough sleeping and to support this ambition, the Association has embedded the Homes for Cathy commitments – a set of homelessness pledges developed with Crisis - across its general needs housing and C&SH operations and policies. The Association also provides day-to-day administrative and communications support for the Homes for Cathy group, and CEO David Bogle acts as Chair.

Hightown's membership of Homes for Cathy and adoption of the Homes for Cathy commitments has helped to maintain a strong culture of homelessness prevention within the Association, fostering a better understanding of the needs of homeless people and their barriers to housing, together with a strong appetite to work internally and with external partners to offer solutions.

Most notably, 2023/24 saw Hightown continue to collaborate with key local authority partners to influence local homelessness strategies, particularly in its heartlands of St Albans and Dacorum but also in new areas such as Buckinghamshire, where it has sought to expand its homelessness service provision. Hightown is now a key strategic partner in Hertfordshire County Council's Making Every Adult Matter (MEAM) initiative and plays an active role in the MEAM operational and co-production group.

As the cost-of-living crisis continues, in general needs housing Hightown has focused on homelessness prevention by expanding its tenancy support offer to meet increasing demand and avoid existing tenancies becoming at risk.

In C&SH, the Association has continued to expand and innovate in terms of homelessness service provision, adding new services and ensuring that existing services are psychologically informed to deliver the best possible outcomes for service users.

As a result of on-going campaigning and communications activity, the Homes for Cathy group has maintained a strong 'voice' within the housing sector; highlights during 2023/24 include a meeting with Felicity Buchan MP, Parliamentary Under Secretary of State (Housing and Homelessness) to discuss the group's aims and a national conference attended by 100 housing professionals.

Value for Money

Hightown's Approach to Value for Money (VfM)

Hightown is able to evidence its performance on Value for Money through comparisons with local and national peers. Hightown continues to deliver strong operational performance and invests the annual surplus into delivering a substantial development programme of new affordable homes. The Board sees this commitment to use resources to deliver as many much needed affordable new homes as possible as key to delivering value for money.

The delivery of value for money throughout the work of the Association is a continuous process, embedded into Hightown's culture and operations.

Hightown's approach to value for money is driven by the main principles below:

- Embed a culture of achieving VfM throughout Hightown, including Board members, staff and involved residents;
- A commitment to challenge the status quo and to seek new, more efficient and effective ways to deliver services through the deployment of IT and through process workflows;
- Involve residents in the delivery of VfM services through the Resident Voice & Scrutiny Panel;
- Use available procurement methods to deliver cost savings on contract renewals;
- Understand the financial and social return on our assets and use this to inform decisions;
- Maximise Hightown's financial capacity to deliver our strategic aims and objectives and deliver a strong development programme;
- Use the golden thread of performance management to ensure a visible link from the Board's strategic plan to departmental operating plans and personal staff objectives;
- Make use of external validation and report on performance to stakeholders including residents, the Regulator of Social Housing, central government, local authorities and other partners;
- Develop new homes efficiently and economically that meet the needs of those who live in the areas in which Hightown operates;
- Understand performance by benchmarking Hightown over time and against others;
- Continuously seek to improve customer service, customer engagement and customer satisfaction.

Hightown's Performance

For the last 17 years, Hightown has maintained an Efficiency Log, completed by staff and managers, to record the Value for Money savings made during the everyday course of business. The value of these items vary in size but recording these savings helps embed and communicate Value for Money initiatives through the Association.

In 2023/24 there were only 7 actions recorded in the log (2023 25) recording improved efficiency in operations and cost savings. A number of system and process changes were made creating more effective and efficient ways to deliver services. The high level of inflation and strong growth in homes in management makes it difficult to find absolute cost savings in services. Many of the cost savings are relatively small but all savings and cost efficiencies are important.

In summary Hightown has:

- Delivered another net financial surplus and invested that surplus into the delivery of new homes. Before pension provision adjustments, Hightown delivered a surplus for the year of £10.6 million (2023 £18.5 million) and 664 new homes (2023 530) and 3 more commercial shops at Maylands Plaza, Hemel Hempstead. In the last three years Hightown has developed 1,804 new homes.
- Managed the 664 new homes efficiently, achieving a low and reduced overall operating cost per unit, as detailed elsewhere in the report;
- Continued to deliver the general needs services within the low cost quadrant of the HouseMark VfM matrix with good performance in four of the seven areas;

- Continued to increase the use of digital service delivery and the interaction with tenants through the MyHightown Portal with a 15% (2023 15%) increase in usage in the year, with 7,360 (2023 6,385) residents now using the portal;
- Continued to develop new IT workflows and information reporting to drive more efficient and effective processes extending the Health & Safety servicing records to include fixed wire testing recording.
- Continued to improve the energy efficiency ratings of our homes with the average rating for the 664 new homes developed in the year of 83.13. The average EPC rating of all stock is now 81.22 a slight fall on last year but still equivalent to a band B. There are now 32 properties below band C. This increased in year partly due to taking on stock from another housing association at year end. All these properties are targeted for improvement by 2025.
- Re-tendered the Internal Audit Contract saving £6,600.
- Joined the HALA legal services procurement framework, making savings of over £30,000.










Performance Against The Regulator’s Value for Money Metrics

The Regulator of Social Housing’s Value for Money Standard sets out the approach to Value for Money expected from Registered Providers and this is amplified in the complementary Code of Practice. There are nine metrics used to measure the delivery of the three “E’s” of Value for Money - Economy, Efficiency and Effectiveness, on a comparative basis across the sector.

Performance against the metrics is published annually by the Regulator based on the statutory accounts of all Registered Providers. Across the sector, the 2022/23 metrics continue to be impacted by high inflation driving up operating costs, higher repair costs, and rising interest rates.

For Hightown in 2023/24, the metrics generally show a reduced performance against budget reflecting the challenges presented in the year. Reinvestment and new build units whilst high, were below the budget targets. Accordingly rental income was below budget due to the delayed handovers, income from Care & Supported Housing contracts and sales surpluses income were higher. However the pressures from high inflation, increased repair cost, unbudgeted essential building safety costs and rise in interest rates, reduced performance across all metrics. The sector 2023/24 metrics will be available in early 2025 and it is likely that many other registered providers will have suffered similar impacts.

VfM Table 1- Performance against budget

	Value for Money Metric	VfM Cost Chain Measure	Actual March 2024	Budget Target 2023/24	Indicator Flag
1	Reinvestment %	Efficiency	10.2%	13.2%	
2a	New Supply Delivered Social Housing Units %	Effectiveness	7.7%	7.9%	
2b	New Supply Delivered Non-social Housing Units %	Effectiveness	-	-	
3	Gearing % (##)	Efficiency	64.1%	60.2%	
4	EBITDA MRI Interest Cover % (#)	Efficiency	122.5%	144.6%	
5	Headline Social Housing Cost Per Unit (£'000)	Economy	£6.78	£6.82	
6a	Operating Margin % – Social Housing Lettings	Efficiency	35.4%	36.0%	
6b	Operating Margin % – Overall	Efficiency	30.9%	32.3%	
7	Return on Capital Employed (ROCE) %	Efficiency	3.7%	3.6%	

(# Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included)
 (## RSH definition, based on net asset costs)

Hightown Housing Association Limited
Strategic Report
 For the year ended 31 March 2024

RSH Global Accounts

The Regulator of Social Housing (RSH) publishes annual Global Accounts data from the published accounts of Registered Providers. Hightown uses this data analysis to compare its performance and to seek to understand reasons for any apparent under performance not just against the national position but against peer groups and specific peers. Comparative data on Hightown's performance against other Associations and its peers is reported to, and reviewed by, the Board.

The Regulator of Social Housing has published a report *Value for money metrics and reporting: Annex to 2023 Global Accounts*. This interactive spreadsheet allows Hightown to measure performance against the national performance and against specific peer groups. The table below shows Hightown's performance over the last four years, including March 2024, with the most recent published comparative data for March 2023. For comparison, the Hightown VfM metrics for 2024/25 are also shown.

In summary, the table shows Hightown continuing to deliver very strong performance nationally and against local peers. Nationally in 2023, Hightown delivered quartile 1 performance in 5 of the 9 metrics although quartile 1 for Gearing and Cost Per Unit shows Hightown having the higher values. Once again, Hightown delivered the top ranking performance on New Supply social housing in 2023 for providers of over 5,000 units. The March 2024 performance of 664 new homes is likely to again be top quartile performance with a strong ranking also.

VfM Table 2 – Performance against peers

	Value for Money Metric	Budget 2025 (memo)	March 2024	March 2023	March 2022	March 2021	Peer Group Median 2023*	Peer Group Quartile and rank 2023 *	National Sector Quartile and rank 2023 *
1	Reinvestment %	10.5%	10.2%	11.0%	11.1%	10.2%	7.5%	Q1 5th	Q1 22nd
2a	New Supply Delivered Social Housing Units %	5.6%	7.7%	7.0%	9.1%	6.8%	1.4%	Q1 1st	Q1 1st
2b	New Supply Delivered Non-social Housing Units %	0%	0%	0%	0.05%	0%	0%	Q2 9th	Q2 62nd
3	Gearing % (##)	64.6%	64.1%	63.2%	62.5%	61.5%	48.0%	Q1 5th	Q1 14th
4	EBITDA MRI Interest Cover % (#)	124.6%	122.5%	167.8%	220%	218.8%	124%	Q1 6th	Q2 28th
5	Headline Social Housing Cost Per Unit (£0'000)	£6.77	£6.78	£6.51	£6.65	£6.94	£4.45	Q1 1st	Q1 11th
6a	Operating Margin % – Social Housing Lettings	34.9%	35.4%	34.4%	35.2%	35.7%	20.4%	Q2 7th	Q2 10th
6b	Operating Margin % – Overall	34.5%	30.9%	31.1%	29.9%	29.5%	18.4%	Q1 6th	Q1 8th
7	Return on Capital Employed (ROCE) %	4.0%	3.7%	3.6%	3.5%	3.3%	3.0%	Q2 8th	Q2 37th

(# EBITDA – MRI = Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included).

(## RSH definition, based on net asset values).

(* RSH Value for Money Metrics and Reporting 2023 - data at 31 March 2023. Peer group Associations with 5,000- 25,000 units >30% in East & South East Region (26 peers). National entity comparison – all Housing Associations over 5,000 units (128 peers).

VFM Commentary

Metric 1 – Reinvestment %

This metric looks at the reinvestment of financial resources into housing stock, showing the proportion of the year-end housing assets that were invested in the year. It is a measure of effectiveness.

In 2023/24, Hightown invested £108.1 million in new homes and delivered 664 new homes. The 2024 out-turn metric of 10.2% investment is lower than the budget target of 13.2% reflecting delays in development schemes against budget forecasts. The reinvestment metric score of 10.2% is a decrease on the 11.0% last year. It remains upper quartile performance against the latest reported metrics for 2023.

Metric 2 – New Supply Delivered

This supply metric measures the proportion of properties at year end that were newly created during the year. It is a measure of effectiveness. There are two measures:

a) *The percentage of new supply of social housing delivered*

Hightown has yet again produced market leading growth. In 2023 Hightown's performance was again upper quartile at 7.7%, compared to the median of peers 1.4% and 2.2% nationally. Hightown delivered quartile 1 performance and ranked number 1 amongst its peers and nationally. Hightown's performance in the 2024 metrics is also likely to be amongst the top performers.

b) *The proportion of non-social housing*

Hightown did not deliver any Non-Social Housing units in the year nor had it intended to. This reflects Hightown's Strategic Plan of focusing on the delivery of affordable social housing and is in keeping with its charitable objectives. This is consistent with most of the sector with non-social housing spread across a limited number of Associations.

Hightown's performance in this area is impressive for its size, demonstrating Hightown's continued commitment to deliver value for money in providing much needed new homes in furtherance of its primary charitable objectives, to people in housing need and to help end homelessness.

Metric 3 – Gearing

This metric measures the amount of debt as a proportion of the net book cost of housing assets at the year-end under the Regulator's definition. It is a measure of efficiency. It shows the proportion of assets funded by borrowing and its growth demonstrates the growth delivered by Hightown from leveraging in debt finance supported by its surpluses. It is a different gearing measure from that used by bank funders.

As in previous years, Hightown's gearing remains, and is likely to continue to be, upper quartile, high compared to peers. With most new homes now being built for affordable rent without any, or with only little government grant, each unit requires higher borrowing in percentage terms and in value, than in the past. Hightown has grown significantly in recent years with 20.3% (1,804) of homes built in the last 3 years. Thus the overall level of gearing will rise as development continues. This is a direct and inevitable consequence of the Affordable Rent regime.

Gearing has risen in the year 2024 to 64.1% from 63.2% as a consequence of delivering 664 new homes, funding 588 new homes under construction and land banking for future delivery. In 2024 Hightown delivered 664 new homes and gearing under this metric has risen in the year to 64.1%. This is likely to remain in the upper quartile in next year's report. However, it should be noted that Hightown's borrowing is generally to fund new homes which provide rental income. It is expected that gearing levels across the sector will rise where Providers borrow to fund large building safety works, which does not produce additional rent income.

