Bromford Housing Group

Annual report and accounts

For the year ended 31 March 2024

Bromford.

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

Regulator of Social Housing No **L4449**

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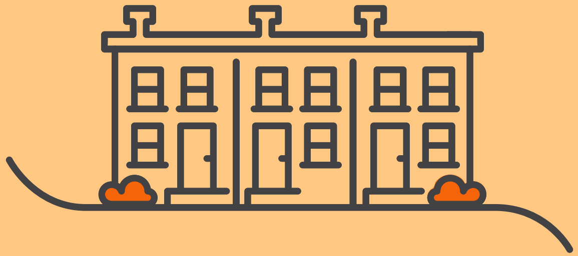
Colleague of the year

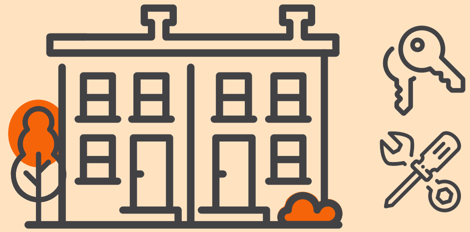
A snapshot of our business

112,000+
Customers

1,191
New affordable homes developed



47,304
Homes owned and/or managed



1,991
Colleagues

G1/V1
Regulatory ratings

£314m
Annual turnover

Highlights of the year

This year we have once again remained true to our purpose to invest in homes and relationships so people can thrive. Despite the challenging operating environment we have continued to focus on investing in existing homes and building new ones as well. Our investment in strengthening our relationships with customers remains unchanged to ensure we are providing customers with safe homes and delivering the services they can expect from us.

Ensuring customers and colleagues thrive

We've continued to invest in our neighbourhood coaching model and building stronger relationships with our customers. This year we completed more than 36,000 one on one customer conversations focused on individual circumstances. Support has ranged from developing budgeting skills to maximising income, signposting to cost of living support, to more specific support with helping customers to achieve their personal goals and aspirations. Over the last six months, over 90% of customers have consistently told us they know their neighbourhood coach and have a relationship with them, an improvement of over 30% from the previous year and we believe is one of the key contributors of our customer advocacy score rising 8% to 91%. This year we also started to collect our Tenant Satisfaction Measures as part of our customer conversations. This data complements our broader insights and feedback from customers to ensure we are making the improvements that customers are asking for. We're pleased that 85% of customers feel satisfied with our overall service as a landlord.

During the year we have continued to invest in the learning and development of colleagues across our organisation. In November 2023 we concluded our Leadership 250 training programme which provided bespoke leadership development for more than 200 colleagues. Our Essential Leadership Academy has now been expanded to include this training as part of every new leader's induction programme. We are delighted to have been shortlisted for the Best Career Development Initiative award at the Women in Housing Awards in recognition of our female accelerator programme that we launched last year as part of our work to reduce our gender pay gap. These initiatives have contributed to us delivering our best ever score in our annual colleague satisfaction survey. 72% agreed Bromford is a great place to work, a 3% increase year on year. We have also retained our certified Great Place to Work and we are now in the top 50 (super large organisations) for wellbeing.

Biggest builder of social rent homes in England over the last three years

During the year, in line with our strategy, we developed 1,191 new affordable homes, of which 551 were for social rent, that's almost one in two homes for social rent. Over the past three years we have completed 1,375 social rented homes and are the biggest builder of social rent homes in England over this period. As the most affordable of all rents, social rent properties will continue to form a significant part of the homes we build in the years ahead.

We have aspirations to deliver more than 11,000 homes by 2032 and we will continue to build more ourselves with our own inhouse construction team to better control cost, quality and completion time. This year we completed 155 homes with our inhouse construction team which will increase in the coming years.

Investing in our homes

We've invested £64m to make improvements to our customers' homes. That includes new bathrooms, kitchens, windows and roofs as well as the day-to-day repairs. Like the wider housing sector, we continue to face unprecedented levels of repair demand and while we have invested heavily to address cases of condensation, damp and mould (CDM) we know that we still have a lot of work to do and we continue to review our processes and the feedback we receive from customers to make improvements. We've recognised the need for greater technical expertise and have recruited more colleagues to respond effectively to the needs of customers. We have also increased our contractor use to deliver more repairs. We do however recognise there is more to do.

An important step change next year is the launch of the CDM customer contact plan which focuses on a proactive approach to CDM throughout the customer journey and checking with customers that the repairs completed have adequately addressed the issue. We will also be checking in with customers who have experienced CDM in the last 12 months to ensure the issue remains resolved. Improving the communication loop with customers will help to ensure that cases are resolved fully and do not require customers to raise further repair requests.

Making homes more energy efficient

We're committed to ensuring our homes are energy efficient and as affordable as possible to heat for our customers. Over the past year we have handed over the keys to customers of some of the most energy efficient homes we have ever built. At the same time as building new homes with high EPC ratings, we have also been continuing work to improve the energy efficiency of some of our older properties.

Over the year we have continued to invest in existing homes and have now increased the total number of Bromford homes with an EPC rating of C or above to 89% and we are committed to bringing all homes up to this level by 2028.

We completed the regeneration of 24 properties in Moreton-in-Marsh in March 2024 and have replaced them with 28 modern, energy efficient homes. The new homes were built in a factory and transported to site in modules. This is our first regeneration programme delivered using this type of modern methods of construction (MMC). To further enhance the sustainability of the development, Cotswold District Council provided grant funding of £550,000 to provide a range of energy saving features. Air source heat pumps have been installed in place of gas boilers, reducing CO_2 emissions by around 80%.

Our final piece of the digital platform launched

In March we successfully launched the pilot phase of our enterprise asset management (EAM) transformation. This is the final part of our overall Microsoft Dynamics Enterprise Resource Planning (ERP) transformation programme to deliver the technology platform we need to better understand our homes and more effectively manage them. The ERP platform is pivotal to our proactive maintenance objective in our new 2023 to 2027 strategy.

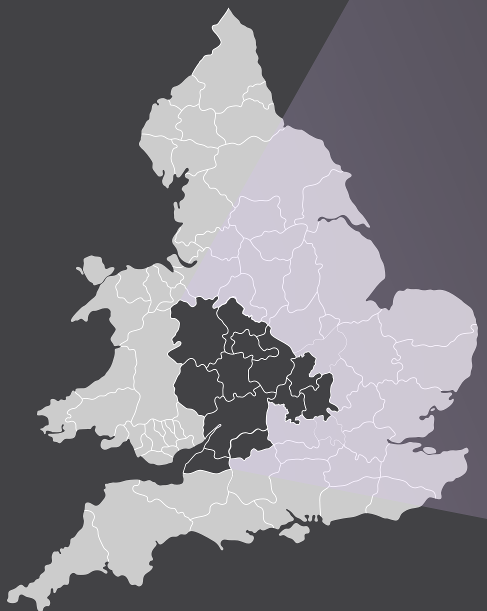
The data we collect over time about our homes will materially expand and will enable us to make more informed decisions about how we manage them and to ensure that our services, like our neighbourhood coaching approach, is proactive rather than reactive. The experiences of those supporting the pilot will pave the way for us to fully implement EAM across the whole organisation later this year.

We are already starting to look ahead to the opportunities that artificial intelligence (AI) offers and have secured a number of licences to trial specifically the benefits of CoPilot. We believe that AI will unlock the opportunity to improve the services we provide to customers.

Operating area

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

Main offices



Report from the chief executive

I'm very pleased to introduce Bromford's 2024 Annual Report and Accounts and to report a strong set of results in what has been a challenging operating environment.

The past year has seen us navigate persistently high cost inflation, which has had a material impact on many of our customers and the cost of the service we provide, a government-imposed rent cap and an increasing legislative and regulatory environment.

91% customer advocacy

It is really pleasing to report an increase in customer advocacy from 83% to 91%, our highest level for five years. Running alongside this, the past year was the first one where we and our peers are reporting Tenant Satisfaction Measures (TSMs). Again and linked to our customer advocacy ratings, we are pleased to report overall tenant satisfaction at 85%.

1,191 affordable homes

We are very clear at Bromford that we exist for current, future and aspiring customers and related to this I am delighted to report another strong year for the delivery of much needed new affordable homes. In total we delivered 1,191 homes all of which are affordable and only marginally down on the 1,265 completed the previous year.

551 homes for social rent developed

Over the past five years we have consistently delivered a high level of homes for social rent and have continued this again with 551 of the 1,191 being for social rent – the most affordable of homes for rent. The year saw us complete a further 332 homes for shared ownership and we finished the year with considerable demand which is reflected in our lowest number of homes available at year end in recent years.

89% EPC rating C or above

During the year, we increased our investment in current homes by 14% to £64m and ended the year with 89% of our homes being at EPC rating C or above. In addition, we ramped up our regeneration activity completing 52 new homes on previously demolished sites and commenced decanting customers in a further 48 homes ahead of demolishing and rebuilding these homes. We believe we will need to ramp up this activity further as we seek to both decarbonise our homes and ensure that they are fit for purpose for the next 50 years.

20 complaints upheld by the Housing Ombudsman

But we appreciate there is more to do. Disappointingly, we had 20 complaints upheld by the Housing Ombudsman, including five for severe maladministration, around the themes of delays to delivering repairs and complaint handling. We recognise the ongoing challenges, both at Bromford and across most of the housing sector and continue to make improvements through key learnings.

£67m net surplus

Financially, I am pleased to report a strong set of results, particularly given the challenges over the year. Net Surplus excluding fair value adjustments increased from £64m to £67m, while operating margin and social operating margin remained strong at 30% (2023: 31%) and 34% (2023: 34%) respectively. Earnings before interest, tax, depreciation and amortisation (major repairs included) interest cover (EBITDA MRI interest cover) was again strong at 1.9x (2023: 1.9x).

£538m liquidity

Importantly for our future plans, we ended the year with continued strong levels of liquidity at £538m (2023: £455m) following the issuance of two private placements and reconstituting and increasing our Revolving Credit Facilities.

G1/V1 regulatory rating

We continued to retain our G1/V1 regulatory status.

2023 to 2024 saw us complete our Bromford Strategy 2019 to 2023 and with it some important and material shifts as we progressed towards the completion of the build of our Microsoft Dynamics ERP platform. Having created the platform, we are now building on such with Microsoft and their AI capability. We believe that there is considerable benefit to be achieved in this.

The last year also saw us launch our new Bromford Strategy 2023 to 2027 which builds on the technological, operational and financial platforms we've built over the past few years.

Our two key strategic shifts in the Bromford Strategy 2023 to 2027, sees us firstly, build on our neighbourhood coaching approach to one which is focussed on place and secondly, it will see us move more to scale in our new homes programme.

We believe that our neighbourhood coaching approach should be more dynamic and should work more in partnership with other organisations for the benefit of our customers. One such initiative is with the Church of England where we are not only helping to establish the Church of England Housing Association but more importantly we are increasingly working closely with colleagues in communities.

While many of our peers are reducing or withdrawing from building new homes, we have concluded that we can and should continue to not only build new homes and maximise the number of affordable homes, but work with partners to build or regenerate places - increasingly using our own construction company, which has continued to go from strength to strength over the past five years.

Importantly having reviewed our performance and our new strategy, we have seen our dual credit ratings strengthen within the A2/A+ bandings, with stable outlook restored on both ratings and our S&P Global rating now standing up as A+ in its own right without any sovereign support. This provided confidence to our investors and other stakeholders.

I would like to finish by expressing my thanks to all colleagues at Bromford. We cannot deliver these results without a great team.

Robert Nettleton

Chief Executive
17 July 2024

2023- 2027

Bromford.

Strategy

We launched our new strategy in April 2023. This strategy sets our course not just for the next four years but for many years to come. While our target operating model remains the same, we make a number of strategic shifts in this strategy but the following two are key.

Firstly, this strategy sees us shift from just focusing on our homes to understanding the wider environment where our customers and future customers live. While we will not depart from our core business, we will seek to better understand the employment trends, educational performance and health provision in the places where we invest. Why? Because if we want our customers to thrive, the environment where our homes are located really matters.

Likewise, when it comes to regeneration, we'll still be ensuring we improve the quality of the homes we provide, but we'll also consider wider physical and social regeneration. Put simply, we will focus on place, getting even more tailored towards the needs and aspirations of the communities in which we work, as we recognise that one size does not fit all and indeed each place has its own personality.

Secondly, we will focus more on scale and impact, stepping into our size and bringing our significant influence and resources together to help current and future customers and colleagues to thrive, while creating or regenerating whole places. We will also use our technology platform and the increased agility in our ways of working to make a step change in the impact and speed of our delivery.

Both are only possible by further developing our culture and DNA to ensure we remain an ambitious, modern business that attracts and retains the very best people to work with us.

We have eight objectives for the end of 2027. These eight objectives will turn our purpose into action over the life of this strategy and each have targets to enable customers, colleagues and stakeholders to not only hold Bromford to account, but to enable all to have clarity of the scale of our ambition. They demonstrate how we will invest in homes and relationships so people can thrive.

Place based working

We operate in a place-based way.

Why this is important

Communities have different strengths and needs so the way we invest in homes and relationships will differ from place to place. For our customers to thrive the communities they are part of need to thrive socially and economically.

1

Relationships that support customer aspiration

We have a relationship with each of our customers that supports ambition and aspiration.

Why this is important

Thriving means something different for each of our customers.

We want customers to have control and capacity to influence and the relationship that best suits their circumstances and aspirations.

We want a modern customer engagement approach that is best in sector and supports our unique relationship model.

We want customers to feel they have the right home and the right relationship to give them the platform to thrive as their needs and aspirations change over time.

2

Our move to scale

The way we invest in new and existing homes and consider regeneration opportunities, maximises social and economic impact on our places.

Why this is important

We can make the biggest impact on place by investing at scale.

Some communities need more, or different, investment than others to enable our current and future customers to thrive.

3

Closing the home standard gap

Any gap in the customer experience of living in our existing or new homes is always reducing.

Why this is important

We want all our customers to live in homes that are safe, they are proud of and which they can afford to run.

4

Move to proactive maintenance

We provide a proactive home maintenance and compliance service to our customers that reduces unnecessary intervention.

Why this is important

We want to reduce cost and create more value for our customers.

We need to better understand our homes and predict what we need to do when something doesn't work, or the property isn't performing.

We want fewer visits to our homes and a reduction in customers having to contact us.

We want to support customers to do as much as they can for themselves and give them the data to better run their homes.

5

Agile working to solve problems

Our ways of working are agile, ensuring we solve problems and realise opportunities in a joined up way.

Why this is important

We need to innovate and continuously improve how we operate, to ensure we are efficient and maximise value for our colleagues and customers.

We want Bromford to be an organisation people point to when talking about organisational capability for collaboration and pace at scale.

We want to have iterative and agile ways of working that mean we never need to do another large transformation programme.

6

Place-based pipeline of talent

Our place-based operating model builds a pipeline of talent.

Why this is important

Our communities are filled with talent and we can support their transition into the workforce.

We have an ageing workforce in some areas.

The employment market is competitive and traditional recruitment is slow and expensive.

The skills we need are changing and employment patterns are changing.

As a place shaper we should build stronger links with the education and employment sectors.

7

Known as a leader and influencer

Our investment in homes and relationships ensures we are known as a leader and influencer inside and outside of sector, ensuring we are still thriving as a business in 2050 and beyond.

Why this is important

Over time our investors and key stakeholders are likely to be working with fewer partners.

To be around the top table, the impact of investing in Bromford must make a difference that others cannot demonstrate.

We want Bromford and our customers to thrive in a challenging environment and into the future.

8

Progress in 2023 to 2024

The first 12-18 months of the strategy will focus on discovery, working collaboratively to help shape the detail of the objectives, with a primary focus on place and scale. We've also continued to focus on our existing homes because we are committed to driving customer satisfaction in existing homes to be no more than 5% lower than in new homes.

Development of the customer thrive index 1

Enabling our customers to thrive is our purpose but how do we know if our customers are thriving? We've created the thrive index to help answer that question. Our Customer and Communities Influence Network (CCIN)* have been part of the development of the index and are very supportive of the approach.

The index tracks nine metrics covering four themes:

- place shaping and having a positive impact on communities
- a home to feel proud of and that meets a customer's needs
- financial wellbeing
- mental wellbeing

In April 2023 we launched the thrive index and track performance monthly, using insight to create actions plans for each metric to drive improvements.

Customer engagement approach 2

We launched our customer engagement and empowerment approach this year, which will enable more customers to get involved in improving and enhancing services for both existing and future customers. It provides a framework and vehicle to ensure our customers' voice is heard. We recognise that our customers are all individuals who have their own preferences for how they want to be involved with us. The approach will enable options to change the way services are delivered at a community level, to test the services we deliver and create a range of service improvements. You can find out more about the approach on page 17.

*CCIN is made up of a group of informed customers, chaired by a board member. CCIN is not part of our formal governance structure but has strong links to the board and plays an important role in scrutinising service delivery and performance.

Place-based pilot 1

Communities have different strengths and needs so the way we invest in homes and relationships will differ from place to place. We want to move away from a one size fits all and adapt our operating model to meet the needs of different places. Over the last 12 months we've been using our data to rethink how we define place and are close to launching a pilot to test some of our theories around how to segment different places to meet the needs of our customers.

We've repurposed our annual reviews with customers to align with our strategy and Tenant Satisfaction Measure (TSM) compliance. This is a fantastic opportunity to gather more qualitative information about our services. We completed over 36,000 customer reviews this year. As part of these annual conversations we look to understand customer aspirations and hopes for the future as well as their experience and views on our services to drive improvements.

The economic challenges have continued throughout the year and our customers continue to be impacted by the cost of living crisis. We've continued to support our customers through a number of initiatives. Our cost-of-living working group has delivered thousands of positive interventions, helping customers secure just under £1m in additional income since its inception in 2022.

78%	91%	76%
Thrive index	Customer advocacy	of customers are satisfied that we listen to customer views and act on them
Target: 68%	Target: 83%	Target: 68%

Sustainable investment in homes 4

We've invested £64 million in our homes over the last 12 months to provide new bathrooms and kitchens as well as delivering general repairs and tackling condensation, damp and mould. We've ensured 99.9% of properties meet the Decent Homes Standard and have worked on a number of initiatives as part of the Bromford Home Standard. We've changed our approach to preparing void properties for new customers and no longer remove flooring as standard. In 75% of cases we've been able to retain carpets meaning that customers do not need to invest in their own flooring when they move in. We also completed our carpet trial with a number of customers which provided gifted carpet for customers. We are now working through the feedback of this trial ahead of further development to our Home Standard. Additionally we are starting a pilot programme for flexible furnishings and have introduced an Empty Homes checklist that has been developed in collaboration with customers.

We're committed to ensuring all of our homes are energy efficient and as affordable as possible for customers to heat. We continue to work on improving the energy efficiency of our existing homes through external wall insulation, new windows, doors and roofs, as well as loft insulation. We have increased the proportion of homes with an EPC C or above rating to 89% this year and remain committed to bringing all homes up to this standard.

Repairs and condensation, damp and mould

We've continued to respond to an increase in demand for repairs. We've increased our internal resource in the dedicated CDM team that was established last year and have continued to evolve our feedback loop with customers to ensure that repairs deliver against expectations or agree further repairs are required before cases are fully closed. We have also invested in contractors to help us address the backlog of cases.

Scale discovery 2

We believe that places are more likely to thrive where the long-term custodians have been involved in the master planning. That's why we are working towards a larger proportion of our new homes pipeline being created from our scale investments where we have had that influence by 2035. Over the last 12 months we have been undertaking a number of streams of discovery work to help create a shortlist of priority areas where large scale new community opportunities exist, as well as developing a number of broader selection criteria that will help to shortlist scale opportunities.

Investing at scale 2

We've been growing out investment at scale to positively impact the places that we operate in over the last 12 months, securing planning approval at Snow Capel and land at Matson in Gloucestershire. These record deals will enable the build of around 600 homes and create the opportunity to regenerate one of the places we operate in.

With ambitious plans to deliver 11,000 homes by 2032, we recognise the important role our inhouse construction team plays in delivering these plans. This year 155 new homes were delivered in house and we expect this to rise in the coming years as we expand our in house team.

89%
of our homes are EPC C or above
Target: 89%

99.9%
of our homes meet our decent home standard
Target: 100%

Voice of the customer

Under the new Social Housing Regulation Act, from 1 April 2024 all social landlords must record Tenant Satisfaction Measures (TSMs). This is primarily to ensure that housing services provided meet the needs and expectations of customers and to drive improvements in service quality. We welcomed the introduction of TSMs and have been recording many of the measures internally for a number of years. We submitted our results to the Regulator in June and expect the Regulator to publish sector results in the autumn.

