



Directors' Report and Financial Statements

Year ended 31 March 2024

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Introduction

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Company information

Board of Directors

Chair	Phil Parramore (Appointed Chair 5 th October 2023) David Yates (Resigned 7 th September 2023)
Vice Chair	Michelle Allott
Other members	David Brown Zafar Coupland (Resigned 17 th May 2023) Aimee Stansfield-Law (Co-optee – Resigned 16 th May 2024) Greig Lees (Appointed 7 th December 2023) Julie Lynch Sara Murphy Siraz Natha (Appointed 7 th December 2023) Allan Ramsay (Resigned 25 th July 2024) Jonathan Saksena (Resigned 16 th May 2024) Kerri Tucker Pam Watson

Executive Officers

Chief Executive	Rob Wakefield
Deputy Chief Executive and Executive Director of Customers & Communities	Louise Mattinson
Executive Director of Resources and Company Secretary	Craig Garner

Registration Details

Registered Office:	Harbour House, Portway, Ashton on Ribble, Preston, PR2 2DW
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Website	www.communitygateway.co.uk
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Regulator of Social Housing (RSH) Number:	L4457
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Community Benefit Society Number:	IP29838R
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External Auditor: Beever and Struthers Statutory Auditor One Express, 1 George Leigh Street Manchester, M4 5DL	Internal Auditor: BDO 3 Hardman Street, Spinningfields Manchester M3 3AT	Banker: Barclays Bank PLC 1 st Floor 3 Hardman Street Spinningfields Manchester M3 3HF
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About Community Gateway Association

Principal activities and review of business

Community Gateway Association (CGA) is the main provider of social housing in Preston and was the first social landlord created using the "Gateway" model. Unlike most other housing associations, CGA's membership is open to all of our tenants, leaseholders and other residents living in the community. A key purpose of the organisation is to ensure that its members are involved in decision making processes and gain opportunities to determine the future of their local communities. This approach is designed to improve the quality of decision-making, leading to the delivery of better standards of service and improved value for money. CGA's Community Empowerment Strategy provides opportunities for tenants and communities both to develop community activity locally, and to engage with CGA.

CGA's primary activities include:

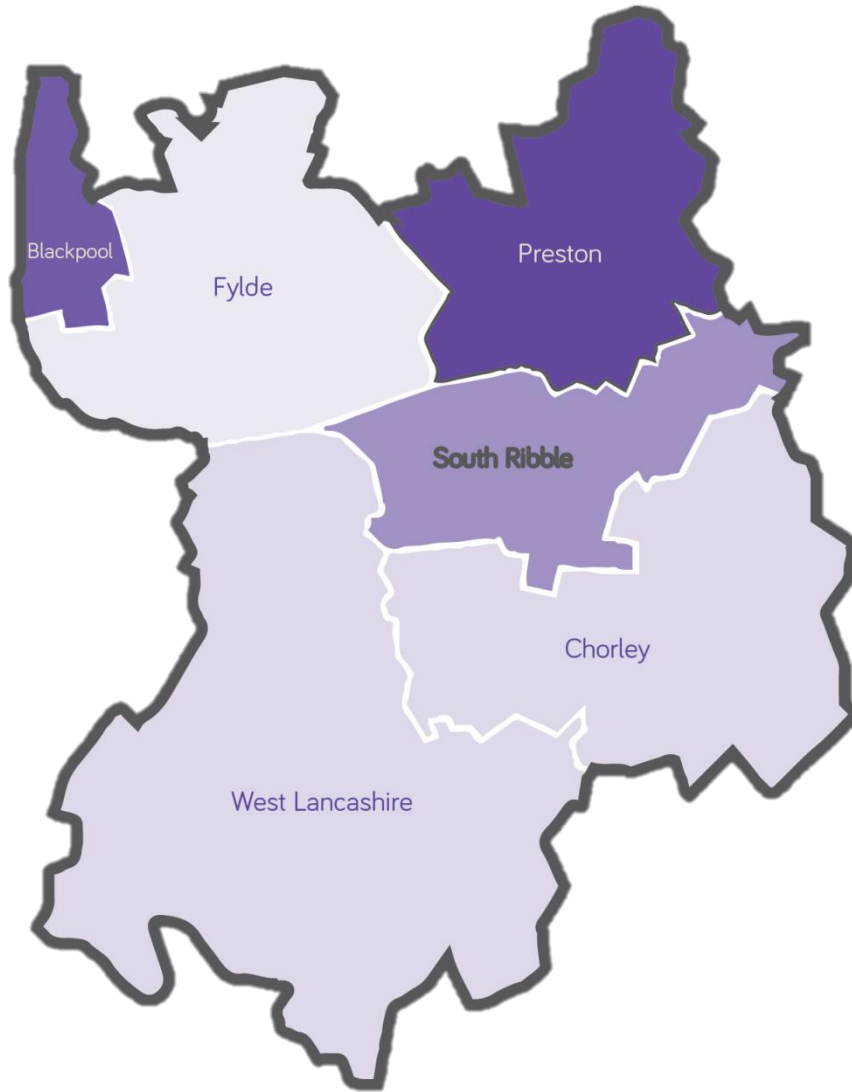
- Management and development of general needs social and affordable housing for rent, supported housing, extra care, and low-cost home ownership.
- Management of leasehold property.
- Provision of related services such as tenant financial wellbeing support and advice and social investment activities; and
- Regeneration of neighbourhoods and communities.

CGA is a Community Benefit Society and a Registered Provider that provides rented social housing accommodation. CGA is registered as a charity for tax purposes. As a charity CGA is exempt from corporation tax on the bulk of its operational activities. CGA has three subsidiaries, Preston Vocational Centre (PVC), Patterdale Developments Limited (PDL) and CGA Homes Limited (CHL).

PVC is a registered Charity that provides a range of construction based vocational training and wider learning and development opportunities to young people and adults of Preston and the surrounding area to assist them in progressing to apprenticeships, employment or further education and to take a positive step to achieving their personal, economic and social potential. PVC's accounts are consolidated into the Group Accounts.

