

Financial Statements

2024

**SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED
AND ITS SUBSIDIARIES**

**Annual report and financial statements for the year ended 31
March 2024**

Registered number: L0078

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

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SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Information

BOARD AND OFFICERS

CHAIR

J Jeffries (resigned 25 October 2023)
M Harrison (appointed 25 October 2023)

SECRETARY

D Chrystal

BOARD MEMBERS

U Bola
S Dyett
P Hankinson
J Jeffries
T Proudfoot
C Stockill
K Dickinson (appointed 25 October 2023)
N Doherty (appointed 25 October 2023)
M Gjessing (appointed 25 October 2023)
W Pritchard (appointed 27 September 2023)
D Smith (appointed 25 October 2023)
A Buck (retired 27 September 2023)
D Lockwood (retired 27 September 2023)
L Harrison-Walker (resigned 27 September 2023)
K Urwin (resigned 27 September 2023)

INDEPENDENT COMMITTEE MEMBER

A M Matson

CHIEF EXECUTIVE

L Gold (appointed 10 April 2023)
T Stacey (resigned 4 May 2023)

EXECUTIVE DIRECTOR OF FINANCE AND DEVELOPMENT

D Harry - Finance Director (resigned 13 October 2023)
P Gray - Interim Finance Director (14 November 2023 – 31 March 2024)
H Whittingham – Executive Director of Finance and Development (appointed 1 April 2024)

EXECUTIVE DIRECTOR OF HOUSING

G Wallace-Parkin

EXECUTIVE DIRECTOR OF CORPORATE SERVICES

C Murray

EXECUTIVE DIRECTOR OF CARE, HEALTH & WELLBEING

J Hall

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Information

REGISTERED OFFICE

152 Rockingham Street
Sheffield
S1 4EB

REGISTERED IN ENGLAND UNDER THE CO-OPERATIVE & COMMUNITY BENEFIT SOCIETIES ACT 2014

Registration Number 20165R

REGULATOR OF SOCIAL HOUSING (RSH)

Registration Number L0078

EXTERNAL AUDITOR

Forvis Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

PRINCIPAL SOLICITORS

Trowers & Hamlins
55 Princess Street
Manchester
M2 4EW

Anthony Collins Solicitors
134 Edmund Street
Birmingham
B3 2ES

PRINCIPAL BANKERS

Barclays Bank PLC
2-12 Pinstone Street
Sheffield
S1 2HN

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Welcome from our Chair of the Board and Chief Executive

A welcome from our Chair of the Board and Chief Executive

We'd like to thank our customers, colleagues, and partners for supporting us throughout a year of challenge, change and new opportunities. We are pleased to celebrate some excellent performance, while operating in a difficult external environment with significant economic pressures for all and a rising demand for our services.

Following our self-referred regulatory downgrade, we have maintained a clear focus on improving governance and financial viability. We've established a positive relationship with the Regulator of Social Housing, and our improvement action plan is progressing well, but there's still work to do to build strong foundations for the future of South Yorkshire Housing Association.

Despite these 'business' challenges, we've continued to provide great standards of service and maintain positive relationships with our customers. We've reported very positive Tenant Satisfaction Measures results, with 78% of our customers being satisfied with our overall service (this benchmarks above Housemark's median result for the sector). Our services have also been performing well, including our Good Work Skills service being awarded a 'Good' Ofsted grade and our Changing Futures team winning the Lived Experience Chartership gold award.

We've welcomed the Housing Ombudsman to join us for an event with our customers, to share more about our complaints process and the support offered by both South Yorkshire Housing Association and the Ombudsman. We've also continued to work in partnership with some brilliant local organisations, including creating much-needed new homes through our Forge New Homes joint venture.

Our new strategic plan will be shared later this year, and we're looking forward to working with all our stakeholders to build a bright future for the organisation. This is an exciting moment in South Yorkshire Housing Association's history, and we're committed to making changes that will enable us to offer more homes and services to local people and communities. Again, we'd like to thank our customers, colleagues and partners for your ongoing support.

Matt Harrison, Chair of the Board
Larry Gold, Chief Executive

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report

Strategic Report

The Board presents its strategic report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2024.

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a Registered Provider of Social Housing.

The South Yorkshire Housing Association group (SYHA) comprises SYHA (the parent), two active subsidiaries, Alliance HA and SYHA Enterprises and a joint venture, Forge New Homes. SYHA is a Registered Provider of Social Housing. Alliance HA is a charitable RP with 225 homes. SYHA Enterprises is a limited company providing property sales and letting services.

Our History

We are a landlord managing over 6,000 tenancies and have supported over 10,000 individuals. Over the last 50 years, we have diversified and grown but our purpose has remained firm about providing homes, and support, for people who need them. Our origins stem directly from a shock reaction at the state of Britain's housing provision at the time which was brought to light by the 1966 BBC television drama *Cathy Come Home*.

Our Purpose and Values

“Our purpose is for our customers to settle at home, live well and realise their potential. We want people's experience with us to be a joy and we plan to be here for the long term”

Our Behaviours

At SYHA we employ a diverse group of people with different skills and personal qualities. We believe this is what makes us good at what we do. We expect all our employees to share our values and behave in ways that show we **respect** and **care** about others, act with **honesty** and **integrity**, and we are **committed** to each other, our organisation, and our customers.

The SYHA group undertakes the following main activities:

- Owning or managing just over 4,900 social rented homes split between General Needs and LiveWell (Supported Housing) services. Of these just over 400 are classed as Affordable Rent. Non-Social Housing includes Agency, Nursing Homes, Intermediate rents, and Care Homes (460 units in total). We also provide around 270 homes under shared ownership arrangements, and 225 open market rentals.
- Under our LiveWell brand we provide a diverse range of support services. Over the last 12 months we have actively worked with 4,254 people who have been supported in their own homes, returned from hospital, or helped back into employment. Additionally, we have also provided Supported Housing and Residential Care to 1,336 customers who live or have lived in 1,327 dwellings managed or owned by SYHA.
- Providing property sales and lettings services via the SYHA Enterprises subsidiary
- Developing new homes for sale and social housing via a joint venture with 4 other housing Associations (Forge New Homes)

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report

Objectives and strategy for achieving those objectives

In April 2023, we created an interim strategy to provide focus as we welcomed our new Chief Executive, Larry Gold. The strategy was designed to be in place for around 12 months, while the new Board and Executive Team determined our direction and priorities for the future.

However, following our regulatory regrade to V3/G3, in July 2023 we decided to refocus our interim strategy. The new strategy ensured we were focused on improving our Governance and Financial Viability and provided clarity on the changes and improvements we needed to make. It also acknowledged that we could create additional resource by pausing or changing some of our initial strategic objectives. This helped everyone to prioritise what's most important for the organisation right now.

The interim strategy has four themes:

- Doing the basics brilliantly,
- Building resilience,
- Governance,
- People.

Here's our key achievements for each theme over the last 10 months:

Doing the basics brilliantly

- Our homes
 - 100% Stock Condition Survey started March 2024, and will be completed over a two-year period.
 - Financial modelling is underway to determine revised costs to get homes to EPC C by 2030, and this will feed into our Business Plan.
- Customer services
 - We have completed the co-production of a set of Customer Service Standards that can be consistently applied across the entire organisation. These will be communicated to our customers as part of the Annual Review.
 - The Repairs and Maintenance review is complete, and work is underway in response to the findings.

Building resilience

- We've completed an internal audit of service charges, and an external rent review is underway.
- Following review across LiveWell, an Action Plan is now in place to address loss-making activity.

Governance

- We have made significant governance improvements, strengthened our compliance with the Regulatory standards and completed 28 of 34 actions on the G3/V3 recovery plan.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Strategic Report

- We have inducted new members to our Board and delivered a programme of NED away days and training sessions.

People

- Following an Executive Director restructure, all structures and reporting arrangements have been successfully realigned.
- New approach to Performance Management and suite of support tools has been designed and launched to all managers.
- We have launched and communicated a revised Wellbeing Offer for our employees.

A new strategic plan will be developed in 2024/25 and is due for completion in November 2024.

Business model

SYHA's housing stock is a mix of new build and refurbished properties, developed since formation in 1972. All stock meets the government's Decent Homes Standard. Much of SYHA's income comes, directly or indirectly, from government. Approximately two thirds of rent is received as housing benefit, and most of our supported housing projects receive revenue grants from public bodies. A growing proportion of our turnover is generated from non-property related health and wellbeing services under our LiveWell brand, commissioned by a variety of public bodies.

Housing Services

Being a provider of affordable housing lies at the heart of our service. We provide social housing across South Yorkshire and have approximately 1,400 tenancies within Sheffield and 4,000 throughout the region.

Our Housing Management team assist our tenant and leaseholders with managing their tenancies, paying their rent, and resolving general issues on their estate, such as anti-social behaviour and tenant engagement. We try to go beyond the basic role of the landlord and help our tenants and their families in other aspects of their lives.

Anti-social behaviour cases across 2023/24 have continued to see a small increase in cases reported, the majority of which remain in our General Needs homes. Whilst we have seen a small increase, we benchmark well in the number of cases, when measured against our peers. Noise-related ASB continues to be the dominant category of ASB complaint. We continue to maximise our relationships across multiple sectors to ensure a robust and preventative approach to ASB management. For the first year, we have both transaction surveying and perception surveying satisfaction rates to compare. Whilst there is a marked difference between transactional and perception results, which is a trend most RPs are seeing, satisfaction benchmarks highly. That said, we are not complacent and turn our attention to those who remain dissatisfied to understand all elements of the handling of ASB cases and where we can do better.

Our Property Services team carry out day-to-day repairs and maintenance on our properties and surrounding environment and any planned maintenance programmes to ensure that our properties are improved and of the highest standard of quality.

Despite financial and operational challenges in the year, we invested £2.8m through our Stock Investment Plan (SIP). These challenges did not pose any health and safety-related implications, as provisions are made for this capital asset investment within our Single Capital Plan. SIP spending in 2023/24 accounted for 73% of our Single Capital Plan and 26% of our overall repairs and maintenance spending.

Our main SIP components are delivered primarily by our in-house maintenance team (Home Maintenance Team). This enables better value for money than costs incurred on like-for-like works delivered by an external contractor, as determined in the recent external review of repairs and maintenance. As reported in the May 2024 Board meeting, several improvement projects are underway following the external review, enabling further efficiencies.

The delivery of our SIP has consistently garnered high levels of customer satisfaction, with overall satisfaction reaching 100% for two of our main SIP contractors. Our in-house Home Maintenance Team (HMT) also achieved 100% satisfaction across all satisfaction questionnaire domains. However, we also value customer feedback on areas that require further investment, which has been duly considered in our 2024/25 Repairs & Maintenance budget and SIP.

The Board will note that the Stock Condition Survey commenced in March 2024. This will be a critical driver in refreshing our stock condition data for planning future SIP delivery and building the necessary spending into our Business Plan.

Delivery of our SIP is critical to ensure that our homes meet the current Decent Homes Standard. At the end of the financial year, three of our homes to which the Decent Homes Standard applies failed one criterion (0.06%). Works have since been completed beyond the year-end and we are in the process of undertaking revised EPCs to confirm the improvements in thermal efficiency.

Within our General Needs homes, the main installations in the year included:

- 81 kitchens replacements
- 150 bathrooms replacements
- 69 replacement heat sources
- 88 properties had new windows and doors

Within our LiveWell homes, the main installations in the year included:

- Kitchen replacements at three of our LiveWell schemes
- Bathroom replacements at two of our LiveWell schemes
- Heat source replacements across seven LiveWell schemes, including three commercial replacements
- Roof replacement at one of our extra care schemes which failed before the anticipated replacement date
- External decoration across 18 sites, including some of our larger extra care schemes
- Internal decoration and an upgrade to the warden call system at our Newsome Vale extra care scheme

LiveWell

LiveWell operates across a range of different sectors i.e. housing, health, employment, and social care. Due to the economic environment, political turbulence and the continued fall out of the pandemic our operating context remains challenging. The following factors have had a material impact on the performance and growth of our LiveWell services in the last 12 months:

- Continued financial challenges in local authorities have led to a rise in eligibility thresholds for services, a significant slowing down of commissioning new services and a reduction in contract values. The impact of this is most acute in our homeless services portfolio which is most reliant on local authority funding.
- A strong labour market has led to wage inflation across all sectors. Our salaries in LiveWell have increased by 16.5% in the last 6 years. Contract values and uplifts have not kept pace with wages meaning fewer new opportunities pass our viability threshold at bid appraisal stage. This has also led to an increase in SYHA exiting contracts as they are no longer financially viable.
- Demand for the LiveWell services continues to grow. Rising rates of complex mental health conditions, rising homelessness and an aging population mean the need for our services remains acute.

We have a clear focus on financial viability in order to sustain LiveWell services and continue to deliver impact. Despite the challenging environment we've worked hard to deliver efficiencies so that contracts remain financially viable, and we can continue to deliver much needed supported housing, mental health, homeless and employment provision in our region. Our impact remains strong as one of the largest providers of care and supported housing services in the Sheffield City Region.

LiveWell operates a number of services which fall under different regulatory or quality frameworks e.g. Care Quality Commission (CQC) and Ofsted. We are pleased to report good solid performance across all of these frameworks in the last 12 months.

Customer Voice/satisfaction

We place great emphasis on customer voice within SYHA and, more importantly, how the voice of the customer is integral to the design and delivery of services.

Our first year of collection of Tenant Satisfaction Measures is now complete and we are pleased with the results from the first year. Overall Customer Satisfaction is 78% (weighted score) which is really pleasing to report and reflects the great service that we provide to our customers.

Our performance, when considered alongside current benchmarking, shows SYHA in the median or higher quartiles across all perception measures and building safety measures. Tenant Satisfaction Measures data is an incredibly helpful layer of analysis to understand customer experience across a range of areas and understand, in detail, where our customers feel we're doing the right thing, and more critically, where we need to do better.

We have taken a census-style approach to collection of our Tenant Satisfaction Measure perception data meaning that all SYHA customers will be invited to contribute over a two-year period. The data collection from the first year has been reviewed every quarter as this has been returned to SYHA and tangible and overt improvements have been made as a result of this feedback. It is critical for SYHA customers to know that their experience and feedback is one of our most powerful agents for change within the organisation.

Results Table

A summary of all the TSM results is below:

	Result	Weighted result
TSM01 Overall satisfaction	79.3%	78.1%
TSM02 Overall repairs service	79.6%	78.6%
TSM03 Repairs: Time taken	76.4%	76.4%
TSM04 Home is well maintained	82.0%	80.4%
TSM05 Home is safe	83.3%	81.9%
TSM06 Listens to views & acts upon them	68.6%	67.3%
TSM07 Keeps informed	70.8%	69.6%
TSM08 Treated Fairly & with Respect	84.4%	82.9%
TSM09 Approach to complaints	44.9%	45.3%
TSM10 Communal areas	68.1%	66.4%
TSM11 Contribution to Neighbourhood	66.7%	64.8%
TSM12 Approach to Anti-social behaviour	62.6%	60.9%

In the last 12 months we have put more emphasis on not only managing customer complaints, but also acting on them and ensuring service improvements and learning are embedded throughout the organisation. We recognise that there is still further work to be done in this area. Results for the last 12 months include:

- Overall number of complaints this year is 261. A 9% reduction on 2022/23 and continues the trend of a more stable volume of complaints after the pandemic year of 2020/21.
- The number of complaint reviews completed this year is 18 (2022/23: 29), this demonstrates more complaints are resolved to the customer's satisfaction at the complaint response stage.
- Property Services (which incorporates repairs and maintenance) continues to be the department with the highest proportion of complaints (77%).
- Customer Satisfaction with complaint handling is 80% which exceeds our target of 75%.

The Housing Ombudsman published a revised complaint handling code in February 2024. Our assessment is that SYHA is compliant with the Complaint Handling Code, with a clear plan to roll out identified further improvements within 6 months.