As Hightown makes a significant annual surplus, the Board choose to reinvest this surplus into the provision of new affordable housing, thus reducing the level of new borrowing required and so

dampening the rise in gearing. There is still headroom for further borrowing within covenants in bank loan agreements.

Metric 4 – Interest Cover EBITDA MRI

This metric measures Interest Cover using an adjusted measurement of earnings after adjusting for accounting entries i.e. Earnings before Interest, Tax, Depreciation and Amortisation, Major Repairs Included (EBITDA MRI). This is a measure of efficiency.

Performance at 2024 year end fell sharply to 122.5% compared to 167.8% last year and below the budget target of 144.6%. This reflects the continued increase in interest charges and maintenance expenditure in 2023/24 despite strong rental growth. In the 2022/23 metrics, Hightown continues to deliver an upper quartile, strong EBITDA MRI metric demonstrating capacity to fund additional borrowings although this will reduce due to higher repair costs and higher interest costs. Interest rates rose during 2023/24 with base rate peaking at 5.25% in August 2023 pushing up floating interest costs and refinancing new debt. Interest Cover for 2024/25 is budgeted at the Association's Golden Rule 140%, with good headroom above bank covenants at 115%.

Metric 5 – Headline Social Housing Cost Per Unit

As a major provider of Care and Supported Housing, Hightown's headline social housing cost per unit has always been high compared to the average for other Registered Providers, many of whom who have little or no care or support services. This relatively high cost has consistently been apparent in all past data analysis from the RSH Global Accounts comparison and the RSH operating costs analysis.

Hightown has a substantial Care & Supported Housing service that requires more intensive management and this distorts the headline costs on a per unit basis against peers. Benchmarking of care costs is difficult due to lack of published comparators but Hightown continues to win new care contracts and to retain re-tendered business in a very competitive market place. The benchmarking of general housing management costs within the HouseMark benchmarking club shows that Hightown's housing management cost per unit was once again upper quartile, lowest cost demonstrating Hightown's commitment to manage the growth in management costs and achieve greater efficiency on a per unit basis.

Metric 6 – Operating Margin

This metric measures the proportion of turnover retained after deduction of operating costs. It is a measure of operational efficiency. There are two measures:

a) *Operating margin on social lettings*

Hightown's margin on social lettings was 35.4%, against a budgeted value of 36.0% and an increase on last year's 34.4%. Hightown continues to demonstrate strong performance on value for money in the delivery of management of its lettings activity. Hightown again delivered upper quartile performance, compared to peers.

b) *Operating Margin % - Overall*

This margin has fallen from 31.1% to 30.9%, and below the budget target of 32.3%. This is a very strong margin and is upper quartile performance compared to 2023 metrics.

Metric 7 – Return on Capital Employed (ROCE)

This metric measures the return on capital assets in use by the Association. It is an efficiency measure on the income generated from the assets.

The 2024 figure of 3.7% is slightly higher than the budget target of 3.6% and the 3.6% last year. Hightown continues to have a substantial amount of development work in progress which does not yet generate income and as a result, suppresses the ROCE. In addition, ROCE is suppressed by the minimal net margin delivered on the £31.2 million of Care & Supported Housing income. Despite this Hightown's performance is in the upper/median quartile nationally.

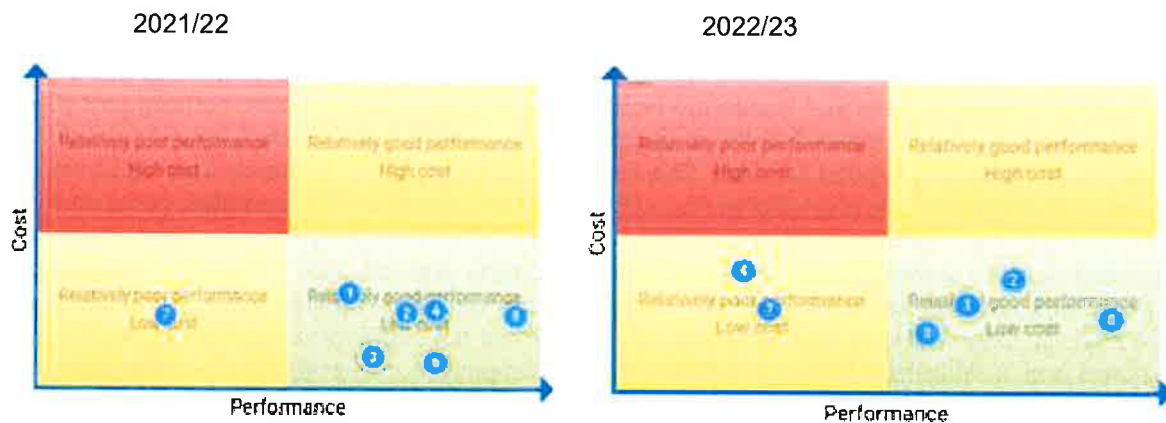
Other Performance Benchmarking Comparatives

HouseMark

Hightown uses the HouseMark service to benchmark Hightown’s housing management costs and performance against its peers. The housing management service is the largest element of Hightown’s business activity.

In its Strategic Plan, Hightown aims to continue to deliver housing services within the HouseMark low cost, good performance quadrant. The benchmarking results for 2022/23, the latest available, clearly shows that Hightown continues to be a strong, low cost, good performing housing association, delivering services in a very economic, efficient and effective way.

The last two years performance against the peer group of 468 traditional housing associations is as follows:



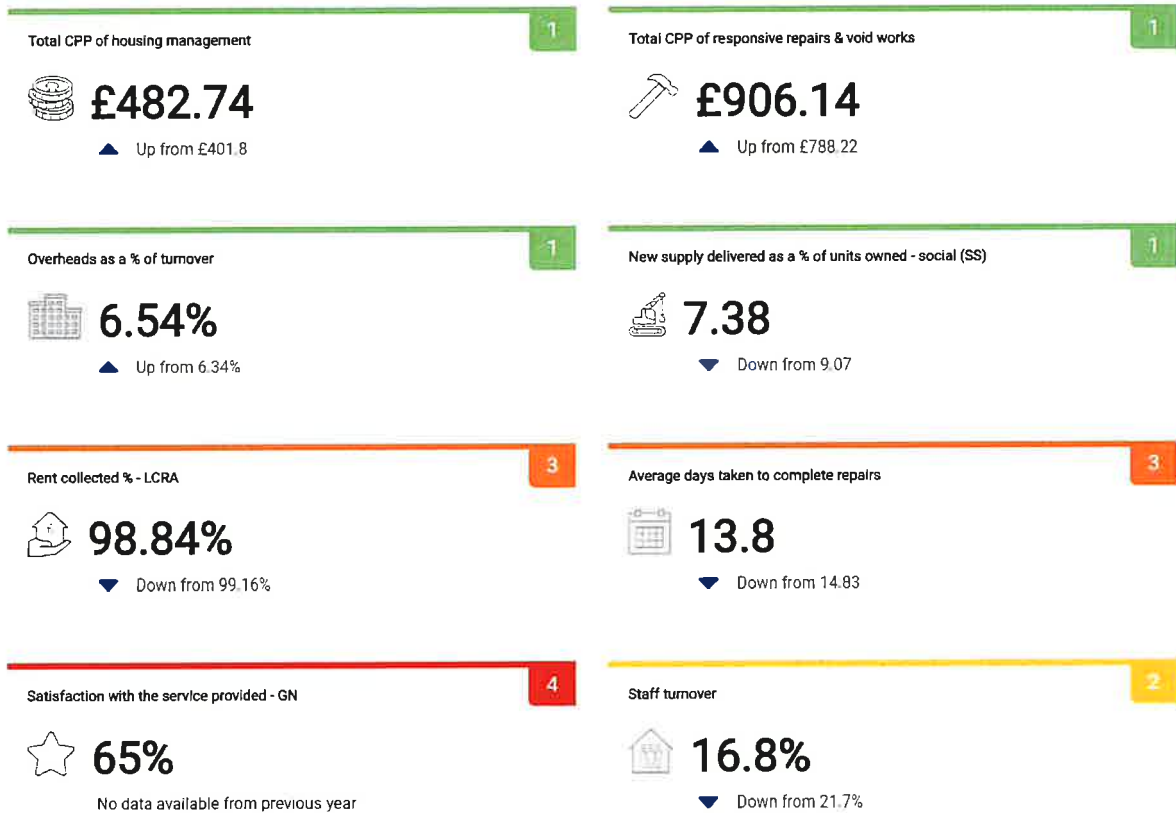
Key: 1 Responsive Repairs; 2 Voids & Letting; 3 Rent Arrears & Collection; 4 Tenancy Management; 6 Customer Service; 7 Neighbourhood Management 8 Community Investment (5 Resident Engagement & insufficient comparators in both years).

The comparison shows Hightown achieving its aim of delivering most services in the good performance, low cost quadrant with the exception of Neighbourhood Management, where the number of cases of anti social behaviour (per 1,000 homes) is high compared to our peer group and Tenancy Management, where our satisfaction rates sit lower than our peers. Satisfaction rates are based on the previously delivered STAR survey, whereas from 2023/24 will be reported on the Tenant Satisfaction Measures perception survey.

HouseMark Efficiency Summary

Hightown's latest HouseMark performance summary in its peer group for 2022/23 continues to show upper quartile performance on overheads, cost measures, development activity. Rent collection is in the lower quartile in a narrow data distribution, void loss is 3rd quartile, while staff turnover is in the second quartile. Satisfaction figures remain the same as last year and come from the 2021/22 STAR survey.

HouseMark Annual Summary Dashboard 2022/23:



HouseMark Sector Scorecard

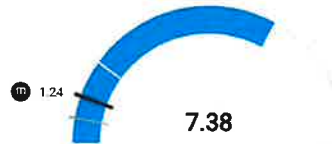
Hightown continues to participate in the HouseMark Sector Scorecard to benchmark against the sector and similar peer Associations on key performance metrics.

The scorecard compares costs and performance of 468 associations in the peer group of traditional housing associations. It measures 15 key performance metrics, more than the RSH, covering broader areas of performance. Whilst there are differences in the definition of some metrics, Hightown performance remains very strong in both the scorecard and the RSH metrics.

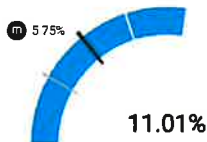
Operating margin (overall) (SS)



New supply delivered as a % of units owned - social (SS)



Reinvestment % (SS)



Ratio of responsive repairs to planned maintenance (SS)



Headline social housing CPU (SS)



Hightown's performance against the 2022/23 published sector scorecard is as follows:

Upper Quartile Performance			
	2022/23	2021/22	Flag
Operating Margin (overall; social housing lettings)	31.1% 34.3%	29.9% 32.7%	▲
Units developed (%; absolute)	7.38% 530	9.07% 610	▼
Reinvestment	11.01%	11.1%	▲
Return on Capital Employed (ROCE)	3.54%	3.3%	▲
EBITDA MRI Interest Cover	139.08%	188.42%	▼
Rent Collected	98.7%	99.1%	▼
Overheads	6.54%	6.34%	▲

Median/ Lower Quartile Performance			
	2022/23	2021/22	Flag
Occupancy	99.08%	97.98%	▲
Satisfaction with service	65%	65%	▶
Gearing	63.2%	65%	▼
Headline Social Cost per unit	£6,766	£6,653	▲
Ratio of Responsive Repairs and Planned	1.04	0.9	▲

(Triangle key: Colour shows performance traffic light; Apex orientation indicates direction of travel).

As with the RSH Metrics, Hightown's Gearing and Headline Social Cost per unit are above the median reflecting the investment in growth and the size of the of Care & Supported Housing service.

If supported housing costs are excluded, costs per unit are well below the national and regional peer groups.

Areas of Underperformance

As has been demonstrated earlier in this report, Hightown's overall performance on Value of Money as measured by both the RSH Metrics and the HouseMark benchmarking continues to be good with the majority of the RSH Metrics in the Upper or Upper/Median band and the HouseMark Key Performance Indicators in the good performance/low cost quadrant.

The comparisons in *VfM table 1* above show that Hightown missed its delivery targets on Reinvestment and new supply. This underperformance arose due to the delays from labour and materials shortages in the construction industry and were outside Hightown's control. In the year 2023/24 Hightown still delivered 664 new homes despite these issues.

The comparisons in *VfM table 2* above show Hightown's 2023 and 2024 results against the 2023 RSH VfM Metrics data. Hightown's strong development programme means it has a high level of gearing compared to its peers reflecting the amount of recent development undertaken at affordable rents with lower grant levels than was available in the past. Hightown is likely to remain an outlier against its peers in terms of gearing and debt per unit unless more social housing grant becomes available to fund Hightown's development programme or unless peer associations invest substantially more of their surpluses into the delivery of new units.