CGA's two other subsidiaries, PDL and CHL, were set up to procure our new build programme in a more efficient way that not only saves on total build costs but allows us to more effectively cross-subsidise development activity. PDL commenced trading in 2019/20 and their accounts are consolidated into the Group Accounts. CHL remains dormant and was not operational during 2023/24 and has therefore not been consolidated into the Group Accounts

Where we operate/our homes



As at 31 March 2024

Local Authority	General Needs	Supported Housing and Housing for Older People	Shared Ownership	Market	Total
Preston	6,026	668	60	3	6,757
Blackpool	71	6	-	-	77
Fylde	22	6	17	-	45
South Ribble	26	-	12	-	38
West Lancashire	6	-	-	-	6
Chorley	6	-	-	-	6
Total	6,157	680	89	3	6,929

About Community Gateway Association (continued)

Principal activities and review of business (continued)

We are committed to doing our part to help address the national housing shortage. As noted above we own or manage 6,929 properties and continue to develop new affordable homes for a diverse range of people. Over our 2019-24 Corporate Plan 499 new homes were handed over during the period. In addition, a further 62 homes were handed over in April 2024 and a further 112 are currently on site. During 2023/24 we increased our stock by 210 homes, offset by 27 RTB/RTA Sales. Full details of the movement in unit numbers can be found at note 11.

Equality, Diversity and Inclusion

CGA is committed to Equality, Diversity and Inclusion (EDI) and we recognise that it plays an important part in everything we do. We value the unique and diverse communities in which we operate and are committed to ensuring they continue to flourish. We truly believe that an inclusive approach benefits all – it brings innovation to our processes, fosters an inclusive culture where our employees feel they belong, and most importantly it benefits our communities, increasing community cohesion, pride and enables people to reach their full potential.

We also recognise the importance of EDI for our colleagues from recruitment and selection, through training and development, appraisal and promotion, to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation. All decisions relating to employment practices are objective, free from bias and based solely on work criteria and individual merit. We are responsive to the needs of our employees, residents and the community at large. The Board is aware of its responsibilities in respect of equality and diversity and has approved an EDI strategy.

We closely monitor key EDI measures. In the last year the percentage of female colleagues was 40.52%, the percentage of colleagues from a black or minority ethnic background was 10.78% and the percentage of colleagues with a mental or physical disability was 10.04%.

We monitor our recruitment methods and have identified that almost 30% of all job applicants are from ethnic minority groups, and over 16% are shortlisted for interview. We have continued to use the 'Rooney Rule', where we offer an interview to applicants from ethnic minority groups where they are close to the shortlisting cut-off score.

CGA carried out Gender Pay Reporting using the guidance in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. Based on data from the Office for National Statistics in 2023, it is pleasing to note that our results for the snapshot date of 5 April 2024 indicate that our gender pay gap is significantly lower than the UK average gender pay gap of 14.3% for all employees, at 8.14%.

Chair's Statement

I am pleased to present the Directors' Report and Financial Statements for the year ended 31 March 2024. I was delighted to be appointed Chair of the Board in October 2023. It is both a privilege and a pleasure to be the Chair of such a fantastic organisation. I am looking forward to working with everyone involved at CGA to build on the successes of our 2019-24 Corporate Plan by delivering our recently approved new 2024-30 Corporate Plan.

The year was a challenging one for CGA and the Sector as we looked to manage the impact of the high inflation economic conditions increasing our expenditure whilst at the same time managing the impact of the 2023/24 Rent Cap. This has continued to create a challenging operating environment and a continuation of the cost-of-living crisis for both our tenants and colleagues. The Sector has also continued to be in the spotlight following The Social Housing (Regulation) Act 2023 (the 2023 Act) which became law on 20 July 2023.

Despite these challenges, which continue to have an impact on the way we deliver services to our customers, we have made significant progress this year, in delivering the final year (i.e. year 5) of our 2019-24 Corporate Plan. We have delivered several projects and initiatives making a positive difference to our customers and communities. We have again seen some strong performance and a number of key achievements, which we are all very proud of. However, we are still mindful that there are areas where we can improve what we do and how we offer services to our residents.

CGA was the very first housing association to be founded on the Gateway Model – this is a model centred on the principles of tenant involvement and engagement that seeks to encourage and empower tenants to get involved in what the organisation does and how it does it. As an organisation based on this Model, it is important that we have an effective engagement framework that allows as many people as possible to get involved and help shape our services to ensure that we remain tenant led. In response to the Rent Cap introduced by government, we undertook a consultation exercise (The Big Conversation) with tenants around service prioritisation. The feedback indicated that customers want us to concentrate on 'getting the basics right', 'providing quick and timely resolution of issues' and 'improved communication'. As a result of this feedback a number of initiatives and pieces of work are in progress including the introduction of a Service Improvement team to drive up performance and customer service standards across the organisation.

During the year we have continued to invest in our existing homes spending £14m on investment in key property components and carrying out day to day repairs to our homes. In line with our Asset Management Strategy, ensuring that all properties meet the Gateway Homes Standard, work included completing 375 electric rewires/upgrades, over 160 new kitchens and bathrooms, 168 new boilers and 43 new roofs/chimneys. In addition, we completed over 22,000 responsive repairs and 533 void property repairs. We plan to continue this level of investment to ensure that our homes are homes that our tenants are proud to live in.

Chair's Statement (continued)

We have also developed a wider choice of homes and tenures during the year, notably we have made excellent progress on our second Extra Care Scheme, The Atrium. It's a fantastic development of 29 one and 32 two-bedroom apartments, set in landscaped grounds with lots of on-site facilities, and welcomed its first tenants in May 2024.

Work also completed at our Broughton Crossroads development site, The Watermills. The development has 52 apartments across two blocks, comprising 27 one-bed and 25 two-bed apartments. The Watermills offers a new style of living for the over 60's: a home for life for those who don't want to live in traditional sheltered accommodation, but still want to feel safe and secure, living around people of a similar age. The apartments are flexibly designed to meet everybody's needs. In line with our Corporate Plan both these schemes will evolve our offer for older people as we strive to increase our Supported Housing provision.