Development and Asset Management

The last 12 months marked a lower than anticipated new development activity for SYHA. This slowdown was in response to external market fluctuations and internal directives to pause development work as the business turned its focus on the G3/V3 Recovery Plan.

Whilst development was slowed down during this period we took handover of a total of 40 new homes via three Section 106 acquisitions. At Cross Lane in Royston, we delivered 3 new shared ownership homes to our customers. At The Avenue in Wingerworth, we took handover of 19 new homes (7 shared ownership and 12 affordable rent). This completed our acquisition of a total of 27 homes from this development scheme. Sales of the shared ownership homes are progressing well.

We also took handover of 18 new homes (6 shared ownership and 12 affordable rent) delivered by Forge New Homes at Pilsley Hallgate.



The Avenue, Wingerworth, North East Derbyshire.



Pilsley Hallgate, North East Derbyshire.

All three of the Section 106 schemes above have performed well for us financially.

From an Asset Management point of view, we delivered on three fire safety upgrades to our larger extra care schemes, sprinkler installation works were completed at Whinn Dale in Normanton as well as at Busk Grange and The Meadows, both Sheffield. In addition to fire safety upgrades, we also concluded defect remediation work at Fitzwilliam Walk. With the help of engineering consultants, a team of contractors, and our customers' support we delivered a comprehensive solution with a retaining wall to safeguard the residents.

A programme lead for Sustainability was recruited in Q2 2023/24 to kickstart our decarbonisation programme. The focus for the sustainability workstream was to improve our baseline stock data and building internal capacity to deliver in the future.

Board of Management

SYHA is governed by a Board of Management composed of non-executive members. Its operations are managed by a team led by the Chief Executive, with Directors of Finance and Development, Corporate Services, Livewell and Housing Services.

SYHA is regulated by the Regulator of Social Housing (RSH), with whom it is registered. The RSH issues regulatory judgements on governance and viability. The Board has a responsibility to ensure that SYHA is compliant with the regulatory standards, including the Governance & Financial Viability Standard, and its chosen Code of Governance. Further details are included in the Governance section below.

Finance

As part of our interim strategy, SYHA continues to focus on improving financial viability, a key strand of this being building resilience. As a result, SYHA has improved its operating margin on social housing lettings to 15.8% (2023 10.8%) and returned an operating surplus of £7.8m. However, the Association has

made a loss of £429,000 for the year before actuarial movements, performance impacted by the impairment of some schemes in development of £1.3m and some exceptional costs.

Despite this, SYHA generated £9.9m cash from operations, invested £7.1m in existing and new homes and repaid £4.9m in borrowings net of drawdowns. This includes the prepayment of loans with one borrower, which removed a gearing covenant that was out of line with other lender covenants. There are now two lenders with EBITDA MRI covenants which therefore restrict our ability to invest in existing housing. Fire safety negotiations with lenders are continuing with a carve out and/or increased carve out requested.

As at 31st March 2024, we had £128.6m of drawn loans with a further £12m undrawn. 70% of current debt is at fixed rates. At the year-end we had access to £13.1m of liquidity, made up of £3.1m available in our current account and £10m secured undrawn facility. We do not need to raise new funding in the coming year to meet commitments and retain adequate liquidity headroom. Our undrawn facilities provide sufficient liquidity for 39 months before refinancing is required, coinciding with the next refinancing point in 2028. SYHA is fully compliant with all covenants at year end.

Statement of Comprehensive Income

SYHA key performance measures for the year were:

- Income increased to £50.1m (2023: £49.3m); main contributors are increases in rental income and other social lettings income of £4.2m, reductions in non-social housing of £2.4m as some of our employment service contracts ended.
- Operating Costs increased in the year to £45.8m (2023: £44.5m); There has been a significant increase in maintenance costs during the year which has increased expenditure by £0.4m. Other costs have increased due to some exceptional costs made at the year end
- Earnings before interest, tax, depreciation, amortisation, and property sales plus capitalised major repair costs (EBITDA MRI excluding sales) was £6.75m (2023: £5.65) and 95.2% (2023: 95.2%). Interest costs increased in the year by £1.15m, is driven by the combination of loan drawdowns in the year and increased rates on the variable debt.

Statement of Financial Position

At 31 March 2024, the Group's Statement of Financial Position demonstrated a strong position, with net assets of £36.4m and access to liquidity of £13.1 and cash through our undrawn facilities.

Key performance measures were:

- The Net Book Value (NBV) of fixed assets was £321.7m (2023: £325.5m).
- At the year end the Group had invested £4.1m (2023: £8.4m) in relation to properties under construction and a further £3.9m (2023: £4.6m) in its existing homes
- The Group owned and managed 5,620 homes.
- The Group had £4.6m (2023: £6.0m) of cash and cash equivalents with £10.0m (2023: £17.0m) additional undrawn facilities, based on existing debt facilities. Gearing decreased to 34.91% (2023: 36.5%) as a result of the net repayment of loans in the year as planned.
- The net defined benefit liability at the year ended 31 March 2024 is £4.9m (2023: £5.7m).

Treasury Management

Treasury activity has primarily focussed upon rebuilding confidence of stakeholders, through clearer reporting and improved controls and on delivering business as usual.

In summary:

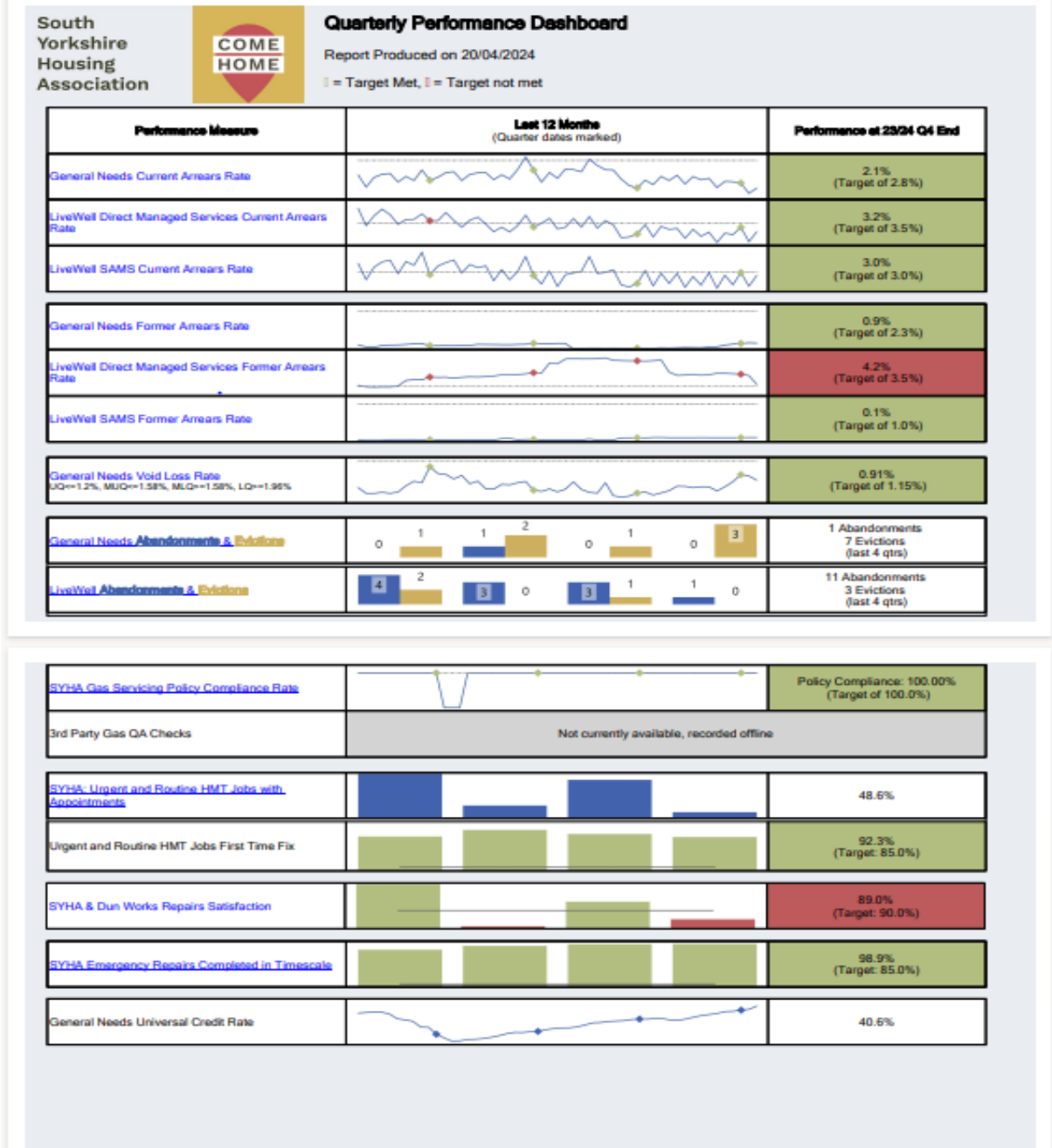
- A review of last year's Treasury Plan shows we have completed some actions such as the lender repayment. Other actions were put on hold following the covenant breach reported in 2023.
- No additional funding was agreed so the overall loan facilities dropped by £9.9m in the year due to scheduled capital repayments and the early repayment as previously described.

- Interest payable has significantly increased compared to last year following several interest rate increases which affected the drawn RCF which is at floating rates
- Covenants have been confidently met at year end 31 March 2024 and the controls and processes and covenant calculation have been improved since the 2023 year end covenant breach in order to avoid similar issues happening again
- Liquidity is continually reviewed, and no additional funding is required until 27/28 when the two loans are due to be repaid

There are operational controls around key treasury risks along with interest rate management and counterparty exposure within the Treasury Management Policy (TMP). This ensures treasury activities are controlled effectively by identification, monitoring and mitigating of such risks. Surplus funds are invested with counterparties meeting the terms of our treasury management policy and these are monitored to ensure compliance.

Development and performance throughout the financial year and position at the end of the financial year

Details of financial performance for the year for our various activities is set out at Note 3. The Board receives regular information on a range of core performance indicators. The table below sets out the report to 31 March 2024:



The Board agrees upon performance measures annually.

It is pleasing to report that we ended the year with a solid operational performance on several fronts in such a challenging operating environment. Whilst recognising the great performance in the year, we acknowledge that there is still room for improvement, around:

- **LiveWell Former Tenancy Arrears**

The Q4 LiveWell FTA position was 4.2% (£336,558) against our target of 3.5%, reduced from our Q3 position of 4.9%. Our efforts to exert more control over our current tenants' arrears have impacted our former tenants' arrears. Looking forward we expect to see a downward trajectory following the movement of rent management to our central Income Management team.

- **LiveWell Void Rent Loss**

The Q4 LiveWell voids position was 4.08%, down from 4.26% at Q3 end but above our target of 3.5%. Due to the diversity of LiveWell services, there is variation in terms of voids across different service types. Our long-term Extra Care services run at 0.83%, whereas our short-term Homeless services run at 23%. We have experienced longer void turnaround times due to extensive works needed to be undertaken in some of our properties due to significant damage.

- **Repair Satisfaction**

Our Q4 Repair Satisfaction was 89% (under our target of 90%). The cumulative overall satisfaction for the year is 90.2%. A common theme arising from the free text submitted by customers is the communication around repair appointments or when delays are likely to occur. We know that automated communications from systems around repairs provide opportunities for us to improve the customer experience in this area, and we are working with colleagues in IT to explore possible improvements.

Future prospects

The financial years ahead have been permanently and negatively affected by the rent cap imposed on the sector in April 2023 at 7% which was less than the inflation rate and the challenging economic environment. This will challenge our operational surpluses. Demand for our homes and other services remains very strong, and we deliver high customer satisfaction.

The main factors underlying the development, performance, and position of the Group, and which are likely to affect it in the future are:

- Inflation and the level of rent increases
- Government intervention in the market, for example by setting further rent caps or schemes such as right to buy
- Regulatory standards increasing both compliance costs and expectations
- Managing costs, and in particular repair costs where wider economic factors continue to exert upwards pressure
- Interest rates
- Delivering operating efficiencies from our investment in technology
- In the longer term, the cost of fully decarbonising our stock by 2050

SYHA prepares a full long-term group business plan each year. The latest was approved in June 2024. Our base financial projections show that our business will meet loan covenants, generate cash on core operations, but have limited capacity to deliver on its growth ambitions.

These forecasts are subject to robust stress testing.

This testing:

- Is based upon financial risks identified in our Strategic Risk Register, the Sector Risk Profile, and Sector wide recognised risks.
- Aims to identify breaking points for each specific risk and for combinations of those risks
- Sets out actions we would take to mitigate the impact of adverse outcomes where appropriate

The overall outcome of that testing is that whilst some material adverse conditions, or combinations of those, could lead to problems with financial viability, the base financial projections provide an adequate level of headroom to compensate most potential financial shocks.

Description of the principal risks and uncertainties faced by the organisation

Effective identification and management of risk is critical to SYHA’s success. A comprehensive risk and assurance framework was put in place in 2022/23 and was further reviewed and updated during the 2023/24 financial year. Strategic risks are entered onto the corporate risk register which is overseen by the executive leadership team, with the Audit and Assurance Committee providing further oversight and challenge and offering assurance to the Board.

The principal risks which are contained on the corporate risk and assurance register are set out below:

Risk Type	Risk Description
Governance, regulation, and compliance	Failure to meet regulatory standards – SYHA is a complex organisation and subject to regulation by a variety of regulators including the Regulator of Social Housing, Housing Ombudsman, Care Quality Commission, OFSTED, and others.
	Failure to meet Safeguarding standards results in customer or employee harm, accusation of organisational abuse, fines and/or reputational damage
	Customers (& associates) with complex needs increase risk profile & criminal behaviour in dispersed properties leading to a serious incident risking staff, customers & community
	Failure to comply with GDPR and IT legislation results in a fine and/or reputational damage
	Failure to identify, fund and implement decarbonisation measure results in failure to achieve statutory decarbonisation targets
Financial	Failure to forecast and manage cash flow/liquidity results in cash shortage
	Failure to comply with lender covenants results in breach of loan agreements
	Economic volatility increases costs, resulting in inability to meet business plan outcomes
	Losses in major areas of the business (contracts or assets) create financial weakness or difficulty
	Investment in subsidiaries results in losses for SYHA

Operational	Critical IT systems availability affected by a Disaster or Business Continuity event
	Inability to achieve development plans results in failure to deliver strategic goals
	Failure to attract and retain talent results in underperformance, failure to achieve compliance and deliver strategy
	Shortages of labour or material undermine ability to provide services
	Major Information Security breach or event compromising Confidentiality/Integrity/Availability leading to regulatory action, fines, legal action, and/or severe reputational damage
	Poor quality data leads to governance, health and safety, viability, service delivery, or consumer standards failings.

Pensions

The way in which we are required to account for our SHPS pension schemes means that we have again seen a large movement reported in the Statement of Comprehensive Income. This year, a “loss” of £0.357 million is reported. Although the accounting estimate gives an indication of the funding position of the scheme, this is formally determined only by triennial valuations undertaken by SHPS.

The outcome of the triennial SHPS pension actuarial valuation (September 2020) was announced in late 2021. The increase in the scheme’s deficit resulted in a revision of and increase in deficit contributions. These have been reflected in SYHA’s Business Plan. During the 2021/22, and after careful consideration and a full consultation process, SYHA ceased future accrual in the SHPS defined benefit scheme. The next actuarial valuation has taken place and results published. It has been confirmed that there will be a new, reduced, deficit contribution payable from 1 April 2025. The table below sets out the contributions due from 1 April 2025 and the annual increase which will apply from 1 April 2026 onwards.