We have been collating data since April 2023 across all 22 TSMs. Our neighbourhood coaches already carry out annual review conversations with customers and the introduction of TSMs gave us an opportunity to re-purpose our conversations to have even more meaningful engagement. TSMs will complement our broader data, insights and feedback that we collate throughout the year from customers through various channels and, when used in conjunction with asset data from our D365 system, will provide a comprehensive voice of the customer to ensure we are prioritising service improvements in the right places and staying true to our purpose; enabling customers to thrive.

The TSMs focus on five themes:

- Keeping properties in good repair
- Building safety and safety checks
- Respectful and helpful engagement
- Effective handling of complaints
- Responsible neighbourhood management

Overall satisfaction

We've held over 36,000 individual customer annual reviews and more than 11,000 customers gave us TSM feedback. Our neighbourhood coach conversations span far beyond the remit of TSMs and they ensure that interactions and feedback are captured in our single technology platform D365, so that this insight can also play into improvement activity.

We are really pleased that 85% of customers feel satisfied with our overall service as a landlord. 92% of customers feel their home is safe and 79% of customers are satisfied they are kept informed about the things that matter to them. We've learned that when customers have a strong relationship with their neighbourhood coach, they're more likely to have a higher level of satisfaction and we're pleased to say that over the last six months, over 90% of customers have consistently told us they know their coach and have a relationship with them – an improvement of over 30% from the previous year.

We know that we don't always get things right however and there is still work to be done, particularly in relation to satisfaction with repairs and complaint handling. Listening and acting on feedback is key and we have plans in place to improve performance in lower performing areas. You can find all of our TSM performance results, our improvement plans and details around where we have already started to use feedback to drive improvements **on our website**.

85%
TP01: Overall satisfaction

Over the last 12 months we have focussed on four areas of engagement: influence, Customer and Communities Influence Network (CCIN), place and innovation.

Influence

Focussed on growing a network of customers who can get involved in lots of ways to provide us an honest view of what is important to them and to help shape improvements.

CCIN

CCIN will use insight to identify areas for further scrutiny and recommend appropriate engagement activities.

Place

Forming our approach to ensure we tailor our local engagement opportunities to what is important to each community.

At a local level we will ensure customers are informed and engaged in issues such as building safety and fire safety.

Innovation

Customers have amazing ideas about how we can change our services in the future. There will be research with customers linked to future strategic possibilities.

Delivered in 2023 to 2024

- our customers have met with credit rating agencies for the first time to help bring to life social housing finance
- customers participated in the discovery phase of the new Bromford website to ensure it meets their needs

- CCIN updated terms of reference agreed by board in February 2024
- created a homeowner virtual panel to ensure our shared ownership customers' voices are included
- scrutinised the Voice of the Customer reports and created a forward plan of activity
- engaged and provided feedback to shape our interim condensation, damp and mould policy

- customers gave feedback on community investment plans
- highrise and building safety: community surgeries took place in March at Staple Hill Hub and David Garrick Gardens
- place pilot: As we prepare to launch our first place pilot we engaged with the West of England Local Influence Network

- ten customers taking part in National Grid research project to understand customer attitude to heating and new technology
- Bromford Ideas launched a new welcome pack for all new customers
- 'Lend and Tend' pilot launch in Gloucestershire to use none-development land for wellbeing activities

Our new customer engagement and empowerment approach

Our customers' expectations about the convenience, visibility, personalisation and responsiveness of all the services they receive in their daily lives will continue to rise and they have a right to expect this from us. Through our customer engagement and empowerment approach we want to strengthen our relationship with customers in a variety of ways and to allow all of them to express their views in an easy way that suits them. By design it is inclusive and removes barriers to ensure we hear all voices, even those that are currently silent.

Our customers have lived experience of their homes and communities. It is important that we hear their voices as they have a huge part to play in helping us to improve our services of today and co-create services for future generations. Our approach works in conjunction with the Tenant Satisfaction Measures to put the customer's voice at the heart of what we do and to include every household and community.

We know that each community is unique and we need to adapt our approach according to those differences. Our volunteering and involvement opportunities will therefore be diverse, agile and dynamic depending on the subject and depending on the time a customer has to spare.

The approach will deliver:

Places where customers feel empowered with options to change the way services are delivered to them.

Strong customer influence particularly in testing how our strategy is translated into service delivery.

A range of service improvements, future options and product development driven by what we know customers value.

How we will hear the customer voice

Our intention is to have the widest and most diverse opportunities available and includes:

Conversation with a dedicated neighbourhood coach

Every customer will be invited to an annual review each year. We'll be led by what's important to each individual in those conversations and what can help them thrive.

Formal meetings

Customer and Communities Influence Network (CCIN) is an example of a customer-led strategic meeting. These are chaired by a board member ensuring direct feedback into board.

Service inspections

A deep dive into a particular service which could involve CCIN shadowing colleagues delivering the service.

Service reviews

Helping us to map out an end-to-end journey to look for waste and improvement. They'll also keep abreast of any changes to customer facing policies to ensure they meet customers' needs.

Digital workshops

This may be a deeper conversation to share understanding and co-create solutions from customers that have a particular interest – for example giving a view on a new policy. It could be one workshop or a series of workshops.

Webinars

If customers have registered an interest in a particular subject, they may be invited to listen to a presentation and give their views. This may be something we're considering redesigning – for example a specific service.

Feedback via our You Matter programme

A chance to give direct and honest feedback over the phone about a service a customer has just received to a colleague working in our feedback team.

Digital polls

We may need a very quick view of something and may send out a pulse survey to get customer input. For example, do we need to extend the operating hours of our repair service?

Task and finish groups

Helping us define problems and explore solutions to particular service issues or suggesting tweaks to our customer facing policies.

Digital services tester

If we've just tweaked our service offer online, we'd be reaching out to users to see how it feels to them before we pressed the live button.

Tests and pilots

Customers could help us test the home of the future such as sensors and the smart home.

An inclusive approach

We will also aim to reach out to our traditionally silent customers, those people who rarely engage with traditional methods.

Living the DNA

Our DNA was created with input from hundreds of colleagues in 2019 and is fundamental to how we behave, with all colleagues having to demonstrate how they are living the DNA through the work they do every day. Ahead of the launch of our new 2023 to 2027 strategy, we asked colleagues whether they felt that the DNA still held true for them. More than 300 colleagues from all areas of the business took part in a series of sessions and overwhelmingly said that our DNA remains as true today as it did in 2019 when created.

Colleagues continue to live our DNA every day and those that do it best have continued to be recognised and rewarded through our #Cheers recognition scheme.

Throughout the year there were more than 7,500 #Cheers sent by colleagues to their colleagues, thanking them for their efforts and for living the DNA, of which more than 900 were awarded points which colleagues can convert into vouchers. Our 4th annual colleague awards, the Brommies, once again received hundreds of entries for colleagues who embrace our DNA and support our goals. The winners were announced in May at a celebratory awards lunch hosted by our executive team.

Be. Honest

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

Be. Brilliant

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

Be. Bold

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

Be. You

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

Be. You

We celebrate diversity and inclusion and embrace individuals contributions no matter what their age, gender, race, ethnicity, disability, sexual orientation, social background, religion or belief. Having a culture that enables individuals to truly be themselves is vital for our long term success. We measure our progress through our GPTW survey but also undertook an equality, diversity and inclusion (EDI) survey to gather more information from colleagues. Our EDI groups have also helped to give our colleagues a voice across the organisation so that we can educate each other about our differences.

91%

of colleagues feel people here are treated fairly regardless of their race

89%

of colleagues feel people here are treated fairly regardless of their sex

Helping our people to thrive

We believe the things that make Bromford special are our culture and our colleagues. The strength of our culture is reflected in our engagement scores, with an overall score of 72% in our latest survey in November 2023 our best ever. We are delighted to have been named #51 Best Workplaces 2023 (super large) by Great Places to Work.

Developing our people

Our programme of learning and development is essential in embedding the DNA across the organisation and ensuring colleagues are equipped with the right skills and capabilities to undertake their responsibilities. In November 2023 we concluded our Leadership 250 training programme which provided bespoke leadership development for more than 200 colleagues. Our Essential Leadership Academy has now been expanded to include this training as part of every new leader's induction programme. Our 10 month Accelerated Talent Programme (ATP) welcomed a further 50 colleagues. ATP has been designed to support colleagues who are ready to grow their career at Bromford and develop their skills and knowledge to support their career journey this could be a leadership role, a more senior role or a linear move to broaden experience and knowledge.

We were delighted to have been shortlisted for the Best Career Development Initiative award at the Women in Housing Awards in recognition of our Female Accelerator Programme that we launched last year as part of our work to reduce our gender pay gap. Sixteen female colleagues took part in the programme aimed at women who are ready for the next step - whether at the beginning of their career or more experienced. The sessions take a mentorship based approach and offers the opportunity for colleagues to build their external networks. The attendees have been asked to share back their learning to other colleagues via blogs, speaking events and becoming a mentor to others.

72%

Great Places to Work score

Target: 72%

Support for our people

Benefits include:

- 24/7 virtual GP access
- physiotherapy
- eye tests and flu vaccinations
- menopause support
- free health check appointments with an occupational health advisor

- Barclays Digital Eagles money saving and digital tips
- rewards and benefits: £500 annual allowance for benefits, for example medical cover, gym memberships

- Employee Assistance Programme
- mental health first aiders
- occupational health support
- Bromfest all colleague celebratory event

- YuLife wellbeing app
- holiday buy and sell
- flexible benefits and savings portal

yu life

I've been using the app since it was launched and love the challenges to earn extra Yu coin. I always check in on the steps leaders board to see how I'm doing against my peers. The fact that I can turn my walking steps into Yu coin into vouchers to spend in shops and supermarkets is just brilliant.

Sustainability

Sustainability runs to our core purpose

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

In this annual report we continue to report our sustainability performance alongside our financial performance. We report against the KPIs in our customer and sustainability frameworks as well as traditional financial metrics, communicating our performance by considering the impact we have on our people and places. We remain determined to make sustainability reporting more transparent, more open and more regular. We continue to focus on sustainability 'golden metrics' to give visibility to the actions we take to deliver truly sustainable outcomes.

But the way we measure and report these outcomes is evolving over time to reflect our greater corporate understanding, updates in the policy landscape and developments in technology. Our sustainability golden metrics have therefore been expanded to include our outstanding live repair jobs and the number of customers we have coached into employment or training. These are two of the key measures which represent how we support customer aspiration and empower those in our communities to thrive.

Moving forwards, we will keep our golden metrics under review to ensure they represent the most fundamental drivers of sustainability for our organisation.

Our sustainability reporting approach has empowered us to co-create new linkages with funders and investors and has enabled us to connect finance with purpose. Having established the first green and governance loans in the sector, we now have a portfolio of six Sustainability Linked Loans attached to eight of our golden metrics across a range of environmental, social and governance metrics.

We are committed to the quality and integrity of our data and have addressed our previous issues with our Scope 1, 2 and 3 carbon emissions disclosure. We have rebaselined our data to arrive at the 31 March 2024 position and have had this externally verified.

Our sustainability impact report

Our 2024 sustainability impact report will be published in early autumn 2024 which will demonstrate our progress against the commitments in our Sustainable Finance Framework and the sector's Sustainability Reporting Standard.

Sustainability golden metrics

Sustainability Linked Loans:

ABN·AMRO
LLOYDS BANK
BARCLAYS
NatWest
HSBC
SMBC

89%
Homes at EPC C or above

30.4kg/m²
Scope 1, 2 and 3 emissions

55%
Market-social rent differential

551
New social rent homes

91%
Customer advocacy

10,285
Average live repairs

17
Customers coached into employment or training

9:3
Board and executive male:female ratio

3.8%
Gender pay gap

3.9%
Ethnicity pay gap

8.7
Colleague sick days

99.98%
Decent Homes Standard

100%
Gas and fire safety

20
Complaints upheld by Ombudsman

0
Adverse regulatory findings

Financial performance

Jennie

Brommies 2024
Be You winner

Group financial performance

Despite the ongoing challenges in our operating environment we are pleased to report another strong set of financial results. We knew this year was going to be a challenge with cost inflation exceeding the rent cap and we knew we had to remain focussed on driving efficiencies across our business. Our strategic cost review highlighted a number of areas for improvement and delivered £5m of savings in the year which helped offset some of the additional investment required in our existing homes. We are determined to provide homes that our customers are proud to live in while continuing to be committed to our financial discipline.

£67m
net surplus

Our net surplus remains strong at £67m (2023: £64m) excluding fair value gains allowing us to self fund a significant proportion of our investment in new and existing homes. The prior year results included a one off £11m gain on the fair value of financial instruments.

Excluding this, underlying net surplus improved year on year by £3m. Our strategic cost review delivered £5m of savings in the year and helped offset the additional investment required to manage higher than anticipated repairs and address instances of condensation, damp and mould in our homes.

34%
social housing margin

Our social housing and operating margins are 34% and 30% respectively (2023: 34% and 31%). Social housing operating margin has been maintained at 34% despite the challenges created by the rent cap, cost inflation and repair volumes and increased activity on condensation, damp and mould.

Operating margin has fallen slightly to 30%, impacted by the lower shared ownership margin which has reduced to 21% from 26%. While lower than last year, our shared ownership 1st tranche margin outperformed budget generating an additional £2m sales revenue against budget.

4.9%
net arrears

Our net arrears have increased to 4.9% (2023: 4%). As reported last year, customer cancellations of rent payment through our cyber incident in the summer of 2022 and the subsequent agreement of affordable repayment plans with our impacted customers means these technical arrears remain elevated and are likely to remain so for a while.

£299m
invested in building homes

Our financial strength ensures we continue to invest in new and existing homes. This year we invested £64m (2023: £56m) in existing homes from boilers to bathrooms and continued our journey of improving the energy efficiency of our homes with 89% of our homes now at EPC C or better (2023: 87%). We’ve invested £299m (2023: £225m) building new homes developing 1,191 affordable homes across the year (2023: 1,265).

Turnover including sales

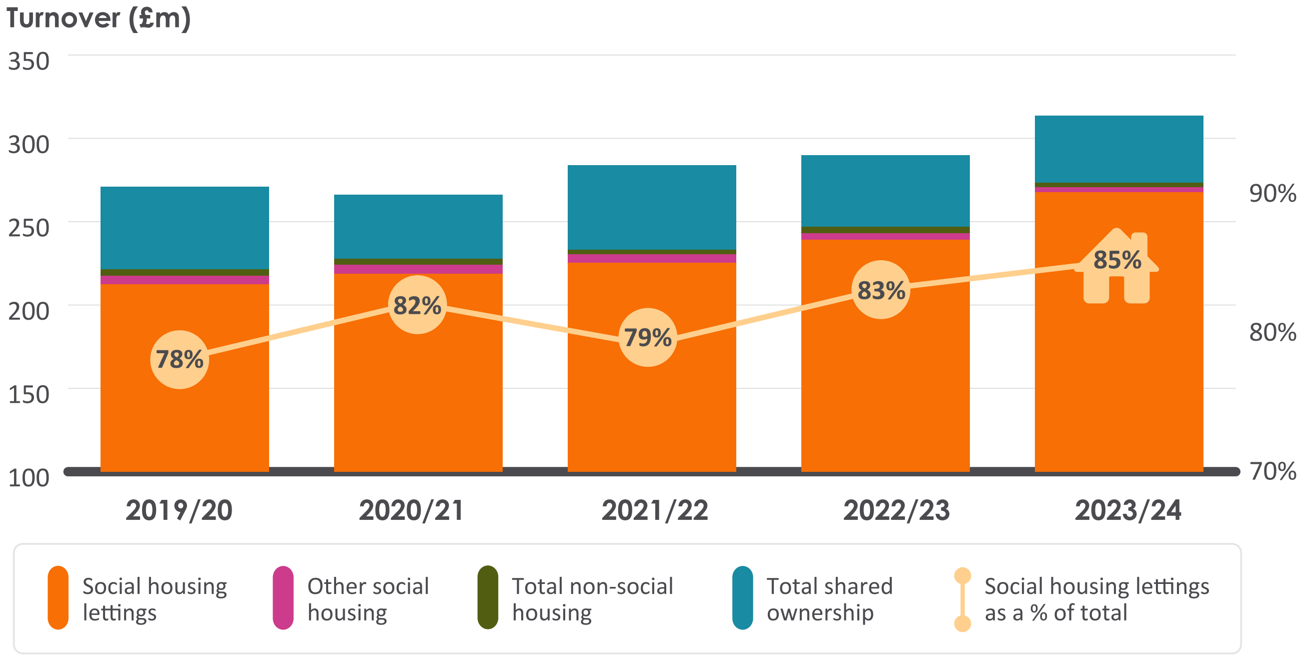
£314m

Group turnover increased to £314m (2023: £290m). Social housing lettings remains the core of our business and increased to 85% of turnover during the year (2023: 83%).

£40m

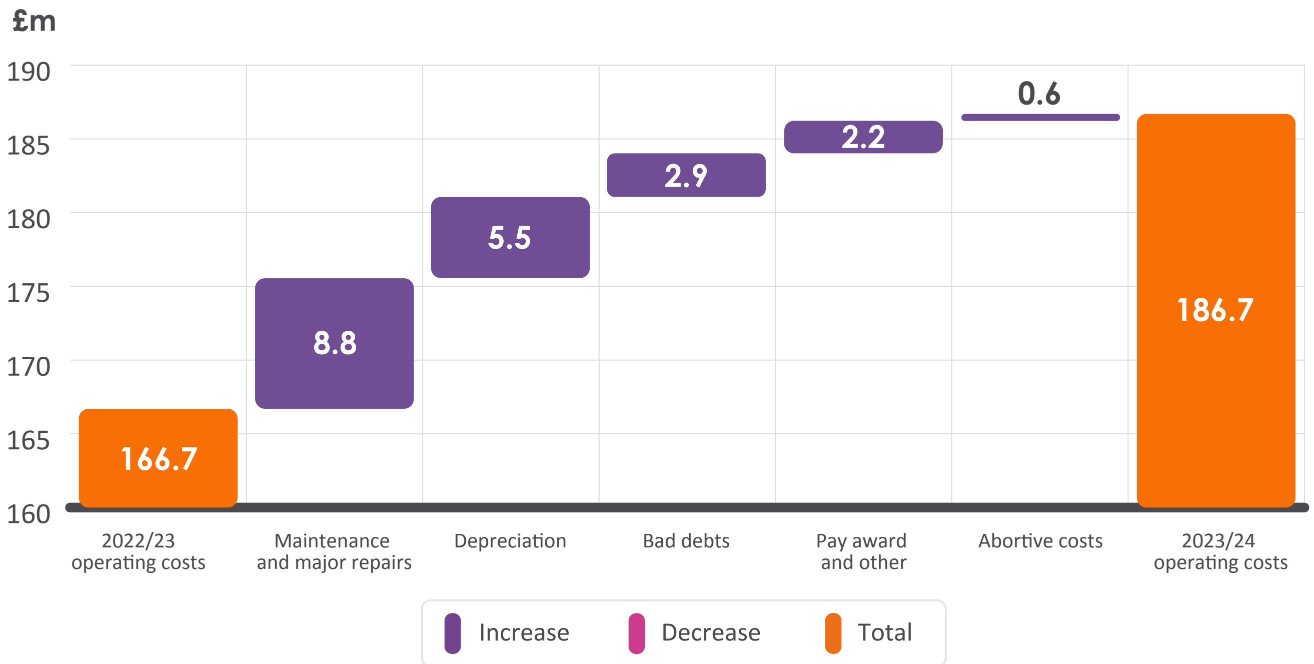
Sales revenues performed well. Shared ownership sales income for the year was £40m (2023: £41m). We sold 357 shared ownership homes, at an equivalent 100% average sales value of £272k (2023: 350 homes, 100% value of £264k). The average first tranche share sold reduced to 42% (2023: 44%).

There have been no outright sales in the financial year (2023: £2m).