I am also pleased to highlight that work also commenced at our former Savick shops and Ainsdale House site. The development sees dated, low-demand flats that were attracting anti-social behaviour replaced with much needed affordable family housing (25 homes in total) alongside community facilities like a new library and a retail unit. This sees the conclusion of our masterplan to regenerate this area.

We also commenced the development of two mixed tenure schemes at Miller Road in Ribbleton and Avondale Drive, Lostock Hall. These two developments include 128 homes (67 for affordable rent and 61 shared ownership) with a range of one-bedroom apartments and two, three and four-bedroom homes.

Each time we launch a new development we look to improve our carbon footprint a step further, without compromising on quality or style. As part of this commitment, we completed our first homes with an energy performance certificate ('EPC') A' rating at Duddle Lane in Walton-le-Dale. These six homes contain air-source heat pumps and also benefit from electric vehicle chargers and solar panels. These 'EPC A' rated homes are part of our commitment to improve the energy efficiency of our homes, striving for a reduction in fuel bills for our tenants and part of our ambitions to make our homes carbon neutral by 2050. All the houses are run entirely by electricity, resulting in lower carbon emissions and a healthier environment for its residents.

Our development programme continues at pace, and we have funding in place to build over 593 further new homes by 2029/30.

I am proud to note that CGA has had its governance and viability ratings confirmed as 'G1' and 'V1' following an annual stability check carried out by the Regulator of Social Housing (RSH) in December 2023.

Chair's Statement (continued)

G1 and V1 are the top gradings we can receive from the RSH and means that we meet its stringent governance and viability standards. This result goes against the current trend which has seen a number of other Registered Providers being re-graded to a 'V2'. It therefore provides reassurance that we are managing our risks effectively, despite current operating conditions. It also shows that the RSH remains confident we continue to have strong governance combined with a resilient business plan that can manage a number of concurrent risks. This confirms we have effective management and financial stewardship arrangements in place.

As I noted earlier The Social Housing (Regulation) Act 2023 became law on 20 July 2023. A fundamental part of this Act is the introduction of the new regulatory framework which will see the launch of a revised set of consumer standards that will set the requirements that registered providers must meet. In order to allow greater understanding of how well social housing landlords are performing in meeting these standards, a suite of Tenant Satisfaction Measures (TSM's) have also been agreed. From the year ending 31st March 2024 all social housing landlords must report on performance using the TSM's. It is pleasing to note, as detailed in Table 1 below that CGA's performance as measured by the TSM's performs strongly when compared to others housing associations in the sector.

I believe that we will compare favourably against the new consumer standards; however, we are not complacent. We have taken the increased scrutiny of Registered providers as an opportunity to review all aspects of our service delivery as part of our Service Transformation Programme.

Our strong Health and safety culture also continues to be recognised and we have successfully achieved the prestigious RoSPA Gold Medal Award for the 14th consecutive year, for demonstrating high health and safety standards.

I would like to thank everyone involved in CGA's achievements during the past year. I am confident that going forward CGA will continue to deliver its objectives and provide services that meet, and indeed, exceed our customers' expectations.

Phil Parramore

Chair of the Board

Strategic Report

- **Overview of 2023/24**
- **Financial Review (incl. 5-year summary)**
- **Value for Money Statement**

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Strategic Report

Overview of 2023/24

Operating Context

The current economic environment in which we operate continues to be an uncertain and challenging one. There is ongoing fallout from the sequence of severe shocks the UK economy has faced over the past few years, with persistently high inflation, higher cost of borrowing, challenges accessing skilled labour, and a declining housing market all still playing out.

There continues to be significant risk of further unexpected shocks from the ongoing war in Ukraine and instability in the Middle East. An ongoing housing market downturn poses risks for development sales income. The introduction of the 'Rent Ceiling' in 2023/24, which capped social housing rent increases at levels below inflation also put pressure on the level of resources available to meet our obligations and deliver on our priorities.

Against the uncertain economic environment, housing associations need to ensure they deliver against the expectations of the new consumer standards. Notable requirements include the continuing need to ensure our housing stock meets the expected standards with tenants feeling safe in their homes and communities.

Despite these challenges CGA's Business Plan remains resilient and current performance compares favourably when compared to the sector.

A Review of the Year

In 2023/24 the CGA group generated turnover of £38.194m and a surplus of £5.309m. We achieved 4 out of the 13 (31%) and narrowly missed four of our Business Health KPI's. It is pleasing to note that 4 of the 8 benchmarkable KPI's are in the upper quartile with a further 2 in the middle upper quarter when compared to our peer group, including 2 KPI's where we did not achieve our target. We achieved excellent performance in many measures including current tenant rent arrears, percentage of properties meeting the Decent Homes Standard and 'tenancy turnover'.

We always set very challenging targets for our health & safety measures, and narrowly missed our 100% target for both the 'percentage of Electrical Installation Condition Reports (EICRs) completed by the 5-year anniversary date' at 99.79% and the 'percentage of satisfactory EICRs' at 99.97%.

We are analysing our performance in areas where our stretching targets were not achieved and have put measures and milestones in place to improve performance in these areas. We have already seen improvements in the early part of 2024/25.

Overview of 2023/24 (continued)

A Review of the Year (continued)

Clearly the economic environment in which we operate remains uncertain and this has impacted on the delivery of our Corporate Plan. Despite the rent cap limiting our increased income we have retained our strong financial position and resilience, through the savings delivered, to manage the financial risks arising from the current operating environment. Our strong financial performance is evidenced through our detailed business plan stress testing and strong upper quartile performance on our Value for Money Metrics.

We are also in a strong place to meet new challenges facing us, such as reforms within the Social Housing Regulation Act. As part of the regulatory framework the RSH launched a revised set of consumer standards setting out the requirements that registered providers must meet. These are -

- **The Safety and Quality Standard** – requires landlords to provide safe and good quality homes and landlord services to tenants.
- **The Transparency, Influence and Accountability Standard** – requires landlords to be open with tenants and treat them with fairness and respect so that tenants can access services, raise complaints, when necessary, influence decision making and hold their landlord to account.
- **The Neighbourhood and Community Standard** – requires landlords to engage with other relevant parties so that tenants can live in safe and well-maintained neighbourhoods and feel safe in their homes.
- **The Tenancy Standard** – sets requirements for the fair allocation and letting of homes and for how those tenancies are managed and ended by landlords.