Effective date	Yearly contribution	Monthly contribution	Annual increase from 1 April 2026
1 April 2025	£1,189,530.40	£99,127.53	2%

Under the agreed Recovery Plan, the deficit contributions are due to end on 31 March 2028. The final payment will be made as part of our April 2028 contribution submission. The next actuarial valuation date is 30 September 2026.

The Trustee has carried out a review comparing the benefits provided to Scheme members with the requirements of the Scheme documentation. It has received legal advice that there is sufficient uncertainty regarding the effect of some benefit changes that the Court should be asked to provide clarity, to provide the Trustee with the certainty it needs to properly administer the Scheme. Preparation for the Court case is progressing to schedule and the Court has provided an expected window for the hearing during February 2025, with the judgment currently expected in Q2 2025. Should the Court decide that the historic benefit changes need to be applied differently, then some member benefits would need to be increased, which would increase the value placed on

Scheme liabilities. No allowance has been made for potential additional liabilities within the estimate provided above.

Governance

SYHA is regulated by the Regulator of Social Housing (RSH), with whom it is registered. The RSH issues regulatory judgements on governance and viability. The Board has a responsibility to ensure that SYHA is compliant with the regulatory standards, including the Governance & Financial Viability Standard, and its chosen Code of Governance. In order to evidence this compliance, we have carried out an annual self-assessment against both the regulatory standards and our Governance Code.

In line with the co-regulation expectations of the Regulator of Social Housing (RSH), in April 2023 SYHA self-reported a breach of financial covenant, which resulted in the RSH issuing a Regulatory Judgement downgrading SYHA to a non-compliant G3/V3 grading. This means that the RSH considers that there are issues of serious regulatory concern. The reasons leading up to the downgrades are clearly set out in the Regulatory Judgment issued by the RSH in June 2023.

The Board of SYHA continues to work with the RSH to address the concerns and to ensure a return to a compliant governance and financial viability grading. The Board are currently overseeing the delivery of a Recovery Plan (the G3/V3 Plan) which is substantially complete (as at July 2024, 23 actions out of 34 are complete) and is supported by external advisors to provide appropriate assurance to the Board, the RSH and other SYHA stakeholders. The Recovery Plan includes a full review of the SYHA governance framework, financial governance and financial viability.

The Governance and Financial Viability Standard requires registered providers to adopt an appropriate code of governance. SYHA has adopted the NHF Code of Governance 2020.

The following are the key methods by which we uphold the principles of good governance:

- Robust Board and sub-committee governance structure
- Clear policies and procedures are in place in relation to conduct and probity
- A clear schedule of Delegated Authorities
- Regular appraisal of Board performance and annual performance appraisals for Board members
- Financial risk management objectives and policies

During the year governance arrangements have been strengthened by:

- Recruitment of a new Board Chair and five new Board members
- Recruitment of a Head of Governance
- Review of the risk and assurance framework

The Group's activities expose it to several financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by its Board. These provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk

The Group's activities are largely characterised by steady and predictable cash inflows. Similarly, its operating outflows tend to be largely predictable. The main material variability on cashflows arises on our property disposal programme. The Group uses some fixed rates to protect against interest rate exposures.

Credit risk

The Group's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments.

The Group's credit risks are primarily attributable to its rent arrears, and placement on deposit of liquid funds. The amounts for rent arrears presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is mitigated by placing monies only with pooled funds with high credit-ratings.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future stock investment, the Group uses a mixture of long-term and short-term debt finance. In the medium to long term, it has exposure to refinancing risk. This is managed through regular review and preparation of long-term projections and maintaining awareness of the funding market both directly and via our advisors.

Subsidiaries and joint ventures

The Group manages risk in its subsidiaries and joint ventures through its Alliance and SYHAE subsidiary boards. The SYHAE Board includes both SYHA Board members and independent members with relevant expertise. The Group is pleased to note a slight improvement in the subsidiary results over the last two years. Furthermore, the Group Board carries out annually a formal assessment of its investment in SYHAE.

Going Concern

The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report.

The Group has considerable financial resources and, therefore, the Board believe that the Group is well placed to manage its business risks despite current uncertainties in the social housing sector. The current regulatory downgrade V3/G3 does limit access to new finance, albeit this has been mitigated by the Interim Strategy. Work to regain compliant grades is moving in a positive direction.

After making enquiries, and through developing its 2024 Business Plan, the Board has a reasonable expectation that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

Value for Money Metrics and Analysis

The Regulator of Social Housing sets out its expectations for Registered Providers in its 2018 Value for Money Standard and associated Code of Practice (updated in June 2021). In relation to these financial statements, the Standard states that it expects us to provide evidence to enable stakeholders to understand:

- Performance against our own value for money targets and any metrics set out by the regulator, and how that performance compares to peers
- Measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this

Our purpose is: with South Yorkshire Housing Association you can **settle** at home, **live well** and **realise your potential**. We want your **experience with us to be a joy**. We plan to be **here for the long-term** and we want everything we do to be sustainable. This long-term commitment to our customers and Sheffield City Region drives our investment decisions.

In July 2023 the Board approved an interim strategy for 2023/24, addressing its regulatory and financial challenges and focusing on:

- Doing the Basics Brilliantly
- Building Resilience
- Governance
- People

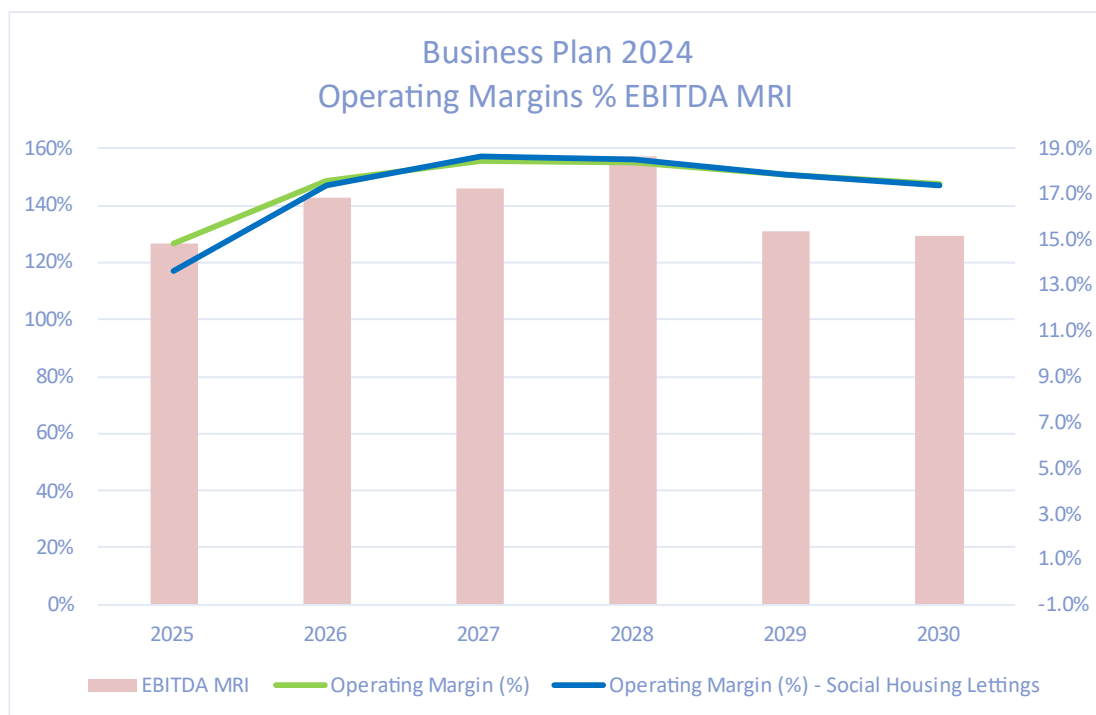
There are several significant factors driving the review and refocus of our strategy. At the June 2023 Board, following our regrade, it was agreed that to ensure alignment to the Business Plan, Risk Framework and the emerging G3/V3 Recovery Plan, the strategy should be focused on the short-term challenges, and a timeline proposed for the development of SYHA's next strategy. Focusing the strategy in this way forms a crucial part of driving internal focus on the 3 clear priorities set for the organisation – governance, finance, and performance.

It is anticipated that our G3/V3 recovery plan will span 12-18 months as we implement and embed the required changes. This requires SYHA's Interim Strategy to be heavily focused on Governance and Financial Viability against the RSH standards and this – along with the current financial constraints – will limit growth. Several reviews that were commissioned have either concluded or are in the final stages; these are critical in delivering the G3/V3 recovery plan.

The new strategic plan development is underway and will be completed in the Autumn of 2024.

Delivering operating efficiencies from our investment in technology supports our continued strive for 'Brilliant Basics'. These are to bring cost reductions and operating improvements, largely through online customer and employee transactions. We have also continued to deliver business-wide cost reductions through our efficiency plans, brought into sharper focus by wider economic factors which continue to exert upwards pressure on costs, in particular repair costs and the impact of regulatory standards increasing both compliance costs and expectations. Customers can now tell us about a repair, pay rent, report anti-social behaviour, and more on our online customer services portal. Improving our online customer services means that customers can access services quickly and flexibly. We're still here if customers want to call, email, or visit our office, and our online services mean that our email and phone waiting times are reduced. We're prioritising offering value for money for our customers and creating great services that meet expectations. We're currently developing new features that will enable customers to report more repairs, and book appointments online.

Our current 30-year business plan assumes what we believe to be achievable value for money savings and efficiencies from 2024 onwards, including a 2-year workforce planning project. The impact shows in the increasing operating surpluses and margins as shown below. It should be noted that the fall in EBITDA MRI in 2029 and 2030 is the result of the variability of the major repair component replacement cycle, with significant increases in come years.



Our performance

46.4% of our turnover comes from the provision of a wide variety of care, supported housing and employment related services under our LiveWell brand. All of these services are commissioned in a competitive market where we have to demonstrate value for money in order to win business. The markets, cost drivers and asset management issues for these services are quite different to those for social rented housing, and this has a material impact on our overall performance. Operating margins continue to be much lower in this sector, as it is largely grant funded, which has an impact on our operating margins metric but also on EBITDA, return on capital employed and (higher) operating costs per unit. We have a clear focus on financial viability in order to sustain LiveWell services and continue to deliver impact. Despite the challenging environment we've worked hard to deliver efficiencies so that contracts remain financially viable, and we can continue to deliver much needed supported housing, mental health, homeless and employment provision in our region. Our impact remains strong as one of the largest providers of care and supported housing services in the Sheffield City Region.

Our Performance Measures for 2024 have been approved by the Board and highlight our focus on performance as one of the 3 clear priorities set for the organisation as explained above. This year's measures have built in our revised Risk and Assurance Register, Interim Strategic Plan and new Tenant Satisfaction Measures (TSMs).

SYHA places great emphasis on customer voice, this being integral to the design and delivery of services. The first year of collecting TSMs is now complete, with overall satisfaction of 78% reflecting the great service that we provide to our customers. SYHA benchmarks in the median or

upper quartile across all perception measures and building safety measures. Further details can be found in the Strategic Report.

In the table below, we set out information using RSH metrics and our own internal metrics. We use our own actual figures from 2021, 2022, 2023 and 2024 and compare to the sector median from the Regulator of Social Housing VFM Metrics Benchmarking 2023 (the latest Global Accounts data available) where relevant. We will compare against the 2024 sector figures when they become available to assess our relative position further.

Table B - Performance Measures

RSH Metric	RSH Value for Money Sector Metrics:	2021	2022	2023	2024	RSH Value for Money	BP 2023	Varlance In	
						peer group	target for	2024 performance	
						2023 -	2024	against 2023 BP	
1	Reinvestment %	0.76%	2.73%	2.86%	2.11%	6.70%	2.40%	🟡	-0.29%
3	Gearing	43.68%	43.89%	44.97%	43.82%	45.30%	44.90%	🟡	-1.08%
4	EBITDA MRI (as a percentage of interest)	144%	128%	95%	95%	128%	95.8%	🟡	-0.64%
5	Headline social housing cost per unit	£4,470	£4,823	£5,716	£5,568	£4,586	£6,210	🟢	£642
7	Return on capital employed (ROCE)	1.87%	2.03%	3.18%	2.58%	2.80%	3.20%	🟡	-0.62%
2A	New supply %	0.36%	0.32%	0.31%	0.75%	1.30%	0.40%	🟢	0.35%
2B	New supply % (non social)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	🟢	0.00%
6A	Operating margin (social housing lettings)	20.8%	17.0%	10.8%	15.8%	19.8%	11.2%	🟢	4.56%
6B	Operating margin (overall)	11.0%	10.8%	9.7%	8.5%	18.2%	13.9%	🔴	-5.41%
SYHA additional VFM metrics:									
	Customer Satisfaction (GN & OP %)	88%	83%	83%	78%				
	Headline social housing cost per unit - General Needs	£2,668	£3,022	£3,611	£3,036	£4,586			
	Overheads as % of adjusted turnover	12.42%	12.89%	12.26%	14.02%	n/a			
	Operating margin - General Needs %	25.41%	20.74%	16.76%	25.00%	19.8%			

(note: the EBITDA MRI and gearing in the RoSH metric are not defined or calculated in the same manner as our lender covenant calculations)

Settle, live well and realise your potential

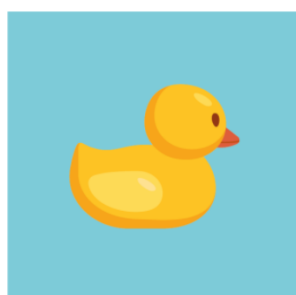
At SYHA we want to help people find and get established in a home that works for them. In order to do this, we continue to invest in our properties (both new supply and existing stock). Our **re-investment as a percentage of total cost of properties owned** is 2.11% in the year to 2024. We added 40 new socially rented and shared ownership homes during 2023/24. Our forecast is set to increase our new supply by 10 homes in 24/25, completing developments in progress but assumes no further development until the new strategy is set and SYHA regains compliant regulatory status.

Our asset management programme saw us dispose of 85 dwellings of which 36 were dwellings within a single property sale, generating £5.56 million which was used to support our affordable homes programme and contribute to improving our existing homes.

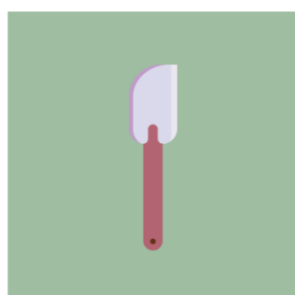
Our planned investment in new and existing properties is:

£000 Financial year ended	2025	2026	2027	2028	2029	Total
New Homes	196					196
Existing Stock Investment	3,334	3,111	3,366	3,502	5,632	18,945
Fire Safety Works	43					43
Decarbonisation	42	418	481	673	916	2,530
Void Works/Active Asset Management	270	256	262	269	274	1,331
LiveWell Asset Review	21					21
Subsidence work	299					299
Total	4,205	3,785	4,109	4,444	6,822	23,365

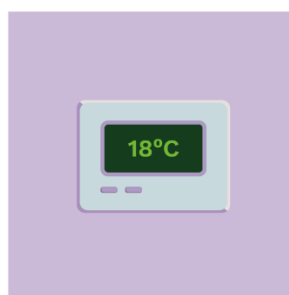
During the last year we have completed these upgrades for our customers:



150 new bathrooms



81 new kitchens



69 heat source replacements

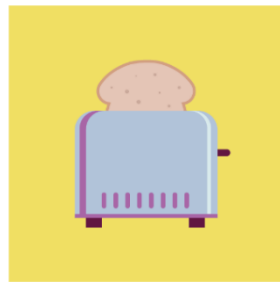


88 homes had new windows and doors

We also completed updates at our extra-care and supported housing schemes, including...