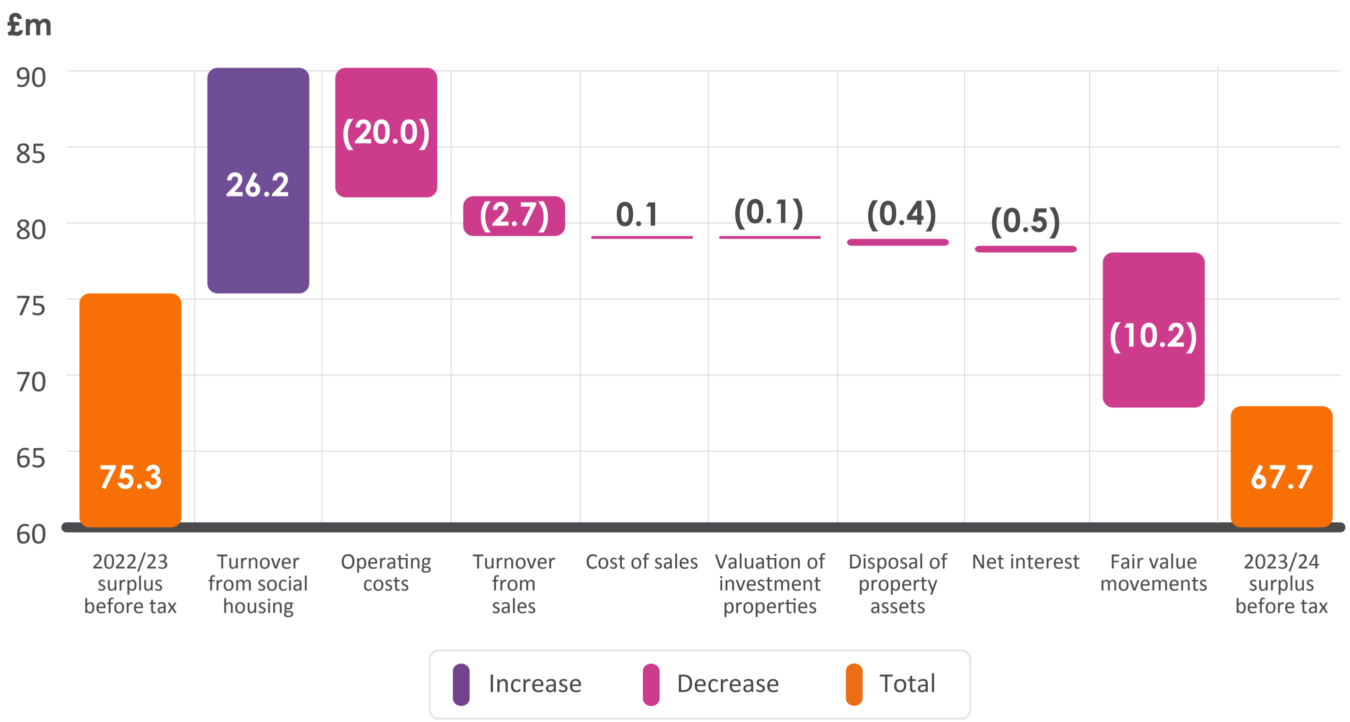
Operating costs

Overall operating costs have increased 12% year-on-year. We have seen higher than expected repair volumes as well as additional costs to address instances of condensation, damp and mould in our homes. Depreciation has increased which is expected given the number of new homes delivered, as well as the full impact of phase two of the transformation project which went live in the previous financial period. Bad debt provisions increased by £2.9m of which £1.7m relates to the 2022 cyber incident where a number of customers cancelled their direct debits even though Bromford could still accept payments. We remain confident on recoverability, however the increased provision represents our prudent approach on the estimated exposure to customers who may leave their tenancy before clearing their current arrears balances. Colleague costs have increased reflecting our pay award made at the start of the year.

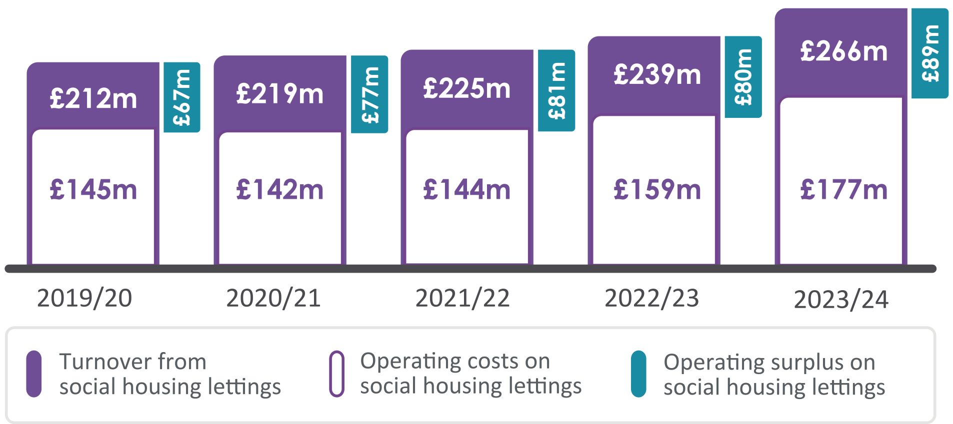


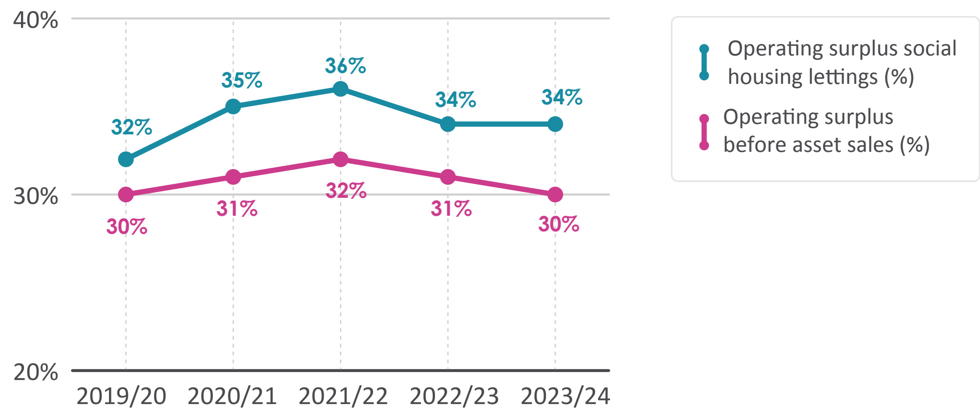
Operating margins and surplus

The surplus before tax of £68m including fair value movements is another strong financial performance for Bromford (2023: £75m). The prior year results included an £11m gain on fair value of financial instruments of which £6m was mark to market surplus on the closure of three interest rate swaps. Excluding fair value gains, underlying net surplus improved year-on-year by £3m. With our strategic cost review delivering £5m of savings in the year helping offset the additional investment required to manage higher than anticipated repairs and address instances of condensation, damp and mould in our homes, underlying operating surplus before sales increased by £8m in the year offset by lower sales surplus of £3m and marginally higher funding costs due to additional new funding in the year. Our overall operating margin reduced slightly year on year to 30%, largely a consequence of the lower margins seen on the first tranche sale of shared ownership homes at 21% (2023: 26%).



Operating surplus on social housing lettings increased to £89m (2023: £80m) with the increase due to the general increase in rents and the increase in new homes lettings offset by wage increases and higher than anticipated repairs as noted above. The operating margin on social housing lettings was maintained at 34% (2023: 34%).





47,304

The number of new homes owned and managed at the end of the year was 47,304 (2023: 46,437). Of the increase, 1,192 (including one unit for commercial rent) was due to property development activity plus nine acquisitions in the year offset by disposals. The table below shows the movement throughout the year.

	31/03/2023	Additions	Disposals	Other*	31/03/2024
General needs	35,308	868	(251)	(10)	35,915
Supported housing	3,544	-	(16)	(14)	3,514
Shared ownership	4,249	332	(56)	(3)	4,522
Leasehold and non social	3,336	1	(14)	30	3,353
Total	**46,437**	**1,201**	**(337)**	**3**	**47,304**

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

Disposals

Overall profit on disposals remained consistent with the previous year at £15m. During the year we have continued to sell properties which are not part of our core business and when it is the right time to do so for our customers. This has generated proceeds of £3.2m (2023: £21m) and profits of £0.9m (2023: £1.4m).

In addition, we continued to receive receipts for right to buy and right to acquire sales that generated £0.7m (2023: £1.8m) of disposal profit. Staircasing activity generated profits of £4.2m (2023: £6.6m). Other property disposals generated profits of £9.1m (2023: £2.3m).

On 1 April 2023 Gloucester Rural Housing Association merged with English Rural Housing Association, consequently the 157 homes we managed on their behalf were transferred on this date.

Investment in our homes

In 2023 to 2024 we capitalised £48m (2023: £43m) and invested £16m in revenue (2023: £13m) for major repair and refurbishment programmes and £299m (2023: £225m) in new homes. While others in the sector are having to make difficult decisions about reducing their new homes plans, our financial strength enables us to remain committed to investing in our existing and new homes alike.

£299m

invested in new homes

Sales exposure

The number of shared ownership homes waiting to be sold has decreased compared to last year to 49 (2023: 74). Of these unsold units, 15 were in the sales process with 34 available for sale. There are no outright sales units in stock at 31 March 2024.

The detail of stock and work in progress is shown in note 17. Stock and work in progress at the end of March 2023 was £56m (2023: £37m). We entered into build contracts on 837 (2023: 1,490) homes.

We exchanged on 618 land plots and we gained planning on 262 land plots. A number of the homes entering into build contracts were S106 homes or part of a package deal where planning approval had already been obtained.

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

Pension provisions and liabilities

During the year, the group participated in one multi-employer defined benefit scheme, the Avon pension fund (LGPS). The group also operates the Bromford Defined Benefit pension scheme administered by The Pensions Trust.

Further details in regard to these two schemes can be found in note 35 on pages 120 to 126.

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

Bromford Housing Group also participates in the Bromford and Merlin TPT Defined Contribution schemes and Royal London Defined Contribution scheme.

Corporation tax

We continue the policy of gift aiding taxable surpluses from non-charitable group members to charitable group members. The corporation tax charge for the year is £nil (2023: £nil) as set out in note 10.

Treasury

In a year where the demand for new funding met an elevated rate environment; a government rent cap faced into stubbornly high inflation; and renewed business planning pressures resulted in a number of credit rating downgrades across our sector, the 2023 to 2024 financial year presented us with a number of opportunities to once again demonstrate our financial resilience, credit strength and treasury innovation to unlock and support new growth opportunities for the group.

We returned to the capital markets for £150m of new drawn funding. In August 2023, we leveraged the elevated gilt curve to our advantage as we co-created a new pathway for funding with Legal & General Investment Management (LGIM) – ultimately re-basing our long dated private placement issued in 2020 to the prevailing rate and immediately releasing £50m of new funding. This was followed by a more traditional route to the capital markets in September 2023, as we issued a £100m private placement to UK and US investors.

Our treasury strategy has always been driven by the blend of drawn funding and revolving credit facilities (RCFs), as we maintain healthy levels of access to cash and liquidity while managing our cost of carry on drawn debt. As we stepped into our new Bromford Strategy 2023 to 2027 to deliver new homes at scale and with impact to realise our place shaping vision, we increased our RCF base to £450m across six credit lines to support new development opportunities.

After establishing our Sustainable Finance Framework (SFF) in 2021, we updated the framework this year to align to the latest International Capital Market Association and Loan Market Association principles. Following the precedent we established last year, all of our new funding in 2023 to 2024 was sustainability linked. Having established the first green and governance loans in the sector in previous years, we continued to pioneer sustainable finance in our sector – establishing the first loans linked to improving customer advocacy, actioning our outstanding repairs and reducing our Scope 1,2 and 3 carbon emissions. This brings our portfolio to a total of eight sustainability KPIs across six sustainability linked loans (SLLs), all of which align to key objectives in our Bromford Strategy 2023 to 2027. Our two capital markets transactions in the year were also the first issued under the use of proceeds mechanism in our SFF and we will publish our first allocation report to reflect the use of our new funds alongside our third sustainability impact report in the autumn of 2024.

Our loan book remains highly optimised with the majority of legacy funding already refinanced for commercial value. Our drawn funding continues to benefit from long term fixed rates across 98% of the portfolio; we remain well protected against elevated base and SONIA rates as central banking rate action continues to stem inflation. We close the year with £544m in cash and undrawn facilities, delivering over twice the required level of long-term liquidity.

After the year ended 31 March 2024, in June 2024 we completed a £200 million sustainability-linked term loan with NatWest, one of our existing long-term key strategic funder partners. We continue to refresh and optimise our new funding strategy in view of prevailing market conditions. This deal enables us to benefit from the prevailing arbitrage between the SONIA swap and gilt curve to generate significant interest savings over the life of the loan, which ultimately means we can invest even more in our communities and customers.

With the sector experiencing the challenges of a rent cap against rising cost pressures from high inflation and elevated rates, alongside increased investment requirements for existing homes for fire safety, decarbonisation and condensation, damp and mould, many housing association have seen their credit ratings weaken in the year. We have continued to re-calibrate our business plan throughout the year to reflect the latest macro-economic assumptions and investment requirements to ensure our homes remain safe, secure and affordable. Each iteration established the balance between investing in our new and existing homes without compromise to customer service, while preserving our financial position and credit strength.

Our shadow credit analysis and regular dialogue with Moody's and S&P Global was, as ever, fundamental to this process and provided a platform for the enhancing of our sector leading dual credit rating this year. In July 2023, we maintained our S&P Global A+ (stable) rating but importantly, the agency reflected our consistent strength of delivery in a challenging operating environment by de-linking our rating from the UK sovereign so it stands up in its own right and no longer rises and falls with the fortunes of the government of the day. In January 2024, Moody's re-affirmed our A2 (stable) rating and strengthened our underlying risk management score to create further financial headroom against the A2 safe harbour line.

These ratings and the maintenance of our G1/V1 regulatory ratings, continue to reflect the effectiveness of our financial framework and golden rules which once again withstood the test of time to meet new challenges. We close the year with significant headroom against our key group funder covenants, with interest cover at 3.2 times (more than twice headroom) and asset gearing at 41% (covenant 67%).

Many market analysts are now projecting a clearer pathway for rate cuts in the year ahead and with inflation already reducing in the printed economic data points in early 2024, we continue to journey through a new era of economic challenge and opportunity. With our strengthened credit ratings, our pioneering approach to sustainability and the continuing strength of our liquidity position and funder covenants, we remain well placed to secure more funding so can meet these challenges with the rigour and response they deserve.

	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Drawn facilities (nominal value)	£1,436m	£1,351m	£1,376m
Undrawn facilities	£450m	£338m	£338m
Cash and cash equivalents	£94m	£126m	£303m
Fixed rate borrowing (drawn)	98%	99%	98%
Weighted average cost of borrowing	3.93%	3.55%	3.74%
Interest cover covenant	3.2 times	3.1 times	3.1 times
Asset gearing (lender covenant) calculation	41%	40%	37%

3.2
interest cover

41%
asset gearing

Cash and short-term liquidity

The group continues to hold cash funds, with £88m held on same day access. Our investment strategy remains defensive, with safety and access to cash driving decision making rather than projected rates of return. Our cash continues to be held exclusively across a number of counterparty cash deposit accounts. In the year, the £50m of surplus cash held in longer term deposit accounts matured and we continued to invest surplus cash into UK Treasury bills to leverage elevated deposit rates. We have also proactively negotiated higher returns on our same day cash holdings, which along with investment in UK Treasury bills delivered additional interest income of £1m compared to the year ended 31 March 2023 and reflected £2m of additional income against budget.

We continue to operate a short-term liquidity treasury management policy holding a minimum of three months required cashflow as immediately available funds at all times. This is calibrated every quarter end and broadly equates to £40m-£50m and ensures day-to-day operational cashflow continues to be funded without undertaking undue risk. Credit lines have been further diversified to six funders in the year with no more than 25% of our undrawn funding residing with any single funder.

Long term liquidity and funding

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

In the year we grew our base of RCFs from £338m to £450m as we refinanced £190m of expiring RCFs with £302m of new SLLs across four lenders. The increased RCF base enhances our strong levels of liquidity which continue to underpin our new homes and sustainability ambitions as we step into our new Bromford Strategy 2023 to 2027 to deliver at scale and with impact.

We also issued £150m of new drawn funding in the capital markets in the year. In August 2023 we co-created an innovative new funding deal with Legal & General Investment Management (LGIM) which provided us with £50m of investment and represented the first use of proceeds capital markets transaction issued under our SFF. This funding was delivered through re-couponing our existing £100m private placement with LGIM, initially issued in 2020. This pathway to new funding did not require the full weight of new legal documents, a full security charging cycle or an extended roadshow, with immediacy of pricing a key attraction in a rising rate environment. In November 2023, we completed a traditional £100m sustainable private placement. Our orderbook was seven times oversubscribed, with offers across every point of the tenor curve at attractive spreads demonstrating strong demand for new investment. This demand enabled us to print the deal with US and UK investors at the shorter end of the tenor curve at 10 to 12 years to manage our exposure to higher interest rates under the prevailing gilt yield curve.

The total facilities (drawn and undrawn) at the year-end were £1,886m. We ended the year with total available funds of £538m, comprising of £88m of available cash and £450m of undrawn facilities (all fully secured). This represents over twice the long-term liquidity level required (£257m).

Cash and cash equivalents is £94m at 31 March 2024, with £6m unavailable for use across the leaseholder reserve (£4m) and other items (£2m). The available cash is therefore £88m.

£88m
cash held on same day access

£538m
total available funds

£1,886m
total facilities

Refinancing risk

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

Our treasury management policy remains unchanged, with our tenor curve open and flexible for new investment.

Interest rate management

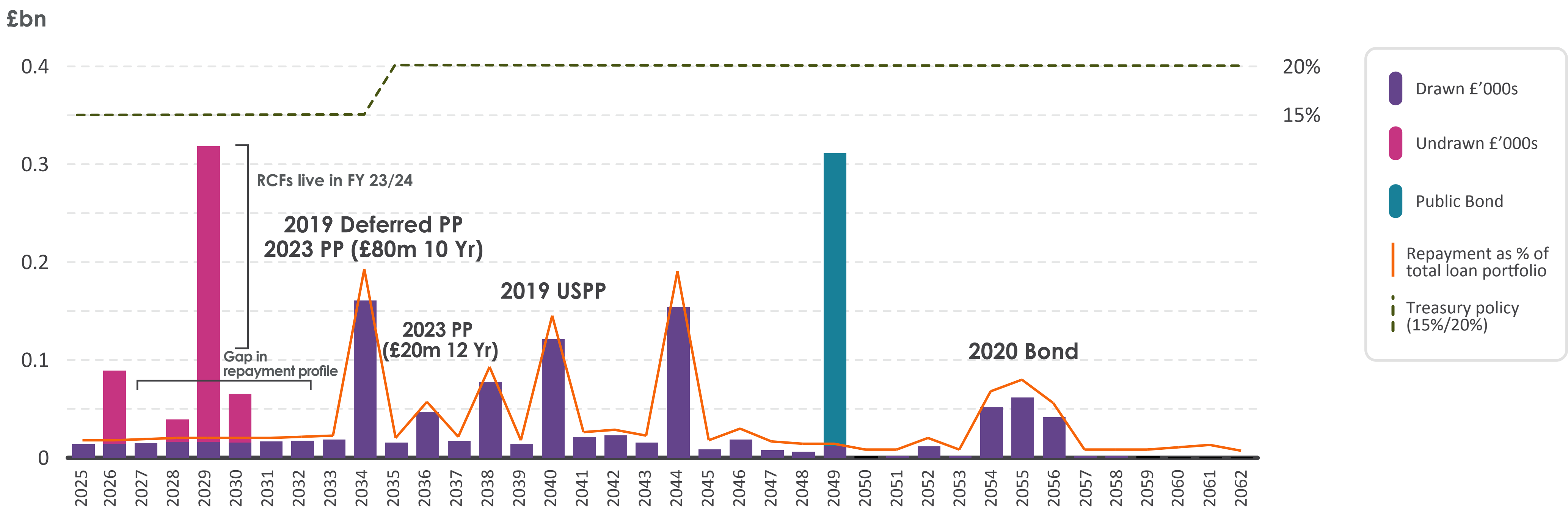
We use fixed rate borrowings to manage our exposure to increases in interest rates and 98% of our drawn borrowings are at fixed rates (2023: 99%). The majority of the fixed rate debt is established through vanilla embedded fixes.

The weighted average cost of borrowing has increased in the year to 3.93% at 31 March 2024 (3.55% at 31 March 2023), which reflects the £150m new drawn funding entered into in the year at higher interest rates.

Covenants

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

Total committed facilities - refinancing profile



Value for money

We are committed to demonstrating and improving value for money (VFM) as an integral part of our Bromford Strategy 2023 to 2027. We aim to ensure optimal use of our resources and assets and optimise economy, efficiency and effectiveness in the delivery of our objectives while balancing our commitment to invest in our existing homes to ensure they are safe and secure as well as our ambition to invest in building new ones. With the continued challenging economic conditions, ensuring value for money in all that we do has never been more important.