We see the increased regulation as an opportunity to review and improve all aspects of our service delivery, a process we had already commenced during 2022/23 with the launch of our Service Transformation Programme. This programme was initially launched as a response to the findings in key reports such as the Housing Ombudsman Special Report on Rochdale Boroughwide Housing and the spotlight report into Damp and Mould. As a result, we have increased resources allocated to this review which will help us deliver our Service Transformation Strategy which is focused on 'Customer First'; 'Brilliant Basics' and 'Organisational Learning'. This will further improve the services we deliver to our customers.

As part of the Regulator of Social Housing (RSH) review to reshape consumer regulation, a set of Tenant Satisfaction Measures (TSM's) have been agreed to allow people to understand how well social housing landlords are performing. With effect from year ending 31st March 2024, all social housing landlords must report on performance using these TSM's. Table 1 below shows our TSM performance for the year ending 31st March 2024 compared to the Sector.

Overview of 2023/24 (continued)

A Review of the Year (continued)

Table 1 TSM Measures – our current performance	23-24 Actual Group	Comparison to Sector Consolidated median *	
		Sector Median	CGA Quartile
Tenant Satisfaction Measures generated from Tenant Perception Survey			
TP01 - Overall satisfaction (%)	78.6	69.4	
TP02 - Satisfaction with repairs	80.1	70.4	
TP03 - Satisfaction with the time taken to complete most recent repair	77.4	66.4	
TP04 - Satisfaction that the home is well maintained	76.6	69.4	
TP05 - Satisfaction that the home is safe	78.8	76.1	
TP06 - Satisfaction that the landlord listens to tenant views and acts upon them	67.01	58.9	
TP07 - Satisfaction that the landlord keeps tenants informed about things that matter them	74.6	69.5	
TP08 - Satisfaction that the landlord treats tenants fairly and with respect	80.3	76.3	
TP09 - Satisfaction with the landlord's approach to handling complaints	43.9	33.8	
TP10 - Satisfaction that the landlord keeps communal areas clean and well maintained	69.0	65.5	
TP11 - Satisfaction that the landlord makes a positive contribution to neighbourhoods	66.0	62.5	
TP12 - Satisfaction with the landlord's approach to handling anti-social behaviour	54.7	57.0	
Tenant Satisfaction Measures generated from Management Information			
Complaints			
CHO1a Stage 1 Complaints relative to the size of the landlord (per 1,000 homes)	25.7	39.7	
CHO1b Stage 2 Complaints relative to the size of the landlord (per 1,000 homes)	3.5	5.3	
CH02a Stage 1 Complaints responded to within Complaint Handling Code timescales	97.7%	85.0	
CH02b Stage 2 Complaints responded to within Complaint Handling Code timescales	100.0%	83.3	
CH02c Stage 1 complaints responded to within timescales without extension	92.9%	85.0	
Neighbourhood Management			
NM01a - Anti-social behaviour cases relative to the size of the landlord (per 1000 homes)	67.4	38.6	
NM01b - Anti-social behaviour cases that involve hate incidents relative to the size of the landlord (per 1,000 homes)	2.5	0.7	
Responsive Repairs			
RP01 Homes that do not meet the Decent Homes Standard	0.00%	0.31	
RP02a Repairs completed within target timescale – Emergency	98.7%	94.8	
RP02b Repairs completed within target timescale – Non-emergency	83.4%	81.5	
BS01 Gas safety checks	99.7%	99.97	
BS02 Fire safety checks	100.0%	100	
BS03 Asbestos safety checks	100.0%	100	
BS04 Water safety checks	100.0%	100	
BS05 Lift safety checks	100.0%	100	

Quartile Key	Upper Quartile		Middle-Lower	
		Upper-middle		Lower Quartile

*(based on data provided in Housemark's–Tenant Satisfaction Measures 2023/24 year end results ([Monthly Pulse \(bloom-digital.s3.eu-west-2.amazonaws.com\)](https://monthlypulse.bloom-digital.s3.eu-west-2.amazonaws.com))).

Overview of 2023/24 (continued)

Commentary on the metrics

As shown in Table 1 above the TSMs consists of 22 measures: 12 of these come from surveying tenants about their satisfaction with services, and 10 come from performance data we hold. This includes data in relation to building safety, anti-social behaviour and complaint handling. To find out more about the survey click [here](#).

We gained feedback from our tenants through a Tenant Perception Survey which was sent out between 8th September 2023 and 18th October 2023. We used text message, postal, online and telephone surveys to gain feedback. The survey was sent to 6,453 tenants and 1,211 responses were received. We worked with an external company called TP Tracker, to make sure the survey was delivered independently and that the responses we received were representative of our whole tenant population.

Tenant Satisfaction Measures generated from Tenant Perception Survey

Our performance compares favourably to the sector, with 4 of the 12 measures being in the upper quartile and a further 7 being in the upper-middle quartile. The only measure below the average is Satisfaction with the landlord's approach to handling anti-social behaviour.

Tenant Satisfaction Measures generated from Management Information - Complaints

Similarly, our performance compares favourably to the sector with 3 of the 5 measures being in the upper quartile and a further 2 being in the upper-middle quartile.

Tenant Satisfaction Measures generated from Management Information - Neighbourhood management

Our performance in this area when compared to the sector is in the lower quartile. Evidence from Housemark indicates that recorded Anti Social Behaviour (ASB) is strongly influenced by the strategic value landlords place on the service. Where associations, like CGA employ specialist housing officers to tackle ASB they typically record above average volumes of cases. CGA also actively encourages the reporting and therefore recording all incidents no matter how small. This allows trends and patterns of behavior across areas to be established. This enables us to work effectively with partners to identify remediation action to be taken to resolve issues reported.