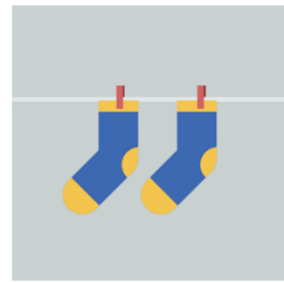
External decorating at 18 sites



Three new kitchens



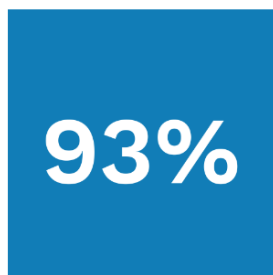
Seven heat source replacements



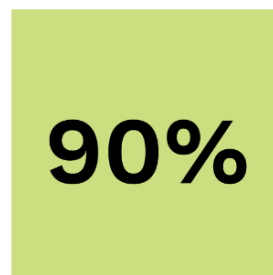
One new roof

“Thank you, they did a brilliant job – I literally love it so much.”
Customer feedback

We are pleased that our **repairs service** satisfaction exceeds our targets. We have added extra resource to our work to address damp, mould, and condensation (DMC) – this means we can identify and fix problems earlier, and complete remedial treatments quickly. We have additional budget in place to respond to this.



Our **first-time fix** rate for repairs



Customers that are **satisfied with our overall repairs service**

Despite our financial challenges, we invested **£2,956,000** through our Stock Investment Plan. It is essential to highlight that the original budget of £3,785,000 was reduced to realise in-year spending efficiencies and due to one of our planned maintenance contractors entering liquidation. This reduction did not pose any health and safety-related implications, as provisions are made for this capital asset investment within our Single Capital Plan. SIP spending in 2023/24 accounted for 73% of our Single Capital Plan and 26% of our overall repairs and maintenance spending.

All SIP work planned for 2024/25 cannot be covered by our in-house/other contractors; therefore, we will look to procure an additional provider mid-2024.

“I’d like to share some positive feedback for your Home Maintenance Team – great people doing a good job with pride.”

The total cost-per-unit (CPU) of **all** asset capital works within our Single Capital Plan is **£793**. This is a reduction from the SYHA 2022/23 position of £890. The most recent Regulator of Social Housing Global Accounts indicate the following benchmarks:

Major Repairs (Capital) Cost/Unit – Social Housing Units (Global Accounts)		
Q1	Median	Q3
£621	£839	£1076

Our ongoing repairs and maintenance project, initiated after an extensive external review of repairs and maintenance, is significant. It aims to identify ways to enhance the effectiveness of our overall repairs and maintenance costs, ensuring better value for money (VFM) and benchmarking well against various datasets, such as HouseMark and the RSH Global Sector Accounts. The Board acknowledged this crucial improvement plan during the May 2024 Board meeting.

Other examples of delivering better value for money which tie into our broader asset management strategy are:

- In-house delivery for kitchen and bathroom replacement programmes delivers an immediate 20% saving on VAT and like-for-like in-house costs delivers better VFM compared to external contractors. In-house activity also generates higher levels of customer satisfaction.
- Collaboration with our Development Team on components used in new-build homes for those in our existing approved pipeline limits the number of different components installed, keeping responsive repair costs lower.
- We are making transparent and collaborative investment decisions where we have exit strategies for assets to ensure that our investment is focussed on homes with a long-term future in SYHA (whilst providing that homes continue to meet the Decent Homes Standards and all relevant legislation).
- Working with our colleagues overseeing our retrofit work, we have identified stock with low SAP ratings to establish what other improvement measures might be taken to improve the thermal efficiency of homes whilst the SIP work is being undertaken.
- Reprofiling costs of some component replacements, such as boilers, from responsive repairs to the SIP contract, to be delivered for a better price.

A flavour of our impact across our **LiveWell services** is as follows:

- Over the last 12 months we have actively worked with **4,254** people who have been supported in their own homes, returned from hospital, or helped back into employment. Additionally, we have also provided Supported Housing and Residential Care to **1,336** customers who live or have lived in 1,327 dwellings managed or owned by SYHA.

- Through our Thrive employment contract **310** people with a health condition found employment and 64 achieved a training or education outcome
- Through our Working Win contract **3,700** people with a health condition or disability to achieved employment, of which **84%** have sustained their employment outcome for 13 weeks.
- Working Win was subject to a national Randomised Control Trial. Evaluation of the trial highlighted that Working Win had had significant impact on health and wellbeing outcomes for participants, and economic analysis showed that these health outcomes produced a strong return-on-investment to both society and to funders. The return-on-investment in the Sheffield City Region for every £1 invested in Working Win was £2.01 (out of work participants) and £2.32 (in work participants). This is significantly ahead of the only other pilot site for the health-led trial, the West Midlands, where the ROI figure was just £0.01 for every £1 invested

An area of improvement in the next 12 months is to implement a more systematic approach to measuring and evidencing social impact across SYHA. The new Head of Performance and Data and our new Quality and Improvement Lead in LiveWell will bring additional capacity to support this work. We know we deliver great social impact but our ability to evidence this in the way commissioners want has been limited. We also recognise that providing Board with clearer data on our social as well as financial impact will help support future decisions in LiveWell.

Experience to be a joy

Our overall **customer satisfaction** is 78%.

“I know I’m not living here as just a tenant – I have people behind me, and I know where to go if I have any problems.”

Naomi
Attendee feedback

Comments from our dissatisfied customers tell us that if things go wrong, we aren’t always putting things right.

This data is from a survey we send to customers after we’ve responded to their complaint. **67%** of our customers were satisfied or very satisfied with how we’ve dealt with their complaint.



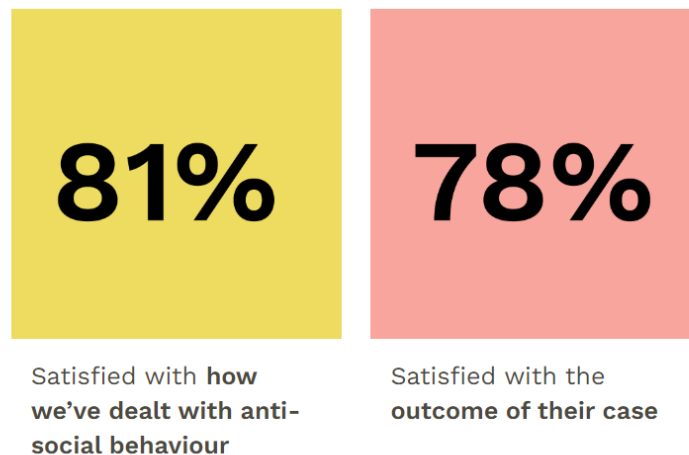
We are pleased that our customers’ satisfaction for all our survey questions has increased from 2022/23. This year, we have made a number of improvements to how we handle complaints, including:

- Increasing the visibility of live complaints by sharing weekly performance data
- Sharing a monthly email containing complaints themes, learning and areas for improvements.

And, to continue to improve our response and customers' satisfaction, we are currently:

- Reviewing our complaints training materials
- Supporting our employees to improve complaints records and reporting.

We are committed to work with our customers and local partners to resolve anti-social behaviour. This year, we've recorded **368 anti-social behaviour cases**, which is a small increase from the year before. Here's a summary of our customers' feedback on how we've dealt with anti-social behaviour.



Our customers' feedback has told us that we need to clearly show that we're taking all concerns seriously, and that we'll be responsive if issues occur again. We're also improving how we explain the reasons and benefits of gathering evidence.

We are part of an anti-social behaviour best practice group involving a range of landlords across the north of England. This is proving a valuable forum for sharing responses to changes in legislation and sharing learning. We also continue to attend neighbourhood action groups, complete neighbourhood walkabouts, and build positive partnerships with local services.

Here for the long term

A significant theme in our strategy is focussed on '**Building Resilience**' – our financial health and delivering value for money. The key priorities of the theme include

- We will ensure that SYHA's Business Plan demonstrates adequate financial capacity in the short to medium term, to support financial performance and future covenant compliance
- We will ensure that SYHA's mitigation strategies are able to deal with plausible stresses

These priorities, along with our continued work on value for money will ensure that we are here for the long term.

Our overall **social housing cost per unit** is £5,568 compared to a peer group median of £4,586 in 2023. This cost per unit is lower than our business plan target set in 2023 as we implemented efficiency plans.

The overall cost per unit is influenced heavily by our LiveWell services, which as typically grant funded services, have much higher operating costs and lower margins. Costs also vary significantly from one scheme to another within LiveWell, and the mix of services and funding within LiveWell can change from year-to-year. The effect of this has been for our overall cost per unit to vary from year-to-year. Because of this LiveWell effect, we separate out our general needs social rented housing figures from LiveWell when looking to analyse our performance and compare to our peers.

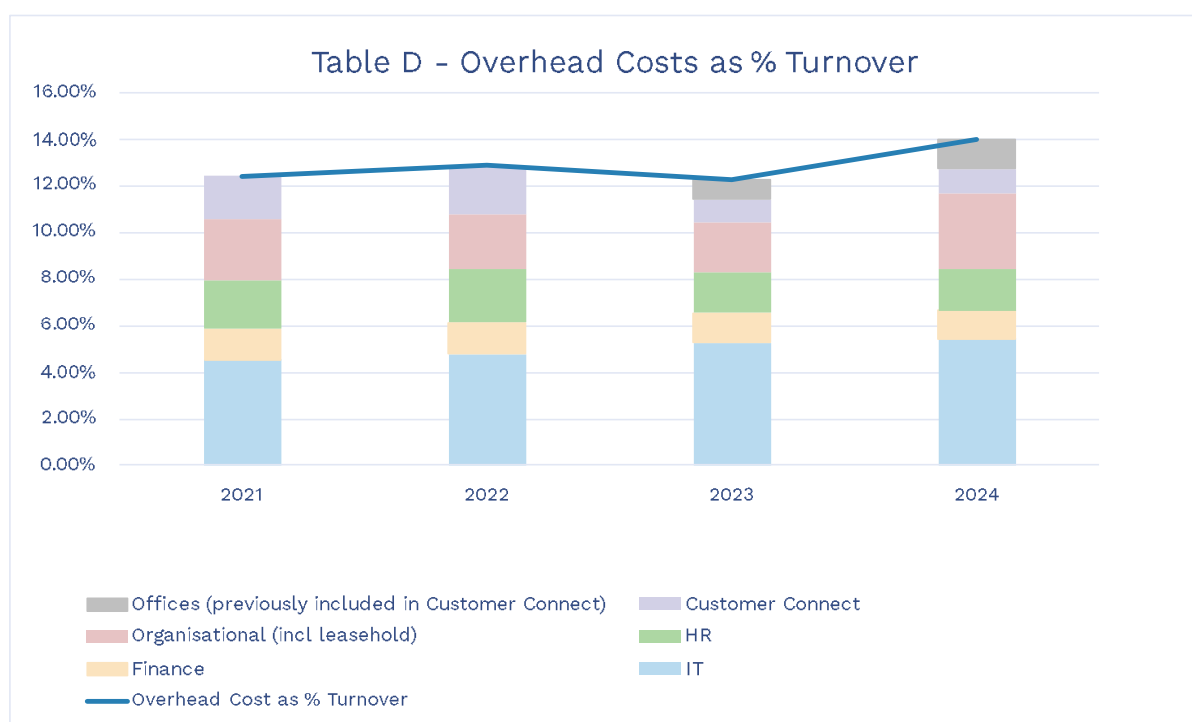
Projects within Livewell are subject to regular financial review. Where financial performance does not meet our expectations, we will firstly negotiate with the commissioner to address the issue. Where this is not resolved, we do not renew the service contract.

Looking just at our **general needs cost per unit**, this was £3,025 in 23/24, compared to £3,611 in 22/23. From table B above we break this down into various elements of cost:

General Needs cost/unit	2021	2022	2023	2024
Headline social housing cost	£2,668	£3,022	£3,611	£3,036
Management cost	£1,172	£1,079	£1,150	£1,081
Service charge cost	£136	£135	£160	£136
Maintenance cost	£1,163	£1,241	£1,506	£1,485
Major repairs cost	£407	£560	£775	£302
Other social housing costs	£66	£7	£20	£32

Our management cost per unit (general needs) decreased by 6% to £1,081 whilst our maintenance / major repairs costs taken together are £1,787, a decrease of 22% from £2,281 in 22/23, (the increase in 22/23 was the result of catch up on spend in major repairs (up by 38%) and response to fire safety regulations).

We use **overhead cost as a % of turnover** as a measure when analysing our performance and setting budgets and future plans. The costs associated with our recovery plan shows overhead percentage increasing to 14.02%, which whilst comparing favourably with the sector median of 14.9% in 2022, will be subject to the efficiency improvements planned.



At 2.58% in 2024, our **return on capital employed** (ROCE) is slightly LOWER than the sector median (peer group) of 2.80%. Our business plan for the Association shows an increasing trend in performance as follows:

Year	2024	2025	2026	2027
Return on Capital Employed	2.58%	3.3%	3.4%	3.4%

Continuing the strategic theme of doing the basics brilliantly, we continue to analyse returns across all our assets and use this to drive our decision making. For our LiveWell assets, we analyse our asset performance in terms of customer impact, business impact (gathering a rating based on profitability and NPV) and system impact (the value of the asset on the wider health and care system).

The work on assessing the financial performance of portfolio of assets within our neighbourhoods continues. This data will be used by the Asset Management Group to make robust and transparent decisions on our homes.

Our **gearing measure**, at 43.82% is slightly lower than the 2023 peer group benchmark median of 45.30% but is an improved position when compared with our projected 2023 business plan performance for 2024. This reflects the extent to which we have invested in providing new homes over many years.

Our overall **operating margin** in 23/24 was 8.5%, a decrease from 9.7% in the previous year. Comparing to the sector scores, our performance on this metric is again heavily influenced by lower margins in LiveWell. Significant work on improving margins has resulted in improvements on the social housing lettings margin, which increased to 15.8% from 10.8% in 2023 (a year specifically impacted by high costs) and an improvement on the business plan target in 2023 of 11.2%.

Future

As a result of the volatile economic environment, inflationary pressures, and our striving for increased value for money, Board and Directors continue to achieve efficiency savings and embark on the workforce planning project. We want to ensure that SYHA is financially resilient and here for the long term, to continue to deliver quality homes and services for customers. The Board commissioned further reviews in 2023/24. Reviews undertaken have included Rents and Service Charges and Maintenance.

The outcomes of this work show in improved operating margins. Value for money efficiencies, either already identified or targeted set of savings to be identified, are included in our business plan. The impact of our work to improve margins in our business plan is shown in improved operating margins:

Year	2025	2026	2027	2028	2029
Operating margin	14.8%	17.6%	18.4%	18.4%	17.8%

Our **targets** in our business plan in relation to the Regulatory Metrics are shown below and we will monitor and report against these.

RSH

Metric	RSH Value for Money Sector Metrics:	2025	2026	2027	2028	2029
1	Reinvestment %	1.1%	1.2%	1.3%	1.4%	1.9%
3	Gearing	32.6%	32.0%	30.9%	30.0%	28.9%
4	EBITDA MRI (as a percentage of interest)	126.9%	142.7%	145.7%	157.1%	131.1%
5	Headline social housing cost per unit	£6,154	£6,172	£6,247	£6,476	£7,049
7	Return on capital employed (ROCE)	3.1%	3.3%	3.4%	3.4%	3.4%
2A	New supply %	0.2%	0.0%	0.0%	0.0%	0.0%
2B	New supply % (non social)	0.0%	0.0%	0.0%	0.0%	0.0%
6A	Operating margin (social housing lettings)	13.6%	17.4%	18.7%	18.5%	17.8%
6B	Operating margin (overall)	14.8%	17.6%	18.4%	18.4%	17.8%

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Board Report

Statement of Board members' responsibilities

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

Registered Provider Rules require the Board to prepare financial statements for each financial year. Under that legislation the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Association and of the surplus or deficit of the Group and Association for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with Housing Association legislation (*Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022*). The Board is also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to the auditor

Each of the Board members at the date of approval of this report has confirmed that:

- As far as the Board members are aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Board members have taken all the steps that they ought to have taken as Board members in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Board Report

Employment Consideration for Disabled Employees

At SYHA, we are committed to fostering an inclusive workplace where diversity is valued and every individual has the opportunity to contribute and grow. We recognise the importance of supporting employees with disabilities and ensuring they are treated with dignity, respect, and fairness throughout the employment process.