Housing management

Current tenant arrears



2022-23: 3.83%
▲ up by 0.70 on 2021-22
Peer median: 3.45%
This places you in quartile 3

Rent loss due to voids



2022-23: 1.63%
▼ down by 0.19 on 2021-22
Peer median: 1.37%
This places you in quartile 3

Hightown also has a high headline unit cost per unit. This reflects in part, the substantial amount of care & supported housing activity which distorts the cost comparison against peers.

The cost-of-living crisis has placed significant pressure on tenants who in many cases are having to make tough choices about what they can afford. Hightown's increase of arrears matches what is seen at a national level. Void loss across the sector is improving but is likely to remain higher than pre-pandemic levels until March 2024. Hightown has seen further improvements in the 2023/24 year.

Value for Money in the Year Ahead, 2024/25

Hightown believes that the delivery of new affordable homes is the best measure of delivering Value for Money, meets its primary purpose and is an effective way to help solve homelessness.

Hightown expects to continue to deliver further Value for Money savings predominantly through the provision of new homes for people on low incomes who are unable to rent or buy a home on the open market. It expects to remain financially robust and to use its financial capacity to deliver over 350 new homes in the year through the investment of a strong operating surplus, social housing grants, and new borrowings.

In 2024/25 Hightown aspires to:

- Continue to deliver strong operational performance against the Regulator of Social Housing's metrics, aside from debt per unit and gearing where we expect to remain as data outliers due to the high level of investment in building new homes;
- Retain the HouseMark cost per unit for housing management at upper quartile performance;
- Deliver all services in the good performance, low cost quadrant of the HouseMark benchmarking;
- Continue to involve our residents in the continuous improvement of our services through the Residents Voice Scrutiny Panel, Voicebox for C&SH users and resident feedback;
- Consider further expansion of the Direct Labour Organisation (DLO) into other discrete areas of repair works where it believes it can drive savings in repair costs against contractors and improve the customer experience;
- Continue to assist tenants to sustain their tenancies through the work of the Financial Inclusion and Tenancy Sustainment Officers;
- Continue to consolidate, develop and roll out new IT workflow process and dashboards;
- Review asset management activities using an external consultant to ensure optimal approach to manage complex projects, increased activity and inflationary pressure.

Key Contract Procurements 2024/25

The Procurement Team, who are tasked with obtaining value for money from Hightown's key contracts, will be procuring contracts for goods and services using competitive tender processes and framework agreements. The following areas of spend are due to be competitively tendered in 2024/25:

- Fire Door Replacement Programme
- Cyclical Decs Programme
- Gas & Electricity Supply for Communal Supplies /Care & Supported Housing stock
- Fire & Alarm Maintenance Contract
- Door Entry Servicing Programme
- Warden Call Upgrade Programme
- Procurement Card Solution

In the current economic climate with rising inflation, it is likely to be difficult to achieve cost savings against past contract prices in the coming year. As Hightown's stock continues to grow, the total cost of many services will increase. Hightown will continue to pursue Value for Money through competitive tendering for contracts and from the delivery of service improvements wherever possible, aiming to achieve lower costs per unit.

Risks and Uncertainties

Hightown's approach to risk management encompasses all areas of the business and is underpinned by six key elements:

- 1) Maintaining a clear understanding of the Association's short and long-term risk environment, incorporating internal and external factors;
- 2) Taking a robust approach to identifying and monitoring key risks;
- 3) Establishing early warning measures and risk triggers so that action can be taken before a risk materialises;
- 4) Close monitoring of Hightown's business critical risks through the strategic risk register which is regularly monitored by the Risk & Audit Committee and the Board;
- 5) Regular stress testing of our Business Plan in line with the appetite set by the Board;
- 6) Clearly defining the Board's risk appetite for all key functions to inform decision making.

Many of the challenges of the previous year remain unchanged and continue to impact the risk profile for Hightown; the ongoing war in Ukraine, record levels of inflation, and continued shortages of resources and skills. The cost-of-living crisis has hit Hightown's residents and staff and the need to invest in the Association's stock has become more pressurised in response to building safety issues including damp and mould. Construction costs have increased to levels never seen before and the risk of contractor insolvency has risen.

In response to these challenges the Board has increased the number of internal audit days and made use of other external expertise to provide additional assurance and advice. In order to protect the Association's Golden Rules, a decision was made to reduce the planned development programme and to increase the proportion of fixed debt through a Private Placement in order to reduce interest rate exposure.

The particular challenges in relation to building safety have continued, and additional assurance has been sought from fire safety experts and legal advice to ensure that the required remedial works are accelerated and that the correct mitigations are in place to secure the safety of the residents.

Hightown's Care and Supported Housing (C&SH) activities continue to operate on relatively low margins, but the Board has reconfirmed its commitment to paying its staff at Real Living Wage levels. The service continues to face challenges in terms of recruitment of skilled care and support staff, and to ensure the optimal balance between safety and independence for its residents.

Preparatory work to ensure compliance with the new regulatory regime as from April 2024 has been a focus and active steps have been taken to increase the opportunities for Hightown's residents to influence decision making at a strategic level.

A summary of the key risks facing Hightown, their links to Hightown's new Corporate Strategy for 2024-27, and the mitigations in place is as follows:

Service	
Risk	Mitigation
Health & Safety – breach of health & safety regulations or legislation.	A range of robust health & safety systems including a programme of risk assessments, inspection and maintenance arrangements, mandatory training, and the use of specialist support.
Customer Expectations – Failure to provide good quality homes and service standards.	Working with involved tenants and using resident feedback to continue to improve the services delivered. Clear policies and training to support staff to achieve the required standards.
Care & Support Services – services not developed or modified to meet changing needs or expectations	Regular performance assessment and reporting. High levels of engagement with commissioners in relation to service quality. Active co-production with residents. Robust risk and safeguarding framework.
Viability	
Risk	Mitigation
Financial Resilience – failure to meet Golden Rules or Loan Covenants	Financial controls including business planning and stress testing, achievable mitigations, specialist advice on market trends, and a skilled Treasury Committee.
Impact of Price Inflation – increased material and labour costs	Fixed price contracts and single stage tenders where possible, financial checks on contractors, use of parent guarantees, effective business planning and stress testing mitigations and review of budgets in response to inflation.
Information Security – vulnerability to cyber crime	Controls including multi-factor authorisation, firewalls, user access controls, malware protection and software management.
Needs	
Risk	Mitigation
Property Sales – Cyclical change in local property market, lack of availability of mortgages, or reduction in buyers' income	No dependency on outright sale and options to change tenure or sell smaller first tranches. Regular monitoring of performance and availability of mortgages.
People	
Risk	Mitigation
People – failure to recruit, develop, motivate and retain skilled staff	Dedicated recruitment team, learning & development opportunities, apprenticeship & graduate programmes, biennial salary benchmarking and flexible working arrangements.

Risk Appetite

Hightown's Board reviews its risk appetite annually. This is defined across 11 themes and identifies the amount of risk that the Board is prepared to tolerate as Hightown delivers its strategic objectives and runs its day-to-day operations.

Services	
Risk Theme	Appetite
<p><u>Customer Service and Engagement</u></p> <p>General Needs residents, leaseholders, and applicants</p>	<p>The Board has a Balanced to Open risk appetite in this area. Hightown encourages the increased levels of resident engagement and involvement and has resources in place to support financial inclusion and tenancy sustainment activities. Hightown continues to improve building safety and to invest in a range of local estate improvements.</p>
<p><u>Care & Supported Housing Operations</u></p> <p>Care & Supported Housing residents, service users and applicants</p>	<p>The Board has agreed to a Balanced risk appetite whereby service levels may be adapted to meet individual needs where this is supported by external professionals, but with a clear concern to maintain Hightown's duty of care to minimise risk exposures.</p>
Viability	
Risk Theme	Appetite
<p><u>Treasury and Funding</u></p> <p>Debt facilities, available cash and debt structures</p>	<p>Treasury and Funding are viewed as Balanced with Golden Rules to provide adequate buffer limits for liquidity and covenant headroom, and a move towards increased proportions of fixed debt.</p>
<p><u>Compliance & Regulation</u></p> <p>Compliance with regulations and approach to health & safety</p>	<p>Hightown's risk appetite is Cautious. The Association will ensure that wherever possible it will exceed compliance thresholds. Particularly in high-risk activities, independent advice and assurance will be sought.</p>
<p><u>Technology & Business Continuity</u></p> <p>Information, communication systems, software and internet. Business Continuity and Disaster Recovery arrangements.</p>	<p>The risk appetite has been defined as Balanced to Cautious, with investment in innovation in new technology as an enabler, but a cautious attitude towards cyber security which requires multiple security measures to be put in place.</p>
<p><u>Internal Controls</u></p> <p>Protecting assets from impropriety. Spending public money. Delegation, authorisations.</p>	<p>Internal controls are approached with a Balanced to Cautious risk appetite. The Association operates with limited delegations throughout the Association. Relaxation of controls is permitted in exceptional circumstances.</p>
<p><u>Social Purpose</u></p> <p>Mission, Values and overarching organisational strategy</p>	<p>The Board has adopted an Open approach whereby a level of risks will be tolerated in pursuit of Hightown's strategic priorities. Focus is influenced by changes within the sector and beyond with a willingness to adapt where this is consistent with strategy.</p>

Needs	
<i>Risk Theme</i>	<i>Appetite</i>
<p><u>Development and Sales</u></p> <p>The provision of new affordable housing</p>	<p>The Board has identified the development programme as Balanced to Open to support its continued commitment to address housing need despite challenging conditions in the construction sector. Development appraisal parameters are reviewed annually and mitigate against key risks.</p>
<p><u>Care & Supported Housing Contracts</u></p> <p>Care & Supported Housing contracts for existing and new schemes</p>	<p>The risk appetite towards Care & Support contracts is defined as Balanced to Open to support the Board's continued commitment to delivering care and support services to vulnerable people but a recognition of the need for schemes to remain financially viable.</p>
<p><u>Environmental</u></p> <p>Standards adopted in housing development and asset management. Actions taken to address broader organisational environmental impact.</p>	<p>Hightown's risk appetite is defined as Balanced on environmental standards, recognising the need to reduce carbon emissions from its properties and business activities but also the reliance on government assistance to make substantial progress. Most existing homes are rated in EPC Band B, which compares well to the sector.</p>
People	
<i>Risk Theme</i>	<i>Appetite</i>
<p><u>People</u></p> <p>Recruitment, retention and development of employees and Board members</p>	<p>The Board has a Balanced to Open risk appetite, recruiting for both behaviour and skills, and the provision of a well-developed training programme to support career growth and progression.</p>

Employees

During 2023/24, Hightown employed an average of 892 full time equivalent employees, most of whom are engaged in providing front line housing, care and support services to our residents. Including the part time and casual “bank” staff who cover temporary vacancies and staff absences, Hightown pays over 1,000 people each month. Hightown has paid the Real Living Wage to staff in 2023/2024.

Recruitment has continued to be challenging during 2023/24. The vacancy rate of 21% has continued across the Association for the second year running. Staff turnover in Care & Supported Housing schemes has reduced by 2% for the second year running and turnover across the Association has decreased by 1%. Hightown welcomed 219 new permanent staff and 187 bank staff. The national picture shows there were 152,000 vacant posts in Adult Social Care in 2022/23 which is a small decrease of 8,000 roles since 2021/22 according to Skills for Care.

Hightown continues to invest in the training of its employees through a number of internal and external training courses delivered by the Learning and Development team, and external facilitators. It continues to offer a blended approach with both face-to-face and virtual training opportunities available.

This year 362 in-house training courses were delivered, with 63 staff attending external courses. Six staff completed an Apprenticeship. Hightown invested £272,340 in learning for staff which is a 13% increase from 2022/23 and £48,901 was spent from the Apprenticeship Levy pot.

Hightown continues to promote the ‘Five Ways to Wellbeing’ model of

- #Give
- #Take Notice
- #Connect
- #Keep Learning
- #Be Active

into the workplace.

Volunteer “Wellbeing Champions” take the lead in the Five Ways programme aiming to ensure that staff are encouraged in positive interaction and to seek the support necessary to take care of their own physical and mental wellbeing.

Hightown engages with its staff about the Association's objectives, progress and activities through regular office and departmental meetings; through newsletters and written communications; through staff briefings; and the “MyTown” intranet. All new starters are invited to attend a 'Meet the Chief Executive' informal session. A Staff Conference took place in May 2023.

A Staff Forum of staff representatives meet quarterly to discuss issues relevant to staff and give feedback to management. There is a free staff gym at Hightown House to promote fitness and the benefits of a healthy lifestyle.

Hightown is committed to Equality, Diversity and Inclusion for all its employees and the Equality, Diversity & Inclusion Forum meet regularly. The Gender and Ethnicity Pay Gap Reports are available on the website.