Tenant Satisfaction Measures generated from Management Information - Responsive Repairs

Our performance compares favourably to the sector with 5 of the 8 measures being in the upper quartile and a further 2 being in the upper-middle quartile.

Overview of 2023/24 (continued)

2023/24 saw the fifth and final year of our 2019-24 Corporate Plan which had three overarching strategic themes -

- **Invest** in our Homes and Neighbourhoods; Technology; and Colleagues and Culture.
- **Support** Individuals; Communities; and Partners.
- **Evolve** our Offer to Customers; our Engagement; and our 'Ways of Working'.

Highlighted below are some of the key achievements from 2023/24:

Invest in our Homes and Neighbourhoods

- The percentage of customers satisfied that CGA provides a home that is well maintained is over 75% and satisfaction that CGA makes a positive contribution to the neighbourhood is over 65% as measured by the 2023 TSM survey. Whilst the indicators show performance below our target it is worth noting that satisfaction is above average when compared to the sector.
- Key compliance indicators remained on or close to 100% during the year i.e., the Decent Homes Standard (100%), compliance with electrical inspections (99.76%) and properties with a valid Landlord Gas Safety Record (LGSR) (99.67%).
- Following the increased focus on Damp, Mould and Condensation (DMC) we continue to take a proactive approach to identifying, responding to and resolving cases of DMC. We launched a mandatory DMC course for all colleagues as we believe that it is vital that all colleagues understand their responsibilities with regards to ensuring our tenants' homes are safe and decent.
- During 2023/24 we increased the number of homes owned and managed by 210. Over the period of our 2019-24 Corporate Plan, 499 new homes were handed over.
- In addition, a further 62 homes were handed over in April 2024 and a further 122 are currently on site. We also have funding in place to deliver a further 409 homes, all of which we have identified land for. The majority of these will be for affordable rent but will also include some shared ownership.
- We increased our Supported Housing offer in line with our older persons Strategy, through firstly The Watermills development which had 52 apartments for over 60s across two blocks, and secondly our Extra Care scheme, The Atrium (61 apartments), which opened in May 2024.
- In March, we completed the purchase of Ribble Heights at the entranceway to the Grange estate. The scheme comprises of 14 blocks with 164 properties and the associated land off Grange Avenue and Fir Trees Avenue. This acquisition is in a key location and is part of our continued programme of investment in our communities.

Overview of 2023/24 (continued)

Invest in Technology

- We continue to undertake work to improve our underlying IT infrastructure to enable more flexible working across our business estate, improve information security and to pave the way for the future introduction of innovative digital technologies to support the management of our homes.
- We have continued to strengthen our expertise and resilience around cybersecurity. We acknowledge this is a significant risk across the sector and more widely. As such, a cyber security audit has been undertaken and the recommendations from this are being implemented.
- 35% of customers choose to access services online. With an increased appetite for these types of services we will be looking to develop further opportunities to access our services online.

Invest in Colleagues and Culture

- Following consultation with tenants, colleagues, and stakeholders we launched our new vision 'Working together to provide homes and communities our tenants can be proud of with services they value and trust'. The vision sets a clear direction for CGA, contains ambition and stretch whilst being mindful of the challenges we currently face.
- Similarly, we launched our new set of values setting out how we do things at CGA, summarised as follows.
 - **We put tenants at the heart of all we do** – we know, value and respect our tenants, and work with them to make a difference
 - **We do the right thing** – we act with honesty and integrity, we ask questions and think differently, and do the things that matter
 - **We aim high** – we are creative and resourceful, constantly seeking improvements to achieve the highest possible standards
 - **We are one team** – we value and support each other, build positive relationships, and work together to achieve more
 - **We own it** – We take responsibility for our own actions, and we deliver on our promises.
- We recognise the benefits of having a highly skilled and motivated team, and we have invested in training colleagues this year on key areas such as Damp, Mould and Condensation; Safeguarding; Health and Safety; Equality and Diversity; and Cyber security. We have also partnered with an external training provider to launch the 'Every Customer Matters' training programme; aimed at transforming the customer service we deliver internally and externally.
- During the year we have focussed on colleague wellbeing, introducing various initiatives to support colleagues mental, physical and financial wellbeing.
- We continue to provide apprenticeships and work with them to support them into permanent roles within Gateway.

Overview of 2023/24 (continued)

Invest in Colleagues and Culture (continued)

- We are proud to be a Living Wage employer and we recognise the benefits of appropriate pay and benefits.

Support Individuals

- We improved our customers' financial wellbeing by securing additional benefits of £4.27m; white goods for 51 tenants; and brown goods for 33 tenants who were unable to purchase these items from their existing income due to affordability issues.
- We also provided 87 free food parcels supporting tenants in financial hardship.
- During PVC's year ending 31st July 2023, PVC delivered specialist vocational provision to a total of 263 students, an increase of 90 students from the previous year. Students attended from 27 schools across Lancashire of which 49% were from schools that support behaviour, emotional and social difficulties, 21% were from mainstream schools; and 30% were from schools with special educational needs or disabilities.

Support Communities

- We invested nearly £20,000 through our Community Fund, supporting a total of fifteen community activities and events that had already secured £72,000 in match funding.
- As part of our drive to make our services more accessible we launched our Gateway2You sessions, where teams from across the business are available for tenants in the heart of our communities on a regular basis.
- We supported National Tree Week - the UK's largest annual tree celebration and our Grounds Maintenance team were out and about planting native species across our communities. This is part of our commitment to replant in areas where we've had to remove trees for safety reasons.
- Our Officers continued to be patch based, working in partnership with local partner organisations to make a difference to our communities. We continued to have a focus on Community Development projects this year, working to improve the local area. This included Days of Action, where we worked with local tenants, young people, partners and agencies to tackle local issues such as dog fouling, fly tipping, anti-social behaviour and criminal activity.

Support Partners

- We have worked in partnership with Preston City Council to bring empty homes back into management and have also recently acquired 15 homes on the open market through the Local Authority Housing Fund. This funding aims to alleviate emergency housing pressures by providing accommodation for refugees fleeing war in Afghanistan and Ukraine.