Equal Opportunity

We are an equal opportunity employer. This means that we do not discriminate on the basis of disability, or any other characteristic protected by law. All employment decisions, including hiring, promotion, and training opportunities, are based on merit, qualifications, and the needs of the business, regardless of whether an employee or applicant has a disability.

Disability Confident

We are a disability confident employer.

Reasonable Adjustments

We are committed to providing reasonable adjustments to employees and applicants with disabilities. If an individual requires an adjustment or modification in the application process, or to perform the essential functions of the job, we encourage them to inform us as soon as possible. Our goal is to remove barriers and enable individuals to perform their work effectively.

Confidentiality

All information regarding an employee's disability is treated with strict confidentiality. This information will only be disclosed to those directly involved in the accommodation process and only to the extent necessary to facilitate a reasonable accommodation or to ensure workplace safety.

Training and Awareness

Our organisation provides regular training to all employees, particularly those in managerial or supervisory roles, to raise awareness about disability inclusion and to ensure that they understand their responsibilities under the law. This includes understanding how to interact with and support employees with disabilities and how to handle accommodation requests.

Continuous Improvement

We continually review and improve our policies and practices to ensure they are effective in promoting an inclusive environment for employees with disabilities. Feedback from employees and applicants is encouraged and will be used to enhance our approach.

We are committed to providing the support necessary to ensure all employees can thrive at SYHA.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Board Report (continued)

Internal Control

The Board is responsible for the Association's system of internal control. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating, and managing any significant risks faced by the Association, and this has been in place for the year under review and up to the date of the approval of the annual report and accounts.

These are the procedures which the board has established, and which are designed to provide effective internal control:

Identification and evaluation of key risks

The Board has approved a Risk and Assurance Framework, setting out the embedded risk management processes to be used across the business. These include the identification, evaluation and control of significant risks at corporate and departmental level. SYHA's policy is for risk assessments to be prepared for all material new business activities. Regular reports on corporate risks are presented to the Audit and Assurance Committee and the Board. The Senior Management Team regularly reviews departmental risks, overseen by the Executive Leadership Team and escalated to the Corporate Risk Register where appropriate. In addition, the Chief Executive provides regular updates to the Board on significant changes affecting key risks:

Monitoring and corrective action

A system of control self-assessment and hierarchical reporting is in place for all key operational processes. This provides for successive assurances to be given at increasingly higher levels of management, and to the Board. This includes procedures for ensuring that appropriate corrective action is taken in respect of any material control issues.

Control environment and control procedures

The Association has a Code of Conduct, which sets out the Association's policy with regards to integrity and ethics, and this is disseminated to all employees. SYHA maintains a framework of policies and procedures with which all employees must comply. These cover issues such as delegated authority, financial regulations, accounting, treasury management, health and safety, data protection and fraud prevention and detection.

The Association receives reports from various external regulatory bodies, such as the Regulator of Social Housing, the Housing Ombudsman, and the Care Quality Commission. Where relevant, learning from these publications is incorporated into SYHA's systems and processes.

Information and financial reporting systems

Financial control procedures include preparation of detailed annual budgets for all areas of the business, approved by the Board. The Board receives reports each quarter comparing actual performance with budget. Information on performance indicators across the business is considered each quarter by the Board to assess progress towards the achievement of key business objectives and targets. Detailed financial information is provided regularly to all budget holders. The Board approves a long-term business plan each year. The Audit and Assurance Committee considers a report from the Association's external auditors on the outcome of their audit, including comments on any internal control or risk issues that may have arisen.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Board Report (continued)

Internal Audit

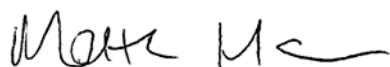
The Association has an annual programme of internal audit determined and approved by the Audit and Assurance Committee, based upon a risk-based needs assessment. Internal audit provides a degree of assurance as to the effectiveness of internal control systems. Reports are presented to the Audit Committee, which, in turn, reports and provides assurance to the Board.

The Board has reviewed the effectiveness of the system of internal control. No weaknesses in internal control have resulted in material losses, contingencies, or uncertainties which require disclosure in the financial statements or the auditor's report on the financial statements.

BY ORDER OF THE BOARD

Approved by the Board on 7th August 2024

and signed on its behalf by

A handwritten signature in black ink, appearing to read 'Mark M', with a stylized flourish at the end.

M Harrison

Chair of the Board of Management

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Independent Auditor's Report to the members of South Yorkshire Housing Association Limited

At 31 March 2024

Opinion

We have audited the financial statements of South Yorkshire Housing Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Group and parent association Statements of Comprehensive Income, the Group and parent association Statements of Financial Position, the Group and parent association Statements of Changes in Reserves, the consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 parent association's affairs as at 31 March 2024 and of the group's and of the parent association's loss 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 parent Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Boards' 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 Group's and parent 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 are responsible for the other information contained within the annual report. Our opinion on the financial statements does not

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Independent Auditor's Report to the members of South Yorkshire Housing Association Limited

At 31 March 2024

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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

In light of the knowledge and understanding of the group and parent association and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of management report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Boards' responsibilities statement set out on page 33, the Board are 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Group's and parent 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 intend to liquidate the Group or parent 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Independent Auditor's Report to the members of South Yorkshire Housing Association Limited

At 31 March 2024

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and parent association and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation. To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the group and parent association is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and parent association which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, the Co-operative Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social housing 2022.

In addition, we evaluated the Board's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion subject to your revenue recognition significant fraud risk), and significant one-off or unusual transactions].

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Independent Auditor's Report to the members of South Yorkshire Housing Association Limited

At 31 March 2024

Use of the audit report

This report is made solely to the association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.



David Hoose (Sep 24, 2024 16:11 GMT+1)

David Hoose (Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 2AX

Date: Sep 24, 2024

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Consolidated & Association Statement of Comprehensive Income

At 31 March 2024

		Group		Association	
	Note	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Turnover	3a/3c	51,384	50,745	50,064	49,287
Operating expenditure	3a/3c	(46,672)	(45,442)	(45,816)	(44,489)
Surplus on disposal of property, plant and equipment	4	3,203	1,957	3,537	1,904
Operating surplus	3a/3c	7,915	7,260	7,785	6,702
Finance income	6	358	160	202	136
Interest and financing costs	5	(7,779)	(6,603)	(7,088)	(5,934)
Surplus/(deficit) on revaluation of investment properties	14	-	10	-	10
Deficit on revaluation of fixed asset investments	14	(13)	(59)	(13)	(59)
Impairment of housing properties		(1,315)		(1,315)	-
(Deficit)/Surplus before tax		(834)	768	(429)	855
Taxation on surplus	10	(32)	-	(32)	-
Deferred tax	10	(205)	-	(205)	-
Share of profit/(loss) in joint venture	14	52	32	-	-
(Deficit)/Surplus for the year		(1,019)	800	(666)	855
Actuarial (loss)/ gain in respect of pension schemes	20	(357)	(1,345)	(357)	(1,345)
Total comprehensive income for the year		(1,376)	(545)	(1,023)	(490)

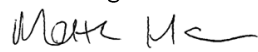
SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Consolidated & Association Statement of Financial Position

At 31 March 2024

	Note	Group		Association	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	11	2,841	3,047	2,824	3,003
Housing properties	12	305,480	308,912	292,139	295,582
Other property, plant and equipment	13	9,771	9,971	9,767	9,967
Investment in subsidiary		-	-	3,025	3,445
Other investments	14	3,641	3,567	1,336	1,314
		<u>321,732</u>	<u>325,497</u>	<u>309,091</u>	<u>313,311</u>
Current assets					
Inventories	15	795	929	795	424
Debtors	16	3,358	4,643	3,454	4,728
Cash and cash equivalents	17	4,567	6,013	3,439	4,303
		<u>8,720</u>	<u>11,585</u>	<u>7,688</u>	<u>9,455</u>
Creditors: Amounts falling due within one year	18	(20,299)	(111,395)	(20,060)	(110,811)
Net current liabilities		(11,579)	(99,810)	(12,372)	(101,356)
Total assets less current liabilities		310,153	225,686	296,719	211,955
Creditors: Amounts falling due after more than one year	19	(269,063)	(182,436)	(254,802)	(168,231)
Defined benefit pension liability	20	(4,934)	(5,718)	(4,934)	(5,718)
Net assets		36,156	37,532	36,983	38,006
Capital and reserves					
Called-up share capital	22	-	-	-	-
Revenue reserve		36,154	37,519	36,981	37,993
Restricted reserve		2	13	2	13
Total reserves		36,156	37,532	36,983	38,006

The financial statements of South Yorkshire Housing Association Group were approved by the Board on 7th August 2024 and signed on its behalf by:



M Harrison
Board Member



K Dickinson
Board Member



D Chrystal
Company Secretary

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Statement of Changes in Reserves

For the year ended 31 March 2024

Group	Revenue reserve £'000	Restricted reserve £'000	2024 Total £'000	2023 Total £'000
At 1 April 2023	37,519	13	37,532	38,188
Movement in Reserves	11	(11)	-	-
Surplus for the Year	(1,019)	-	(1,019)	800
Actuarial loss in respect of pension scheme	(357)	-	(357)	(1,345)
Reclassification of Sinking Funds	-	-	-	(111)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	<u>36,154</u>	<u>2</u>	<u>36,156</u>	<u>37,532</u>
Association	Revenue reserve £'000	Restricted reserve £'000	2024 Total £'000	2023 Total £'000
At 1 April 2023	37,993	13	38,006	38,607
Movement in Reserves	11	(11)	-	-
Surplus for the Year	(666)	-	(666)	855
Actuarial gain/(loss) in respect of pension scheme	(357)	-	(357)	(1,345)
Reclassification of Sinking Funds	-	-	-	(111)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	<u>36,981</u>	<u>2</u>	<u>36,983</u>	<u>38,006</u>

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Consolidated Statement of Cashflows

For the year ended 31 March 2024

	2024	2023
	£'000	£'000
Net cash generated from operating activities	10,496	9,874
Cash flows from investing activities		
Purchase of property, plant and equipment	(7,155)	(9,074)
Proceeds from sale of property, plant and equipment	6,287	5,120
Investment in Joint Venture	52	(900)
Grants received	1,061	(838)
Interest received	358	144
Net cash flows from investing activities	603	(5,548)
Cash flows from financing activities		
Interest paid	(7,096)	(5,566)
Interest element of finance lease rental payments	(691)	(669)
New loans	5,000	8,000
Repayments of borrowings	(9,758)	(5,078)
Net cash flows from financing activities	(12,545)	(3,313)
Net decrease in cash and cash equivalents	(1,446)	1,013
Cash and cash equivalents at beginning of year	6,013	5,000
Cash and cash equivalents at end of year	4,567	6,013
	2024	2023
	£'000	£'000
Cash flows from operating activities		
(Deficit)/Surplus for the year	(1,019)	800
Adjustment for non-cash items:		
Depreciation of property, plant and equipment, incl disposals	7,303	7,704
Profit on disposal of fixed assets	3,203	1,957
Amortisation of intangible assets	486	531
(Increase)/decrease in inventories	(17)	17
Decrease in debtors	1,437	159
Increase/(decrease) in creditors and provisions	3,068	(179)
Share of (profit)/loss in joint venture	(52)	(32)
Pension costs less contributions payable	(1,141)	(1,094)
Increase in fair value of investment property	(74)	107
Adjustments for investing and financing activities:		
Proceeds from the sale of property, plant and equipment	(6,287)	(5,120)
Government grants utilised in the year	(3,941)	(1,466)
Interest payable	7,888	6,650
Interest receivable	(358)	(160)
Cash generated by operations	10,496	9,874

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2024

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

Going Concern

The Group's activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and derivative activities, and its exposures to credit, liquidity and cash flow risk are described in the Strategic Report.

The Group has considerable financial resources and, therefore, the Board believe that the Group is well placed to manage its business risks despite current uncertainties in the social housing sector.

After making enquiries, and through developing its 2024 Business Plan, the Board has a reasonable expectation that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these Financial Statements.

General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2018 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2022. South Yorkshire Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertakings drawn up to 31 March each year. South Yorkshire Housing Association Limited has four subsidiary undertakings and a joint venture. Two of the subsidiaries are dormant and are excluded from consolidation on grounds of materiality, but two, SYHA Enterprises Limited and Alliance Housing Association (South Yorkshire) Limited, are trading. These accounts consolidate those of the Association, Alliance Housing Association (South Yorkshire) Limited and SYHA Enterprises Limited made up to 31 March 2024. The Group financial statements include 20% of the profits and losses of Forge New Homes LLP.

Housing properties

Housing properties for letting and shared ownership properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs and borrowing costs directly attributable to the construction of new housing properties during the development.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2024

Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their useful economic lives of 100 years. Freehold land is not depreciated.

Major components

Major components of housing properties, which have significantly different patterns of consumption of economic benefits, are treated as separate assets and depreciated over their expected useful economic lives at the following annual rates:

Structure	100 years	Roofs	70 years
Electrics	40 years	Doors and windows	30 years
Bathrooms	30 years	Mechanical systems	30 years
Kitchens	20 years	Lifts	20 years
Gas boilers	15 years		

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Improvements

Where there are improvements to housing properties that are expected to provide incremental future benefits, these are capitalised and added to the carrying amount of the property and depreciated in accordance with the depreciation policy. Any works to housing properties which do not replace a component or result in an incremental future benefit are charged as expenditure in surplus or deficit in the Statement of Comprehensive Income.

Leaseholders

Where the rights and obligations for improving a housing property reside with the leaseholder or tenant, any works to improve such properties incurred by the Association is recharged to the leaseholder and recognised in surplus or deficit in the Statement of Comprehensive Income along with the corresponding income from the leaseholder or tenant.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2024

Non-housing property, plant and equipment

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Depreciation is provided on all non-housing property, plant and equipment, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Office premises	- written off over the term of the lease
Office components	- 15 – 70 years (in accordance with the component lives stated above)
Enhancement to office premises	- 10 years
Housing management and ERP system	- 15 years
Office equipment and computer hardware	- 4 years
Motor vehicles	- 4 years
Furnishing schemes and general equipment	- 4 – 7 years

Investment properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation or both are classified as investment properties. Properties that are used for administrative purposes or that are held for the provision of social housing are treated as property plant and equipment. Mixed use property is separated between investment property and property, plant and equipment.

Land is accounted for based on its intended use. Where land is acquired speculatively with the intention of generating a capital gain and/or a commercial rental return it is accounted for as investment property. Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment

Investment properties are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Intangible assets

Intangible assets are stated at historic cost or valuation, less accumulated amortisation and any provision for impairment. Amortisation is provided on all Intangible assets at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life, as follows:

Software implementation	- 10 years
Goodwill*	- 10 years

*This relates to the acquisition of Rotherlets, TPLS and Winkworth (lettings agencies) by SYHA Enterprises Limited. It is estimated that these acquisitions contribute to the business returns over at least 10 years from acquisitions and this was included in the business plan of SYHA Enterprises Limited at the time of acquisition.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2024

Impairment of social housing properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Social Housing Grant and other Government grants

Where grants are received from government agencies such as the Homes England, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision

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for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

Restricted reserves

Where reserves are subject to an external restriction they are separately recognised within reserves as a restricted reserve. Revenue and expenditure is included in surplus or deficit in the Statement of Comprehensive Income and a transfer is made from the general reserve to the restricted reserve.

The balance on the reserve is wholly attributed to the Big Lottery Fund Grant for the Age Better programme.