Governance

Hightown Housing Association Limited (“the Association” / “Hightown”) is a registered Community Benefit Society, a charitable housing association with the objective of providing benefit to the community. The Association operates mainly in Hertfordshire, Bedfordshire, and Buckinghamshire. The Association’s principal activities are the development and management of social and affordable rented housing, supported housing and the provision of care services.

Hightown is a single legal entity – it has no subsidiary companies or joint ventures.

Hightown is managed by a Board of twelve members who have a range of skills and experience relevant to provide oversight of the Association’s strategy, operational activities, and major risks. All Board members are shareholders. The Board is supported by five committees - Risk & Audit, Investment, Operations, Remuneration & Nominations, and Treasury.

The Board conducts an annual Board Effectiveness Review to ensure that it is operating effectively and able to fulfil its primary functions. Performance appraisals and skills assessments of the individual Board members are conducted annually, and these are used to inform the Board learning & development programme and to aid in succession planning.

The Board were pleased to recruit three new Co-optees in 2023/24 to strengthen the diversity and skills mix of the Board. The current composition of the Board is as follows:

<i>Gender</i>	Female – 6	Male – 6	
<i>Ethnicity</i>	White British – 7	Other – 4	Undeclared - 1
<i>Age Range</i>	36 - 75 years.		

Rules

Hightown’s Rules are based on the NHF Model Rules 2015. The Standing Orders and Financial Regulations are reviewed at least biennially.

Regulation

Hightown was subject to an In Depth Assessment in 2024 and was rated as a G1 for Governance and V2 for Financial Viability by the Regulator of Social Housing.

Legislation

Hightown complies with all relevant legislation. Hightown’s membership of the Housing Associations’ Legal Alliance (HALA) provides regular updates, training, and advice to assist officers to stay up to date with legislative changes and maintain compliance.

Compliance with Regulatory Standards

Hightown carried out a self-assessment against the requirements of the Regulator of Social Housing’s Economic Standards and the Board is satisfied that the Association complies with all requirements of these standards.

The Board also considered a self-assessment against the new Consumer Standards in advance of their introduction in April 2024. Additionally, as part of the In-Depth Assessment, the Regulator considered these standards as a pilot exercise and gave feedback on their findings. An action plan has been produced based on the areas which require further work to strengthen the Association’s performance against this framework.

National Housing Federation Code of Governance

Hightown complies with the National Housing Federation (NHF) Code of Governance 2020 which the Board formally adopted on 1st April 2022. In relation to the transition from a maximum of three terms to two terms, as part of the 2021 Board succession plan it was noted that the Board Chair was already in his third term, being due to stand down after nine years' service in 2024. It was agreed by the Board that to meet the interests of the business, Bob Macnaughton should be asked to complete his full three terms. Additionally, as part of the 2023 Board succession plan, it was agreed that as both Vice Chairs were due to stand down at the end of their second terms in 2024, that Cordelia Pace would be asked to continue her tenure for one further year to September 2025 to smooth the transition to a new leadership.

These decisions were allowable under the Code of Governance 3.7(3) and are also compliant with Hightown's Rules which allows for up to three terms.

National Housing Federation Code of Conduct

Hightown adopted the NHF Code of Conduct 2022 in November 2023. The Board is satisfied that Hightown has the appropriate policies and practices in place to support compliance with each of the four themes. The Code of Conduct applies to Board members, staff and members of the Resident Voice and Scrutiny Committee.

General Data Protection Regulation (GDPR)

Hightown's compliance with GDPR has been assessed against the relevant legislation and the best practice standards set by the Information Commissioner.

Equality, Diversity, and Inclusion

Hightown fully complies with its responsibilities under the Equality Act 2010 and has a policy to promote an operational and working environment free from discrimination, harassment, and victimisation. In addition to the publication of Hightown's Gender Pay Gap, the Association also conducts and publishes an annual Ethnicity Pay Gap report as part of its commitment to eliminating disadvantages that may be faced by minority ethnic groups. The Board has agreed an action plan which identifies the priorities for delivering against its objectives in relation to EDI. This has been publicised on Hightown's website. Internally, Hightown has an employee-led Equality Forum and during 2023, it established a Board-led EDI Task & Finish Group to drive further improvements.

Resident Focus

Hightown has a range of mechanisms for enabling and empowering residents to influence the delivery of their services. Board members attend the Residents' Voice and Scrutiny Committee (RVSP) and the Chair of RVSP attends the Operations Committee to provide clear links through to the Association's governance structures. The Association fully complies with the standards set out in the Housing Ombudsman's Complaint Handling Code. Residents' Health & Safety continues to be a major focus for the Board. The needs of Hightown's residents have been of particular concern in relation to the cost-of-living crisis and in response, additional funds have been made available to support those most in need and the staffing complement to focus more on supporting people to successfully maintain their tenancies and access the support that is available to them has been increased.

Declarations of Interest

Board members complete an annual Declaration of Interest form and also inform the Company Secretary of any changes as they occur. In the interests of transparency, the declared interests are included in every Board and Committee pack. The declared interests of Hightown's Board members are available on request to the Company Secretary at Trudi.kleanthous@hightownha.org.uk.

Modern Slavery Statement

Introduction

This statement is made in accordance with Part 6 Section 54 (1) of the Modern Slavery Act 2015 and constitutes Hightown Housing Association's (Hightown) modern slavery statement.

Hightown operates a zero-tolerance policy towards slavery and human trafficking and will take steps to prevent it occurring in our supply chains or in any part of our business. This statement has the support and approval of our Board. Managers and staff are expected to report any reasonable suspicion that slavery and human trafficking is taking place.

About Hightown

Hightown is a charitable housing association registered society under the Co-operative and Community Benefit Societies Act 2014. Hightown operates entirely in England and almost exclusively in highly regulated sectors. Many of its contracts are with public sector organisations. Other than in very rare circumstances, Hightown sources all of its goods and services from UK based suppliers.

Hightown's policies reflect our commitment to acting ethically and to implementing robust systems and controls to ensure that slavery and human trafficking is not taking place in our supply chains. A number of contribute guarding against modern slavery, and we review these on a regular basis:

- Safeguarding Adults and Children Policy
- Confidential Reporting (Whistleblowing) Policy
- Equality & Diversity Policy
- Anti-bribery Policy
- Recruitment Policy
- Procurement Policy
- Code of Conduct
- Anti-bullying, Harassment and Victimisation Policy
- Health & Safety Policy
- Conflicts of Interest Policy

Our Supply Chains

Hightown expects its suppliers not to use slave labour or engage in human trafficking and requires all new suppliers to confirm this by submitting their tender or by a statement that they are not in breach of the Modern Slavery Act.

Our tender documentation includes a provision for the mandatory exclusion of any bidder convicted of an offence under sections 1, 2 or 4 of the Modern Slavery Act 2015. Hightown may instruct its agents to conduct checks of key suppliers where there are suspicions that there may be non-compliance with the legislation. Should a breach be identified, Hightown may provide the supplier with an opportunity to rectify the problem and implement a corrective action plan but reserves the right to remove the supplier from its supply chain.

Construction labour suppliers are particularly susceptible to modern slavery, and clearly form an integral part of our supply chain. Our development contracts include a clause requiring compliance with the Modern Slavery Act.

Our contractors are expected to notify us if they have been in breach of the Act.

With a large portfolio of care and support services and the national challenge of recruiting and retaining staff, Hightown is reliant on recruitment agencies for the provision of temporary staff in order to provide

the required levels of service within our schemes. Agency staff are often taken on at short notice to fill gaps as required. Although we conduct due diligence on the agencies used, this still reduces our control over how these staff are sourced.

Safeguarding

We have safeguarding policies and procedures in place to guard against the risk that our tenants or service users are or become victims of slavery or human trafficking.

We have appointed two Safeguarding Lead Officers and have procedures in place for reporting any safeguarding issue including suspicion of modern slavery.

Training

We take steps to ensure staff are aware that safeguarding is everyone's responsibility and that staff have the training they need to be able to identify and report modern slavery if they suspect it.

All staff have access to E Learning covering Modern Slavery and Human Trafficking and are pointed to the Modern Slavery website www.modernslavery.co.uk to gain further information about types of slavery, signs to spot, online or telephone reporting and referral processes for victims. We have publicised the International Labour Organisation's indicators of forced labour on our intranet to alert staff to possible signs of forced labour.

Recruitment and Working Practices

Hightown's recruitment processes fully comply with the Modern Slavery Act 2015, with checks on documents such as passports and other forms of identification being carried out routinely. Where the use of temporary staff is required, only specified, reputable agencies are used. In the last year, the Association's Declarations of Interest Policy has been revised to strengthen the controls against the potential of victims of forced labour entering the workforce.

An Internal Audit scrutinised our existing practice and we were not required to increase the controls in place to guard against modern slavery risks.

All Hightown employees are treated fairly and equally, and we commit to paying the Real Living Wage as far as possible. Salary payments are made directly to employees bank accounts. Our employees will not be forced to work in excess of legally permitted hours. Working hours and overtime only exceed 48 hours with consent from the employees.

Risk Assessment

We have identified the key areas of our activity where there is a risk that modern slavery and human trafficking might be detected. This includes activity that is taking place:

- In our supply chains
- In our homes
- Through recruitment activities.

We have assessed the risk of slavery and human trafficking occurring in our internal operations and consider the risk generally to be low. We consider the risk to be higher in the care, building and maintenance areas of our supply chain than in other areas. However, in the period since the introduction of the Act and in the past year, we have not become aware of any instances of slavery or human

trafficking relating to our business and we consider that this is the key indicator for measuring our performance in preventing Slavery and Human Trafficking.

Review

We maintain regular communication with our staff on the issues around slavery and human trafficking to maintain awareness and will incorporate, where appropriate, issues relating to slavery and human trafficking when we update policies and procedures.

This policy is reviewed annually and is widely communicated to our stakeholders and to the public via our website.

Board Statement On The Effectiveness Of The System Of Internal Control For The Period Ending 31 March 2024

The Board of Hightown Housing Association Limited is the governing body of the Association. It is responsible for actively managing the risks faced by the organisation and for obtaining robust assurance that controls are effective, that plans and compliance obligations are being delivered, and that Hightown is financially viable. The Board is committed to the highest standards of business ethics and conduct and seeks to maintain these standards across all operations.

The systems of internal control are designed to manage, rather than eliminate, the risk of failure to achieve Hightown's business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded with day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the association is exposed.

The key elements in exercising control include:

- Board-approved terms of reference for itself and its Risk & Audit, Operations, Treasury, Investment and Remuneration & Nominations committees. All committee meeting minutes are enclosed as part of the Board pack in addition to a one-page summary of the key issues addressed which is presented by the committee chairs.
- Annual appraisals of both individual and collective Board effectiveness including a review of skills requirements and a gap analysis to inform future recruitment activities.
- Clear and up to date Financial Regulations and Standing Orders.
- Policies and procedures for all key areas of the business which are reviewed at least biennially to ensure their continued appropriateness.
- An Internal Audit function using the services of a professional firm of auditors to deliver the Risk & Audit Committee's risk-based audit plan. All audit reports are reviewed by the Executive Directors' Group and by the Risk & Audit Committee, which also receives updates on the implementation of agreed external and internal audit recommendations.
- Established Health & Safety working systems including regular meetings of the internal Health & Safety committee, with regular reports to the Operations Committee and the Board.
- The use of an external Health and Safety consultancy to provide specialist advice to the Health & Safety Committee.
- A risk management and business assurance process which includes the use of the 3 lines of defence model. Risk management is considered at each Risk & Audit Committee meeting, through reviews of individual risk areas, as well as being considered quarterly by the Board. The Board reviews its risk appetite annually.
- Near miss, lessons learnt and emerging risks reporting to every Risk & Audit Committee in relation to internal controls, with details of corrective actions.
- Robust strategies and business planning processes, with detailed financial budgets and forecasts.
- Annual budgets and management accounts which are regularly monitored by the Board and managers including consideration of the achievement of value for money and other quality indicators. This includes the production of monthly management accounts, performance reports, and a KPI information pack.
- An anti-fraud and anti-bribery culture supported by policy and procedure for dealing with suspected fraud, bribery, anti-money laundering, and whistleblowing.
- All new housing investment decisions are subject to formal appraisal and scrutiny against Board approved parameters.

- Treasury management activity is reported to the Board at each meeting which includes monitoring of loan covenants and requirements for new loan facilities.
- Formal recruitment, induction, retention, appraisal, training and development policies for all staff and the use of external benchmarking to establish remuneration rates for employees.
- Regular reporting to the appropriate committee and the Board on key business objectives, targets and outcomes.
- Annual review of compliance with external standards including the Regulator of Social Housing Economic and Consumer Standards and the Care Quality Commission's Fundamental standards.
- Annual review of the Regulator of Social Housing's Sector Risk Profile.
- Systems and policies in place to protect Hightown's Data Integrity and Security.
- Business continuity and incident management processes.
- The use of external advisors to ensure that Hightown has adequate insurance arrangements in place.
- An agreed approach to Value for Money and efficiency.
- Registers of activity relating to the use of delegated authorities; disposals; fraud, anti-money laundering; and gifts and hospitality.
- Specialist external support to establish a baseline for Hightown's carbon footprint and pathway to net zero for the purpose of identifying environmental improvements and supporting ESG reporting.
- Membership of the HALA legal framework which provides discounted rates in addition to additional benefits such as training, legal updates, and newsletters.