Overview of 2023/24 (continued)

Support Partners (continued)

- We have continued to support our partners to deliver services which benefit our customers and communities. For example, we have worked with the Police to secure over £3,000 in external funding to deliver an educational boxing programme for young people. This diversionary activity aims to reduce anti-social behaviour complaints in our communities by targeting the right young people through partnership referrals.

Evolve our Offer to Customers

- We have built on our approach to providing a range of accommodation through the opening of The Watermills, The Atrium and the purchase of homes for refugees.
- We are committed to providing the best possible service to all our customers, but we know we're not perfect and sometimes we might get things wrong. In the last year we received 222 complaints, with 77% of these being upheld or partially upheld. Many of these complaints have resulted in changes to our procedures or working practices, as well as additional training for our colleagues.
- In the last year, we also received 122 compliments about the services we provide and the people who work for us. Gateway PropertyCare received the most compliments, with tenants praising the efficient service delivered by the team.
- To help inform our service delivery, our newly formed Service Improvement Team have introduced an Insight Framework whereby we gather customer insight from a variety of channels including complaints, mystery shopping, satisfaction surveys and call statistics. We analyse this information to identify any trends or themes that may be emerging. We then engage with colleagues across CGA to agree any changes, further reviews required and to share best practice. Any changes agreed are then implemented and the learning from the review is embedded into our service delivery.

Evolve our Engagement

- Throughout the year we sought the views of over 1,100 tenants against a target of 600, through 11 consultation activities.
- Over the course of the year our engagement activities saw us engage with 950 individual tenants, resulting in over 2,000 engagements.
- We have over 1,000 tenants active on our Tenant Hub including 557 members on our tenant only Facebook Group.

Overview of 2023/24 (continued)

Evolve our Ways of Working

- We have maintained our strong financial management, as demonstrated through our continued compliance with the Financial Viability Regulatory Standard. This was re-confirmed through the RSH's Stability Check which confirmed our continued highest governance and viability rating, i.e., G1 and V1.
- Overall satisfaction with our services has ended the year strongly with nearly 80% of customers satisfied with the service provided by us.
- We have exceeded our rent performance targets, with our collection rate being 100.03% and current tenant arrears at 0.35% - we believe this performance to be one of the best across the whole social housing sector.
- The Board remains suitably skilled and effective – an annual Board appraisal exercise was completed as part of the 2023/24 Independent Review of Board Effectiveness and each of our subsidiary Boards and Standing Committees have undertaken an annual assessment of their effectiveness. No significant governance issues have arisen from these reviews and any actions to continually improve Board effectiveness have been incorporated within our Governance Action Plan.

Future Prospects

Following the final year of our 2019-24 Corporate Plan we are seeking to build on it during our new 2024-30 Corporate plan. The Corporate Plan has actively considered the feedback we have received from tenant consultation through 'The Big Conversation' consultation exercise and through roadshows, surveys, focus groups and customer insight.

We have an agreed set of measures and targets that will help determine the success of the new plan. Our specific priorities for our new 2024-30 Corporate Plan include:

Overview of 2023/24 (continued)

Future Prospects (Continued)

Priority	Outcome
We will provide great customer service.	Our tenants benefit from great customer service, and value and trust CGA as their landlord.
We will provide safe, well-maintained homes.	Our tenants live in safe, well-maintained homes.
We will provide more affordable homes.	We will continue to grow and provide a greater choice of good quality, affordable homes.
We will make a difference in our communities.	Our tenants live in well-kept neighbourhoods and are actively involved in making their communities better places to live.
We will be a great place to work.	We have a skilled, talented, and engaged workforce and a working environment that allows them to provide excellent customer service.
We will manage our business to the highest standards.	We are efficient, resilient, and well-run.
We will create a sustainable future.	Our tenants live in homes that are energy efficient. We have a clear strategy in place to become carbon neutral by 2050.

Financial Review

Financial Headlines

We have continued to deliver solid financial performance in 2023/24. We recognise the importance of being financially strong and this enables us to continue to invest in our existing homes; build and acquire new homes; and provide a wide range of services to our tenants. By remaining financially strong we also ensure that we have the capacity to manage change and remain resilient to the risks that we face as a housing provider.

Statement of Comprehensive Income

During the year CGA reported a surplus of £5.309m (after actuarial losses) for the Group. Financial Performance remained strong due to some notable operational performance such as our strong rent collection and arrears performance combined with our successful Treasury Management Strategy which ensured strong returns on our cash investments. Equally we saw both demand and cost pressures on our expenditure especially on our Responsive Repairs expenditure. A summary of CGA's Statement of Comprehensive Income over the past five years is shown below.

	2019/20	2020/21	2021/22	2022/23	2023/24
	Group	Group	Restated	Group	Group
	£'000	£'000	Group	Group	Group
	£'000	£'000	£'000	£'000	£'000
Turnover	31,258	31,810	34,995	37,526	38,194
Operating Surplus	9,427	8,341	8,782	11,375	9,569
Net Interest & financing costs	(4,044)	(4,403)	(4,466)	(4,114)	(3,355)
Movement in Investment Properties	-	-	-	-	-
Surplus	5,382	3,938	4,316	7,261	6,214
Actuarial gains/(losses) on pensions	1,554	(5,352)	6,336	165	(905)
Comprehensive Income for Year	6,936	(1,414)	10,652	7,426	5,309
Reserves at 31 March	54,551	53,136	65,622	73,048	78,357

Note: Following a change in accounting policy, Development programme interest was capitalised from 2022/23 onwards. 2021/22 was also restated to reflect this change.

Financial Review (continued)

Statement of Comprehensive Income (continued)

Turnover has increased by £0.668m (1.78%) during the year, mainly due to:

- an increase in Social Housing lettings turnover (£2.610m) following the 7% rent increase (11.1% for selected homes where there was a permitted exception to allow increases above the 7% rent cap), the full year impact of the 107 homes handed over in 2022/23 and the part year impact of the 210 homes handed over/brought back into management during 2023/24. This was offset by 27 homes sold under the RTB/RTA scheme during the year.
- this was offset by the impact of the reduction in first tranche shared ownership sales (£1.814m) where 8 sales took place during the year compared to 34 sales in the previous year. This reflected a lower number of shared ownership homes available through our development programme.