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Payments under operating leases are charged to surplus or deficit in the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

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For the year ended 31 March 2024

Interest payable

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are calculated using the effective interest rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined on the basis of the carrying amount of the financial liability at initial recognition. Under the effective interest method, the amortised cost of a financial liability is the present value of future cash payments discounted at the effective interest rate and the interest expense in a period equals the carrying amount of the financial liability at the beginning of a period multiplied by the effective interest rate for the period.

Interest is capitalised on borrowings related to the development of qualifying assets, to the extent that it accrues in respect of the period of development if it represents interest on borrowings specifically financing the development programme after deduction of related grants received in advance. Other interest payable is charged to income and expenditure in the year.

Pensions

The Association participates in two multi-employer schemes, the defined benefit Social Housing Pensions Scheme and a Local Government Pension Scheme, where it is possible for individual employers as admitted bodies to identify their share of the assets and liabilities of the pension scheme. For these schemes the amounts charged to operating surplus are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to revenue and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each Statement of Financial Position date.

Defined contribution scheme

The Group also participates in a defined contribution scheme where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and Homes England.

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For the year ended 31 March 2024

Shared ownership property sales

Shared ownership properties, including those under construction, are split between non-current assets and current assets. The split is determined by the percentage of the property to be sold under the first tranche disposal which is shown on initial recognition as a current asset, with the remainder classified as a non-current asset within property plant and equipment. Where this would result in a surplus on the disposal of the current asset that would exceed the anticipated overall surplus, the surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or non-current assets.

Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposals occur and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.

Investments

Investments that are publicly traded or whose fair value can be measured reliably are measured at fair value with changes in fair value recognised in surplus or deficit in the Statement of Comprehensive Income. Other investments are measured at amortised cost less impairment.

Joint venture

The Group's interest in the joint venture is a jointly controlled entity and the investment is accounted for using the equity method under FRS 102. The joint venture is carried within the Group's financial statements at the Group's share of its net assets/liabilities and the Group recognises its share of the profit or loss for the period.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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For the year ended 31 March 2024

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest-bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions – rent arrears

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are derecognised as a financial asset and a new financial asset measured at the present value of the future payments discounted at an appropriate market rate of interest. The present value adjustment is recognised in surplus or deficit in the Statement of Comprehensive Income. There are no such material arrangements at the year end.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Gift aid payments

Gift aid payments are charged as distributions of reserves in accordance with the guidance included in the Institute of Chartered Accountants technical release 'Guidance on donations by a company to its parent charity'.

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For the year ended 31 March 2024

11. Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

An annual assessment is made as to whether an indicator of impairment exists. This judgement is made considering the detailed criteria set out in the SORP. If an indicator is identified an impairment review is undertaken which compares the asset's carrying amount to the recoverable amount. Any impairment losses are charged to the statement of comprehensive income.

Following an assessment, it was judged that no indicators exist in our completed housing stock, and no impairment was required in the year to 31 March 2024. The schemes in development were also reviewed and it was considered that some of these were impaired. A write off of £1.133 million was undertaken.

Capitalisation of development costs

The Group capitalises development expenditure in accordance with the accounting policy on housing properties. Judgement is exercised over the likelihood that projects will continue.

Estimation uncertainty

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

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For the year ended 31 March 2024

Rental bad debt provision

The bad debt policy considers the size of the debt as an estimation of the primary indication of recoverability.

Current Tenant Arrears are provided for as follows:

Size of debt	Provision Value
< £100	5%
£100 - £249	15%
£250 - £499	25%
£500 - £749	40%
£750 - £999	55%
£1,000 - £2,000	80%
>£2,000	100%

100% of all former tenant debt is provided for.

Provisions

These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

Defined benefit pension schemes

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

An obligation of £5.26m was recognised at 31 March 2024 for the SHPS scheme and an asset of £0.32m for the SYPF scheme. Typically increasing the inflation assumption by 0.1% p.a. would increase the inflation-linked liabilities by the order of 2%, although the precise impact will vary from employer to employer based on their membership profile.

Components of housing properties and useful lives

Major components of housing properties have significantly different patterns of consumption of economic benefits and estimates are made to allocate the initial cost of the property to its major components and to depreciate each component separately over its useful economic life. The Group considers whether there are any indications that the useful lives require revision to each reporting date to ensure that they remain appropriate.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

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For the year ended 31 March 2024

3a. Particulars of turnover, cost of sales, operating costs and operating surplus – Group

	2024		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings (note 3b)	35,608	(29,608)	6,000
Other social housing activities			
1 st tranche property sales	656	(505)	151
Charges for support services	1,696	(1,789)	(93)
Other*	1,438	(1,046)	392
	39,398	(32,948)	6,450
Activities other than social housing activities	11,986	(13,724)	(1,738)
	51,384	(46,672)	4,712
	51,384	(46,672)	4,712
Surplus on disposal of property, plant and equipment (note 4)			3,203
Operating Surplus			7,915

*Other includes PFI income and agency charges

	2023		
	Turnover £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings	31,862	(27,560)	4,302
Other social housing activities			
1 st tranche property sales	501	(641)	(140)
Charges for support services	2,154	(2,126)	28
Other	1,724	(1,113)	611
	36,241	(31,440)	4,801
Activities other than social housing activities	14,504	(14,002)	502
	50,745	(45,442)	5,303
	50,745	(45,442)	5,303
Surplus on disposal of property, plant and equipment (note 4)			1,957
Operating Surplus			7,260

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For the year ended 31 March 2024

3b. Particulars of Income and Expenditure from social housing lettings – Group

	General Needs Housing	Shared Ownership	Temporary Housing	Direct Managed Supported Housing & Housing for Older People	Residential Care Homes	2024 Total	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Rents receivable	19,818	661	322	4,903	788	26,492	24,585
Service charge income	834	346	439	4,431	8	6,058	5,000
Amortised government grant	1,177	16	18	385	-	1,596	1,605
Other grants	-	-	-	-	413	413	379
Other	577	2	1	456	13	1,049	293
Turnover from social housing lettings	22,406	1,025	780	10,175	1,222	35,608	31,862
Expenditure							
Service charge costs	593	134	222	2,240	39	3,228	2,993
Management	4,724	312	382	2,687	306	8,411	8,307
Routine maintenance	5,638	225	154	1,631	68	7,716	7,275
Planned maintenance	839	1	19	243	15	1,117	1,147
Other LiveWell Costs	-	19	23	765	748	1,555	1,760
Bad debts	40	-	10	57	-	107	90
Property lease charges	-	-	3	64	-	67	22
Depreciation of housing properties	4,549	15	48	1,748	42	6,402	5,682
Other costs	103	206	25	670	1	1,005	284
Operating costs	16,486	912	886	10,105	1,219	29,608	27,560
Operating surplus social housing lettings	5,920	113	(106)	70	3	6,000	4,302
Void losses	141	6	235	322	20	724	603

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For the year ended 31 March 2024

3c. Particulars of turnover, cost of sales, operating costs and operating surplus – Association

	2024		
	Turnover £'000	Operating costs £'000	Operating Surplus/(deficit) £'000
Social housing lettings (note 3d)	34,837	(29,348)	5,489
Other social housing activities			
1 st tranche property sales	656	(505)	151
Charges for support services	1,696	(1,789)	(93)
Other*	1,519	(1,045)	474
	<u>38,708</u>	<u>(32,687)</u>	<u>6,021</u>
Activities other than social housing activities	11,356	(13,129)	(1,773)
Total	<u>50,064</u>	<u>(45,816)</u>	<u>4,248</u>
Surplus on disposal of property, plant and equipment (note 4)			<u>3,537</u>
Operating Surplus			<u>7,785</u>

*Other includes PFI income, agency charges and management income from Alliance Housing

	2023		
	Turnover £'000	Operating costs £'000	Operating Surplus/(deficit) £'000
Social housing lettings	30,610	(27,319)	3,291
Other social housing activities			
1 st tranche property sales	501	(641)	(140)
Charges for support services	2,154	(2,126)	28
Other	2,278	(1,111)	1,167
	<u>35,543</u>	<u>(31,197)</u>	<u>4,346</u>
Activities other than social housing activities	13,744	(13,292)	452
Total	<u>49,287</u>	<u>(44,489)</u>	<u>4,798</u>
Surplus on disposal of property, plant and equipment (note 4)			<u>1,904</u>
Operating Surplus			<u>6,702</u>

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3d. Particulars of Income and Expenditure from social housing lettings – Association

	General Needs Housing	Shared Ownership	Temporary Housing	Direct Managed Supported Housing & Housing for Older People	Residential Care Homes	2024 Total	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Rents receivable	18,553	661	322	4,903	788	25,227	23,406
Service charge income	789	346	439	4,431	8	6,013	4,962
Amortised government grant	1,142	16	18	385	13	1,574	1,570
Other grants	-	-	-	-	413	413	379
Other	1,151	2	1	456	-	1,610	293
Turnover from social housing lettings	21,635	1,025	780	10,175	1,222	34,837	30,610
Expenditure							
Service charge costs	593	134	222	2,240	39	3,228	2,993
Management	4,715	312	382	2,687	306	8,402	8,305
Routine maintenance	5,638	225	154	1,631	68	7,716	7,275
Planned maintenance	839	1	19	243	15	1,117	1,147
Other LiveWell costs	-	19	23	765	748	1,555	1,760
Bad debts	40	-	10	57	-	107	90
Property lease charges	-	-	3	64	-	67	22
Depreciation of housing properties	4,300	15	48	1,748	42	6,153	5,448
Other costs	101	206	25	670	1	1,003	279
Operating costs	16,226	912	886	10,105	1,219	29,348	27,319
Operating surplus social housing lettings	5,409	113	(106)	70	3	5,489	3,291
Void losses	134	6	235	322	20	717	592

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4. Surplus on disposal of housing properties

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Receipts from asset management sales	5,593	3,834	5,558	3,605
Costs of asset management sales	(2,652)	(2,238)	(2,283)	(2,062)
Receipts from subsequent tranche shared ownership sales and resales	694	1,286	694	1,286
Costs of subsequent tranche shared ownership sales and resales	(432)	(925)	(432)	(925)
	<u>3,203</u>	<u>1,957</u>	<u>3,537</u>	<u>1,904</u>

5. Interest and financing costs

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank loans and overdrafts	6,750	5,650	6,750	5,650
Interest on RCGF balance	279	104	279	104
Borrowing costs capitalised	(109)	(47)	(109)	(47)
	<u>6,920</u>	<u>5,707</u>	<u>6,920</u>	<u>5,707</u>
Finance lease charges	691	669	-	-
Transaction fee amortisation	(32)	92	(32)	92
Net interest on defined benefit liability (see note 20)	200	135	200	135
	<u>7,779</u>	<u>6,603</u>	<u>7,088</u>	<u>5,934</u>

Borrowing costs attributable to the development of new properties have been capitalised on a quarterly basis using a capitalisation rate of 5.1 per cent (2023: 4.79 per cent), which is the weighted average of rates applicable to the Group's general borrowings outstanding during the year.

6. Finance income

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Bank interest receivable	321	123	165	99
Income from investment with asset manager	37	37	37	37
	<u>358</u>	<u>160</u>	<u>202</u>	<u>136</u>

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For the year ended 31 March 2024

7. Surplus on ordinary activities before taxation

Surplus on ordinary activities before taxation is stated after charging/(crediting):

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Depreciation of property, plant and equipment:				
- Housing property depreciation	6,029	5,927	5,804	5,703
- Accelerated depreciation charged on replacements of components	827	207	803	198
- Other fixed assets – tangible	593	571	592	570
- Other fixed assets – intangible	459	445	459	445
Amortisation of capital grants	(1,992)	(1,742)	(1,958)	(1,707)
Loss on disposal of fixed assets	(40)	(9)	(40)	(9)
Audit fees:				
- Statutory audit	55	42	51	38
- Audit-related assurance services	0	6	0	6
- Taxation compliance services	7	3	7	3
Operating lease rentals	1,389	1,304	1,389	1,304
Revenue fire works – waking watch	96	-	96	-

8. Staff costs

	Group		Association	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Wages and salaries	14,742	16,089	14,242	15,610
Social security costs	1,292	1,455	1,252	1,413
Other pension costs (see note 20)	631	635	617	618
	16,665	18,178	16,111	17,640

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The full-time equivalent number of staff who received emoluments, excluding pension contribution, in excess of £60,000 were as shown below:

	Group		Association	
	2024	2023	2024	2023
	number	number	number	Number
Salary Band £				
60,000 – 69,999	3	6	3	6
70,000 – 79,999	2	-	2	-
80,000 – 89,999	1	1	1	1
90,000 – 99,999	1	1	1	1
100,000 – 109,999	2	1	2	1
110,000 – 119,999	-	-	-	-
120,000 – 129,999	-	1	-	1
130,000 – 139,999	-	1	-	1
140,000 – 149,999	-	-	-	-
150,000 – 159,999	-	-	-	-
160,000 – 169,999	1	-	1	-

The average full-time equivalent number of employees was:

	Group		Association	
	2024	2023	2024	2023
	number	number	number	Number
Full-time equivalents based on 37 hours per week	446	460	431	442

The average number of employees was:

	Group		Association	
	2024	2023	2024	2023
	number	number	number	Number
	540	626	520	606

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9. Directors' remuneration and transactions

Group and Association

Key management personnel remuneration

	2024	2023
	£'000	£'000
Directors who are executive staff members		
Wages and salaries	489	603
Social security costs	59	77
Other pension costs	20	17
Board members		
Wages and salaries	53	56
Social security costs	-	-
Other pension costs	-	-
	621	753

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Board members remuneration

	2024	2023
	£	£
South Yorkshire Housing Association Limited:		
SYHA Main Board		
M Harrison (Chair of SYHA)	5,454	-
K Dickinson (Vice Chair SYHA)	1,944	-
U Bola (Audit & Assurance Chair)	4,948	1,886
S Dyett (Chair of Alliance, SYHA Main Board Member & SYHA (2 nd) & Charter)	4,492	3,417
T Proudfoot (SYHA Main Board, Alliance & SYHA (2 nd) & Charter)	2,829	2,829
M Gjessing (SYHA Main Board & Audit & Enterprise)	1,232	-
P Hankinson	2,829	2,829
J Jeffries (SYHA Main Board, Alliance & SYHA (2 nd) & Charter)	7,821	8,310
C Stockill (SYHA Main Board & Audit Committee)	2,829	1,415
D Smith (SYHA Main Board, Audit & Assurance Committee & Alliance)	1,232	-
N Doherty (SYHA Main Board & Audit & Assurance Committee)	1,232	-
A Matson (Independent Audit & Assurance Committee Member)	1,061	1,061
W Pritchard	3,005	796
SYHA Enterprises Limited:		
S Knowles	1,061	1,061
Stepped Down in in 2023-24		
B Oshin (Main Board)	1,415	2,829
A Buck (Main Board)	1,665	4,329
L Walker (Main Board)	1,415	2,829
K Urwin (Audit Committee)	2,474	1,374
R McLafferty (Audit Committee only)	531	1,061
V Salm (Audit Committee only)	796	530
M Killick (SYHA Enterprises)	530	1,061
D Lockwood (SYHA Enterprises)	2,474	4,984

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Directors are defined as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management team.

Remuneration of the highest paid director, excluding pension contributions:

	2024	2023
	£'000	£'000
Emoluments	160	-

The Chief Executive of SYHA, Larry Gold is an ordinary member of the Social Housing Pension Scheme provided by SYHA. Employer Contributions for 2023-24 amounted to £6,080.