During the year, a number of activities have taken place in order to further strengthen Hightown's internal controls, including:

- Internal audit and advisory reports covering Rent & Service Charge Setting; Core Compliance; HR Recruitment & Retention; Property Health & Safety Compliance; Assets & Liabilities Register; Tenant Focus (TSMs); Key Financial Controls; and Validation of the Gender and Ethnicity Pay Gap reporting.
- The use of specialist support to review Hightown's stress testing methodology.
- Modified the scale of the development programme in response to the economic environment and temporarily suspended delegated authorities for the approval of development schemes.
- Made a number of changes to the governance structure including the creation of a Treasury Committee and transferring the oversight of strategic asset management from the Operations Committee to the Investment (formerly Development) Committee.
- Used an external contractor to increase the amount of up-to-date stock condition information.
- Implemented the findings of an Independent Board Effectiveness Review.
- Launched a Data Integrity Project to enhance Hightown's data quality, cyber security and to review its IT systems.
- Commissioned an independent company to lead senior managers through a scenario based on a cyber-attack. This resulted in follow up work to enhance the existing security arrangements.
- Securing a Private Placement delivering £125m of fixed debt to reduce exposure to rising interest rates and increase Hightown's liquidity headroom.
- Increased the assurance to the Board in relation to Health & Safety through improvements to the quality of reports and the use of external specialist support and advice.

The Chief Executive has reviewed the internal control and assurance arrangements and made a report to the Board confirming the effectiveness of the control systems for the year ended 31 March 2024 and

up to the date of approval of the Annual Report and Financial Statements. The Risk & Audit Committee and the Board have expressed their satisfaction with these arrangements.

Status

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements for the year ended 31 March 2024 and up to the date of approval of the financial statements.

Strategic Report Approval

This Board Report was approved by order of the Board on 4 July 2024.



Trudi Kleanthous
Company Secretary

Statement of the Board's Responsibilities in Respect of the Financial Statements

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the Income and Expenditure for the period of account.

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

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent,
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 SORP for Registered Social Housing Providers.

Approval

The report of the Board was approved on 4th July 2024 and signed on its behalf by:



Bob Macnaughton

Chair

4 July 2024

On Behalf Of The Board

Opinion

We have audited the financial statements of Hightown Housing Association Limited (the Association) for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2024 and of the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to

determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities set out on page 57, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the Audit was Considered Capable of Detecting Irregularities, Including Fraud

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

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

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

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

Use of our report

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

Beever and Struthers

**Beever and Struthers
Chartered Accountants
Statutory Auditor**

**150 Minories
London
EC3N 1LS**

Date: 23 August 2024

Hightown Housing Association Limited
Statement of Comprehensive Income
For the year ended 31 March 2023

	<i>Note</i>	2024 £'000	2023 £'000
TURNOVER	3	120,969	111,914
Cost of sales	3	(18,055)	(19,710)
Operating costs	3	(65,478)	(57,349)
Surplus on sale of properties & other fixed assets	6	4,918	3,501
Increase in valuation of investment properties	12	100	290
OPERATING SURPLUS	3,6	42,454	38,646
Interest receivable and similar income		226	40
Interest and financing costs	7	(32,048)	(20,199)
SURPLUS FOR THE YEAR		10,632	18,487
Actuarial (loss)/gain on defined benefit pension scheme	29	(828)	(487)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		9,804	18,000

All activities are continuing.

The notes on pages 65 to 97 form part of these financial statements.

The financial statements were approved by the Board on 4 July 2024.


Bob Macraughton – Chair


Sarah Barton – Board Member


Trudi Kleanthous - Secretary

Hightown Housing Association Limited
Statement of Changes in Reserves
 For the year ended 31 March 2024

	Income and Expenditure Reserve £'000
Balance as at 1 April 2022	188,295
Surplus for the year 2022/23	18,487
	<hr/>
	206,782
	<hr/>
Actuarial loss relating to defined benefit pension schemes	(487)
	<hr/>
Other comprehensive income for the year	(487)
	<hr/>
Balance at 31 March 2023	206,295
	<hr/> <hr/>
Balance as at 1 April 2023	206,295
Surplus for the year 2023/24	10,632
	<hr/>
	216,927
	<hr/>
Actuarial loss relating to defined benefit pension schemes	(828)
	<hr/>
Other comprehensive income for the year	(828)
	<hr/>
Balance at 31 March 2024	216,099
	<hr/> <hr/>

The notes on pages 65 to 97 form part of these financial statements.

Hightown Housing Association Limited
Statement of Financial Position
As at 31 March 2024

	Note	2024 £'000	2023 £'000
TANGIBLE FIXED ASSETS			
Housing properties	10	1,127,802	1,032,534
Other fixed assets	11	6,057	4,980
Investment properties	12	4,350	3,330
Investments	13	30	30
		<u>1,138,239</u>	<u>1,040,874</u>
TOTAL FIXED ASSETS			
CURRENT ASSETS			
Properties for sale	14	23,672	31,993
Trade and other debtors	15	8,530	7,295
Cash and cash equivalents	16	16,596	16,818
		<u>48,798</u>	<u>56,106</u>
CREDITORS: Amounts falling due within one year	17	<u>(31,176)</u>	<u>(31,396)</u>
NET CURRENT ASSETS		<u>17,622</u>	<u>24,710</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,155,861</u>	<u>1,065,584</u>
CREDITORS: Amounts falling due after more than one year	18	<u>(935,854)</u>	<u>(855,409)</u>
PROVISION FOR LIABILITIES			
Pension Liability	29	<u>(3,908)</u>	<u>(3,880)</u>
TOTAL NET ASSETS		<u><u>216,099</u></u>	<u><u>206,295</u></u>
CAPITAL AND RESERVES			
Share capital	23	-	-
Income and Expenditure Reserve		<u>216,099</u>	<u>206,295</u>
TOTAL RESERVES		<u><u>216,099</u></u>	<u><u>206,295</u></u>

The notes on pages 65 to 97 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on 4 July 2024.




Bob Macnaughton – Chair Sarah Barton – Board Member Trudi Kleanthous - Secretary

Hightown Housing Association Limited
Statement of Cash Flows
For year ended 31 March 2024

	<i>Note</i>	2024 £'000	2023 £'000
NET CASH FROM OPERATING ACTIVITIES	28	68,312	48,369
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets – housing properties		(116,085)	(109,010)
Purchase of fixed assets – other	11	(1,341)	(121)
Purchase of investment properties	12	(920)	-
Receipt of grant	19	14,224	16,848
Interest received and income from investments		226	40
Net cash from investing activities		(103,896)	(92,243)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	7	(33,384)	(23,504)
New loans	21	200,000	80,000
Debt issue costs incurred	21	(453)	(907)
Repayment of loans	21	(130,801)	(20,799)
Net cash used in financing activities		35,362	34,790
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(222)	(9,084)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		16,818	25,902
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		16,596	16,818

The notes on pages 65 to 97 form part of these financial statements.

1 LEGAL STATUS

Hightown Housing Association Limited (the "Association"; "Hightown") was incorporated on 19 July 1967. It is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 with registration 18077R and registered with the Regulator of Social Housing as a registered housing provider with registration L2179. It is a single legal entity - there are no subsidiaries and no joint ventures. It is an Exempt Charity.

2 ACCOUNTING POLICIES

Financial Reporting Standards

The financial statements of the Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with The Accounting Direction for Private Registered Providers of Social Housing 2022 and the Housing and Regeneration Act 2008.

The Association meets the definition of a public benefit entity (PBE).

The Board is satisfied that the current accounting policies are the most appropriate for the Association.

Significant Judgements and Estimates

The preparation of the financial statements require management to make significant judgements and estimates.

The items in the financial statements where these judgements have been made include:

- Capitalisation of property development costs
Judgement is required to identify the point in a development scheme project where the scheme is more likely to go ahead than not to continue, thus allowing capitalisation of the associated development costs. After capitalisation, management monitor the asset and consider whether any changes indicate that any impairment has arisen.
- Indicators of impairment
Whether there are indicators of impairment of the Association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH (Existing Use Value - Social Housing) or depreciated replacement cost. The Board have also considered impairment based on their assumptions to define cash or asset generating units.
- Leases
Whether leases entered into by the Association either as a lessor or as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Asset categorisation
The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

- Cash generating unit

The Association has identified cash generating units for impairment assessment purposes at a property scheme level.

- Investment Properties

The Association carries its investment property at fair value, with changes in fair value being recognised in The Statement of Comprehensive Income. The Association engaged independent valuation specialists to determine fair value at the reporting period date. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long-term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 12. The carrying value of investment properties at 31 March 2024 was £4,350,000.

- Pensions

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 29A.

The items in the financial statements where these estimates have been made include:

- Allocation of costs for mixed tenure developments

On a scheme with a mixed tenure development (i.e. it includes both Affordable rented properties and Shared Ownership properties) an allocation of the land cost, property build costs, professional fees and other costs is made between the relevant units.

- Allocation of costs for shared ownership properties

Where costs are not separately invoiced, costs are allocated to shared ownership properties on the basis of the split of the scheme units.

- Recoverability of the cost of properties developed for shared ownership sale

Management review the housing market regularly and ensure that properties remain in demand. Management have controls in place in the form of build contracts and contingency budget to prevent or minimise the risk of overspends on estimated construction cost.

- 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 the potential technological obsolescence that may change the utility of IT equipment and software, changes to decent homes standards which may require more frequent replacement of key components and changes to the ability to let the property may reduce the economic life of the property. The total of accumulated depreciation appears in Notes 10 and 11.

- Rent and other income receivable

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable. Provisions are made where appropriate.

Turnover

Turnover comprises rental income receivable in the year, income from property sales, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants. Turnover is recognised on the following basis:

- Rental income is recognised on a time apportioned basis and is stated net of losses from void properties;
- Fees and income from the provision of Residential Care, Supporting People and Management Services are recognised as the services are provided;
- Income paid in respect of cyclical and major repairs is deferred until such time as the related expenditure is incurred;
- Income from the sale of First Tranche Shared Ownership properties is recognised on legal completion.

Value Added Tax

The Association charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from His Majesty's Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Irrecoverable VAT is charged to the income and expenditure account and is allocated to the different activities on the same basis as the corresponding costs are allocated.

Holiday Pay Accrual

A liability has been recognised to record any unused holiday pay entitlement accrued at the year-end date and accrued to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the reporting date.

Interest Payable

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

- a) Interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
- b) Interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Interest is capitalised from the date of the site acquisition to the date of practical completion. Other interest payable is charged to the income and expenditure account in the year.

Pensions

The Association participates in four multi-employer defined benefit schemes; the Social Housing Pension Scheme (SHPS), the Pensions Trust Growth Plan, the Buckinghamshire Council Pension Fund and the NHS Pension Scheme. The latter two schemes relate to employees who transferred to the Association under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

In the preparation of these financial statements, the requirements set out in: "Amendments to FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland: Multi-employer defined benefit plans" have been adopted.

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

in the income and expenditure account with any changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

The Association also participates in a Defined Contribution Scheme with the Social Housing Pension Scheme. This is the pension fund for most employees and auto-enrolment vehicle for the Association.

Supported Housing

The treatment of income and expenditure in respect of supported housing projects depends on whether the Association carries the financial risk or not.

Where the Association holds the support contract with the relevant commissioning authority and carries the financial risk, all the service's income and expenditure is included in the Association's income and expenditure account (see Note 3).

Where the Association has appointed an agent to provide support to the service users and the agent holds the support contract with the commissioning authority (and carries the financial risk), the income and expenditure account includes only that income and expenditure which relates solely to the Association.

Interest Rate Fixings

The Association uses interest rate fixes to reduce its exposure to future increases in the interest rates on floating rate loans. Payments made under such fixes are accrued over the payment period on a straight-line basis and adjusted against interest payable on the loans. The interest rate fixes with banks are embedded within loan agreements. There are no free-standing derivatives.

Housing Properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Improvements are works to existing properties, and component replacements which have been treated separately for depreciation purposes, which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised. Direct overhead costs comprise the costs of staff time, including salary costs and other apportioned direct costs, incurred on the developments from the date from which it is reasonably likely that the development will go ahead, to the date of practical completion.

Shared Ownership properties are split proportionately between current and fixed assets based on the first tranche proportion. The first tranche proportion is accounted for as a current asset and the related sales proceeds shown in turnover. The remaining element of the Shared Ownership property is accounted for as a fixed asset and any subsequent staircasing is treated as a part disposal of a fixed asset. Shared Ownership properties are included in housing properties at cost less any provisions needed for impairment.

Details of the cost of housing properties is shown at Note 10.