Operating surplus has reduced by £1.806m (15.88%) during the year due to:

- an increase in investment in our housing stock of £1.772m (22.16%) principally due to a 15% increase in the volume of Responsive Repairs and a 37% increase in the volume of void repairs combined with an increase the programming of small, planned improvement works and external improvement works when compared to the previous year (£758k).
- a rise in depreciation costs (£0.809m) due to
 - a) increased property asset values following (i) our investment programme, which included the replacement of a number of key components such as kitchens, bathrooms and boilers and (ii) the completion of new homes on our development programme; and
 - b) the impact of accelerated depreciation on components replaced before they had been fully depreciated.
- other net increases of £1.172m principally on management costs/service costs, other social housing activity and non-social housing activity notably as a result of the 2023/24 pay award and other cost increases including insurance premiums.
- a reduction in the gain on disposal of properties (£497k) due to the reduction in the number of RTB/RTA sales from 43 to 27.

These have been offset by -

- an increase in turnover of £0.668m as noted above.
- a reduction in Shared Ownership – cost of sale £1.653m reflecting the reduced volume of sales as noted above.
- a reduction in the bad debts write off during the year of £124k due to the low level of current rent arrears.

Financial Review (continued)

Statement of Comprehensive Income (continued)

Net Interest and financing costs reduced by £0.759k (18.45%) for the year primarily reflecting an increase in interest receivable on CGA cash balances (£0.391k) and the LGPS pension scheme assets (£422k) due to higher interest rates.

The pension valuations resulted in

- an actuarial loss on The Social Housing Pension Scheme (SHPS) of £0.467m (2023: loss £0.300m) – see note 26
- an actuarial loss on The Local Government Pension Scheme (LGPS) of £0.438m (2023: gain £0.465m). Whilst there is an actuarial loss in the year the scheme is in an overall surplus position of £10.541m (2023: 8.583m). As in the previous year this surplus has not been recognised (i.e. the Statement of Financial Position asset has been restricted to nil) resulting in the actuarial loss. This is to comply with the requirements of FRS 102 which restricts the recognition of any surplus to the economic benefits that could be realised either through reduced contributions in the future, or through refunds from the plan - see note 27
- liabilities, on both schemes, increasing slightly over the period due to the interest cost and the actual scheme experience (membership movements, inflation etc.) over the year combined with changes in assumptions (including a slightly higher discount rate because of market conditions). It is however worth noting that the accounting liabilities are significantly less than a couple of years ago, due to the high yields on corporate bonds.
- assets on both schemes increasing over the period. In the LGPS, they've increased by more than the liabilities, but in SHPS, they haven't increased by as much as the liabilities. This is largely because SHPS is heavily invested in Liability Driven Investment (LDI) funds which aims to match the movements in the liabilities because of market conditions.

Statement of Financial Position

The value of our housing properties at historic cost totalled £270.4m (2023: £238.7m). This increase reflects the ongoing development and improvement work during 2023/24, where we added 210 homes into management. As a result, the value of our housing properties increased by £31.7m.

As at 31 March 2024 drawn loans totalled £135m of our £175m facilities and this is detailed under note 19 - Creditors: amounts falling due after more than 1 year and note 20 – Debt Analysis.

Our revenue reserve (including pension liability) now stands at £78.357m, an increase of £5.309m as a result of the surplus for the financial year offset by the net actuarial loss on the Defined Benefit Pension Schemes.

Financial Review (continued)

Profit for purpose

CGA is a housing association with a robust “profit for purpose” model. PDL, our Development Company, generated additional profit of £127k (2023: £114k) which will be gift-aided back to the charitable element of the Group. We aim to be as efficient as possible, striving to be a top-quartile performer and maximise our surplus to invest in the delivery of our current and future Corporate Plans. The more efficient we are as an organisation, the more of the added value work we can carry out to improve our communities and the lives of our customers who live there.

Pension Costs

CGA participates in three pension schemes, being the Lancashire County Council Local Government Pension Scheme; Social Housing Pension Scheme (SHPS) - Defined Benefit; and SHPS - Defined Contribution. We are fully compliant with the requirements of auto-enrolment with all eligible employees enrolling into SHPS - Defined Contribution. We will continue to review our pension provision to ensure it remains affordable and appropriate for CGA and our colleagues.

The cost of defined benefit contributions and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty.

Right to Buy/Right to Acquire Sales/Other sales

In relation to property sales, a Right to Buy (RTB) sharing agreement exists with Preston City Council (PCC) which was agreed at transfer. RTB sales totalled 17 in the year, generating total receipts of £0.817m. There were 10 property sales under the Right to Acquire scheme generating receipts of £1.042m.

During the year CGA continued its shared ownership programme with two schemes on site including a total of 61 shared ownership homes of which 35 have been handed over as at 31st March 2024 (all 35 in 2023/24). 8 homes were sold during the year generating receipts of £0.797m. There were no other sales during the year.

Risk & Regulation

CGA continues to manage its key financial risks during the year, with a clear focus on income recovery, cost control and treasury management. Performance in the year supports this focus with rent collection rates remaining high at 100.03% and current tenant arrears standing at 0.35% at 31 March 2024.

Financial Review (continued)

Risk & Regulation (continued)

Similarly, financial control was strong with all loan covenants being comfortably achieved together with strong performance against the VfM Metrics (including our Operating Margin and Headline Social Housing cost per unit). Our proactive approach to treasury management ensured that we retained sufficient cash to fund our activities.

Treasury Management

Treasury Policy & Capital Structure

Our treasury policy is to retain minimum cash whilst ensuring sufficient funds are available to resource our operational management and maintenance activities and support the ongoing improvement and development programmes. Cash projections are used to continually monitor future borrowing requirements.

The borrowing strategy, which is approved annually by the Board, is to aim over time to fix interest rates on a minimum 60% of net debt in order to reduce exposure to any future interest rate increases and to create a degree of guarantee over future interest payments. CGA has fixed rate loans of £125m (92.6% of gross debt) at 31 March 2024 as shown in Note 20 of the Financial Statements.