No enhanced or special terms apply. He does not have an individual pension arrangement (including a personal pension) to which the PRP or any of its subsidiaries contributes,

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2024

10. Tax on surplus on ordinary activities

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Current Tax	32	-	32	-
Deferred tax	205	-	205	-
	<u>237</u>	<u>-</u>	<u>237</u>	<u>-</u>

The charge for the year can be reconciled to the surplus shown in the accounts as below:

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Loss on ordinary activities before tax	(834)	1,000	(429)	967
Tax on surplus on ordinary activities at standard UK rate of 25% (PY:19%)	(209)	190	(209)	184
Effects of:				
- Fixed asset timing differences	66	-	66	-
- Income/Expenses not taxable	240	(172)	240	(170)
- Group relief surrendered/(claimed)	-	-	-	(12)
- Deferred tax not recognised	140	(18)	140	(2)
	<u>237</u>	<u>-</u>	<u>237</u>	<u>-</u>

The deferred tax liabilities relate to fixed asset timing differences.

SOUTH YORKSHIRE HOUSING ASSOCIATION AND ITS SUBSIDIARIES

Notes to the Financial Statements

For the year ended 31 March 2024

11. Intangible fixed assets

Group

	Goodwill £'000	Software £'000	Total £'000
Cost			
At 1 April 2023	866	4,839	5,705
Additions	-	280	280
	<hr/>	<hr/>	<hr/>
As at 31 March 2024	866	5,119	5,985
Amortisation			
At 1 April 2023	822	1,836	2,658
Charge for the year	27	459	486
	<hr/>	<hr/>	<hr/>
As at 31 March 2024	848	2,295	3,144
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value			
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
As at 31 March 2024	18	2,823	2,841
As at 31 March 2023	44	3,003	3,047
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Association

	Software £'000	Total £'000
Cost		
At 1 April 2023	4,833	4,833
Additions	280	280
	<hr/>	<hr/>
As at 31 March 2024	5,113	5,113
Amortisation		
At 1 April 2023	1,830	1,830
Charge for the year	459	459
	<hr/>	<hr/>
As at 31 March 2024	2,289	2,289
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
	<hr/> <hr/>	<hr/> <hr/>
As at 31 March 2024	2,824	2,824
As at 31 March 2023	3,003	3,003
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

12 Tangible fixed assets – housing properties**Group**

	Housing properties for letting		Shared ownership		Partnership	Temporary Social Housing	Total
	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Completed schemes £'000	
COST							
At 1 April 2023	359,031	2,312	15,382	-	4,429	1,464	382,618
Additions - assets	174	3,952	-	-	-	-	4,126
Additions - components	3,881	-	-	-	32	13	3,926
Schemes completed	2,816	(4,511)	1,695	-	-	-	-
Transfer to current assets	-	-	(472)	-	-	-	(472)
Impairment	(260)	(1,055)	-	-	-	-	(1,315)
Transfer to revenue	-	(157)	-	-	-	-	(157)
Property Disposals	(2,709)	-	(554)	-	-	-	(3,263)
Components written off	(147)	-	-	-	-	-	(147)
Components replaced	(1,200)	-	-	-	-	-	(1,200)
	<u>361,586</u>	<u>541</u>	<u>16,051</u>	<u>-</u>	<u>4,461</u>	<u>1,477</u>	<u>384,116</u>
At 31 March 2024							
DEPRECIATION							
At 1 April 2023	70,115	-	2,411	-	326	854	73,706
Charge for the year	6,231	-	183	-	131	51	6,596
Disposals	(666)	-	(49)	-	-	-	(715)
Components replaced	(900)	-	(40)	-	(11)	-	(951)
	<u>74,780</u>	<u>-</u>	<u>2,505</u>	<u>-</u>	<u>446</u>	<u>905</u>	<u>78,636</u>
At 31 March 2024							
NET BOOK VALUE							
At 31 March 2024	<u>286,808</u>	<u>542</u>	<u>13,546</u>	<u>-</u>	<u>4,015</u>	<u>572</u>	<u>305,480</u>
At 31 March 2023	288,916	2,312	12,971	-	4,103	610	308,912

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

12. Tangible fixed assets – housing properties**Association**

	Housing properties for letting		Shared ownership		Partnership	Temporary Social Housing	Total
	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Schemes in the course of construction £'000	Completed schemes £'000	Completed schemes £'000	
COST							
At 1 April 2023	344,019	2,312	15,382	-	4,429	1,464	367,606
Additions – assets	51	3,952	-	-	-	-	4,003
Additions - components	3,744	-	-	-	32	13	3,789
Schemes completed	2,816	(4,511)	1,695	-	-	-	-
Transfer to current assets	-	-	(472)	-	-	-	(472)
Impairment	(260)	(1,055)	-	-	-	-	(1,315)
Transfer to revenue	-	(157)	-	-	-	-	(157)
Property Disposals	(2,709)	-	(554)	-	-	-	(3,263)
Components written off	(147)	-	-	-	-	-	(147)
Components replaced	(1,142)	-	-	-	-	-	(1,142)
	<u>346,372</u>	<u>541</u>	<u>16,051</u>	<u>-</u>	<u>4,461</u>	<u>1,477</u>	<u>368,902</u>
At 31 March 2024	346,372	541	16,051	-	4,461	1,477	368,902
DEPRECIATION							
At 1 April 2023	68,432	-	2,411	-	327	854	72,024
Charge for the year	6,006	-	183	-	131	51	6,370
Disposals	(666)	-	(49)	-	-	-	(715)
Components replaced	(866)	-	(40)	-	(11)	-	(917)
	<u>72,906</u>	<u>-</u>	<u>2,505</u>	<u>-</u>	<u>447</u>	<u>905</u>	<u>76,763</u>
At 31 March 2024	72,906	-	2,505	-	447	905	76,763
NET BOOK VALUE							
At 31 March 2024	<u>273,466</u>	<u>541</u>	<u>13,546</u>	<u>-</u>	<u>4,014</u>	<u>572</u>	<u>292,139</u>
At 31 March 2023	<u>275,587</u>	<u>2,312</u>	<u>12,971</u>	<u>-</u>	<u>4,102</u>	<u>610</u>	<u>295,582</u>

12. Tangible fixed assets – housing properties (continued)

Included in housing properties for letting are assets at a cost of £15,685k and NBV of £13,812k held under a 45-year finance lease sale and leaseback deal by Alliance Housing Association (South Yorkshire) Ltd. Lease payments are indexed upwards by CPI + 0.5% annually. The properties revert back to Alliance HA ownership after 45 years for a nominal £1.

An analysis of freehold and long leasehold land and buildings included above has not been provided as the Board consider the expenses of obtaining such an analysis to be unreasonable.

Association

Capital additions – housing properties for letting

The movement in Association housing property for lettings includes £3,789k relating to expenditure on capitalised major repairs / component replacement.

The breakdown of capitalised major repair spend is as follow

	2024	2023
	£'000	£'000
Stock improvement plan (capitalised components)	2,956	3,162
Energy efficiency	-	5
Asset management/void costs	229	404
Aids and adaptations	-	-
Fire Regulation work	604	687
CO2 alarms	-	188
Other repairs and related items	-	182
	<hr/>	<hr/>
Total expenditure on capitalised major repairs/ component replacement	3,789	4,628
Other additions, not related to capitalised major repairs	-	38
	<hr/>	<hr/>
Total Additions	3,789	4,666
	<hr/> <hr/>	<hr/> <hr/>

13. Property, plant and equipment - other

Group	Office premises £'000	Office equipment and computer hardware £'000	Others £'000	Total £'000
Cost or valuation				
At 1 April 2023	8,976	1,786	3,010	13,772
Additions	152	29	195	376
Disposals	-	-	(427)	(427)
At 31 March 2024	9,128	1,815	2,778	13,722
Depreciation				
At 1 January 2023	254	1,073	2,474	3,801
Charge for the year	180	231	183	593
Disposals	-	-	(444)	(444)
At 31 March 2024	434	1,304	2,213	3,951
Net book value				
At 31 March 2024	8,694	512	565	9,771
At 31 March 2023	8,722	713	536	9,971
Leased assets included above:				
Net book value				
At 31 March 2024	8,694	-	-	8,694
At 31 March 2023	8,722	-	-	8,722

13. Property, plant and equipment - other (continued)

Association	Office premises £'000	Office equipment and computer hardware £'000	Others £'000	Total £'000
Cost or valuation				
At 1 April 2023	8,976	1,769	3,009	13,754
Additions	152	29	195	376
Disposals	-	-	(427)	(427)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	9,128	1,798	2,777	13,703
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation				
At 1 April 2023	254	1,060	2,473	3,7867
Charge for the year	180	230	183	593
Disposals	-	-	(444)	(444)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	434	1,290	2,212	3,936
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value				
At 31 March 2024	8,694	508	565	9,767
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2023	8,722	709	536	9,967
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Leased assets included above:				
Net book value				
At 31 March 2024	8,694	-	-	8,694
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2023	8,722	-	-	8,722
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

14. Fixed asset investments

Group	2024						Total
	Debt Service Reserve	Buy-to-Let	Mor Homes	View Point	Forge New Homes	Forge New Homes Loan	
	(a)	(f)	(b)	(c)	(d)	(e)	
	£'000	£'000	£'00	£'00	£'000	£'00	
At 1 April 2023	628	160	526	20	873	1,360	3,567
Additions	35	-	-	-	-	-	35
Disposals	-	-	-	-	-	-	-
Share of profit in joint venture	-	-	-	-	52	-	52
Revaluation in the year	(13)	-	-	-	-	-	(13)
At 31 March 2024	650	160	526	20	925	1,360	3,641

Association

	Debt Service Reserve	Buy-to-Let	Mor Homes	Total
	(a)	(f)	(b)	
	£'000	£'000	£'000	£'000
	At 1 April 2023	628	160	526
Additions	35	-	-	35
Disposals	-	-	-	-
Revaluation in the year	(13)	-	-	(13)
At 31 March 2024	650	160	526	1,336

a) As part of a loan agreement with Haven (32) plc, an amount of the loan principal is held by Trustees to guarantee short term service of the debt should any borrower not make payments in accordance with the loan agreement. The Debt Service Reserve comprises investments acceptable to the Trustees and held by them on behalf of the Association as borrower.

b) As part of a loan agreement with MORHomes, a proportion of the loan proceeds is retained by MORHomes in the form of junior debt, with the Association as investor. This is to provide additional credit strength to the MORHomes vehicle.

c) SYHA Enterprises Ltd invests in Viewpoint, a social enterprise specialising in collecting customer feedback over the telephone.

d) and e) In September 2019, SYHA entered into a joint venture arrangement called Forge New Homes LLP for the development of new homes in the Sheffield City region. SYHA Enterprises holds a 20% investment in Forge New Homes LLP. Each association in the joint venture has committed to invest and loan up to £3 million into Forge New Homes. Member loans are subject to interest at 6% p.a.

f) The buy-to-let properties are valued at the year end. The valuation is provided by Crucible Homes who have data and recent experience in the location and class of the investment property being valued.

Principal Group investments

The parent Association and the Group have investments in the following subsidiary undertakings, associates and other investments which principally affected the surpluses or net assets of the Group.

Subsidiary undertakings	Principal activity	Holding	%
SYHA Enterprises Limited	Marketing of shared equity sales properties on behalf of SYHA along with private property sales and lettings	Shares	100
Alliance Housing Association (South Yorkshire) Limited	Registered Provider of housing and associated amenities particularly for people in necessitous circumstances	Shares	100
Charter Housing Limited South Yorkshire (Second)	Registered charity - dormant	Shares	100
Housing Association Limited	Registered Provider - dormant	Shares	100

15. Inventories

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Completed properties for sale				
- First tranche shared ownership	700	346	700	346
- Property held for outright sale	-	505	-	-
Raw materials and consumables	95	78	95	78
	795	929	795	424

16. Debtors

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Rent arrears	2,344	1,986	2,313	1,954
Provision for bad debts	(1,471)	(1,250)	(1,456)	(1,236)
Amounts owed by Group undertakings	-	-	186	179
Other debtors	890	1,546	877	1,501
Prepayments and accrued income	1,595	2,361	1,534	2,330
	3,358	4,643	3,454	4,728

17. Cash and cash equivalents

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Cash at bank and in hand	4,567	6,013	3,439	4,303

18. Creditors – amounts falling due within one year

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Bank loans and overdrafts (see note 19)	4,273	98,433	4,273	98,433
Obligations under finance leases and hire purchase contracts (see note 19)	590	553	-	-
Rents received in advance	1,058	1,143	1,030	1,114
Trade creditors	732	1,186	731	1,172
Amounts owed to Group undertakings	-	-	474	386
Corporation tax	237	-	237	-
Other taxation and social security	292	239	285	230
Other creditors	7,472	6,014	7,410	5,885
Accruals and deferred income	5,645	3,828	5,620	3,591
	20,299	111,396	20,060	110,811

Included in other creditors is £6.13m of Recycled Capital Grant Fund as detailed in 19b.

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

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Other creditors				
Loans (net of capitalised transaction fees)	123,757	34,484	123,757	34,484
Obligations under finance leases and hire purchase contracts	11,157	11,065	-	-
Government grants	132,215	135,094	129,111	131,954
Sinking Funds	1,857	1,716	1,857	1,716
Benefactor grant	77	77	77	77
	269,063	182,436	254,802	168,231

The loans are secured on freehold housing properties. Interest is payable at a weighted average rate of 5.1 per cent (2023: 4.79 per cent)

The total accumulated amount of capital grant received or receivable at the balance sheet date is £155,545,384 (Association).

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
19a. Deferred income - Government grants				
At 1 April 2023	135,094	137,399	131,955	134,225
Grants receivable	310	674	310	674
RCGF Grants	751	120	751	120
Disposals	(2,404)	(1,632)	(2,404)	(1,632)
Amortisation to Statement of Comprehensive Income*	(1,992)	(1,743)	(1,957)	(1,709)
Disposal of amortisation	456	276	456	276
At 31 March 2024	132,215	135,094	129,111	131,954
Amortised within one year	1,536	1,468	1,501	1,431
Amortised after one year	130,679	133,627	127,610	130,525

* The amount of amortisation differs to note 3b and 3d £383,000 of amortisation included in social housing lettings – other and non-social housing and disposals of £456,000.

The lease liability is secured against the future rental streams of the freehold housing properties.

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
19b. Recycled Capital Grant Fund				
At 1 April 2023	5,144	3,732	5,144	3,732
Inputs to RCGF	1,459	1,428	1,459	1,428
Use of funds	(751)	(120)	(751)	(120)
Interest accrued	278	104	278	104
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2024	6,130	5,144	6,130	5,144
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Recycled Capital Grant Fund is included in note 18. Creditors – amounts falling due within one year in other creditors.

	Group		Association	
	2024	2023	2024	2023
19c. Borrowings are repayable as follows:	£'000	£'000	£'000	£'000
Bank loans				
Between one and two years	4,195	214	4,195	214
Between two and five years	61,296	738	61,296	738
After five years	58,842	34,076	58,842	34,076
	124,333	35,028	124,333	35,028
On demand or within one year*	4,273	98,433	4,273	98,433
Less capitalised transaction costs	(576)	(544)	(576)	(544)
	128,030	132,918	128,030	132,918
Finance leases				
Between one and two years	605	581	-	-
Between two and five years	1,908	1,830	-	-
After five years	8,644	8,619	-	-
On demand or within one year	590	553	-	-
	11,747	11,583	-	-
Total borrowings including finance leases				
Between one and two years	4,800	795	4,195	214
Between two and five years	63,204	2,568	61,296	738
After five years	67,486	42,695	58,842	34,076
	135,490	46,058	124,333	35,028
On demand or within one year	4,863	98,986	4,273	98,433
Less capitalised transaction costs	(576)	(544)	(576)	(544)
	139,777	144,501	128,030	132,918

* As described previously, a historic misstatement of covenant, resulting in a covenant breach was discovered in May 2023. The Statement of Financial Position as at 31 March 2023 reflects the breach and cross-default situation and all debt with a cross-default has been classified as payable within one year on the Statement of Financial Position the 2023 year ends. The breach has been addressed and is no longer continuing.