Our financial objectives are set out in our financial framework which focus on maximising our financial capacity. The framework has been refreshed to align with our new Bromford Strategy 2023 to 2027. We ensure we deliver financial performance within the parameters of our financial framework through frequent financial planning from short term budget setting and reforecasting through longer term 30 year strategic planning. Targets are set in conjunction with all areas of the business and are challenged through operational teams, the executive team and by board via the committee structure in line with the governance arrangements of the group. Despite the economic challenges of recent years, our financial framework has remained resilient and continues to guide our strategy demonstrating that Bromford is more than capable of dealing with the stresses and strains of the current operating environment. On a monthly basis we review our key performance indicators to assess our performance compared to set targets.

Regulator metrics

The Regulator has a sector wide set of value for money metrics which aids direct comparison between housing providers. These metrics are noted below.

The direction of travel over the past year across the suite of metrics, taking account of recent stresses across the sector, continues to demonstrate our financial strength and is set out below for the last four years. We have compared ourselves against 32 housing associations with similar characteristics using the latest published data as at 31 March 2023. In the table below, top quartile refers to performance against the comparator group.

Metric	2020/21	2021/22	2022/23	2023/24	Target 2023/24	Top quartile	Target 2024/25
Reinvestment %	5.1%	7.5%	8.5%	8.5%	8.4%	9.4%	9.0%
New supply delivered (social)	2.0%	2.7%	2.8%	2.6%	2.7%	2.4%	2.5%
New supply delivered (non-social)	0.1%	0.1%	0.0%	0.0%	0.0%	0.5%	0.0%
Gearing*	39%	37%	40%	41%	41%	40%	42%
Interest cover (EBITDA-MRI)	189%	175%	186%	188%	210%	180%	177%
Headline social housing cost per unit	£3.33k	£3.55k	£3.78k	£4.09k	£3.90k	£4.02k	£4.34k
Operating margin – overall	31%	32%	31%	30%	32%	23%	31%
Operating margin – social housing lettings	35%	36%	34%	34%	36%	28%	34%
Return on capital employed (ROCE)	3.7%	3.9%	3.6%	3.4%	3.7%	3.2%	3.4%

*based on our covenant metric

2023 to 2024 performance

Reinvestment

Levels have remained consistent with prior year at 8.5% and marginally higher than 8.4% in our 2023 to 2024 target. We remain committed to invest in new homes and existing homes alike. Gross investment in new homes was £246m (2023: £225m) and capital investment in existing homes was £48m (2023: £43m).

8.5%

2024 to 2025 target

9.0%

New supply delivered

(social and non-social housing)

We delivered 1,200 (2.6%) new social homes (including nine acquired) and one non-social unit (0%) this year. This was below our target of 1,246 homes however we are still pleased with the outcome given the challenging economic conditions. This is compared to 1,265 social homes and nil non social homes last year.

2.6%

2024 to 2025 target

1,162 (2.5%)
new social homes

18 (0.0%)
new non-social homes
(all outright sales)

Gearing %

Gearing has increased to 41% from 40% in the prior year, with target being 41%. This is due to increased debt levels with £150m additional debt drawn in the year.

41%

2024 to 2025 target

42%

EBITDA MRI %

EBITDA MRI of 188% is higher than last year (186%), although is lower than our target of 210%. EBITDA increased by £10m (£24m year on year increase in turnover offset by higher maintenance and major repair costs £9m, bad debt expense £3m and pay award £2m), MRI increased by £5m while interest payable increased at a lower rate of £2m year on year.

188%

2024 to 2025 target

177%

2023 to 2024 performance

Headline social housing cost per unit (£000s)

Headline social housing cost per unit is £4.09k compared to £3.78k in 2022 to 2023 and our current year target of £3.90k, this has continued to grow due to an increase in maintenance costs as previously noted together with our continued investment to ensure that our homes are safe, secure and warm.

£4.09k

2024 to 2025 target

£4.34k

Operating Margin (overall) %

Operating margin has fallen slightly to 30%, impacted by the lower shared ownership margin which has reduced to 21% from 26%. This was, however, significantly better than budgeted which helped generate c.£2m additional sales surplus, partially offsetting cost pressures.

30%

2024 to 2025 target

31%

Operating Margin (social housing lettings) %

Social housing operating margin has been maintained at 34% despite the challenges created by the rent cap, cost inflation, repair volumes and increased activity on condensation, damp and mould. Our strategic cost review delivered £5m of savings in the year to help offset these additional costs.

34%

2024 to 2025 target

34%

Return on capital employed %

Return on capital employed has decreased from 3.6% in the prior year to 3.4% in 2023 to 2024, with target set at 3.7%. This is mainly due to an increase in operating surplus of 3% compared to 2022 to 2023, while assets and liabilities have increased at a higher rate (8%).

3.4%

2024 to 2025 target

3.4%

Our financial framework

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

Description	Target range	Golden rule	2022/23	2023/24 target	2023/24	2024/25 target
Overall operating Margin*	28-40%	>25%	31%	32%	30%	31%
Social Housing Operating Margin	33-45%	>30%	34%	36%	34%	34%
Interest Cover (EBITDA-MRI/Net Interest)	1.8-2.5	>1.5	1.9	2.1	1.9	1.8
Asset Gearing**	35-45%	<50%	40%	41%	41%	42%
Liquidity ratio	1.8-2.3	>1.5	2.0	2.3	2.1	2.3
Secured funding headroom	15-30%	>10%	213%	212%	180%	n/a
Level of stock and WIP (Land, SO and ORS)	£30-£150m	<£167m	£37m	£38m	£55m	£63m
Sales as a % of turnover	10-27%	<30%	14%	12%	13%	13%

* excludes gain on disposal of property assets

**based on our covenant metric

Governance update

Jacqueline

Brommies 2024
Leader of the year winner

Report of the board of directors

Our governance

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

The Regulator of Social Housing requires all registered providers (RPs) to adopt a code of governance and all RPs in the group have chosen to voluntarily adopt the UK Corporate Governance Code 2018 (the code). The new UK Corporate Governance Code 2024 will apply from 1 April 2025 and we are currently making preparations for implementation. We apply the code in most respects, however as Bromford does not have shareholders in the sense provided for within the code, we do not have arrangements to engage in the dialogue or consultation expected in the code in that respect. In particular, this relates to the actions required in provisions 3, 4 and 9 of the code and it should be noted that there are no share options for the executive or non executive directors.

Provision 5 within the code requires the board to demonstrate how it has taken into account the factors set out in section 172 of the Companies Act 2006. As an organisation governed by the Co-Operative and Community Benefit Societies Act 2014, this requirement does not apply. However, the board does have responsibilities which, amongst other things, require it to act in good faith and in the best interests of Bromford. Details of how we engage with our stakeholders is set out on pages 50 to 52.

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

Our governance framework

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

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

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

Our board

Key A Audit and Risk Committee R Remuneration and Nominations Committee T Treasury Committee

Steve Dando
Chair

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

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

Steve is a member of the Institute of Chartered Accountants.

Richard Bird
Non-Executive Director

Richard has been involved in the housing and development industry for over 40 years. During his first decade, his career developed from planner, to project manager and ultimately to head of production for a PLC house builder.

The next four years provided a much wider experience as a director of construction, housing and development companies within a private limited group.

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

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

Dame Sandra Horley
Non-Executive Director

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

Currently Sandra is the CEO of Reset Communities for Refugees and a board member of the Victims and Survivors Service.

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

Charles Hutton-Potts
Non-Executive Director

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

Charles is now active as a non-executive director and business consultant. In addition to his roles at Bromford, Charles is a director of allpay holdings which is a payment solutions business that works extensively with social housing clients and local authorities. He is chair of his local village hall.

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

Neil Rimmer
Senior Independent Director (SID)

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

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

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

Jerry Toher
Non-Executive Director

Jerry is currently CEO at Saga Personal Finance.

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

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

Robert Nettleton
Chief Executive

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

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

Paul Walsh
Chief Finance Officer

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

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

Sarah Beal
Company Secretary

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

Executive board and leadership team

Robert Nettleton
Chief Executive

Paul Walsh
Chief Finance Officer

Paul Coates
Chief Customer Officer

Heather Richardson
Chief Risk Officer

Chief People Officer

Dan Goodall
Chief Technology Officer

Martyn Blackman
Chief Investment Officer

Board updates

There have been no changes in board membership this year

Group structure

Bromford Housing Group Limited
(BHG) Parent
a charitable community benefit society

Merlin Housing Society Limited. (MHS)

A charitable community benefit society which develops and manages affordable homes for sale, rent or shared ownership.

Bromford Housing Association Limited. (BHA)

A charitable community benefit society which develops and manages affordable homes for sale, rent or shared ownership.

Bromford Home Ownership. (BHO)

A non charitable non profit registered provider.

Bromford Developments Limited. (BDL)

A limited company.

Bromford Housing Groups Investments Limited. (BHGIL)

A limited company.

Riverside Mews Management Company Limited

A limited company.

Bromford Assured Homes Limited. (BAH)

A limited company.

Strand Services (Whitchurch) Ltd

A limited company.

During the year Oakbrook Homes Limited and Street Services Limited became dormant and have been dissolved.

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

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

Board composition

Board members from 1 April 2023

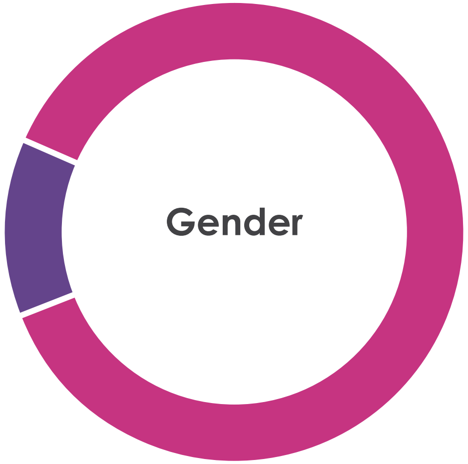
Non-executive directors

- Steve Dando (chair)
- Richard Bird
- Dame Sandra Horley
- Charles Hutton-Potts
- Neil Rimmer (SID)
- Jerry Toher

Executive board members

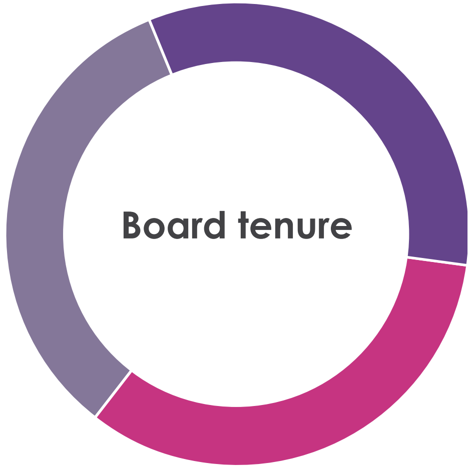
- Robert Nettleton
- Paul Walsh

Board analysis at 31 March 2024

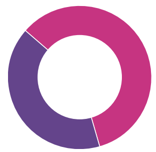
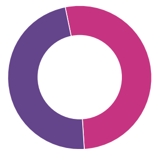


- Female - 12.5%
- Male - 87.5%

- Executive directors - 2
- NEDs - 6



- 0 to 3 years - 33.3%
- 4 to 6 years - 33.3%
- 7 to 9 years - 33.3%

2023 to 2024	Male (number)	Female (number)	Male (percentage)	Female (percentage)	
Colleagues in senior leadership positions	43	30	59%	41%	
Other colleagues in the group	957	871	52%	48%	

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

The role of a non executive director (NED)

Each of the NEDs was independent on appointment.

Each NED makes an annual fit and proper persons declaration and annual declaration of interest. Conflicts of interest are noted at the start of each board meeting and board members abstain from discussions or decision making where an actual or perceived conflict may exist.

The Audit and Risk Committee and board receive a copy of the conflicts of interest register as part of their end of year compliance activity.

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

	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Treasury Committee
Steve Dando	10/10			6/6
Richard Bird	10/10	6/6		
Dame Sandra Horley	10/10			
Charles Hutton-Potts	10/10	6/6		
Neil Rimmer	10/10		5/5	
Jerry Toher	9/10		5/5	6/6
Robert Nettleton	10/10		5/5	
Paul Walsh	10/10			6/6

Board effectiveness

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

Each year the board carries out a formal evaluation of board, committee and individual director performance. At least every three years, as recommended by the code, this evaluation is facilitated by an external advisor to provide an independent perspective. During 2023 to 2024 there was an independent review of board effectiveness which was carried out by Campbell Tickell. The board and remuneration committee have been working through the actions. No material matters of concern were identified.
The table shows each board member's attendance at meetings of the board and any committees they are members of during the financial year.

Decision making

The board meets as a single board but makes decisions on behalf of each entity as appropriate.

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

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

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

The board met 10 times in the year. We held our annual strategy setting event in November.

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

Each board committee meets as many times as necessary to discharge their duties and responsibilities under their terms of reference. For reports from our committees, refer to pages 53 to 71.

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

Bromford Housing Group board

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

The board has delegated authority to the following committees.

Audit and Risk Committee

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

Remuneration and Nominations Committee

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

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

Oversees our pension arrangements.

Treasury Committee

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

The role of the board

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

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

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

Leadership and resources

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

Ensure sufficient resources are available to achieve the strategic objectives.

Risk management and compliance

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

Accountability

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

Performance and finance

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

Strategy development and implementation

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

Strategy setting

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

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

Organisational culture and colleague engagement

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

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

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

Our board's year

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

Risk management and compliance

- continued to monitor and manage risk including reviewing risk appetite
- approved the risk management policy and risk appetite framework
- considered significant and emerging risks and sector risk profile
- considered and approved the quarterly key strategic risk reports
- considered and approved the annual health and safety policy
- approved the health and safety strategy
- approved the group rent and service charge policy
- approved the annual treasury strategy, treasury management policy and the investment policy
- continued to retain our G1/V1 regulatory status

Performance and finance

- undertook monthly scrutiny of group performance against key financial budget metrics and performance targets
- continued to monitor board KPIs and performance targets for 2023 to 2024 including metrics for landlord health and safety compliance and repairs
- monitored progress on our plans to respond to condensation, damp and mould issues and our strategic property plan
- agreed new reporting metrics for 2024 to 2025
- approved the 30-year Business Plan, with stress testing, mitigation, financial golden rules and VfM metrics
- considered the external board effectiveness review which was undertaken by Campbell Tickell
- received an update on proposals for modern methods of finance and also changes to the IT structure and implementation of a new approach to business change to support delivery of the strategy

Strategy development and implementation

- continued to deliver the Bromford strategy
- continued to focus on delivery of Enterprise Asset Management (EAM)
- continued to focus on how we will deliver our strategy for 2023 to 2027
- updated our development appraisal assumptions and development appraisal parameters

Leadership and resources

- continued to strengthen our executive team

Our approach to stakeholder engagement

We are focused on delivering long-term, sustainable, social impact for the benefit of the customers and communities we serve, our colleagues and wider stakeholders.

This section provides insight into how we engage with stakeholders to understand what matters to them and to help shape and inform decision making.

While Bromford does not have shareholders as set out in the UK Code of Governance, Merlin Housing Society does have legacy shareholders and holds an annual AGM to provide them with an update on our progress.

		How we engage at board level	How we engage across the company	Outcomes from engagement
Customers and communities	Our customers are why we are here. We want every customer to have the right home and the right relationship with us as their needs and aspirations change.	• customer related performance is front and centre at every board meeting • formal engagement meetings take place through our Customer and Communities Influence Network (CCIN), chaired by our NED, Dame Sandra Horley, to ensure there is a direct line of sight between the board and customers • all members of CCIN and board meet face to face twice a year • board members visited customers homes and their communities as part of the board tour in March 2024	• our feedback programme creates thousands of opportunities for customers to tell us where we are doing well and how we can improve • our customer engagement approach has been refreshed to reflect our unique relationship model • the CCIN membership is drawn from across our geography and is supported by four Locality Influence Networks (LINs)	• our customer advocacy rating has improved by 8% from 83% to 91% • our coaches and income management advisors work with customers to help them maximise their income and connect with each other and the range of assets in their communities • we've helped groups in the communities where our customers live to secure over £1m of new funding • we have held 1-to-1 conversations with over 36,000 of our customers to explore how our relationship is working and better understand their aspirations

		How we engage at board level	How we engage across the company	Outcomes from engagement
Colleagues	Our colleagues are our greatest asset and the reason for our success.	• our purpose, culture and DNA discussed at board level • the Remuneration and Nominations Committee reviews policies and practices, making recommendations to the board • dedicated NED attends our engagement group, Be.Heard • the board considers our Great Places to Work colleague engagement survey results and engagement plans	• Be.You roadmap and champion groups promote inclusivity and are fostering a culture where colleagues feel they belong at Bromford • continued investment in the accelerating talent programme, leadership and career development programmes • annual Great Places to Work survey and half year Thrive survey undertaken	• the proportion of colleagues who said that this a great place to work increased by 3% to 72% • more than 200 colleagues were nominated for a Brommie, our colleague awards, by one of their peers • over 80 colleagues attended our Cheers ‘thank you’ lunches • 975 attended Bromfest • 69% of colleagues have downloaded our YuLife wellbeing app and completed 1.2 billion steps
Investors	Continued access to capital is vital to enable us to deliver our strategy, much needed new affordable homes and the regeneration of places.	• the board delegates approval of trading statements to the Audit and Risk Committee • the chief executive, chief finance officer and director of treasury attend investor meetings and feedback outcomes	• annual investor roadshows ensure that investors understand our strategy, performance and ambition; and we understand what’s important to them • we share our trading updates with L50 before they are released • both investors and credit agencies meet with our customers as standard • ongoing investor relationships and updates throughout the year	• we close the year with over £500m in cash and undrawn facilities, delivering twice the required level of long-term liquidity • S&P re-affirmed our credit rating in July 2023, rating us A+ (Stable) on a standalone basis without relying on an uplift for government support • Moody’s re-affirmed our A2 (Stable) credit rating in January 2024

		How we engage at board level	How we engage across the company	Outcomes from engagement
Regulator, government agencies and local authorities	We continue to have a positive and open relationship with the Regulator of Social Housing and work closely with Homes England to deliver more quality new homes where they are needed. We work closely with key local authority partners to address common goals of homelessness reduction, decarbonisation and increasing the supply of affordable homes.	• regulatory matters are regularly considered by the board • condensation, damp and mould management and performance oversight • the launch of the TSMs and readiness for the new consumer standards	• we meet regularly with local authority officers and members to share performance updates and co-create solutions to common challenges • we are establishing deeper strategic relationships across our M5 corridor heartland, with regional, local and hyperlocal organisations and community groups	• 1,191 affordable homes developed with 256 of these utilising Homes England grant funding • we have secured £2.5m from the Social Housing Decarbonisation Fund to improve the energy efficiency of our homes • 30% of our new lettings in the year were to those experiencing homelessness. Up 3% • we are establishing partnership boards with three of our big four local authority partners
Suppliers	Along with our colleagues, our suppliers play a pivotal part in delivering services and business activity as effectively and efficiently as possible.	• the board reviews our Modern Slavery Statement annually • commercial/supplier risk is monitored through our key strategic risk register	• we meet regularly with suppliers to agree and monitor performance	• our suppliers continue to support important social value initiatives in many of our neighbourhoods

Report of the chair of the Remuneration and Nominations Committee

How the committee works

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

Interests of those present are managed carefully and the chief executive is not present in any decision making that concerns his own role or remuneration. The independent non-executive directors are in the majority. The committee is also served from the regular attendance of the chief people officer and company secretary. Paul Walsh, Chief Finance Officer attends the meeting to provide regular pension updates.

The committee also draws upon the expertise of external advisors. Over the past year, the committee has engaged Forest HR to support executive and NED benchmarking. The committee was involved in making arrangements for the external Board Effectiveness review which was undertaken by Campbell Tickell.

Committee members

Neil Rimmer

Chair, Non-Executive Director and SID

Jerry Toher

Non-Executive Director

Robert Nettleton

Chief Executive

“

I am pleased to present the committee’s report into the key activities undertaken during the 2023 to 2024 financial year. I would like to thank my fellow committee members and the standing attendees for their work during the year.

During the financial year 2023 to 2024 we met on five occasions.

Neil Rimmer
Chair – Remuneration and Nominations Committee

Roles and responsibilities of the committee

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

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

Chair's report on the year

Non-executive remuneration

We make recommendations to board on NED remuneration. During 2022 to 2023, and following an external benchmarking review carried out by Forest HR, it was agreed that, there should be an increase in NED remuneration from 1 April 2023. The increase, which was between 9.1% and 12.5%. This reflected the remuneration paid by registered providers of a similar size and complexity to Bromford and remuneration levels in the public sector and government organisations. It also reflected the fact that there had been no review or increase since 2020.

A further external review was carried out by Forest HR during 2023 to 2024 when it was established that the current levels of remuneration for NEDs continued to be appropriate and no recommendation for change was made to board.

Board appointments and recruitment

There were no board changes during this financial year.