The net surplus on the sale of housing properties (including Shared Ownership property staircasing) represents proceeds less applicable cost and expenses. Any applicable social housing grant is transferred to the Recycled Capital Grant Fund held in long term creditors.

Depreciation of Housing Properties

Housing properties under construction are stated at cost and are not depreciated. Freehold land is not depreciated.

The Association depreciates freehold housing properties by component so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost less residual value.

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate if shorter, at the following annual rates:

Asset Component	Useful Life	Annual Depreciation Rate %
Building Structure		
- Houses	100 years	1.00%
- Flats	80 years	1.25%
Roof	80 years	1.25%
Garages	30 years	3.33%
Windows and external doors	30 years	3.33%
Bathrooms	30 years	3.33%
Electrical systems	30 years	3.33%
Lifts	30 years	3.33%
Kitchens	20 years	5.00%
Heating systems	15 years	6.66%

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Property partially sold under shared ownership leases are not depreciated as the responsibility for repair and maintenance is held by the shared owner and the market value of Hightown's retained equity exceeds the book cost.

Land Received At Less Than Market Value

Where land is transferred by local authorities and other public bodies for consideration below market-value, the difference between the market value and the consideration given is added to cost at the time of the donation and credited to other capital grants.

Social Housing Grant

Social Housing Grant (SHG) is receivable from Homes England (formerly the Homes and Communities Agency) and local authorities. The amount of SHG receivable is calculated on a fixed basis depending on the size, location and type of housing property. SHG due or received in advance is included as an asset or liability as appropriate. Where developments have been financed wholly or partly by social housing or other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates using the accrual model set out in FRS 102 and the Housing SORP 2018 for government grants.

SHG is subordinated to the repayment of loans by agreement with Homes England. SHG released on sale of a property is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors. Although SHG is treated as grant for accounting purposes, it may nevertheless become repayable if the conditions under which the grant was made are not complied with, for example if the properties to which grant was designated cease to be used for the provision of affordable rental accommodation.

Other Grants

These include grants from local authorities and other organisations. Government Grants are dealt with under the accrual model within FRS 102 and are credited to the income and expenditure account in the same period as the expenditure to which they relate. Other grants are dealt with under the performance method and recognised to income and expenditure once the conditions for the grant are complete.

Impairment of Social Housing Properties

The housing property portfolio is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Association looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. No properties have been valued at Value In Use – Social Purpose (VIU-SP).

Investment Properties

Investment properties consist of commercial properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure as appropriate.

Investments

Investments are held at market value. Any movement in the value of investments is recorded in the Revaluation Reserve and the Statement of Comprehensive Income.

Other Tangible Fixed Assets

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

The principal annual rates used for other assets are:

Asset Type	Useful Life	Annual Depreciation Rate %
Freehold office building	50 years	2%
Furniture, fixtures and fittings	10-40 years	2½% to 10%
Computers / office equipment	3 to 5 years	33% / 20%
Motor vehicles	4 years	25%

Where assets comprise separate components as set out under housing properties depreciation policy earlier, these components are depreciated over the lives of those components.

Trust Funds

Funds held by the Association on trust for leaseholders are recognised as an asset of the Association where the Association has control of the funds. A corresponding creditor is also recognised. Leaseholders' funds held for major repairs are maintained in separate interest bearing accounts for this purpose and fall under a deed of trust dated 23rd June 1993. Any income received on the funds so held is credited to leaseholders.

Loan Issue Costs and Premium

In accordance with SORP 2018 the issue costs of loans have been deducted from the gross loan values. Issue costs are amortised over the period of the loan to which they relate. Similarly the premium received on the loan proceeds from The Housing Finance Corporation (THFC) bond issue and the bLEND bond issue is amortised into the Statement of Comprehensive Income to offset interest paid over the life of the loan.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through the Statement of Comprehensive Income, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial instruments held by the Association are classified as follows:

- Financial assets such as cash are held at cost.
- Financial assets such as investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method.
- Financial liabilities such as loans are held at amortised cost using the effective interest method.

Allocation of Costs

Costs are allocated to the different categories of social housing activities on the following basis:

- Direct costs are allocated to the relevant activity.
- Where direct costs relate to a number of different activities they are apportioned to those different activities on a fair basis.
- Overhead costs are allocated to different activities, primarily based on the estimated time spent by the Association's staff in managing the different activities.

Recycled Capital Grant Fund

The Recycled Capital Grant Fund (RCGF) contains social housing grant released by property sales (other than Right to Acquire or Right to Buy) for re-use on funding new developments. If unused within a three year period from the start of the following financial year, it will be repayable to Homes England with interest. Any unused capital grant held which it is anticipated will be either repaid or used within one year is disclosed in the balance sheet under "creditors: amounts falling due within one year". The remainder is disclosed under "creditors: amounts falling due after one year".

Mixed Tenure Schemes

The surplus on sales of properties on mixed tenure development schemes is reduced in accordance with SORP 2018. Where a development is evaluated as a single scheme with more than one element and where one or more of those elements are expected to generate a surplus and one or more of the other elements has a value at Existing Use Value – Social Housing (EUV-SH) that is below cost less attributable grant (a shortfall), then it is not appropriate to recognise all of the surplus on sale from that scheme. The sales surplus is reduced by the shortfall through the apportionment of costs to each element of the scheme.

Service Charges

All service charges are variable service charges. Where there is any difference between the estimated cost recovered from tenants and leaseholders and the actual cost incurred, any such shortfall or surplus arising is carried forward and either collected or refunded against the future years charge. Any shortfall or surplus arising is shown in the Statement of Financial Position within debtors or creditors as appropriate.

Corporation Tax

The Association is registered as a charity with His Majesty's Revenue & Customs. By virtue of S.478 Corporation Tax Act 2010, the Association is exempt from corporation tax. Should the Association become liable for corporation tax it will be calculated at the rate applicable on any surplus it generates from non-charitable activities.

3 NOTE A – PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

Continuing activities

	2024 Turnover £'000	2024 Operating costs £'000	Cost of Sales £'000	Operating surplus £'000	Turnover £'000	2023 Operating costs £'000	Cost of Sales £'000	Operating surplus £'000
SOCIAL HOUSING LETTINGS (See Note 3 B)	90,634	(58,540)	-	32,094	78,597	(51,655)	-	26,942
OTHER SOCIAL HOUSING ACTIVITIES								
First tranche low-cost home ownership sales	22,891	-	(18,055)	4,836	26,828	-	(19,710)	7,118
Charges for support services	2,449	(2,449)	-	-	1,653	(1,653)	-	-
Care	4,378	(4,359)	-	19	4,302	(3,956)	-	346
	29,718	(6,808)	(18,055)	4,855	32,783	(5,609)	(19,710)	7,464
ACTIVITIES OTHER THAN SOCIAL HOUSING								
Commercial Properties	270	(68)	-	202	257	(51)	-	206
Other	347	(62)	-	285	277	(34)	-	243
	617	(130)	-	487	534	(85)	-	449
	120,969	(65,478)	(18,055)	37,436	111,914	(57,349)	(19,710)	34,855
SURPLUS ON SALE OF PROPERTIES & OTHER FIXED ASSETS (See Note 6A)				4,918				3,501
INCREASE IN VALUATION OF INVESTMENT PROPERTIES (See Note 12)				100				290
TOTAL				42,454				38,646

3 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS (continued)
NOTE B - INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	General Housing Needs Housing £'000	Supported Housing (& housing for older people) £'000	Low Cost Home Ownership £'000	Residential Care Homes £'000	Other £'000	2024 Total £'000	2023 Total £'000
INCOME							
Rent receivable net of identifiable service charges	53,163	5,146	6,471	723	-	65,503	55,258
Service charge income	1,280	1,676	1,085	-	1,074	5,115	4,492
Charges for support services	-	45	-	-	-	45	33
Amortised Government Grants	1,749	333	210	7	25	2,324	2,303
Care and Support income	-	17,135	-	-	-	17,135	15,907
Other revenue grants	-	252	-	-	-	252	337
Other	18	207	-	34	1	260	267
	56,210	24,794	7,766	764	1,100	90,634	78,597
TURNOVER FROM SOCIAL HOUSING LETTINGS							
	(4,891)	(3,236)	(258)	(65)	(153)	(8,603)	(7,942)
Management	-	(14,814)	-	-	-	(14,814)	(14,120)
Support Service Costs	(3,470)	(2,283)	(962)	(395)	(583)	(7,693)	(7,138)
Service charge costs	(7,437)	(1,082)	(41)	(113)	-	(8,673)	(6,727)
Routine maintenance	(1,543)	(216)	(7)	(28)	-	(1,794)	(1,022)
Planned maintenance	(3,499)	(332)	(77)	(71)	(109)	(4,088)	(3,266)
Major repairs expenditure	(771)	(51)	-	(1)	(1)	(824)	(510)
Bad debts	(11,153)	(759)	(13)	(41)	(75)	(12,041)	(10,809)
Depreciation of housing properties	-	-	-	-	(10)	(10)	(121)
Leasing Costs							
	(32,764)	(22,773)	(1,358)	(714)	(931)	(58,540)	(51,655)
OPERATING EXPENDITURE ON SOCIAL HOUSING LETTINGS							
	23,446	2,021	6,408	50	169	32,094	26,942
OPERATING SURPLUS / (DEFICIT) ON SOCIAL HOUSING LETTINGS							
	(505)	(262)	(405)	-	-	(1,172)	(1,313)

Void losses (being rental income lost as a result of property not being let, although it is available for letting).

Hightown Housing Association Limited
Notes to the Financial Statements
For the year ended 31 March 2024

4 SUPPORTED HOUSING MANAGED BY AGENCIES

The Association has 13 supported housing tenancies (2023:13) that are managed on its behalf under management agreements by other bodies who carry the financial risk. The Association's Statement of Comprehensive Income includes only the income and expenditure for which it retains responsibility.

5 ACCOMMODATION IN MANAGEMENT

The accommodation in management for each class of accommodation was as follows:

	1 April 2023 No.	New units handed over No.	Units sold/ staircased No.	Other adjustments No.	31 March 2024 No.
Social Housing					
General needs housing					
- Social Rent	2,494	23	(6)	(19)	2,492
- Affordable Rent	2,612	446	(1)	-	3,057
	<u>5,106</u>	<u>469</u>	<u>(7)</u>	<u>(19)</u>	<u>5,549</u>
Intermediate rent	391	23	(1)	10	423
Supported housing	512	9	-	27	548
Housing for older people	81	-	-	-	81
Low Cost Home Ownership (Shared Ownership)	1,226	147	(32)	(3)	1,338
Leasehold properties	825	-	-	(825)	-
Social Leasehold	-	-	-	489	489
Non-Social Leasehold	-	-	-	339	339
Non-Social Rental	-	-	-	6	6
Total Owned	8,141	648	(40)	24	8,773
Accommodation managed for others	130	-	-	(30)	100
Total Owned and Managed	8,271	648	(40)	(6)	8,873

Units in development at the year end 982 588

6 OPERATING SURPLUS

	2024 £'000	2023 £'000
This is arrived at after charging:		
Depreciation of housing properties	11,883	10,531
Accelerated depreciation on replaced components	158	293
Depreciation of other tangible fixed assets	262	249
Operating lease rentals	342	451
Auditors' remuneration (excluding VAT)		
- fees payable to the Association's auditor for the audit of the financial statements	43	41
- for service charge examination	19	20
- for grant audits	2	2

6A SURPLUS ON SALE OF PROPERTIES & OTHER FIXED ASSETS

	Right to Acquire Sales	Low-Cost Home Ownership Staircasing Sales	Other	Total 2024	Total 2023
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	311	5,860	7,538	13,709	8,498
Less: Costs of sales	(248)	(3,292)	(5,251)	(8,791)	(4,997)
	<u>63</u>	<u>2,568</u>	<u>2,287</u>	<u>4,918</u>	<u>3,501</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	Note	2024 £'000	2023 £'000
Loans and bank overdrafts		37,139	24,585
Recycled Capital Grant Fund	20	85	42
Net interest on net defined benefit pension liability		163	96
		<u>37,387</u>	<u>24,723</u>
Interest capitalised on construction of housing properties	10	(5,339)	(4,524)
		<u>32,048</u>	<u>20,199</u>
Capitalisation rate used to determine the amount of finance costs capitalised during the period		5.19%	3.78%

8 EMPLOYEES

	2024 £'000	2023 £'000
<u>Employee costs:</u>		
Wages and salaries	26,311	23,885
Social security costs	2,271	2,154
Other pension costs	910	818
	<u>29,492</u>	<u>26,857</u>
	No.	No.
<u>Average monthly number of employees (full time equivalents):</u>		
Administration	103	95
Development	13	15
Housing, support and care	550	535
	<u>666</u>	<u>645</u>

Staff numbers in Care & Supported Housing schemes are expressed against their standard 37.5 hour per week. Other staff numbers are expressed against their standard 35 hour week.