20. Retirement benefit schemes

Defined Benefit Pension Liability

The liability shown on the Statement of Financial Position consists of:

	2024	2023
	£000	£000
SHPS	5,256	5,855
LGPS	(322)	(137)
	4,934	5,718

Amounts included in creditors in the Statement of Financial Position, for Group and Association consists of:

	2024	2023
	£000	£000
SHPS	92	3
LGPS	7	9
NHS	24	4
	123	16

Social Housing Pension Scheme (SHPS)

South Yorkshire Housing Association participates in SHPS and the SHPS Growth Fund, both multi-employer schemes which provide benefits to some 500 non-associated employers. These schemes are defined benefit schemes in the UK. With the SHPS Growth Plan Fund it is not possible for the Company to obtain sufficient information to account for it as a defined benefit scheme. Therefore, it accounts for it as a defined contribution scheme.

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

These schemes are classified as 'last man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The Group has been notified by the Trustee of the Social Housing Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is some uncertainty surrounding these changes. The Group classes this as a contingent liability and due to the inability to calculate the possible impact, no adjustment has been made in the financial statements (see note 30).

Main SHPS Scheme

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1.560m. A recovery plan has been put in place with the aim of removing this deficit by 31 March 2028.

For financial years prior to April 18 it was not possible for the company to obtain sufficient information to account for the scheme as a defined benefit scheme therefore, it has been treated as a defined contribution scheme in line with FRS102. For financial years from April 18 onwards sufficient information has been made available.

PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2024	31 March 2023
	(£000s)	(£000s)
Fair value of plan assets	22,504	23,217
Present value of defined benefit obligation	27,760	29,072
Deficit in plan	(5,256)	(5,855)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(5,256)	(5,855)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended	Period ended
	31 March 2024	31 March 2023
	(£000s)	(£000s)
Defined benefit obligation at start of period	29,072	42,557
Current service cost	-	-
Expenses	32	29
Interest expense	1,345	1,170
Contributions by plan participants	-	-
Actuarial losses (gains) due to scheme experience	(202)	(1,196)
Actuarial losses (gains) due to changes in demographic assumptions	(293)	(64)
Actuarial losses (gains) due to changes in financial assumptions	79	(10,978)
Deficit contributions from 1 April 2022	(1,313)	(1,250)
Benefits paid and expenses	(960)	(1,196)
Defined benefit obligation at end of period	27,760	29,072

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period ended 31 March 2024 (£000s)	Period ended 31 March 2023 (£000s)
Fair value of plan assets at start of period	23,217	37,691
Interest income	1,138	1,051
Experience on plan assets (excluding amounts included in interest income) - gain	(2,236)	(15,503)
Contributions by the employer	1,345	1,174
Contributions by plan participants	-	-
Benefits paid and expenses	(960)	(1,196)
Fair value of plan assets at end of period	22,504	23,217

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£1,098,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)

	Period from 31 March 2023 to 31 March 2024 (£000s)	Period from 31 March 2022 to 31 March 2023 (£000s)
Current service cost	-	-
Expenses	32	29
Net interest expense	207	119
Defined benefit costs recognised in statement of comprehensive income (SoCI)	239	148

In addition to amounts recognised in the SOCI (as disclosed above), SYHA paid contributions of £1,319,126 to SHPS in relation to past service deficits.

	31 March 2024	31 March 2023
	% per annum	% per annum
Discount Rate	4.91%	4.85%
Inflation (RPI)	3.12%	3.48%
Inflation (CPI)	2.79%	3.08%
Salary Growth	3.79%	3.00%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	Life expectancy at age 65
	(Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2042	21.8
Female retiring in 2042	24.4

SHPS Growth Plan Scheme

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

Deficit contributions

From 1 April 2022 to 31 January 2025:	£3,312,000 per annum	(payable monthly)
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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

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

Deficit contributions

From 1 April 2019 to 30 September 2025:	£11,243,000 per annum	(payable monthly and increasing by 3% each on 1st April)
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The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is

the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost. Note: these numbers are pounds (£s) only.

PRESENT VALUES OF PROVISION

	31 March 2024 (£s)	31 March 2023 (£s)	31 March 2022 (£s)
Present value of provision	673	1,441	2,260

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2024 (£s)	Period Ending 31 March 2023 (£s)
Provision at start of period	1,441	2,260
Unwinding of the discount factor (interest expense)	55	42
Deficit contribution paid	(823)	(823)
Remeasurements - impact of any change in assumptions	0	(38)
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	673	1,441

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2024 (£s)	Period Ending 31 March 2023 (£s)
Interest expense	55	42
Remeasurements – impact of any change in assumptions	0	(38)
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	•	•
Costs recognised in income and expenditure account	•	•

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

	31 March 2024 % per annum	31 March 2023 % per annum	31 March 2022 % per annum
Rate of discount	5.31	5.52	2.35

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

South Yorkshire Pension Fund (SYPF)

South Yorkshire Housing Association also participates in the South Yorkshire Pension Fund (SYPF). SYPF Retirement Benefit Scheme is an independently administered pension providing benefits based on final pensionable pay. The contributions are determined by a qualified actuary on the basis of triennial valuations using discounted cash flow techniques. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of increase in salaries and pensions.

At the end of the year there is a pension asset of £322,000 (2023: £137,000) in accordance with FRS102. The current pension charge for this scheme for the year was £53,000 (2023: £66,000).

The major assumptions used in this valuation were:

	2024	2023
	%	%
Rate of increase in salaries	2.8	3.6
Rate of increase in pensions in payment	3.4	3
Discount rate	4.8	4.75

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme deficit

The fair value of the Group's share of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	2024	2023
	%	%
	of scheme	of scheme
	assets	assets
Bonds	21	23
Equities	69	68
Property	9	8
Cash/liquidity	1	1
Present value of scheme liabilities	(2,971)	(3,108)
Deficit in the scheme - pension liability	322	137

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

Movement in deficit during the year

	2024	2023
	£'000	£'000
Deficit in scheme at beginning of year	137	(601)
Current service cost	(53)	(66)
Administration cost	-	-
Contributions paid	73	45
Other finance income/costs	7	(16)
Remeasurements (liabilities/assets)	158	775
	<u> </u>	<u> </u>
Deficit in the scheme at end of year	322	137
	<u> </u>	<u> </u>

Asset and Liabilities

	2024	2023
	£'000	£'000
Scheme assets	3,327	3,108
Obligations	(3,005)	(2,971)
	<u> </u>	<u> </u>
Scheme net assets	322	137
	<u> </u>	<u> </u>

Sensitivity analysis

The sensitivities regarding the principle assumptions used to measure the scheme obligations are set out below:

Change in assumption at 31 March 2024:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	47
1 year increase in member life expectancy	4%	120
0.1% increase in the Salary Increase Rate	0%	7
0.1% increase in the Pension Increase Rate (CPI)	1%	41

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

The principle demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that one year increase in life expectancy would approximately increase the employers defined benefit obligation by around 3- 5%. In practise the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages)

The provided sensitivity figures can be used to estimate the impact of adopting different financial assumptions (e.g. an employer considering alternative accounting assumptions or to help an employer complete an ESFA accounts return).

In order to quantify the impact of a change in the financial assumptions used it has been calculated and compared to the value of the scheme obligations at the accounting date on varying bases. The approach taken is consistent with that adopted to derive the accounting figures provided based on the profile (average member ages, retirement ages etc) of the employer as at the date of the most recent valuation

Financial Assumptions

The financial assumptions, as described in the accompanying covering report, are summarised below:

Period Ending	31 Mar 2024 % p.a.	31 Mar 2023 % p.a.
Pension Increase Rate (CPI)	2.80%	3.00%
Salary Increase Rate	3.40%	3.60%
Discount Rate	4.80%	4.75%

As at the date of the most recent valuation, the duration of the Employer’s funded obligations is 15 years.

Demographic assumptions

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, the average future life expectancies at age 65 for the Employer are summarised below

	Males	Females
Current Pensioners	20.6 years	*23.6 Years
Future Pensioners*	21.4 years	25.0 Years

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

Life expectancies for the prior period end are based on the Fund’s VitaCurves. The allowance for future improvements are shown below:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

Current Pensioners	Future Pensioners
CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a.	CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a.

Please note that the mortality assumptions used to value the Obligations in the Employer's Closing Position are different to those used to value the Obligations in the Employer's Opening Position.

A commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

Group and Association

Analysis of other pension costs charged in arriving at operating surplus

	2024	2023
	£'000	£'000
Past service cost (gain)	-	-
Current service cost	53	66
	<hr/>	<hr/>
	53	66
	<hr/> <hr/>	<hr/> <hr/>

Analysis of amounts included in other finance income/(costs)

Expected return on pension scheme assets	147	88
Interest on pension scheme liabilities	(140)	(104)
	<hr/>	<hr/>
	7	(16)
	<hr/> <hr/>	<hr/> <hr/>

All other demographic assumptions are as per the latest funding valuation of the Employer.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

Analysis of amount recognised in Other comprehensive income

	2024	2023
	£'000	£'000
Actual return less expected return on scheme assets	93	(192)
Experience surpluses arising on scheme liabilities	(79)	(312)
Changes in assumptions underlying the present value of scheme liabilities	144	1,279
	<hr/>	<hr/>
Actuarial surplus/(deficit) recognised in Other comprehensive income	158	775
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

21. Financial instruments

The carrying values of the Group and Association's financial assets and liabilities are summarised by category below:

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Financial assets				
Measured at fair value through Statement of Comprehensive Income				
• Current asset listed investments	-	-	-	-
Measured at discounted amount receivable				
• Rent arrears financing transactions (see note 16)		-		-
Measured at undiscounted amount receivable				
• Rent arrears and other debtors (see note 16)	3,358	4,643	3,454	4,728
• Amounts due from related undertakings (see note 16)	-	-	-	-
	3,358	4,643	3,454	4,728
Financial liabilities				
Measured at amortised cost:				
• Loans payable (see note 18 & 19)	128,030	132,918	128,030	132,918
• Obligations under finance leases (see note 18 & 19)	11,747	11,618	-	-
Measured at undiscounted amount payable				
• Trade and other creditors (see notes 18 & 19)	147,651	147,504	144,424	143,946
• Amounts owed to related undertakings (see note 18)	-	-	474	386
	287,428	292,040	272,691	277,250

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

22. Share capital

	2024	2023
	£	£
At beginning of year	58	50
Issued during the year	5	8
Cancelled during the year	-	-
At end of year	63	58

The shares provide members with the right to vote at general meetings but do not have a right to any dividend or distribution in a winding-up and are not redeemable.

23. Financial commitments

Capital commitments are as follows:

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Contracted for but not provided for	856	5,547	856	5,547
Approved by the directors but not contracted for	-	11,174	-	11,174
	856	16,721	856	16,721

£0.856 million (2023: £3.4 million) will be financed through SHG and other capital grants with the balance being funded through approved loan finance.

At the year-end SYHA has cash and undrawn loan facilities of £15.1 million and has the ability to fund all future committed expenditure.

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Association	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Payments due:				
- within one year	1,441	1,387	1,441	1,387
- between one and five years	5,904	5,674	5,904	5,674
- over five years	20,706	21,275	20,706	21,275
	28,051	28,336	28,051	28,336

Included in operating lease commitments are payments made on a 21-year lease for 225 units on a site in Kelham Island in Sheffield city centre, which are a mixture of market and sub-market properties. The lease payments are subject to an annual increase of CPI. The future minimum lease payments are calculated on the basis of a long-term CPI rate of 2%.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

24. Housing stock**Group**

	As at 1 April 2023	Additions in the year	Disposals in the year	Movement between categories	As at 31 March 2024
Owned and managed (units)					
General needs housing accommodation at social rent	3,352	(12)	-	14	3,354
Housing accommodation at affordable rent	370	24	-	2	396
Housing accommodation at intermediate rent	30	-	-	(11)	19
Supported housing accommodation at social rent	950	-	(24)	18	944
Supported housing accommodation at affordable rent	25	-	-	(1)	24
Homeless services	86	(1)	-	(9)	76
Shared ownership accommodation	276	16	(10)	-	282
Agency managed	375	-	(45)	(30)	300
Market and submarket	225	-	-		225
	<u>5,689</u>	<u>27</u>	<u>(79)</u>	<u>(17)</u>	<u>5,620</u>

The Association numbers differ by 225 general needs social rented units which are owned and managed by Alliance Housing Association Ltd.

25. Related party transactions

The Association has four wholly owned subsidiary undertakings:

Alliance HA (South Yorkshire) Ltd
SYHA Enterprises Ltd
South Yorkshire (Second) HA Ltd
Charter Housing Ltd

Alliance HA (South Yorkshire) Ltd and SYHA Enterprises Ltd are trading. The other subsidiaries are dormant.

SOUTH YORKSHIRE HOUSING ASSOCIATION LIMITED AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

Financial transactions between South Yorkshire Housing Association Limited and its subsidiary entities consist of:

	Transaction	Cost in year £'000	Balance at year end £'000
Regulated subsidiary			
Alliance HA (SY) Ltd	Charges from Alliance	47	427 Creditors
	Charges to Alliance	746	186 Debtors
Non-regulated subsidiary			
SYHA Enterprises Ltd	Charges from SYHA Enterprises	235	22 Creditors
	Charges to SYHA Enterprises	34	Debtors nil
	Investment in SYHA Enterprises		3,025
Other related parties			
Board members (2)	Property rental from SYHA	10	Nil

26. Controlling party

The parent and the ultimate controlling party of the group is South Yorkshire Housing Association Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

27. Association Free Cash Flow

	Note	2024 £'000	2023 £'000
Cash generated by operations		10,414	7,887
Interest paid	5	(6,750)	(5,799)
Interest received	6	202	135
Adjustment for reinvestment in existing properties			
Component replacement/additions	12	(3,789)	(4,628)
Purchase of other replacement fixed assets	11 & 13	(656)	(1,096)
Free cash consumed before loan repayments		(579)	(3,501)
Loans drawn		5,000	8,000
Loans repaid	19	(9,887)	(5,105)
Free cash consumed after loan repayments		(5,466)	(606)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2024

28. Reconciliation of net cashflow to movement in net debt

Group	2024 £'000	2023 £'000
Increase/(decrease) in cash	(1,446)	1,013
Increase in debt financing	4,758	(2,922)
	<hr/>	<hr/>
Movement in net debt in year	3,312	(1,909)
Net debt at 31 March 2023	(138,522)	(136,613)
	<hr/>	<hr/>
Net debt at 31 March 2024	<u>(135,210)</u>	<u>(138,522)</u>

29. Joint Venture

The Group, via its subsidiary, SYHA Enterprises Ltd, is part of a joint venture with four other housing associations. The partnership aims to build up to 500 new homes - both private sale and social rented - each year within the Sheffield City Region. The company is a for-profit business and profits made will be returned to its five investors who are social landlords. All profits from Forge New Homes are therefore re-invested in affordable housing and communities.

Each association has committed to invest and loan up to £3 million into Forge New Homes. Decisions are made by the Board of Forge New Homes which comprises the five Chief Executives. The current Chair of the Board is Nick Atkin (Chief Executive, Yorkshire Housing). As at 31 March 2024 the Association has invested £1,000,000 in the joint venture and made a loan of £1,360,000. The Association's committed expenditure is included in capital commitments (note 23).

30. Contingent Liability

The Group has been notified by the Trustee of the Social Housing Pension Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is some uncertainty surrounding these changes. The Trustee has been advised to seek clarification from the Court on these items. The process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer, with any accuracy. No adjustment has been made in these financial statements.

For more help or information contact:

Beverly Carr

Assistant Finance Director

0114 2900 252

b.carr@syha.co.uk

South Yorkshire Housing Association

152 Rockingham Street

Sheffield, S1 4EB

www.syha.co.uk