Board effectiveness and annual re-appointments process

The committee plays an active role in ensuring that the board continues to be effective. The committee manages the process for the annual board effectiveness review, which in accordance with the requirements of the UK Corporate Governance Code, is externally facilitated every three years.

In 2023 an external review was carried out by Campbell Tickell.

The review was undertaken through a survey of all non-executive and executive directors. There were 1:1 interviews with each board member and a group interview with executive directors who are not on the board. Campbell Tickell also observed the July 2023 board meeting and conducted a review of documents.

The review found that, overall, the board is effective and can demonstrate strengths in a number of areas including the calibre of individual skills and depth of commitment, the calibre of chairing and the considerable thought and attention which has been given to governance arrangements overall. Of course, there is always room for improvement and a number of recommendations were made for consideration by the board where it was considered there was scope to strengthen effectiveness.

As a result the committee will focus on the following matters:

- **board skills –** to ensure that the board skills matrix is up to date to ensure that the board has the right mix of experience and skills and identifies any skills gaps
- **board diversity –** the committee has been asked to ensure that diversity remains an area of focus to ensure the board has the right mix of diversity, social and ethnic background
- **governance –** we will provide oversight to the annual board re-appointments process and ensure that appropriate documentation is in place

Supporting this activity, we reviewed and agreed changes to the NED recruitment and succession framework in February 2024.

- **recruitment of board chair –** the committee will make plans as our chair, Steve Dando, comes to the end of his term of office during 2024 to 2025

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

As senior independent director, I evaluate the chair and to help with this process I held a closed session with other NEDs at the March 2024 board meeting.

The board confirmed that the chair and all members continued to add value to the work of the board and agreed that all the current non-executive members be re-appointed for a further year.

Executive pay and reward

In respect of executive pay the committee agrees the following:

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

The committee considered the executive pay award for 2023 to 2024. This was agreed as 5% which was the same as for all colleagues. Also reflecting all colleague pay, a discretionary amount of 1% of the pay budget was made available to deal with targeted market corrections. The allocation of the 1% amount was also the responsibility of the committee and following a benchmarking exercise by Forest HR, the committee also made awards in this respect.

During the 2023 to 2024 financial year the PRP award for 2022 to 2023 was paid. Although the PRP targets for 2022 to 2023 were not met, we used our discretion and it was agreed that in view of the exceptional circumstances and aligned to the incentive award paid to all colleagues, the executive and functional directors should receive a similar recognition payment of £1,000. Our chief executive declined this payment. This discretionary payment was made to the executive in June 2023.

In February 2024 the committee considered whether to make a PRP payment to the executive for the financial year 2023 to 2024. It was agreed that the finance gateway for the executive had not been met and so no PRP payment would be made.

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

People strategy

At each meeting we receive an update from the chief people officer, on progress against the people strategy to ensure that Bromford remains fit for the future. We have been kept informed about the outcome of the Great Place to Work Survey and colleague thrive survey and of plans and next steps to respond.

The committee has also considered our Gender Pay Gap report. I am appointed as our colleague engagement non-executive director.

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

Executive leadership

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

During the year, the committee has considered the executive succession plan.

Committee members were also involved in the recruitment process that took place during the year, for a new chief customer officer.

Alignment across the business process

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

- the pension arrangements for the executive are the same as are on offer to Bromford colleagues
- for the period of this report, payments made in 2023 to 2024, the performance related pay gateway targets for the executive and our new contract colleague PRP scheme both focused on activity that support Bromford's long term sustainable success
- we have blended schemes for three colleagues within the remit of the committee and one other colleague. These schemes provide access to a higher level of PRP based on commercial activity and provide Bromford with greater external market relativity in terms of remuneration
- for the period of this report, payments made in 2023 to 2024, the pay award for executive and functional directors mirrored that made to all colleagues
- benchmarking takes place for both the executive and all colleagues

Pensions

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

Report of the chair of the Treasury Committee

How the committee works

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

The committee also draws upon the expertise of external firms of legal and treasury advisers who are appointed on specific projects of higher complexity where market benchmarking, strategic input or deal execution is required. Examples in the year include the appointment of advisers to support the issuance of a £100m private placement; enable the re-coupon of an existing private placement with LGIM realising £50m of cash proceeds; review the group's treasury management policy; advise on our funding strategy in a high interest rate economy and advise on the successful publication of our second sustainability impact report.

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

Committee members

Jerry Toher

Chair and Non-Executive Director

Steve Dando

Non-Executive Director

Paul Walsh

Chief Finance Officer

I am pleased to present the committee's report into the key activities undertaken during the 2023 to 2024 financial year. I would like to thank my fellow committee members, standing attendees and the specialist treasury adviser to the committee, Alex Gipson. The committee members and our advisers continue to bring a range of recent and relevant specialist experience from the treasury and funding markets.

In a year where the demand for new funding met an elevated rate environment; a government rent cap faced into stubbornly high inflation; and renewed business planning pressures resulted in a number of credit rating downgrades across our sector, the 2023 to 2024 financial year presented us with a number of opportunities to once again demonstrate our financial resilience, credit strength and treasury innovation to unlock and support new growth opportunities for the group. Throughout these challenges, the committee has continued to deliver the group's treasury strategy and provided our board with assurance that risks have been appropriately mitigated and opportunities appropriately leveraged. We are particularly proud of the strengthening of our sector leading dual credit rating platform, our return to the capital markets with innovative solutions and the expansion of our revolving credit facilities (RCFs) to £450m to underpin our new homes and sustainability ambitions as we step into our new Bromford Strategy 2023 to 2027 to deliver at scale and with impact.

Jerry Toher
Chair - Treasury Committee

Roles and responsibilities of the committee

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

Chair's report on the year

Strengthening Bromford's sector leading dual credit rating platform

The committee continues to consider shadow credit rating analysis on each new iteration of the group's business plan. The shadow credit rating analysis sets out the group's baseline credit assessments to determine routes back to safe harbour in the A2/A+ space through re-profiling of operational costs, capital costs and the delivery of new homes without compromising customer experience or delivery of our strategy.

Against this backdrop, the 2023 to 2024 financial year saw the strengthening of our sector leading dual credit rating platform, with improvements to both our Moody's and S&P Global scoring.

Our S&P Global rating was re-affirmed at A+ stable in July 2023. Importantly, our management and governance score was uplifted, with the agency citing consistent strength of delivery in a challenging operating environment, which improved our standalone credit profile to A+, de-linking our rating from the UK sovereign so it stands up in its own right and no longer rises and falls with the fortunes of the government of the day.

Our Moody's rating was re-affirmed at A2 stable in January 2024. Our scores on financial management and investment and debt management were uplifted in the review, to create even more financial headroom against the A2 safe harbour line, with Moody's highlighting a track record of delivery and ongoing de-risked approach to investment and debt management.

Our ratings continue to be sector leading and contrast with many housing associations who have experienced rating downgrade in the challenging economic environment.

Delivering Bromford's new funding strategy: capital markets

As we stepped into our new Bromford Strategy 2023 to 2027 to deliver at scale and with impact to realise our place shaping vision, additional drawn funding was required to support new development opportunities as they arose.

In August 2023, we leveraged the elevated gilt curve to our advantage as we blazed a new trail to co-create a new pathway for funding with Legal & General Investment Management (LGIM) – ultimately re-basing our long dated private placement issued in 2020 to the prevailing rate and immediately released £50m of new funding. This funding was issued through our Sustainable Finance Framework (SFF) and did not require the full weight of new legal documents, a full security charging cycle or an extended roadshow, with immediacy of pricing a key attraction in a rising rate environment.

In September 2023, we completed a £100m private placement as planned, again issued under our SFF. We were over seven times oversubscribed, with offers across every point of the tenor curve at attractive spreads, demonstrating the positioning of our leading credit ratings and how we drive these to unlock balance sheet capacity to deliver new homes, carbon retrofit works and our neighbourhood coaching model. This demand enabled us to print the deal with US and UK investors at the shorter end of the tenor curve at 10 to 12 years given the elevated rate environment.

After the year ended 31 March 2024, in June 2024 we completed a £200 million sustainability-linked term loan with NatWest, one of our existing long-term key strategic funder partners. We continue to refresh and optimise our new funding strategy in view of prevailing market conditions. This deal enables us to benefit from the prevailing arbitrage between the SONIA swap and gilt curves to generate significant interest savings over the life of the loan, which ultimately means we can invest even more in our communities and customers.

Delivering Bromford's new funding strategy: undrawn facilities

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

In the year we grew our base of RCFs further to £450m as we refinanced £190m of expiring RCFs with £302m of new SLLs across four lenders: Lloyd's, Barclays, HSBC and the Dutch lender ABN AMRO. The increased RCF base enhances our strong levels of liquidity which continues to underpin our new homes and sustainability ambitions as we step into our new Bromford Strategy 2023 to 2027 to deliver at scale and with impact.

Our SLLs targeted a wide range of ESG metrics across the business to provide greater visibility and accountability for our key sustainability priority areas including the first KPIs in the sector linked to reducing repairs and improving customer advocacy. Further details on the sustainability metrics are found on page 23.

Risk, policy and governance consideration

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

Compliance with Bromford's funder covenants.	The committee considers and reviews core treasury performance on a monthly basis. The committee reviews the out-turn for financial covenants (interest cover and asset gearing) against budget and business plan projections, making appropriate enquiry for any material movements. The committee also assesses compliance with the corresponding financial framework and golden rules and monitors the levels of headroom established at each month end. Bromford continues to perform well against its funder covenants and closed the year with interest cover at 3.2 times (with over twice the headroom against the covenant of 1.1) and asset gearing at 41% (with significant headroom against the covenant of 67%).
Managing Bromford's cash and long term deposits.	There were no changes to the treasury management policies in relation to cash and long-term deposits in the year. Investment in UK treasury bills and long term bank deposits continue to be limited to a term of six months and the total cash deposits not available same day to not exceed 50% of available cash up to a maximum of £100m. Bromford's existing policy on institutional holdings also continued; requiring counter parties to meet minimum counterparty credit ratings and deposit values not exceeding predetermined levels (£50m for institutions with credit ratings of at least A1/A+/A+ or £25m for institutions with credit ratings at least A3/A-/A-). Over the year, we returned to investing in UK treasury bills, in line with policy, to manage higher cash balances, which combined with elevated rates on same day access accounts, generated £1m of additional interest income against the previous year and reflected £2m of additional income against budget. At 31 March 2024, all cash is held in same day access accounts.
Managing Bromford's counterparty credit line risk.	In the year we increased our credit lines to £450m across six different counterparties with new RCFs in BHG across Lloyds, Barclays, HSBC and Dutch bank ABN AMRO. Our undrawn facilities are now well diversified with undrawn funding from any single provider limited to no more than 25% of all undrawn funds. As the committee undertakes further review on the updated business plan, the undrawn facilities are likely to be expanded even further over the coming years.
Managing Bromford's mark-to-market exposure on callable swaps.	The committee reviews the group's exposure to market calls on its three ISDAs held under two agreements every month to ensure all off market positions are fully collateralised with £6m of headroom. In July 2023, the treasury management policy was updated to reduce the collateral headroom from £15m to £6m. This was in proportion with the reduction in the notional value of the ISDAs from £86m at 31 March 2022 to £34m at 31 March 2023 following the expiry of one ISDA in September 2022 and exit of three vanilla ISDAs in March 2023. The three remaining ISDAs all carry Bermudan options and the mark-to-market exposure on these continues to be monitored, however the committee continues to consider that the costs associated with their exit to not be economically viable at the current time.

Report of the chair of the Audit and Risk Committee

How the committee works

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

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

The committee provides oversight and advice to the board on the matters listed in its terms of reference and reports to the board on those matters after each meeting. The terms of reference are reviewed annually and were last approved in November 2023.

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

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

Committee members

Charles Hutton-Potts

Chair and Non-Executive Director

Richard Bird

Non-Executive Director

I'm pleased to present this report which provides insight into the key activities undertaken during 2023 to 2024. Throughout the year the committee has continued to provide the board with assurance as to the effectiveness of the risk and internal controls and advice and oversight in relation to the current and future risk exposures. Understanding the impact to risk management is key, particularly so given that many of the challenges remain unchanged from last year; ongoing war, high inflation and interest rates and political uncertainty. Of course, the health and safety of our customers and colleagues remain the number one priority and we have continued to focus on this area at each meeting.

Throughout the year, I maintained regular dialogue with the other member of the committee, the chief finance officer, the chief risk officer and other members of management to ensure the committee was provided with the necessary information to enable it to guide, challenge and advise and, when required, make informed decisions. I also met privately with the head of internal audit and representatives from the external auditor, both to discuss any issues that may have arisen and as part of my ongoing assessment of their effectiveness.

I would like to thank the members of the committee, the executive team, internal audit and Beever and Struthers for their continued commitment throughout the year, for the open discussions that take place at our meetings and for the contribution they all provide in support of our work.

Charles Hutton-Potts
Chair – Audit and Risk Committee

Roles and responsibilities of the committee

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

Key areas of focus in 2023 to 2024

The committee has an extensive agenda focusing on the audit, risk and assurance processes within Bromford which it deals with in conjunction with management, the external auditor, internal audit and the assurance team. Some key areas of focus for the committee during 2023 to 2024 included:

Internal audit and assurance

- reviewed and approved the internal audit charter for adoption
- considered internal audit reports presented to the committee and satisfied itself that management had resolved or was in the process of resolving outstanding actions
- reviewed and approved the internal audit plan for 2024 to 2025
- reviewed and approved the second line assurance plan
- reviewed the second line assurance reports and had oversight of the closure of third line material actions

Internal controls and risk management

- reviewed the Risk Appetite Framework and approved the new risk appetite statement
- received five chief risk officer reports and quarterly key strategic risk reports
- received regular updates in relation to the governance and risk management in the transformation programme
- received updates throughout the year on the outcomes of penetration and vulnerability testing
- received regular updates in relation to landlord compliance performance
- monitored fraud reporting including a review of the adequacy of the whistleblowing processes and procedures, approving revisions to the whistleblowing policy

Financial and regulatory reporting

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

External audit

- reviewed the proposed audit plan for the 2023 to 2024 audit, including the key audit risks, audit report from Beever and Struthers on the financial statements and the areas of particular focus for the 2023 to 2024 audit
- assessed the effectiveness of the external auditor and agreed the reappointment of Beever and Struthers as the external auditor
- agreed audit fees for the year ended 31 March 2024
- reviewed the financial statements and external financial reporting

The committee also reviewed and approved the committee's terms of reference and effectiveness and concluded they remained appropriate and the committee remained fully effective.

Preparation of the financial statements and external financial reporting

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

One of our key roles is to monitor, review and challenge the financial reports prepared by management and oversee the assurance carried out by external auditors, before requesting board approval. The external auditor supports this process, by auditing the accounting records against agreed accounting practices, relevant laws and regulations. Beever and Struthers' audit report can be found on page 75.

Fair, balanced and understandable

At the request of the board, the committee has considered whether, in its opinion, our annual report and accounts, taken as a whole, is 'fair, balanced and understandable' ('FBU') and whether it provides the information necessary to assess Bromford's position, performance, business model and strategy. The following process was followed by the committee in making its assessment:

- regular audit and risk committee review. The committee receive regular updates throughout the drafting process to enable sufficient time to ensure overall balance and consistency between the narrative sections and the financial statements
- the committee was supported in its review by members of the executive team who are not directly involved in the drafting of content
- assurance verification. The second line assurance team oversaw an assurance review of the front end of the accounts
- FBU assessment. The committee was satisfied that all key events and issues reported by management throughout the year had been adequately references of reflected within the annual report and accounts

The board approved the committee's recommendations that the FBU statement could be made in the annual report and accounts. A declaration to this effect is on page 73.

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

Key audit matter	Committee response
Long term financial planning	The Group has borrowings, which include undrawn facilities, predominantly revolving credit facilities. The group also has standalone interest rate swaps for periods up to 2031 to manage mark-to-market exposure. The loan covenant calculations as at 31 March 2024 show that the loan covenant position is compliant with funder requirements across the group. Following audit testing across a number of areas the external auditor found no issues of concern in this area. In line with Auditing Standards, the external auditor reviewed judgements and estimates until the point of signing the financial statements and reviewed the group's long term financial plans, which were revised in light of the current macroeconomic conditions. Management gave assurances that the group will remain a going concern and is able to avoid breaching its loan covenants even in a serious stressed scenario. The committee was satisfied with the outcomes of the audit and the work performed by management.
Key judgements and estimates	The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end and the amounts reported for revenues and expenses during the year. The external auditor undertook testing to assess whether the key judgements and estimates have been made appropriately and in line with expectations. The committee was satisfied with the outcomes of the audit which noted the results of the work proved satisfactory.
Housing properties	During the year the group capitalised £47.9m of improvement works. The external auditor undertook testing to evaluate and test the controls over the capitalisation of expenditure on major repairs and components, checked accruals made for maintenance expenditure incurred up to 31 March but not yet invoiced and reviewed recognition of grants received and grants allocated to completed schemes, including any amounts due back to the government which are to be included in liabilities. The committee was satisfied with the outcomes of the audit which noted no issues of concern and that housing properties are fairly stated and correctly disclosed.
Development and sales	During the year new developments are capitalised by the group. The group delivered 1,201 new homes during 2023 to 2024. The external auditor tested a number of areas including the key controls over the approval and recording of development expenditure and disposals, including development appraisal assumptions and assessed the accounting policies for capitalising development overheads and interest on loans. The committee was satisfied with the outcomes of the audit which noted no issues of concern.
Defined benefit and pension schemes	Bromford participates in the Avon pension fund (LGPS) and the Bromford pension scheme. The external auditor reviewed the pension schemes information provided by the actuaries to the group and considered the disclosure implications, the actuarial valuations and assumptions to ensure consistency with 2022 to 2023 and the accuracy of the journals processed at year-end. The external auditor noted the financial statements show balances and disclosures in line with the actuarial reports. The external auditor compared the asset split for the group's share of the scheme assets against the total asset split of the pension schemes and found no significant variances. The committee was satisfied with the outcomes of the audit and the appropriate assumptions were within a reasonable range.

Key audit matter	Committee response
Recoverability of long-term debtor	As at 31 March 2024, Bromford Housing Group Limited had a long-term debtor balance of £867m due from group companies due to the on-lending of finance received from borrowings. The external auditor tested a number of areas including a review of the forecast results to identify whether there are any indications that BHG subsidiaries will not be able to repay the intercompany loan, a review of the directors' going concern assessment of BHG subsidiaries and a review of the disclosures of the long-term debtor in BHG's accounts and the associated creditor in the BHG's subsidiaries' accounts. The external auditor found that the assumptions used in the business plans were reasonable and in line with actual performance. The committee was satisfied with the outcomes of the audit which noted no issues with performance or going concern for any entities in the group.

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

Internal audit

Internal audit is an independent assurance function which is available to the board, Audit and Risk Committee and all levels of management. The role of internal audit is to provide assurance that Bromford's risk management, governance and internal control systems are well designed and operate effectively and that any corrective action is taken in a timely manner. In April 2023 we commenced our co-source arrangement for internal audit. The internal team is supported by our co-source partner PwC who provide access to specialist expertise to support the delivery of the audit plan. The co-source arrangement adds value through greater access to specific areas of expertise and increased ability to flex resources.

A three year strategic audit plan is created, from which the annual audit plan is developed for approval by the Audit and Risk Committee. The committee reviews and challenges the plan, specifically whether key risk areas are audited with sufficient frequency and depth. Regular reporting enables the committee to monitor delivery of the audit plan. Each audit is reported to the committee on the findings of the audit and any actions that have been agreed by management to address weaknesses identified. No material weaknesses were identified during the year, although a number of reports had significant findings that the management team are following up.

Risk management

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

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

The committee reviews the input processes for risk management and the outputs reporting in relation to our principal risks and associated controls and actions. The Audit and Risk Committee is complemented by the risk and compliance forum which assists the committee in reviewing the audit, assurance and risk reports prior to Audit and Risk Committee meetings.

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

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

Step 1

Risk identification

- consider strategy and business plans

Step 2

Risk assessment

- estimate likelihood risks will occur
- consider impact across the wider business

Step 3

Risk analysis

- compare assessment to established risk appetite
- agree to treat, tolerate, transfer or terminate the risk

Step 4

Risk response

- put in place effective strategies to remediate defective controls or implement additional controls
- determine further action that may be necessary

Step 5

Risk reporting

- operational risks to business, forum and committee
- strategic risks to forum, committee and board

The board

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

Delegated authority

Report

Audit and Risk Committee

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

Delegated authority

Report

Executive committee, risk and compliance forum

Supports the board in the management of risk

Report

Report

Report

Report

First line of assurance

Business units

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

Second line of assurance

Business units

- define the risk frameworks
- ensure adequate first line has been undertaken through a business partnering model
- quality checks and review of systems and controls
- provide advice and challenge to business units
- assurance team have a planned programme of second line assurance reviews and undertake some ad-hoc reviews during the year

Third line of assurance

Internal audit

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

Inform and improve

Inform and improve

Risk appetite

A full end to end risk appetite review was undertaken by the board in November 2022 to align with the new Bromford Strategy 2023 to 2027 to ensure that the risk appetite statements, metrics and tolerances remain fit for purpose and underpin the core elements of our strategy. New sustainability and customer statements have been added and the operational and strategic statements removed as a result of the review. The changes are reflective of the customer centric approach to our services delivery and our ongoing commitment to sustainable business practices. The risk appetite was reviewed again in 2023 to ensure it remained fit for purpose.