9 BOARD MEMBERS AND EXECUTIVE DIRECTORS

Board members

The Association introduced Board remuneration in 2023/24. From January 2024 all but one of the Board members received emoluments under a contract for services. Board members are not employees of the Association.

Board members receive a fee for the services that they provide in their role for Hightown. The Remuneration & Nominations Committee review the levels of Board remuneration at least biennially with support from a suitably qualified pay and reward specialist. This review takes account of the regulatory guidance and standards set by Hightown's chosen Code of Governance.

The amounts were as follows:

	Total 2024 £'000	Total 2023 £'000
--	------------------------	------------------------

Board Member Remuneration

Bob Macnaughton	Board Chair	3	-
Qadeer Kiani	Chair Designate	1	-
Cordelia Pace	Vice-Chair	2	-
Sarah Pickup	Vice-Chair	2	-
Sarah Barton	Board Member & Chair of Committee	2	-
Alan Head	Board Member & Chair of Committee	2	-
David Matthews	Board Member & Chair of Committee	2	-
Olayinka (Yinka) Bolaji	Board Member	1	-
Leslie Channon	Board Member	1	-
Charmaine De Souza	Board Member	-	-
Chris Ellmore	Board Member	1	-
Zeena Farook	Board Member	1	-
		18	-

Total expenses reimbursed during the year to Board members was £259 (2023: £149).

Executive Directors

The aggregate emoluments of the executive directors including pension contributions amounted to £904,076 (2023: £950,527).

The emoluments of the highest paid director, the Chief Executive was £223,489 (2023: £207,031).

The executive directors are either members of the Social Housing Pension Scheme (SHPS) as ordinary members of the defined benefit pension section with no enhanced or special terms, or are members of the SHPS defined contribution section or have chosen to opt out of the workplace pension scheme.

The key management personnel of the Association are defined as the members of the Board of Management, the Chief Executive and the executive management team as disclosed on pages 3-8.

Employees

The full time equivalent number of staff whose remuneration payable in respect of the year excluding pension contributions was more than £60,000 by salary band, was as follows:

Salary band	2024 No.	2023 No.
£ 60,000 - £ 69,999	5	9
£ 70,000 - £ 79,999	11	4
£ 80,000 - £ 89,999	1	1
£ 90,000 - £ 99,999	4	3
£120,000 - £129,999	-	1
£130,000 - £139,999	-	1
£150,000 - £159,999	3	2
£200,000 - £209,999	-	1
£220,000 - £230,000	1	-

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10 FIXED ASSETS – HOUSING PROPERTIES

	Housing Properties held for lettings £'000	Properties in the course of completion Rental Units £'000	Properties in the course of completion Shared Ownership £'000	Shared Ownership properties £'000	Total £'000
<u>COST</u>					
At 1 April 2023	859,284	101,378	22,017	131,199	1,113,878
Additions	-	100,342	7,744	-	108,086
Capitalised Interest	-	4,602	737	-	5,339
Components Capitalised	2,055	-	-	-	2,055
Properties Completed	137,774	(137,774)	(19,520)	19,520	-
Transfer to properties held for sale	(33)	-	-	-	(33)
Disposals	(5,641)	-	-	(3,249)	(8,890)
As at 31 March 2024	993,439	68,548	10,978	147,470	1,220,435
<u>LESS: DEPRECIATION</u>					
As at 1 April 2023	81,344	-	-	-	81,344
Charge for the year	12,041	-	-	-	12,041
Eliminated on Disposals	(752)	-	-	-	(752)
As at 31 March 2024	92,633	-	-	-	92,633
<u>NET BOOK VALUE</u>					
As at 31 March 2024	900,807	68,548	10,977	147,470	1,127,802
As at 31 March 2023	777,940	101,378	22,017	131,199	1,032,534

Expenditure on works to existing properties:

	2024 £'000	2023 £'000
Components capitalised	2,055	2,159
Amounts charged to income and expenditure account	3,686	2,946
	5,741	5,105

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Social Housing Grant	2024 £'000	2023 £'000
Deferred Capital Grant	197,253	184,910
Recycled Capital Grant Fund	1,419	1,748
Revenue Grant – I&E	2,337	2,315
Revenue Grant – Reserves	29,785	27,470
	230,794	216,443

<u>Housing properties book value, net of depreciation, comprises:</u>	2024 £'000	2023 £'000
Freehold land and buildings	1,078,445	982,735
Long leasehold land and buildings	49,357	49,799
	1,127,802	1,032,534

<u>Additions to properties include:</u>	2024 £'000	2023 £'000
Development overheads capitalised	2,857	2,603
Capitalised interest	5,339	4,524

Since 1996 the Association has capitalised interest of £39.1 million within the construction cost of housing properties. It has not been possible to identify the value of capitalised interest before 1996 nor to measure the value of capitalised interest subsequently disposed of within associated property sales.

11 TANGIBLE FIXED ASSETS - OTHER

	Freehold land and buildings £'000	Fixtures and fittings £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<u>COST</u>						
As at 1 April 2023	6,212	501	336	816	47	7,912
Additions	1,252	7	20	62	-	1,341
Disposals	-	-	(3)	-	-	(3)
	7,464	508	353	878	47	9,250
<u>LESS: DEPRECIATION</u>						
As at 1 April 2023	1,634	289	285	705	19	2,932
Charged in year	123	40	19	71	9	262
Released on disposal	-	-	(1)	-	-	(1)
	1,757	329	303	776	28	3,193
<u>NET BOOK VALUE</u>						
As at 31 March 2024	5,707	179	50	102	19	6,057
As at 31 March 2023	4,578	212	51	111	28	4,980

Hightown Housing Association Limited
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12 INVESTMENT PROPERTIES

	2024 £'000	2023 £'000
At 1 April	3,330	3,040
Additions	920	-
Increase in value	100	290
	<u>4,350</u>	<u>3,330</u>
At 31 March	<u>4,350</u>	<u>3,330</u>

Investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

The surplus on revaluation of investment property arising of £100,000 (2023: £290,000) has been credited to the Statement of Comprehensive Income for the year. The construction cost of the investment properties was £2,435m.

13 INVESTMENTS

	2024 £'000	2023 £'000
At 1 April	30	30
At 31 March	<u>30</u>	<u>30</u>

14 PROPERTIES FOR SALE

	2024 £'000	2023 £'000
Shared Ownership properties under construction	10,977	22,017
Shared Ownership properties awaiting sale	12,366	9,680
Other vacant properties awaiting sale	329	296
	<u>23,672</u>	<u>31,993</u>
	No.	No.
Shared Ownership properties awaiting sale	85	73
Other vacant properties awaiting sale	6	5
	<u>91</u>	<u>78</u>

The stock of Shared Ownership properties is the cost of the anticipated first tranche sale to shared owners.

Hightown Housing Association Limited
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For the year ended 31 March 2024

15 DEBTORS

	2024	2023
	£'000	£'000
Due within one year		
Rent and service charge arrears	3,743	2,881
Less: Provision for bad and doubtful debts	(2,683)	(2,098)
	<u>1,060</u>	<u>783</u>
Estate service charges recoverable	553	697
Trade debtors	1,228	594
Other debtors	1,876	1,578
Prepayments and accrued income	3,813	3,643
	<u>8,530</u>	<u>7,295</u>

16 BANK AND CASH

	2024	2023
	£'000	£'000
Bank accounts held in trust	2,694	2,369
Other bank accounts	13,902	14,449
	<u>16,596</u>	<u>16,818</u>

Under loan agreements with The Housing Finance Corporation (THFC) and bLEND Funding plc, the Association is required to deposit cash funds equivalent to 12 months interest. This sum of £3.4 million (2023 £3.4 million) is included above.

17 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£'000	£'000
Debt	5,557	4,846
Trade creditors	5,048	3,196
Rent and service charges received in advance	3,168	3,836
Revenue grants received in advance	-	39
Recycled Capital Grant Fund	386	540
Other taxation and social security	543	473
Deferred Capital Grant	2,442	2,299
Other creditors	1,460	1,287
Pension deficit reduction payments	-	1
Development and works retentions	6,031	11,230
Accruals and deferred income	6,541	3,649
	<u>31,176</u>	<u>31,396</u>

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18 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>Note</i>	2024 £'000	2023 £'000
Debt	21	733,567	664,501
Recycled Capital Grant Fund	20	1,033	1,208
Premium on THFC Loan Issue *		2,204	2,348
Premium on bLEND Loan Issue *		825	908
Deferred Capital Grant	19	194,811	182,611
Leaseholder Sinking Funds		91	78
Leaseholder Trust Funds		2,546	2,198
Pension deficit reduction payments		-	2
Development and works retentions		777	1,555
		<u>935,854</u>	<u>855,409</u>

* The Association has received the proceeds of bonds issued at a premium to par. These premiums will be amortised to the Statement of Comprehensive Income over the remaining lives of the loans to offset interest paid as follows: January 2011, The Housing Finance Corporation (THFC), 15 years remaining.
March 2019, bLEND Funding Plc, 10 years remaining

19 DEFERRED CAPITAL GRANT

	<i>Note</i>	2024 £'000	2023 £'000
At 1 April		184,910	170,493
Grant received in year		14,224	16,848
Grant recycled from RCGF		750	373
Grant recycled to RCGF		(294)	(488)
Released to income in the year	3	(2,337)	(2,315)
At 31 March		<u>197,253</u>	<u>184,910</u>

	<i>Note</i>	2024 £'000	2023 £'000
Amounts to be released within one year	17	2,442	2,299
Amounts to be released in more than one year	18	194,811	182,611
		<u>197,253</u>	<u>184,910</u>

20 RECYCLED CAPITAL GRANT FUND (RCGF)

<u>Homes England</u>		2024 £'000	2023 £'000
Opening balance 1 April		1,748	1,509
Inputs to RCGF:			
Grant recycled from Deferred Capital Grant		294	488
Grant recycled from Statement of Comprehensive Income		42	82
Interest accrued		85	42
Recycling of grant:			
New build		(750)	(373)
Closing balance 31 March		<u>1,419</u>	<u>1,748</u>

Hightown Housing Association Limited
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21 DEBT ANALYSIS

	2024 £'000	2023 £'000
<u>Loans</u>		
Due within one year	6,404	5,801
Between one and two years	33,406	6,404
Between two and five years	232,572	286,929
After five years	470,843	374,892
Total after one year	736,821	668,225
Total loans	743,225	614,825
<u>Unamortised loan costs</u>		
Due within one year	(846)	(956)
Between one and two years	(782)	(876)
Between two and five years	(1,157)	(1,576)
After five years	(1,316)	(1,272)
Total after one year	(3,255)	(3,724)
Total unamortised loan costs	(4,101)	(4,680)
<u>Total</u>		
Due within one year	5,557	4,846
Between one and two years	32,624	5,528
Between two and five years	231,416	285,353
After five years	469,527	373,620
Total after one year	733,567	664,501
Total	739,124	669,346

Security

Loans are secured by fixed charges on individual housing properties except for £58.5 million of unsecured loans from Retail Charity Bonds plc and a £100.0 million Green Note Purchase Agreement. Unencumbered assets of £206.5 million are retained to cover this liability.

Terms of repayment and interest rates

The loans are repayable at intervals varying from half-yearly to annual and bullet repayments on maturity. Instalments of loans fall to be repaid in the period 2024 to 2043 (2023: to 2039).

The average interest rates payable on fixed rate loans at 31 March 2024 was 4.42% (2023: 3.69%) ranging from 1.42% to 10.47% (2023: 1.42% to 10.47%). Floating rates are linked to SONIA plus agreed loan margin. The average cost of interest on all loans at 31 March 2024 was 5.17% (2023: 4.52%). The weighted average cost of interest during 2023/24 was 5.20% (2023: 3.74%).

At 31 March 2024, the Association had £135.0 million of undrawn secured loan facilities (2023: £120.0 million).

22 NET DEBT RECONCILIATION

	1 April 2023 £'000	Cash flows £'000	Non-cash changes £'000	31 March 2024 £'000
Cash at Bank	16,818	(22)	-	16,796
Loans	(674,026)	(69,199)	-	(743,225)
Loan fees	4,680	-	(578)	4,101
Net Debt	<u>(652,528)</u>	<u>(69,221)</u>	<u>(578)</u>	<u>(722,328)</u>

The non-cash movement represents the in-year movement in unamortised loan fees.

23 SHARE CAPITAL

	2024 £ & No.	2023 £ & No.
Shares of £1 each, issued and fully paid		
As at 1 April	23	23
Shares issued in the year	2	-
As at 31 March	<u>25</u>	<u>23</u>

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

24 FINANCIAL COMMITMENTS

	2024 £'000	2023 £'000
Capital Expenditure		
Expenditure contracted for but not provided in the accounts	99,928	139,930
Expenditure authorised by the Board but not contracted	152,450	150,051
	<u>252,378</u>	<u>289,981</u>

The Association is forecasting to spend £77.3 million of the contracted commitments in 2024/25. This will be financed by use of first tranche sales of shared ownership units, social housing grant, cash in hand, revenue cash surpluses generated in the year and the balance from the undrawn committed loan facilities.