Across five key enterprise risk types it sets out the type and amount of risk we are prepared to accept as we deliver our strategy, plans and run our day-to-day operations. These are integral to our corporate decision making.

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

	Committee response	Averse	Minimal	Balanced	Open	Embracing
Legal and regulatory	Our appetite is minimal, as we will do everything that is reasonably practicable to ensure compliance and is averse with respect to landlord asset compliance and health and safety risks, meaning we do everything we can to ensure compliance with landlord obligations.					
Customer	Our appetite is generally minimal as we will not compromise on the provision of warm, safe and secure homes. We are open on the provision of our services to enable innovative solutions to meet our current and future customer needs.					
Sustainability	Our appetite is open, as we will explore inventive options for delivering our strategy to provide new and existing services for customers. We will encourage a culture of innovation for colleagues, in a sustainable way, that both protects and enhances our reputation.					
Financial	Our appetite is balanced, as we will not accept risks which threaten our financial viability, but we will be open to diverse investment options and innovative arrangements to achieve our strategy, however we will not accept risks which materially threaten our financial viability.					
Development/ commercial	Our appetite is open as we seek to remain competitive in the marketplace while proactively seeking new opportunities for sustainable growth both in the short and longer term.					

In addition to managing the inherent risks for Bromford, we focus on the health and wellbeing of our customers, communities and colleagues as our priority and have an averse risk appetite for any health and safety risk.

Our principal risks

The board reviews the principal risks, appetite and tolerances annually and the last review was in November 2023. The risks and associated indicators are monitored monthly by the board. Business risks are monitored for emerging threats and operational trends, with escalation through executive forums, Audit and Risk Committee and then to board.

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

Place-based working 1	Relationships that support customer aspiration 2	Our move to scale 3	Closing the home standard gap 4
Move to proactive maintenance 5	Agile working to solve problems 6	Place-based pipeline of talent 7	Known as a leader and influencer 8

Death, injury or harm

Direction of travel: static ●●●●

Link to strategy: 2 4 5

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

Risk mitigations

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

Changes in year

- health and safety policy reviewed and approved by board
- health and safety system re-procurement completed
- terms of reference for the fire safety group has been updated to be more inclusive of general building safety

Safeguarding customers and protecting colleague welfare

Direction of travel: static ●●●●

Link to strategy: 2

Risk: We fail to promote the safeguarding of customer and colleague welfare including responding to and identifying allegations or suspicions of neglect or abuse in a timely manner.

Risk mitigations

- domestic abuse policy and procedure in place
- mandatory safeguarding training for front line colleagues
- safeguarding leads and champions in place across all geographical regions
- colleagues use personal safety devices

Changes in year

- new safeguarding annual report shared with customer forum and risk and compliance forum
- senior leaders across the organisation received a safeguarding deep dive
- as part of the internal audit a colleague survey was completed and 92% of respondents felt they would be well supported in raising any safeguarding concerns

Financial pressures for customers

Direction of travel: static

Link to strategy: 2 3

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

Risk mitigations

- our coaching approach is designed to support our customers
- income management policies in place to support customers

Changes in year

- over 36,000 customer reviews completed which includes topics relating to financial wellbeing
- Money Matters website page updated to signpost money saving tips across a number of areas
- we achieved 99.9% decent homes and 89% of our homes are EPC C or above
- £60,000 HACT (Housing Associations Charitable Trust) fuel fund 2023 to 2024 secured for eligible customers
- income team have secured just under £1m of additional income for customers since its inception in June 2022

Cyber security and network controls

Direction of travel: static

Link to strategy: 6

Risk: Failure of infosec controls in our network, applications, infrastructure or devices, results in severe detriment to Bromford or our customers.

Risk mitigations

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

Changes in year

- cyber security organisation wide road show completed
- vulnerability and physical penetration test completed
- data stewardship approach approved by executive team
- regular phishing tests completed, with eLearning refreshers completed where necessary
- artificial Intelligence user guideline published

Development and market sales

Direction of travel: static

Link to strategy: 3

Risk: Internal and external factors lead to a failure to deliver our new homes programme in line with our strategy.

Risk mitigations

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

Changes in year

- despite a challenging operating environment we have delivered 1,191 affordable homes
- record land deals in South Gloucester secured
- regeneration MMC (modern methods of construction) homes in Moreton-in-Marsh completed delivering our most energy efficient homes to date

Financial planning and performance

Direction of travel: improving

Link to strategy: 2 3 7

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

Risk mitigations

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

Changes in year

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

Regulatory reporting

Direction of travel: improving

Link to strategy: 8

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

Risk mitigations

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

Changes in year

- external assessment of tenant satisfaction measures (TSMs)
- increased assurance across all three lines of assurance for critical regulatory returns
- new reporting and disclosure forum introduced to ensure robust arrangements are in place to produce and submit accurate and timely reporting of regulatory returns
- data governance template introduced to increase robustness of data source verification

People

Direction of travel: static

Link to strategy: All 8

Risk: Failure to lead, retain, recruit and engage colleagues with the right capabilities to deliver our strategy and purpose.

Risk mitigations

- performance management including a talent matrix for our most senior leaders
- continued investment in leadership capability and the accelerating talent programme for future talent
- continued investment in apprenticeships and graduates
- a clearly defined equality, diversity and inclusion (EDI) road map developed by our Be.You group with champion groups embedded in the organisation

Changes in year

- further reduction in gender pay gap to 3.8% (median)
- disability confidence level 2 achieved
- great places to work (GPTW) certified (72% +3%), Best Workplaces Super Large Organisations, Best Workplaces for Wellbeing and Best Workplaces for Women
- improved inclusion score from our EDI survey to 80% (+2%)
- Women in Housing Award Finalist for Female Career Accelerator programme and colleague finalist for Young Builder of the Year Award

Emerging risks

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

		Area	Time Horizon
Political landscape	Over the last 12 months market confidence has stabilised. In addition we now have a new Labour government in place following the recent general election in July. We already know that the Secretary of State for Housing, Communities and Local Government is now Angela Rayner and a number of other ministerial roles have changed too. Political dynamics can profoundly influence the sector through shifts in housing policies, funding allocations and legislative priorities.	Political	Short term
Economic uncertainty and funding impact	Economic instability can lead to fluctuations in funding and financial insecurity. Economic downturns could reduce available capital and increase borrowing costs. In addition, uncertainties can impact grant availability and the ability of customers to pay rent.	Economic	Short term
Geopolitical tensions	Ongoing conflict in Ukraine and the Middle East could further increase commodity prices and could result in an economic slowdown.	Economic	Short-medium term

Board compliance statements

Statement of compliance with the regulatory standards

The Regulator of Social Housing (RSH), publishes a regulatory framework and regulatory standards which comprise the economic standards and consumer standards. Our self assessments carried out at the end of the 2023 to 2024 financial year were against the standards which were effective during that year. The RSH has introduced new consumer standards from 1 April 2024 which will be reported on in our next annual report.

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

Following an In-Depth Assessment carried out by the RSH in 2022, Bromford maintains a G1 governance and V1 financial viability rating, the highest ratings on the scale throughout the financial year ended 31 March 2024.

Positive feedback by the regulator was focused on customers, board engagement and strategic drive along with landlord compliance and health and safety. We have already implemented measures to respond to the two areas of focus identified by the Regulator at our last IDA in 2022. We have implemented an assurance map that provides the board with a picture of assurance across Bromford and have introduced a new executive governance group to oversee our regulatory returns processes. No further areas were identified in our annual engagement meeting in 2023.

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

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

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

Statement of compliance with our code of governance

We have voluntarily adopted the UK Corporate Governance Code 2018 (the code). The code reflects our commercial outlook, focus on achieving the highest possible standards of accountability and transparency and our desire to position ourselves alongside other high-achieving organisations, regardless of sector. As we do not have shareholders in a conventional sense, some aspects of the code do not apply to us. However, we strongly support the objectives that this section aims to achieve and this is reflected in the open and transparent way we deal with our partners and stakeholders.

Merlin Housing Society does have legacy shareholders and continues to hold an annual general meeting. The code applies for our financial year 2023 to 2024. Each year the board reviews compliance with the code and during the financial year ended 31 March 2024, we consider that Bromford has complied with all relevant principles and provisions of the code. We consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for stakeholders to assess the group's position, performance, business model and strategy.

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

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

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

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

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

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

The board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the group and the association and enable them to ensure that its financial statements comply with the Cooperative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (group accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Going concern

The board, after reviewing the group and association's budget for 2024 to 2025 and the group's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and association have adequate resources to continue in business for the foreseeable future.

Accordingly, the financial statements set out on pages 84 to 126 have been prepared on a going concern basis.

Viability statement

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

This assessment was made using the following core business processes:

Thirty year business plan (the plan) – the board reviews each iteration of the plan during the year as part of its strategic planning process, the most recent business plan was approved in May 2024. This process includes detailed stress testing of the plan which involves flexing a number of assumptions underlying the forecast both individually and together under particular scenarios.

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

Liquidity – based on the output of the plan and regular reforecasting of cashflows, the board reviews the liquidity position of the group ensuring funding is secured in accordance with Bromford's treasury policy. Current available cash and unutilised loan facilities are over £500m which gives significant headroom for committed spend and other forecast cash flows that arise.

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

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

Appointment of auditors

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

Information for auditors

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

The board and strategic report was approved on 17 July 2024 and signed on its behalf by:

Steve Dando
Chair
17 July 2024

Independent auditors report

Neal

Brommies 2024
Be Brilliant winner

Independent Auditor's Report to Bromford Housing Group Limited

Opinion

We have audited the financial statements of Bromford Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2024 which comprise the statement of comprehensive income – group and association, the statement of financial position – group and association, changes in reserves – group and association and the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

We were first appointed as auditor of Bromford Housing Group Limited by the board for the period ending 31 March 2021. The period of total uninterrupted engagement for the group is for four financial years ending 31 March 2024. We have fulfilled our ethical responsibilities under, and we remain independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

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

Materiality for the group financial statements as a whole was set at £5,488,543, determined with reference to a benchmark of group turnover (of which it represents 1.75%). We consider group turnover to be the most appropriate benchmark and more appropriate than a profit-based benchmark as the group is a not-for-profit organisation and the focus is on turnover rather than any surpluses, which are reinvested in the group.

Materiality for the parent association financial statements as a whole was set at £435,803, determined with reference to a benchmark of association turnover (of which it represents 1.75%).

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £274,427, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's nine reporting components, we subjected all nine to full scope audits for group purposes.

Key Audit Matters

Recoverability of stock and work in progress - group only

The risk – significant risk medium value

The group recorded turnover from properties developed for first tranche shared ownership sale of £40.4m (2023: £41.1m). Other property sales (such as staircasing, RTB and asset disposals) generated a surplus of £14.8m (2023: £15.2m). At 31 March 2024, the group held within current assets unsold properties with cost value of £1.0m (2023: £0.9m). Work in progress in relation to properties being developed for sale but still under construction at 31 March 2024 totalled £52.9m (2023: £18.6m).

Refer to pages 89 to 98 (accounting policies) and page 109 (financial disclosures).

Our response

Our procedures included the following tests of detail:

- **Test of detail:** Agreeing the calculation of the surplus on sale for a sample of sales in the period.
- **Assessment of recoverability:** For a sample of development schemes, we reviewed the carrying value of the group's stock and work-in-progress at the year-end including the financial appraisals of each scheme. This included testing on a sample basis the expected profitability of the current schemes and reviewing post year-end sales of properties held in stock at 31 March 2024.

Our results

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

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

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

Valuation of defined benefit pension obligations - group only

The risk – significant risk high value

The group participates in two defined benefit pension schemes. The actuaries of the schemes valued the pension liabilities for Section 28 of FRS 102 purposes, the net pension liability on each of these schemes at 31 March 2024 are reported as follows:

- the Avon Pension Fund: a liability of £5,052k (2023: a liability of £151k)
- the Bromford Pension Scheme: a liability of £9,569k (2023: a liability of £4,303k)

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

Refer to pages 89 to 98 (accounting policies) and pages 120 to 126 (financial disclosures).

Our response

Our procedures included the following:

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

Our results

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

Treasury management and going concern - group and association

The risk – significant risk high value

The group posted a full year surplus of £67.7m (2023: £75.3m) before actuarial movements on pension schemes (refer to pages 89 to 98 (accounting policies) and page 85 (financial disclosures)).

At 31 March 2024 the group had borrowings of £1,536.7m (2023: £1,405.8m) (refer to pages 89 to 98 (accounting policies) and page 111 (financial disclosures)).

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

The association posted a full year surplus of £3.4m (2023: £32.0m) before actuarial movements on pension schemes (refer to pages 89 to 98 (accounting policies) and page 85 (financial disclosures)).

At 31 March 2024 the association had borrowings of £912.2m (2023: £764.7m) (refer to pages 89 to 98 (accounting policies) and page 111 (financial disclosures)).

Our response

Our procedures included the following:

- **Assessment of recoverability:** Reviewed the group's and Association's 2024 to 2025 budget and longer-term financial forecasts, and the underlying assumptions, to assess the group's ability to service and repay the debt. We also reviewed the stress testing performed by the group on its long-term financial plan.
- **Confirmation of value:** Agreed loan balances to the accounting records and to external confirmation from the funders.
- **Test of detail:** Tested the detailed calculations for loan covenant compliance prepared by management, both for the year ended 31 March 2024 and projected future performance.

Our results

Our audit work concluded that all loan covenants were comfortably met at 31 March 2024. We confirmed that the group held cash reserves of £94.2m at 31 March 2024 (2023: £125.7m) and had undrawn loan facilities of £449.7m (2023: £337.7m). This available funding is sufficient to meet committed capital expenditure at 31 March 2024.

The association held cash reserves of £60.7m at 31 March 2024 (2023: £68.0m). There was £nil committed capital expenditure as at 31 March 2024 (2023: nil).

Forecast performance at 31 March 2025 shows a similar position, with gearing and interest cover forecast to be 42% and 290% respectively, against covenant limits of 67% and 110% respectively.

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

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

The risk – significant risk high value

The association's principal activity is to act as principal borrower from third parties and to lend funds to Group entities in order to meet the objectives of the Association. Long-term debtors in relation to this activity are £866.7m at 31 March 2024 (2023: £703.7m).

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

Our response

Our procedures included the following:

- **Assessment of recoverability:** Reviewed the budgets and longer-term financial forecasts, including the underlying assumptions, to assess the ability of each subsidiary to service and repay the debt. We also reviewed the stress testing performed by each subsidiary on their respective long-term financial plans.
- **Confirmation of value:** Agreed all intercompany balances to the accounting records of the group and each subsidiary.
- **Test of detail:** Tested the detailed calculations for loan covenant compliance prepared by management for each subsidiary, both for the year ended 31 March 2024 and projected future performance.

Our results

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Corporate governance disclosures

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

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

- directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 73;
- directors’ explanation as to their assessment of the group’s prospects, the period this assessment covers and why the period is appropriate set out on page 74;
- director’s statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 73;
- directors' statement on fair, balanced and understandable set out on page 73;
- board’s confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 68 to 71;
- section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 65; and;
- section describing the work of the audit committee set out on page 61

Responsibilities of the board

As explained more fully in the Statement of Board’s Responsibilities set out on page 73, 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 **frc.org.uk/auditorsresponsibilities**.
This description forms part of our auditor’s report.

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

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

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

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

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

Use of our report

This report is made solely to the association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 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's members or the association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Chartered Accountants
Statutory Auditor

Date:

The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Financial statements

Brommies 2024
Be Honest winner

Statement of comprehensive income – group and association

		Group		Association	
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Turnover	2	313,631	289,865	24,903	26,660
Cost of sales	2	(32,162)	(32,065)	-	-
Operating costs	2,3	(186,706)	(166,658)	(22,164)	(24,392)
Gain on disposal of property assets	33	14,823	15,242	-	-
Increase in valuation of investment properties	13	190	73	-	-
Operating surplus	5	**109,776**	**106,457**	**2,739**	**2,268**
Interest receivable	6	2,990	2,242	28,536	20,522
Interest and financing costs	7	(45,723)	(44,238)	(28,533)	(20,588)
Movement in fair value of financial instruments		656	11,017	-	-
Movement in fair value of investments	19	(22)	(173)	-	-
Gift aid		-	-	616	29,791
Surplus before tax		**67,677**	**75,305**	**3,358**	**31,993**
Taxation	10	-	-	-	-
Surplus for the year after tax		**67,677**	**75,305**	**3,358**	**31,993**
Actuarial loss relating to pension scheme	35	**(12,471)**	**(11,689)**	-	-
Total comprehensive income for the year		**55,206**	**63,616**	**3,358**	**31,993**

All amounts relate to continuing activities.

The notes on pages 89 to 126 form an integral part of these financial statements.

The financial statements on pages 84 to 126 were approved and authorised for issue by the board on 17 July 2024 and were signed on its behalf by:

Steve Dando
Chair

Robert Nettleton
Chief Executive

Sarah Beal
Company Secretary

Statement of financial position – group and association

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Fixed assets					
Tangible fixed assets - housing properties	11	3,002,331	2,760,127	-	-
Investment properties	13	9,817	9,257	-	-
Tangible fixed assets - other	14	17,734	17,227	-	-
Intangible fixed assets	15	76,071	61,321	-	-
Homebuy loans receivable	16	382	413	-	-
Investment in subsidiaries	12	-	-	150	150
		3,106,335	**2,848,345**	**150**	**150**
Assets: amounts receivable after more than one year					
Debtors	18	-	-	866,720	703,707
		-	**-**	**866,720**	**703,707**
Current assets					
Stocks	17	56,298	37,317	-	-
Trade and other debtors	18	26,016	34,988	63,404	48,138
Investments	19	17,671	22,379	-	-
Cash and cash equivalents	20	94,222	125,691	60,689	67,999
		194,207	**220,375**	**124,093**	**116,137**
Creditors: amounts falling due within one year	21	**(80,722)**	**(75,478)**	**(44,357)**	**(24,124)**
Net current assets		**113,485**	**144,897**	**79,736**	**92,013**
Total assets less current liabilities		**3,219,820**	**2,993,242**	**946,606**	**795,870**

	Notes	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Creditors: amounts falling due after more than one year					
Loans	22	(1,522,819)	(1,390,674)	(910,313)	(762,900)
Interest rate swaps	22	(1,581)	(2,040)	-	-
Deferred capital grant	23	(512,373)	(481,416)	-	-
Other creditors	22	(11,456)	(11,709)	(263)	(298)
		(2,048,229)	**(1,885,839)**	**(910,576)**	**(763,198)**
Provisions for liabilities					
Pension liability	35	(14,621)	(4,454)	-	-
Other provisions	25	(3,270)	(1,259)	-	-
Total net assets		**1,153,700**	**1,101,690**	**36,030**	**32,672**
Reserves					
Called up share capital	26	-	-	-	-
Income and expenditure reserve		1,074,411	1,021,655	36,030	32,672
Revaluation reserve		77,313	78,059	-	-
Restricted reserves		1,976	1,976	-	-
Total reserves		**1,153,700**	**1,101,690**	**36,030**	**32,672**

The notes on pages 89 to 126 form an integral part of these financial statements. The financial statements on pages 84 to 126 were approved and authorised for issue by the board on 17 July 2024 and were signed on its behalf by:

Steve Dando
Chair

Robert Nettleton
Chief Executive

Sarah Beal
Company Secretary

Registered No. 29996R

Changes in reserves – group and association

Group	Revaluation reserve £'000	Income and expenditure reserve £'000	Restricted reserves £'000	Total £'000
Balance at 1 April 2022	78,617	956,758	1,976	1,037,351
Surplus from statement of comprehensive income	-	75,305	-	75,305
Other comprehensive income:				
Revaluation in year	723	-	-	723
Actuarial losses	-	(11,689)	-	(11,689)
Total comprehensive income for the year	**723**	**63,616**	**-**	**64,339**
Reserve transfers:				
Transfer in respect of depreciation	(1,281)	1,281	-	-
Transfer in respect of disposal	-	-	-	-
As at 31 March 2023	**78,059**	**1,021,655**	**1,976**	**1,101,690**
Surplus from statement of comprehensive income	-	67,677	-	67,677
Other comprehensive income:				
Revaluation in year	478	-	-	478
Actuarial losses	-	(12,471)	-	(12,471)
Total comprehensive income for the year	**478**	**55,206**		**55,684**
Reserve transfers:				
Transfer in respect of depreciation	(1,224)	1,224	-	-
Transfer to deferred capital grants	-	(3,674)	-	(3,674)
As at 31 March 2024	**77,313**	**1,074,411**	**1,976**	**1,153,700**

Association	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2022	679	679
Surplus from statement of comprehensive income	31,993	31,993
Balance at 31 March 2023	**32,672**	**32,672**
Surplus from statement of comprehensive income	3,358	3,358
As at 31 March 2024	**36,030**	**36,030**

The notes on pages 89 to 126 form an integral part of these financial statements.

Statement of cashflows

	2024		2023	
	£'000	£'000	£'000	£'000
Net cash generated from operating activities		141,967		157,246
Cashflow from investing activities				
Purchase of tangible fixed assets - new housing properties	(233,671)		(192,567)	
Purchase of tangible fixed assets - other	(3,428)		(3,726)	
Purchase of tangible fixed assets - existing housing properties	(47,424)		(42,199)	
Purchase of intangible fixed assets	(21,673)		(21,638)	
Purchase of tangible asset investments	-		(816)	
Transfers from current asset investments	5,000		5,115	
Grants received	32,064		10,900	
Interest received	3,847		1,173	
Net cashflow from investing activities		**(265,285)**		**(243,758)**
Cashflow from financing activities				
Interest paid	(51,884)		(52,025)	
New secured loans	150,569		-	
Repayment of borrowings	(15,161)		(25,494)	
Settlement charges on interest rate swaps	-		(1,147)	
Loan to pension fund	-		(15,500)	
Pension fund loan repayments	10,800		3,500	
Debt issue costs	(2,475)		-	
Net cashflow from financing activities		**91,849**		**(90,666)**
Net change in cash and cash equivalents		(31,469)		(177,178)
Cash and cash equivalents at the beginning of the year		125,691		302,869
Cash and cash equivalents at the end of the year		**94,222**		**125,691**

The notes on pages 89 to 126 form an integral part of these financial statements.

Notes to the financial statements

1. Principal accounting policies

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

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

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

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

Measurement convention

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

Parent company disclosure exemptions

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

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

Basis of consolidation

The consolidated financial statements incorporate the results of Bromford Housing Group Limited and its subsidiary undertakings as at 31 March 2024. Intercompany transactions and balances between group companies are eliminated in full on consolidation. The list of the subsidiary undertakings appears in the legal status section on page 98.

Going concern

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

The group prepares a 30-year business plan which is updated and approved on at least an annual basis. The most recent business plan was approved in May 2024 by the board. As well as considering the impact of a number of scenarios on the business plan the board subjected the business plan to rigorous stress testing. The stress test impacts were measured against the financial framework, loan covenants and peak borrowing compared to agreed loan facilities with potential mitigating actions identified to reduce expenditure. The sector continues to deal with a number of challenges. Whilst inflation is now reducing, the recent high levels of inflation are now baked into our cost base against an income level largely capped by the rent cap for 2023/24 and higher interest rates are increasing the cost of new funding. Our business plan continues to be modified to include the impact of this. In addition, the business plan includes the estimated full cost of the group achieving net zero carbon output by 2050 despite changes to government targets.

The board, after reviewing the group and company budget for 2024 to 2025 and the group's medium term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. In reaching this conclusion, the board considered:

- the property market - budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales and reduction in sales values;
- adverse scenarios - the group's ability to withstand adverse scenarios such as higher interest rates and other adverse movements;
- rents and service charge receivable – budget and business plan scenarios have taken into account increases in arrears and bad debts for customer difficulties in making rent payments and scenarios to take into account potential future reduction in rents; and
- liquidity - current available cash and unutilised loan facilities of over £500m which gives significant headroom for committed spend and other forecast cash flows that arise.

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

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

Judgements and key sources of estimation uncertainty

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

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

- development expenditure - the group capitalises development expenditure in accordance with the accounting policy described on page 93. Initial capitalisation of costs is based on management's judgement that the development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any costs identified as abortive are charged in the statement of comprehensive income.
- capitalisation of software - the group capitalises software and attributable project costs in intangible assets when it has been identified that these costs can be reliably measured and will provide future economic benefit to the group. These assets are regularly reviewed for impairment with any reduction in value charged to the statement of comprehensive income. Further details are provided in note 15.
- categorisation of housing properties - the group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the group has considered if the asset is held for social benefit or to earn commercial rents. The group has determined that market rented properties and commercial properties are investment properties.
- impairment - the group has identified a cash generating unit for impairment assessment purposes during development and construction at a programme level, with subsequent impairment assessment once under management at a property scheme level.

Other key sources of estimation and assumptions

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

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

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

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

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

  A detailed review has been performed in relation to housing stock and work in progress and no adjustment to carrying values was required. The carrying value of intangible assets has been assessed this year with no triggers for impairment identified.
- rent arrears and bad debt provisions - the amount of arrears that will not be collected is estimated on experience of collection of different types of debt.

Turnover and revenue recognition

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

Bromford Housing Group generates the following material income streams:

Rental income receivable

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

Shared ownership first tranche sales

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

Service charge income

Service charge income and costs are recognised on an accrual basis. The group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with customers. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge.

Until these are returned or recovered, they are held as creditors or debtors in the statement of financial position.

Where periodic expenditure is required, a balance may be built up over the years, in consultation with the residents. Until these costs are incurred this liability is held in the statement of financial position within long term creditors.

Properties developed for outright sales

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

Grants

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

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

Loan interest costs

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

Loan finance issuance costs

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

Taxation

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

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

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

Value Added Tax

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

Tangible fixed assets and depreciation

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

Housing properties

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

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

Freehold land is not depreciated.

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

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

UELs for identified components are as follows:

	Years
Boilers	15
Heating systems	25-30
Electrics and wiring	30
Insulation	30
PV panels	25
Lifts	25
Kitchens	20
Bathrooms	30
Roofs	50-65
Windows and doors	25-30
Structure – houses	100-130
Structure – flats	75-100
Structure – rooms and bedsits	40

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

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

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

Works to existing properties

Works to existing properties have been capitalised when:

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

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

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

Non-component works to existing properties

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

Low cost home ownership properties

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

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress. The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the period ending 31st March 2024, interest has been capitalised at an average rate of 3.72% (2023: 3.55%) that reflects the weighted average effective interest rate on the group's borrowings required to finance housing property developments.

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

Intangible fixed assets

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

	Years
Computer software	2-7
Business transformation costs	10

Operating leases

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

Investment property

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

Valuation of investments

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

Current asset investments

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

Stock and properties held for sale

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

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

Short-term debtors and creditors

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

Cash and cash equivalents

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

Social housing and other government grants

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

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

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

Recycling of capital grant

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

Defined benefit pension

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

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

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

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

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

Defined contribution pension

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

Revaluation reserve

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

Financial instruments

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

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

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

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

Financial instruments held by the group are classified as follows:

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

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

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

Impairment of financial assets

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

The following financial instruments are assessed individually for impairment:

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

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

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

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

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

Carrying amounts

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

Segmental reporting

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

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

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

Legal Status

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

The group comprises the following entities:

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

During the year Street Services Limited and Oakbrook Homes Limited ceased trading and were dissolved.

2. Turnover and operating surplus - group

	Notes	Turnover £'000	Cost of sales £'000	Operating costs £'000	Surplus on disposal £'000	Revaluation on investment property £'000	Operating surplus/ (deficit) £'000
		2024					
Social housing lettings							
Housing accommodation	3	219,164	-	(151,006)	-	-	68,158
Supported housing accommodation	3	26,507	-	(15,791)	-	-	10,716
Shared ownership accommodation	3	20,274	-	(9,995)	-	-	10,279
		265,945	**-**	**(176,792)**	**-**	**-**	**89,153**
Other social housing activities							
First tranche shared ownership sales		40,429	(32,131)	-	-	-	8,298
Supported people contract income		1,032	-	(761)	-	-	271
Agency services		1,880	-	(1,146)	-	-	734
Sales and development		-	-	(3,969)	-	-	(3,969)
Other		107	-	(1,095)	-	-	(988)
Gain on disposal of property, plant and equipment		-	-	-	14,823	-	14,823
Non-social housing activities							
Market rents		2,456	-	(2,009)	-	-	447
Sewerage services		-	-	(374)	-	-	(374)
Commercial rents		1,693	-	(560)	-	-	1,133
Properties developed for outright sale		-	-	-	-	-	-
Property development/equity loan sales		89	(31)	-	-	-	58
Increase in valuation of investment properties		-	-	-	-	190	190
		313,631	**(32,162)**	**(186,706)**	**14,823**	**190**	**109,776**

2. Turnover and operating surplus - group

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

3. Turnover and operating surplus - group

	2024				2023
	Housing accommodation £'000	Supported housing for older people and My Place £'000	Shared ownership £'000	Total £'000	Total £'000
Income					
Rent receivable net of identifiable service charge	209,361	17,442	17,253	244,056	218,901
Service charge income	5,499	7,690	2,158	15,347	14,768
Charges for support services	330	624	582	1,536	731
Amortised government grants	3,618	751	281	4,650	4,668
Revenue grants from other sources	356	-	-	356	-
Turnover from social housing lettings	**219,164**	**26,507**	**20,274**	**265,945**	239,068
Expenditure					
Management	28,468	4,349	2,971	35,788	41,417
Service charge costs	17,404	3,036	843	21,283	20,265
Routine maintenance	37,286	2,610	779	40,675	33,294
Planned maintenance	17,685	1,022	595	19,302	13,739
Major repairs expenditure	12,570	669	2,440	15,679	12,825
Bad debts	2,267	128	202	2,597	(325)
Depreciation of housing properties	35,326	3,977	2,165	41,468	37,745
Operating expenditure on social housing lettings	**151,006**	**15,791**	**9,995**	**176,792**	158,960
Operating surplus on social housing lettings	**68,158**	**10,716**	**10,279**	**89,153**	80,108
Voids	**(2,569)**	**(735)**	**(81)**	**(3,385)**	(3,407)

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

	2023 No.	Additions No.	Disposals No.	Other No.	2024 No.
Social housing					
General needs housing - social rent	31,112	560	(219)	7	31,460
General needs housing - affordable/intermediate rent	4,196	308	(32)	(17)	4,455
Supported housing	3,416	-	(16)	(14)	3,386
Care homes	128	-	-	-	128
Low-cost home ownership	4,249	332	(56)	(3)	4,522
Leasehold	1,919	-	(3)	5	1,921
Total social housing units	**45,020**	**1,200**	**(326)**	**(22)**	**45,872**
Non-social housing					
Staff accommodation	3	-	-	-	3
Market rent	179	-	(1)	5	183
Commercial	94	1	(3)	1	93
Offices and resource	136	-	(5)	3	134
Retained freehold	1,005	-	(2)	16	1,019
Total non social housing units	**1,417**	**1**	**(11)**	**25**	**1,432**
Owned and managed	44,683	1,200	(169)	(9)	45,705
Owned and managed by others	451	-	-	12	463
Managed for others	1,303	1	(168)	-	1,136
Total units	**46,437**	**1,201**	**(337)**	**3**	**47,304**
Total under development	**1,220**	**1,148**	**-**	**(1,192)**	**1,176**
Garages/parking spaces	**4,879**	**-**	**(182)**	**7**	**4,704**

5. Surplus on ordinary activities

The surplus on ordinary activities is stated after charging	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Operating lease rentals				
- office land and buildings	42	191	-	-
- other	1,145	856	-	-
Auditor's remuneration				
- audit of financial statements	30	25	30	25
- audit of subsidiaries	140	122	-	-
- service charge certification	35	32	-	-
- funding assurance	30	-	-	-
- other services	19	9	-	-

6. Interest receivable and income from investments

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Interest receivable from cash, deposits and intragroup loans	2,990	2,242	28,536	20,522

7. Interest payable and similar charges

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Interest on loans, overdrafts and other financing				
On loans repayable wholly within five years	1,878	1,715	605	434
On loans wholly or partly repayable in more than five years	47,481	45,642	25,127	21,087
	49,359	**47,357**	**25,732**	**21,521**
Other finance charges	784	899	372	408
Amortised net finance costs/(premium)	495	364	2,429	(1,341)
	50,638	**48,620**	**28,533**	**20,588**
Interest payable capitalised on housing properties under construction 3.72% (2023: 3.55%)	(5,064)	(4,182)	-	-
	45,574	**44,438**	**28,533**	**20,588**
Interest on pension scheme liabilities	5,830	4,884	-	-
Expected return on employer assets	(5,681)	(5,084)	-	-
	45,723	**44,238**	**28,533**	**20,588**

8. Colleague costs

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Wages and salaries	70,706	62,435	1,589	8,726
Social security costs	7,245	6,506	178	1,004
Other pension costs	3,869	4,453	150	785
	81,820	**73,394**	**1,917**	**10,515**

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

	2024 No.	2023 No.	2024 No.	2023 No.
Asset management	793	705	-	-
Central services	326	368	30	187
Development, construction and sales	148	135	-	-
Housing management and support	585	578	-	-
	1,852	**1,786**	**30**	**187**

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

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

	Group	
	2024 £'000	2023 £'000
£60,001-£70,000	76	59
£70,001-£80,000	36	35
£80,001-£90,000	30	29
£90,001-£100,000	16	13
£100,001-£110,000	15	5
£110,001-£120,000	3	5
£120,001-£130,000	4	2
£130,001-£140,000	5	2
£140,001-£150,000	1	3
£150,001-£160,000	3	1
£160,001-£170,000	1	3
£170,001-£180,000	4	3
£180,001-£190,000	3	1
£190,001-£200,000	2	-
£210,001-£220,000	-	1
£220,001-£230,000	1	-
£250,001-£260,000	-	1
£260,001-£270,000	1	-
£310,001-£320,000	-	1
£320,001-£330,000	1	-
	202	**164**

9. Directors' emoluments - group

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

The highest paid director was Robert Nettleton (2023: Robert Nettleton), the chief executive. Robert Nettleton ceased to be an ordinary member of the Bromford contribution pension scheme during the year. The chief executive pension figure includes the employer and employee contributions up until the date that he ceased to be a member as well as a cash payment in lieu of pension contributions as agreed by the Remuneration and Nominations Committee.

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

	2024 £'000	2023 £'000
Robert Nettleton	300	287

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

2024	Salaries £'000	Bonus £'000	Taxable benefits £'000	Pension £'000	Total £'000
Robert Nettleton	300	-	-	28	328
Other chief officers and executive directors	1,137	-	2	114	1,253
Non-executive board directors	122	-	-	-	122
Total executive and non-executive directors	**1,559**	**-**	**2**	**142**	**1,703**

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

The total emoluments of the directors are paid through BHG and are disclosed above. Directors' emoluments are part of the overheads recharged to the association, however, cannot be separately identified.

10. Taxation on surplus on ordinary activities

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax credit on ordinary activities	-	-	-	-
Over provision in previous years	-	-	-	-
Total current tax	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Tax on surplus on ordinary activities	-	-	-	-
Total tax reconciliation				
Surplus on ordinary activities	67,677	75,305	3,358	31,993
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023: 19%)	16,919	14,308	840	6,079
Effects of				
Items not allowable for tax purposes	(24)	22	-	-
Timing differences	165	-	-	-
Income not taxable	-	-	-	(5,660)
Deferred tax not recognised	(52)	(27)	-	-
Surplus relating to charitable entities	(17,008)	(14,303)	(840)	(419)
	-	-	-	-

11. Tangible fixed assets - housing properties

Group	Housing properties held for letting £'000	Housing properties under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total £'000
Cost or valuation					
At 1 April 2023	2,551,326	274,743	274,625	65,310	3,166,004
Additions	-	187,904	-	57,596	245,500
Replacement of components	47,859	-	36	-	47,895
Transferred on completion	233,698	(233,698)	51,896	(51,896)	-
Disposals	(4,173)	-	(5,563)	-	(9,736)
Components disposed	(3,824)	-	(36)	-	(3,860)
Revaluation	478	-	-	-	478
Transfer to investment properties	(677)	-	-	-	(677)
At 31 March 2024	**2,824,687**	**228,949**	**320,958**	**71,010**	**3,445,604**
Depreciation					
At 1 April 2023	397,014	-	8,863	-	405,877
Charge for the year	39,743	-	2,126	-	41,869
Disposals	(3,554)	-	(919)	-	(4,473)
At 31 March 2024	**433,203**	**-**	**10,070**	**-**	**443,273**
Net book value					
At 31 March 2024	**2,391,484**	**228,949**	**310,888**	**71,010**	**3,002,331**
At 31 March 2023	**2,154,312**	**274,743**	**265,762**	**65,310**	**2,760,127**

	2024 £'000	2023 £'000
Housing property net book value in respect of long leaseholds	83,670	85,064
Housing property net book value in respect of freeholds	2,918,661	2,675,063
	3,002,331	**2,760,127**
Component depreciation within the depreciation charge	27,501	20,710
Development administration costs capitalised during the year	4,479	4,017
Aggregate amount of interest and finance cost included within the cost of housing properties	39,960	35,731
Expenditure on work to existing properties		
Replacement of components	47,895	42,788
Amounts charged to income and expenditure account	15,679	12,825
	63,574	**55,613**

Properties held for security

Bromford Housing Group - Registered Social Housing Provider - has property pledged as security value (existing use value - social housing and market value - subject to tenancy) of £2,486m (2023: £1,951m). The number of units on which security was pledged amounted to 28,159 (2023: 29,694).

12. Investments in subsidiaries

	Association 2024 £'000	Association 2023 £'000
At 31 March 2024 and 31 March 2023	**150**	**150**

13. Investments properties held for letting

	Group 2024 £'000	Group 2023 £'000
At 1 April	9,257	26,647
Additions	-	2
Transfer from tangible fixed assets - housing properties	677	1,051
Gain/(loss) from adjustment in value		
Commercial investment properties	25	(35)
Market rent investment properties	165	108
Disposals		
Commercial investment properties	(122)	(350)
Market rent investment properties	(185)	(18,166)
At 31 March	**9,817**	**9,257**

Investment properties (commercial and market rent) were valued at 31 March 2024 by professional qualified external valuers. The valuation of the investment properties was undertaken by Jones Lang Lasalle in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. In valuing the properties, the following significant assumptions were applied:

Discount rate	7.25%
Rental income increase	2.1%

14. Tangible fixed assets - other

Group	Freehold offices £'000	Fixtures, fittings & equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2023	15,216	1,881	7,245	5,228	29,570
Additions	86	231	1,009	1,846	3,172
Reclassification	(61)	-	61	-	-
Disposals	-	-	-	(51)	(51)
At 31 March 2024	**15,241**	**2,112**	**8,315**	**7,023**	**32,691**
Depreciation and impairment					
At 1 April 2023	5,432	1,178	4,373	1,360	12,343
Charge for the year	345	150	1,528	604	2,627
Disposals	-	-	-	(13)	(13)
At 31 March 2024	**5,777**	**1,328**	**5,901**	**1,951**	**14,957**
Net book value					
At 31 March 2024	**9,464**	**784**	**2,414**	**5,072**	**17,734**
At 31 March 2023	**9,784**	**703**	**2,872**	**3,868**	**17,227**

15. Intangible fixed assets

	Group
	£'000
Cost	
At 1 April 2023	73,089
Additions	20,658
At 31 March 2024	**93,747**
Depreciation	
At 1 April 2023	11,768
Charge for the year	5,908
At 31 March 2024	**17,676**
Net book value	
At 31 March 2024	**76,071**
At 31 March 2023	**61,321**

Amortisation of intangible assets is included in operating costs in the statement of comprehensive income. Included within software are amounts capitalised for our software transformation project of £72.1m (2023: £58.3m), this asset includes various projects, some of which are complete and others that are in progress. Assets in progress of £34.0m (2023: £14.8m) have not yet been amortised as these assets are still being developed, once complete they will be amortised over the useful economic life of 10 years. The remaining amortisation period of the completed assets is between 7 – 10 years.