A further £15.0 million contracted commitment is forecast to be spent in 2025/26 and the remaining £7.6 million forecast to be spent over the 5 years thereafter. The Association's policy is to ensure that expenditure is only committed as funding resources are available subject to complying with its policy on maintaining financial headroom on loan facilities.

25 LEASING COMMITMENTS

The payments which the Association is committed to make under operating leases are as follows:

	2024 £'000	2023 £'000
Office equipment and vehicles:		
- Within one year	73	138
- Between one and five years	112	99
	<u>185</u>	<u>237</u>

26 FINANCIAL LIABILITIES

The Association's financial liabilities are sterling denominated. After taking into account interest rate fixings, the interest rate profile of the Association's financial liabilities at 31 March is as below:

	<i>Note</i>	2024 £'000	2023 £'000
Floating rate		284,800	334,148
Fixed rate		458,425	339,878
		<u>743,225</u>	<u>674,026</u>
Loan costs		(4,101)	(4,680)
Total	<i>21</i>	<u>739,124</u>	<u>669,346</u>

The fixed rate financial liabilities have a weighted average interest rate of 4.42% (2023: 3.69%) and the weighted average period for which it is fixed is 9.8 years (2023: 9.4 years).

27 RELATED PARTIES

There were no related party transactions.

28 CASH FLOW FROM OPERATING ACTIVITIES

	<i>Note</i>	2024 £'000	2023 £'000
SURPLUS FOR THE FINANCIAL YEAR		9,804	18,000
Adjustments for:			
Depreciation of fixed assets – housing properties	<i>10</i>	12,041	10,823
Depreciation of fixed assets included in disposals	<i>10</i>	(752)	(759)
Depreciation of fixed assets – other	<i>11</i>	264	248
Amortised grant	<i>3,10,19</i>	(2,337)	(2,315)
Unrealised (gain)/loss on revaluation of investment properties	<i>12</i>	(100)	(290)
Interest payable and finance costs	<i>7</i>	32,048	20,199
Interest received and income from investments		(226)	(40)
Actuarial (gain)/loss on defined benefit scheme	<i>29</i>	828	487
Non-cash movement on DB pension		(964)	(761)
Surplus on sale of fixed assets – housing properties		(4,918)	(3,501)
Proceeds on sale of fixed assets – housing properties		14,550	9,304
Transaction costs for sale of housing properties		(741)	(117)
Increase/(decrease) in stocks	<i>14</i>	8,321	(2,973)
(Decrease)/increase in debtors	<i>15</i>	(1,235)	(1,869)
Increase in trade and other creditors	<i>17</i>	1,729	1,933
NET CASH FROM OPERATING ACTIVITIES		68,312	48,369

29 PENSIONS

Hightown Housing Association Limited (Hightown) participates in four multi-employer Defined Benefit schemes:

- a) the Social Housing Pension Scheme (SHPS);
- b) the Pensions Trust Growth Plan,
- c) the Buckinghamshire Council Pension Fund; and
- d) the NHS Pensions Scheme.

The latter two schemes relate to employees who transferred to Hightown under the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

Hightown also participates in the Social Housing Pension Scheme Defined Contribution section as its auto-enrolment scheme for workplace pensions for all new employees since 1 November 2013.

Prior to this date, Hightown operated Defined Benefits structures within SHPS as follows:

1 April 2010 to 31 October 2013 Career Average Revalued Earnings (CARE) section with 1/80th accrual

1 April 2007 to 31 March 2010 Career Average Revalued Earnings (CARE) section with 1/60th accrual

Prior to 1 April 2007 Final Salary Scheme section with 1/60th accrual

These defined benefit sections are closed to new entrants but there remain 20 active employees who continue to accrue future benefits.

An analysis of the SHPS membership is as follows:

31 March 2024	Final Salary 1/60 th	Final Salary 1/80 th	CARE 1/60 th	CARE 1/80 th	CARE 1/120 th	Defined Benefit Sub Total	SHPS DC	Total
Active	-	4	4	4	8	20	809	829
Deferred	77	-	33	31	2	143	1,355	1,498
Pensioner	116	-	18	2	-	136	-	136
Dependant	1	-	-	-	-	1	-	1
Total	194	4	55	37	10	300	2,164	2,464

31 March 2023	Final Salary 1/60 th	Final Salary 1/80 th	CARE 1/60 th	CARE 1/80 th	CARE 1/120 th	Defined Benefit Sub Total	SHPS DC	Total
Active	2	4	6	6	9	27	754	781
Deferred	80	-	33	31	1	145	1,223	1,368
Pensioner	113	-	17	1	-	131	-	131
Dependant	2	-	-	-	-	2	-	2
Total	197	4	56	38	10	305	1,977	2,282

29A SOCIAL HOUSING PENSION SCHEME (SHPS)

Hightown participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 638 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560 million. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-person standing arrangement'. Therefore Hightown is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

Hightown has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme, based on the financial position of the scheme as at 30 September 2021. As at this date the estimated employer debt for Hightown was £19,637,953 (30 September 2021: £19,637,953).

Fair Value Of Plan, Present Values Of Defined Benefit Obligation, And Defined Benefit Asset (Liability)

	31 March 2024	31 March 2023
	£'000	£'000
Fair value of plan assets	16,896	17,341
Present value of defined benefit obligation	20,804	21,186
Deficit in plan	(3,908)	(3,845)
Defined benefit liability to be recognised	(3,908)	(3,845)
Net defined benefit liability to be recognised	(3,908)	(3,845)

Reconciliation Of Opening And Closing Balances Of The Defined Benefit Obligation

	Period ended 31 March 2024	Period ended 31 March 2023
	£'000	£'000
Defined benefit obligation at start of period	21,186	29,929
Current service cost	(39)	48
Expenses	26	25
Interest expense	1,014	826
Member contributions	161	225
Actuarial (gains)/losses due to scheme experience	(331)	(13)
Actuarial (gains) due to changes in demographic assumptions	(232)	(49)
Actuarial (gains) due to changes in financial assumptions	(115)	(8,915)
Benefits paid and expenses	(866)	(890)
Defined benefit obligation at end of period	20,804	21,186

Reconciliation Of Opening And Closing Balances Of The Fair Value Of Plan Assets

	Period from 31 March 2023 to 31 March 2024	Period from 31 March 2022 to 31 March 2023
	£'000	£'000
Fair value of plan assets at start of period	17,341	26,044
Interest income	851	730
Experience on plan assets (excluding amounts Included in interest income) – (loss)/gain	(1,550)	(9,698)
Employer contributions	959	930
Member contributions	161	225
Benefits paid and expenses	(866)	(890)
Fair value of plan assets at end of period	16,896	17,341

The actual return on the plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£699,000) (2023: (£8,969,000)).

Defined Benefit Costs Recognised In Statement Of Comprehensive Income (SOCl)

Class of Asset	Period from	Period from
	31 March 2023 to 31 March 2024	31 March 2022 to 31 March 2023
	£'000	£'000
Current service cost	(39)	48
Expenses	26	25
Net interest expense	163	96
Defined benefit costs recognised in statement of comprehensive income (SOCl)	150	169

Defined Benefit Costs Recognised In Other Comprehensive Income (OCI)

Class of Asset	31 March 2024	31 March 2023
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(1,550)	(9,698)
Experience gains and losses arising on the plan liabilities – gain/(loss)	331	13
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain	232	49
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	115	8,915
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – (loss)/gain	(872)	(721)
Total amount recognised in other comprehensive income – (loss/gain)	(872)	(721)

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Assets

Class of Asset	31 March 2024	31 March 2023
	£'000	£'000
Global Equity	1,684	324
Absolute Return	660	188
Distressed Opportunities	596	525
Credit Relative Value	554	654
Alternative Risk Premia	536	32
Fund of Hedge Funds	-	-
Emerging Markets Debt	219	93
Risk Sharing	989	1,277
Insurance-Linked Securities	87	438
Property	678	746
Infrastructure	1,707	1,981
Private Equity	14	-
Private Debt	665	772
Opportunistic Illiquid Credit	660	742
High Yield	3	61
Opportunistic Illiquid Credit	-	1
Cash	333	125
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	109	523
Secured Income	504	796
Liability Driven Investment	6,876	7,986
Currency Hedging	(7)	33
Net Current Assets	29	44
Total Assets	16,896	17,341

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.

Key Assumptions

	31 March 2024	31 March 2023
	% per annum	% per annum
Discount Rate	4.90	4.86
Inflation (RPI)	3.15	3.19
Inflation (CPI)	2.78	2.77
Salary Growth	3.78	3.77
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

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

29B THE SHPS GROWTH PLAN

Hightown participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for Hightown to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-person standing arrangement'. Therefore Hightown is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2022 to 31 January 2025: £3,312,000 per annum
(payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2019 to 30 September 2025: £11,243,000 per annum
(payable monthly and increasing by 3% each on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

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From 1 April 2016 to 30 September 2028: £54,560 per annum
 (payable monthly and increasing by 3% each on 1st April)

Where the scheme is in deficit and where Hightown has agreed to a deficit funding arrangement Hightown recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Values Of Provision

	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000
Present value of provision	1	3	5

Reconciliation Of Opening And Closing Provisions

	Period Ending 31 March 2024 £'000	Period Ending 31 March 2023 £'000
Provision at start of period	3	5
Deficit contribution paid	(2)	(2)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	1	3

Income And Expenditure Impact

	Period Ending 31 March 2024 £'000	Period Ending 31 March 2023 £'000
Interest expense	-	-
Remeasurements – impact of any change in assumptions	-	-
Remeasurements - amendments to the contribution schedule	-	-

Assumptions

	31 March 2024 % per annum	31 March 2023 % per annum	31 March 2022 % per annum
Rate of discount	5.31	5.52	2.25

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Hightown has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2023. As of this date the estimated employer debt for Hightown was £14,818 (2023: £36,160).

29C BUCKINGHAMSHIRE COUNCIL PENSION FUND

Plan Characteristics and Associated Risks

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet.

The administering authority for the Fund is Buckinghamshire Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Buckinghamshire Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund was carried out as at 31 March 2022 and set contributions for the period from 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

On the Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

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- Climate risk can be grouped into two categories; Physical and Transitional risks. Physical risks are direct risks associated with an increased global temperature such as heatwaves and rising sea levels. Transitional risks are the costs of transitioning to a low carbon economy. These risks will manifest themselves in many of the other risks detailed above which the fund is exposed to, for example investment returns may be affected.
- Regulatory risk. Regulatory uncertainties could result in benefit changes to past or future benefits which could result in additional costs.

In addition, as many unrelated employers participate in the Buckinghamshire Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

Employer Membership Statistics

The membership data as at 31 March 2022 is as follows:

Member data	Number	Salaries/Pensions £'000	Average Age (Years)
Actives	1	28	59
Deferred Pensioners	2	18	59
Pensioners	5	24	72

The service cost for the year ending 31 March 2024 is calculated using an estimate of the total pensionable payroll during the year. The estimated total pensionable payroll during the year is £29,000. The projected service cost for the year ending 31 March 2025 has been calculated using an estimated payroll of £31,000.

Scheduled Contributions

The table below summarises the minimum employer contributions due from Hightown to the Fund over this inter-valuation period. The calculated cost of accrual of future benefits is 28.8% of payroll p.a.

Minimum employer contributions due for the period beginning	1 April 2024	1 April 2023	1 April 2022
Percent of payroll	28.8%	28.8%	27.5%
Plus monetary amount (£'000)	-	5	5

Statement Of Financial Position

<u>Net pension deficit as at</u>	31 March 2024	31 March 2023	31 March 2022
	£'000	£'000	£'000
Present value of the defined benefit obligation	887	875	1,174
Fair value of Fund assets (bid value)	914	840	905
Restriction of Pension Asset to nil	(27)	-	-
Deficit	-	35	269

Statement Of Profit or Loss For The Year

<u>The amounts recognised in the income and expenditure statement</u>	Year to 31 March 2024 £'000	Year to 31 March 2023 £'000	Year to 31 March 2022 £'000
Service Cost	7	12	14
Net interest on the defined liability	1	7	6
Administration expenses	1	1	1
Total loss	9	20	21

29D NHS PENSION SCHEME

At the 31 March 2024, there were 2 active members in the NHS scheme (2023: 5) who transferred to Hightown under TUPE arrangements when services were transferred to Hightown. The NHS scheme is an unfunded Government scheme and no pension fund deficit liability arises to Hightown.

30 CONTINGENT LIABILITY – SOCIAL HOUSING PENSION SCHEME

Hightown was notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest.

It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. This estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

For clarity, the estimate provided by the Trustee includes the full potential impact should a negative outcome be received on all past service elements being considered by the Court. The Trustee does not have the estimate calculated as at 31 March 2024 or on an accounting (FRS 102) basis.