16. HomeBuy loans

	Group	
	2024	2023
	£'000	£'000
At 1 April	413	431
Loans redeemed in the year	(31)	(18)
At 31 March	**382**	**413**

17. Stocks and work in progress

	Group	
	2024	2023
	£'000	£'000
Consumable stock	1,327	1,164
Properties developed for outright sale	14,411	39
Land costs	1,002	16,684
Cost of first tranche element of shared ownership properties	39,558	19,430
	56,298	**37,317**
Shared ownership properties		
Completed	1,048	915
Under construction	38,510	18,515
	39,558	**19,430**
Properties in development for outright sale		
Under construction	14,411	39
	14,411	**39**

18. Trade and other debtors

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Amounts falling due within one year				
Rent arrears	17,114	15,060	-	-
Less: provision for bad debts	(5,803)	(4,218)	-	-
	11,311	**10,842**	**-**	**-**
Trade debtors	5	359	-	-
Amounts due from group companies	-	-	51,880	27,952
Other debtors	9,016	19,105	1,191	12,255
Prepayments and accrued income	5,684	4,682	10,333	7,931
	26,016	**34,988**	**63,404**	**48,138**
Amounts falling due after more than one year				
Amounts due from group companies	-	-	866,720	703,707
	-	**-**	**866,720**	**703,707**

Other debtors includes a loan due from the Bromford defined benefit pension scheme of £1.2m (2023: £12m), further details are included in note 34.

19. Current asset investments

	Group 2024 £'000	Group 2023 £'000
Fair value at 1 April	22,379	26,756
Additions to investments	-	814
Withdrawals from investments	(5,000)	(5,115)
Interest	314	97
Losses on re-measurement to fair value	(22)	(173)
Fair value at 31 March	**17,671**	**22,379**

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

20. Cash and cash equivalents

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Cash at bank	93,765	124,843	60,689	67,999
Cash equivalents	457	848	-	-
	94,222	**125,691**	**60,689**	**67,999**

Included in the above are balances totalling £4.0m (2023: £3.9m) which are held in trust for shared ownership leaseholders.

21. Creditors: amounts falling due within one year

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Prepaid rental income	10,852	10,050	-	-
Loans	13,878	15,161	1,920	1,776
Local Authority RTB share of proceeds	1,421	2,809	-	-
Trade creditors	9,727	8,754	60	11
Amounts due to group companies	-	-	41,788	21,836
Social security and other taxes	2,078	1,718	-	-
Balances with supported housing partners	796	890	-	-
Funds held on trust	244	257	-	-
Deferred capital grant	6,427	6,005	-	-
Recycled capital grant fund	3,151	1,935	-	-
Other creditors	3,816	3,975	22	-
Accruals and deferred income	28,332	23,924	567	501
	80,722	**75,478**	**44,357**	**24,124**

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

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Loans	1,522,819	1,390,674	910,313	762,900
Amounts due to group companies	-	-	263	298
Interest rate swaps	1,581	2,040	-	-
Leaseholder sinking funds	5,760	5,250	-	-
Balances with supported housing partners	1,032	1,032	-	-
Deferred capital grant	512,373	481,416	-	-
Recycled capital grant fund	4,663	5,322	-	-
Other creditors	1	105	-	-
	2,048,229	**1,885,839**	**910,576**	**763,198**

Loans repayment profile

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Repayable within one year	13,878	15,161	1,920	1,776
Repayable between one and two years	14,029	13,878	1,920	1,920
Repayable between two and five years	47,473	45,310	5,680	5,720
Repayable after five years	1,464,731	1,332,959	905,844	756,393
Less: Loan finance costs	(3,414)	(1,473)	(3,131)	(1,133)
	1,536,697	**1,405,835**	**912,233**	**764,676**

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

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

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

Interest rate swap creditor profile	Group 2024 £'000	Group 2023 £'000
Due within one year (included in other debtors)	(262)	(65)
Due between one and two years	159	84
Due between two and five years	1,059	1,087
Due after five years	363	869
	1,319	**1,975**

Interest risk profile of loan liabilities	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Floating rate	26,439	19,474	16,680	-
Fixed rate	1,513,671	1,387,834	898,683	765,809
	1,540,110	**1,407,308**	**915,363**	**765,809**
Floating rate	5.66%	4.24%	5.62%	-
Fixed rate (excluding swaps)	3.91%	3.53%	3.60%	2.86%

Undrawn committed borrowing facilities (all secured) at 31 March were	Group 2024 £'000	Group 2023 £'000
Expiring within one year	-	190,000
Expiring between one and two years	75,000	-
Expiring between two and five years	324,749	97,749
Expiring after five years	50,000	50,000
	449,749	**337,749**

23. Deferred capital grant

	Group 2024 £'000	Group 2023 £'000
At 1 April	487,421	481,531
Grants received in year	39,225	10,900
Grants recycled from the recycled capital grant fund	1,492	5,727
Transferred to third party	(3,487)	(5,360)
Grants recycled to the recycled capital grant fund	(1,663)	(2,483)
Amortised in year	(4,821)	(4,814)
Amortised grant on disposal	633	1,920
At 31 March	**518,800**	**487,421**
Amount due to be released within one year	6,427	6,005
Amount due to be released in more than one year	512,373	481,416
	518,800	**487,421**

24. Other capital grant funds

	Group 2024 £'000	Group 2023 £'000
At 1 April	7,257	10,290
Inputs to reserve		
Grants recycled	1,663	2,483
Interest accrued	386	211
Utilised		
New build	(1,492)	(5,727)
At 31 March	**7,814**	**7,257**
Amounts due within one year	**3,151**	**1,935**
Amounts due after more than one year	**4,663**	**5,322**
	7,814	**7,257**
Amount three years or older where repayment may be required*	**433**	-

*Consent has been given by Homes England for use in 2024-25

25. Provision for liabilities and charges

	Group
	Total
	£'000
At 1 April 2023	1,259
Charged to income and expenditure account	
Additions	2,501
Utilised in year	(490)
At 31 March 2024	**3,270**

Provisions include insurance and performance related pay.

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

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

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

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

26. Share Capital

	Group and Association	
	2024	2023
	£	£
Issued and fully paid		
At 1 April	6	7
Issued	-	1
Cancelled	-	(2)
	6	6

27. Analysis of changes in net debt

	Group				
	As at 1 April 2023	Cashflows	Amortisation of premium/ loan costs	Movement in creditors due within one year	As at 31 March 2024
	£'000	£'000	£'000	£'000	£'000
Cash at bank and cash equivalents	125,691	(31,470)	-	-	94,222
Short term investments	22,379	(4,708)	-		17,671
	148,070	**(36,178)**	**-**	**-**	**111,893**
Housing loans due within one year	(15,161)	15,161	-	(13,878)	(13,878)
Housing loans due after more than one year	(1,390,674)	(148,094)	2,071	13,878	(1,522,819)
Change in debt resulting from cashflows	**(1,257,765)**	**(169,111)**	**2,071**	**-**	**(1,424,804)**

28. Cash flow from operating activities

	Group 2024 £'000	Group 2023 £'000
Surplus for the year	67,677	75,305
Adjustments for non-cash items		
Depreciation of tangible fixed assets - housing properties	41,869	38,276
Depreciation of tangible fixed assets - other	2,627	2,693
Amortisation of intangible assets	5,908	3,844
Amortisation of government grant	(4,821)	(4,814)
Increase in stock	(18,981)	(9,571)
Increase in trade and other debtors	(2,802)	(5,103)
Decrease in trade and other creditors	(2,230)	(13,454)
Pension costs less contributions payable	(1,332)	(2)
Increase/(decrease) in provisions	2,011	(2,300)
Carrying amount of tangible fixed assets disposals	9,794	22,759
Carrying amount of fixed asset investment disposals	307	18,516
Adjustments for investing or financing activities		
Movement on shared equity loans	31	18
Movement in value of swaps	(656)	(11,017)
Movement in value of investment property	(168)	100
Interest payable	45,723	44,238
Interest receivable	(2,990)	(2,242)
Net cash generated from operating activities	**141,967**	**157,246**

29. Capital commitments

	Group 2024 £'000	Group 2023 £'000
Capital expenditure contracted for but not provided for in the financial statements	**261,940**	**352,694**
Capital expenditure authorised but not yet contracted for	**28,510**	**74,477**

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

	2024	2023
Social housing grant	25,975	43,241
Proceeds from the sale of properties	61,909	63,420
Loans and reserves	202,566	320,510
	290,450	**427,171**

30. Other financial commitments

The minimum lease payments due under operating leases are as follows

2023	Land and buildings 2024 £'000	Land and buildings 2023 £'000	Vehicles and office equipment 2024 £'000	Vehicles and office equipment 2023 £'000	Total leases 2024 £'000	Total leases 2023 £'000
Operating leases which expire						
Within one year	47	37	451	822	498	859
Within two to five years	-	-	1,388	210	1,388	210
After more than five years	-	8	-	490	-	498
	47	**45**	**1,839**	**1,522**	**1,886**	**1,567**

31. Financial instruments

Financial instruments may be analysed as follows

Financial liabilities measured at fair value through the statement of comprehensive income	Group	
	2024	2023
	£'000	£'000
Derivative financial instruments	**1,319**	**1,975**

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

32. Grant and financial assistance

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

	Group	
	2024	2023
	£'000	£'000
Held as deferred capital grant	518,800	487,421
Recognised as income in statement of comprehensive income	131,376	127,188
	650,176	**614,609**

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

	Group			
	Proceeds of sales	Cost of sales	Surplus	Capital grant recycled
	£'000	£'000	£'000	£'000
Further tranches of shared ownership	9,370	(5,220)	4,150	863
Right to buy	1,877	(1,879)	(2)	28
Right to acquire	1,053	(386)	667	133
Other property disposals	14,857	(4,860)	9,997	639
Other fixed asset disposals	49	(38)	11	-
Total 2024	**27,206**	**(12,383)**	**14,823**	**1,663**
Total 2023	**58,280**	**(43,038)**	**15,242**	**2,483**

34. Related party transactions

Transactions with non regulated members of the group

	Group 2024				
	Bromford Developments Limited (BDL) £'000	Bromford Assured Homes Limited (BAH) £'000	Strand Services Limited (STR) £'000	Riverside Mews Limited (RIV) £'000	Igloo Insurance PCC Limited (Cell BRO4) (IGL) £'000
Income					
Gift Aid	-	442	-	-	-
Management recharges	463	230	4	2	-
Interest receivable	826	-	-	-	-
	1,289	**672**	**4**	**2**	**-**
Expenditure					
Construction services	60,775	-	-	-	-
Insurance fees	-	-	-	-	(27)
	60,775	**-**	**-**	**-**	**(27)**

The administration recharges are calculated on a number of basis dependant upon the type of expenditure being recharged.

34. Related party transactions (continued)

Transactions with non regulated members of the group

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

34. Related party transactions (continued)

	Association			
	Bromford Developments Limited		Bromford Assured Homes Limited	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Income				
Gift aid	-	-	442	445
Management recharges	463	435	230	71
Interest receivable	826	670	-	-
	1,289	**1,105**	**672**	**516**

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

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bromford Developments Limited	21,697	31,579	5,303	18,513
Bromford Assured Homes Limited	748	571	1,042	811
Riverside Mews Limited	3	1	-	-
Strand Services Limited	2	1	-	-
	22,450	**32,152**	**6,345**	**19,324**

The balances noted above are unsecured. The association will provide further financial support and other support to Bromford Developments Limited until at least 30 September 2025, including not seeking repayment of the loan if it means that that the company is unable to pay its creditors as they fall due for payment.

Bromford Housing Group Limited and its subsidiaries has indemnified its Board Members, Executive Team, directors and employees for insurance cover no longer provided within its current directors' and officers' liability insurance for the year ending 31 March 2024 which was previously included in its previous policy. The maximum exposure across the group for this indemnity is £10 million and expires on 31 March 2025. This is described in more detail in note 36.

At the year end there is a loan due from the Bromford defined benefit pension scheme of £1.2m (2023: £12m), this is included in other debtors in the association and group. This has been repaid since the year end.

During the year the group has incurred charges of £94k (2023: £114k) in respect of services provided from a company which has a common director. At the year end the balance due to the supplier was £nil (2023: £nil).

35. Pension obligations

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

The Group also participates in three defined contribution (DC) schemes, The Pension Trust Bromford and Merlin schemes and Royal London DC Scheme.

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

Summary of Pension Schemes balances

	2024 £'000	2023 £'000
Creditors due less than one year		
Royal London DC scheme	(15)	(16)
The Pension Trust DC scheme	(399)	-
Provisions for Pensions		
Bromford DB scheme	(9,569)	(4,303)
Avon pension fund (LGPS)	(5,052)	(151)
	(14,621)	**(4,454)**

Bromford DB Scheme (BDBS)

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

The scheme holds the pension assets to meet long term pension liabilities. Scheme liabilities have been based on data provided for the actuarial valuation as at 30 September 2021. These have been updated to 31 March 2024 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

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

Contributions for the year ended 31 March 2024 and 31 March 2023

	2024 £'000	2023 £'000
Employee	50	64
Employer	2,589	2,492
Total	**2,639**	**2,556**
Agreed contribution rates for future years:		
Employee		
1/80th DB section	14.5%	14.5%
1/120th DB section	4.7%	4.7%
Employer	10%	10%

35. Pension obligations (continued)

Principal actuarial assumptions

The following information is based upon the actuarial valuation of the scheme at 30 September 2021 updated to 31 March 2024 by a qualified independent actuary.

Mortality assumptions adopted Life expectancy at age 65 (years)	2024	2023
Male retiring in 2024 (2023)	21.4	21.5
Female retiring in 2024 (2023)	23.8	23.9
Male retiring in 2044 (2043)	22.3	22.5
Female retiring in 2044 (2043)	24.9	25.0

Other Assumptions	2024	2023
% per annum		
Discount Rate	4.90%	4.80%
Inflation (RPI)	3.10%	3.15%
Inflation (CPI)	2.80%	2.80%
Salary Growth	2.80%	2.80%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	3.10%	3.15%
Allowance for pension in payment increases of CPI or 5% p.a. if less	2.74%	2.74%
Allowance for pension in payment increases of CPI or 2.5% p.a. if less	1.97%	1.97%
Allowance for pension in payment increases of CPI or 3% p.a. if less	2.22%	2.22%

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

	2024 £'000	2023 £'000
Fair value of fund assets	70,952	74,800
Present value of defined benefit obligation	(80,521)	(79,103)
Pension deficit	**(9,569)**	**(4,303)**

The fair value of the assets:

	2024 £'000	2023 £'000
Equity	2,656	2,608
Corporate Bonds	1,756	4,710
Property	2,941	4,443
Cash	7,712	3,958
Other	5,558	9,410
LDI Assets	38,822	42,217
Liquid Alternatives	6,624	9,361
Private Credit	6,083	10,093
Loan	(1,200)	(12,000)
Total Assets	**70,952**	**74,800**

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

35. Pension obligations (continued)

Reconciliation of assets and liabilities

Reconciliation of assets at 31 March 2024:

	£'000
Assets at start of period	74,800
Interest income on assets	3,596
Expenses	(278)
Return on assets excluding interest income	(7,691)
Employer contributions paid	2,589
Employee contributions	50
Benefits paid	(2,114)
Assets at end of period	**70,952**
Actual return on plan assets 1 April 2023 to 31 March 2024	**(4,095)**

Reconciliation of liabilities at 31 March 2024:

	£'000
Liabilities at start of period	79,103
Service cost	1,237
Interest cost	3,777
Employee contributions	50
Remeasurements	(1,532)
Benefits paid	(2,114)
Liabilities at end of period	**80,521**

Analysis of the amount charged to operating costs in the statement of comprehensive income at 31 March 2024:

	£'000
Employer service cost (net of employee contributions)	1,237
Expenses	278
Total operating charge	**1,515**
Analysis of pension finance costs	
Expected return on pension scheme assets	(3,596)
Interest on pension liabilities	3,777
Amounts charged to financing costs	**181**

Analysis of gains and losses recognised in the statement of other comprehensive income at 31 March 2024:

	£'000
Actuarial loss on pension scheme assets	(7,691)
Actuarial loss on pension scheme liabilities	(554)
Gain from changes in assumptions	2,086
Actuarial losses recognised	**(6,159)**

35. Pension obligations (continued)

Movement in deficit during the year:

	£'000
Deficit in scheme at 1 April 2023	(4,303)
Employer service cost	(1,237)
Expenses	(278)
Employer contributions paid	2,589
Net interest costs	(181)
Remeasurements included in other comprehensive income	(6,159)
Deficit in scheme at 31 March 2024	**(9,569)**

TPT member benefit review

There is an ongoing legal review of scheme benefit changes that is being undertaken by TPT (the trustee of the BDBS). The review specifically relates to historic changes to the scheme rules and is not expected to be concluded until mid 2025 at the earliest.

Avon Pension Fund

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

The latest triennial actuarial valuation was carried out at 31 March 2022 and this has been updated to 31 March 2024 by a qualified independent actuary.

Contributions for year ended 31 March 2024:

	2024 £'000	2023 £'000
Employee	88	108
Employer	1,654	504
Total	**1,742**	**612**
Agreed contribution rates for future years:		
Employee (average)	6.7%	6.7%
Employer	21% – 32.8%	21% – 32.8%

35. Pension obligations (continued)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2022 updated to 31 March 2024 by a qualified independent actuary:

	2024	2023
Rate of inflation - CPI	3.10%	2.80%
Rate of increase for pensions in payment	3.10%	2.80%
Rate of increase in salaries	3.10%	2.80%
Discount rate for scheme liabilities	4.95%	4.80%

The post retirement mortality assumptions used to value the benefit obligation for the four years are based on the S3PA CMI 2022 cohort series. The assumed life expectations on retirement at age 65 are:

	2024	2023
Males		
Current pensioners (years)	23.1	21.5
Future pensioners retiring in 20 years (years)	25.3	22.5
Females		
Current pensioners (years)	25.1	23.9
Future pensioners retiring in 20 years (years)	28.0	25.1

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

	2024 £'000	2023 £'000
Fair value of fund assets	43,217	43,271
Present value of defined benefits obligations	(48,269)	(43,422)
Pension deficit	**(5,052)**	**(151)**

The fair value of the assets:

	2024 £'000	2023 £'000
Other bonds	43,217	43,271
Total fair value of assets	**43,217**	**43,271**

35. Pension obligations (continued)

Reconciliation of assets and liabilities

Reconciliation of assets at 31 March 2024:

	£'000
Assets at start of period	43,271
Interest on plan assets	2,085
Re-measurements	(2,466)
Administration expenses	(8)
Employer contributions paid	1,654
Employee contributions	88
Benefits paid	(1,407)
Assets at end of period	**43,217**
Total return on plan assets 1 April 2023 to 31 March 2024	**0.9%**

Reconciliation of liabilities at 31 March 2024:

	£'000
Liabilities at start of period	43,422
Service Cost	267
Interest Cost	2,053
Employee contributions	88
Re-measurements	3,846
Benefits Paid	(1,407)
Liabilities at end of period	**48,269**

Analysis of the amount charged to operating costs in the statement of comprehensive income at 31 March 2024:

	£'000
Employer service cost (net of employee contributions)	267
Expenses (including service charge and curtailments)	8
Total operating charge	**275**
Analysis of pension finance (income)/costs	
Expected return on pension scheme assets	(2,085)
Interest on pension liabilities	2,053
Amounts credited to financing costs	**(32)**

35. Pension obligations (continued)

Analysis of gains and losses recognised in the statement of comprehensive income at 31 March 2024:

	£'000
Actuarial losses on pension scheme assets	(2,466)
Actuarial losses on pension scheme liabilities	(3,846)
Actuarial losses recognised	**(6,312)**

Movement in deficit during the year:

	£'000
Deficit in scheme at 1 April 2023	(151)
Employer service cost (net of employee contributions)	(267)
Employer contributions paid	1,654
Pension administration expenses	(8)
Net interest credit	32
Remeasurements	(6,312)
Deficit in scheme at 31 March 2023	**(5,052)**

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

Guaranteed Minimum Pension (GMP) Equalisation

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

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

There is a possibility that all public sector schemes will be required to index-link GMP benefits in respect of those members who reach their State Pension Age after April 2024. Government policy in this area is still to be determined, thus it was concluded that the most consistent/safest approach is to include the additional indexation liabilities in the accounting figures, therefore the figures above include the increase in past service liabilities as a "past service cost" (the schedule of figures will separately identify the element of the past service cost which relates to the GMP increases).

36. Contingent liabilities

A deed has been entered into by the Board Members of Bromford Housing Group Limited to indemnify its Board Members, Executive Team, directors and employees across Bromford Housing Group Limited and its subsidiaries for insurance cover no longer provided within its current directors' and officers' liability insurance policy. Any claim made would be against the relevant entity with ultimate responsibility for reimbursement being through Bromford Housing Group Limited where required. The maximum exposure across the group for this indemnity is £10 million and it expires on 31 March 2025.

Registration Information

Co-operative and Community Benefit
Society Registration Number 29996R

Registration of Social Housing
Registration Number L4449

Advisors:

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