Loan Facilities

Our £175m loan facilities provides capacity within our Business Plan to support our growth ambitions. The £175m includes £95m long-term funding through a Private Placement, with maturity dates of 30 to 35 years and £80m medium-term security, with the loan maturity ranging from approximately 15 months to 5 years. The loan maturity dates are as set out in the table below.

Treasury Management

Loan Facility Structure for the year ending 31 March 2024

Maturity	2024	2023
	£m	£m
Less than two years	20	-
Between two and five years	60	80
Between 5 and 10 years	-	-
After 10 years	95	95
Total	175	175

Cash Flow and Liquidity

The net cash inflow from operating activities before interest costs was £9.754m. Bank balances and short-term investments were £7.249m at the year-end and borrowing totalled £135m.

Value for Money Statement

Our Approach

CGA's objectives are set out in our 2019-24 Corporate Plan. The Plan has three strategic themes:

- **Invest** - in Homes and Neighbourhoods; Technology; and Colleagues and Culture.
- **Support** - Individuals; Communities; and Partners.
- **Evolve** - our Offer; our Engagement; and our Ways of Working.

Value for Money (VfM) runs through everything we do and is an integral theme across our corporate plan and objectives. VfM and continuous improvement underpin our Evolve our ways of working objective. The Board use our VfM metrics as key measures to assess and understand our performance against our peer group and the sector as a whole.

Across the three strategic themes we have nine main objectives and each of these has clearly defined Key Performance Indicators (KPIs) and targets by which the Board can track progress and ultimately assess delivery. This year's results allow us to assess our achievements against the final year (year 5) of this Strategy.

Decision-making framework

Our effective decision-making process supports the delivery of VfM. It is important for us to know the impacts of decisions, whether these are about improvements to services or cost reductions, as this allows priorities to be set and agreement reached. Our decision-making framework includes:

- A robust corporate planning structure involving the Board, tenants, staff and wider stakeholders in the production of our corporate plan.
- Annual team plans are prepared by each service area which focus on service improvements. These provide a forward view of resource requirements, and therefore include VfM targets, alongside wider social and environmental gains.
- The collection of customer satisfaction feedback, coupled with committed tenant involvement ensures that our customers' views are used to shape services.
- Financial performance is reviewed monthly by the Executive Leadership Team and quarterly by the Board. This enables corrective action to be taken in a timely manner, including consideration of short- and medium-term implications.
- Our KPI's provide the Board, management and tenants with an understanding of current performance against target and how they compare to sector and peer group benchmarks.

Value for Money Statement (continued)

Decision-making framework (continued)

- A project management framework exists to assess and approve new business initiatives. This ensures each has been fully evaluated, appraised against the corporate objectives and is managed in a consistent manner.

Reporting on Performance and VfM

We recognise the importance of measuring how the business is performing and use this knowledge to help us challenge whether the quality of our services could be improved or delivered more cost effectively. We set ourselves challenging targets to sustain or improve year-on-year.

The Board track progress in delivering the Corporate Plan through a bi-annual performance report which includes a number of KPIs across the nine main objectives. Board also receives regular reports throughout the year on our financial position (including the VfM Metric targets) and performance against our overall Business Health Targets. Performance in 2023/24 against our suite of Corporate Plan and Business Health KPI targets compared to our peers is set out below.

When comparing our performance against peers, we use HouseMark's North-West, North-East and Yorkshire & Humberside benchmarking group for all housing associations with more than 2,500 units.

This consists of 38 housing providers (including CGA), and these are listed in Table 3. This peer group was selected to represent similar housing associations, in the North of England and to provide the most meaningful and useful comparisons.

In addition, we also compare ourselves to live performance data compiled by HouseMark through their monthly pulse surveys. This helps us understand if sector wide issues are impacting on CGA to a greater or lesser extent. Where we have pulse survey information available, we have used this measure as the Upper Quartile benchmark.

Value for Money Statement (continued)

Table 2 - Key Performance Indicators	23-24 Target	23-24 Performance		Quartile	Upper Quartile
Invest					
Properties meeting the Decent Homes Standard (%)*	100	100	✓	●	100
Homes in Band C and above energy rating (%)**	80.0	80.9	✓		
Customers satisfied with the Repairs Service (%)*	87	80.1	●	●	80
Properties with a Valid Landlord Gas Safety Record (LGSR) (%)*	100	99.7	▲	●	100
Electrical Installation Condition Report (EICR) completed by the renewal date (%)*	100	99.7	▲		
Customer satisfaction that CGA provides a home that is well maintained (%)**	84	76.6	●	▲	80.00
Customer satisfaction that CGA makes a positive contribution to the neighbourhood	83	66.0	●	▲	74.00
Number of new homes built (Cumulative)*	600	499	●		
Rent loss through voids (%)*	1.25	2.9	●	●	0.94
Colleagues satisfied with the IT tools to do their job (%)**	85.00	80.0	●		
Customer satisfaction with the range of online services provided (%)**	60.00	51.8	●		
Average number of days lost to absence (per colleague)*	7.70	6.5	✓	●	9.05
Colleague turnover (%)	15.00	21.4	●	▲	13.45
Colleague Equality & Diversity (E&D) measures meeting their respective targets (%)**	100	80	●		
Staff satisfaction with CGA as a place to work (%)**	89.00	85.0	●	●	84.50
Support					
Tenancies ending within 12 months (%)**	6.00	5.0	✓		
Tenancy Turnover (%)*	7.00	7.1	▲	●	5.63
Customers leaving their home due to affordability issues (%)**	5.00	1.7	✓		
Customers leaving their home due to dissatisfaction with community/neighbourhood (%)**	5.00	3.5	✓		
Colleagues that live locally (%)**	75.00	78.8	✓		
Level of spend in PR post code (incl. staff and suppliers)**	£9.5m	£9.4m	●		
Lettings to people provided with secure accommodation who are at risk of becoming homeless (as proportion of lettings) (%)**	25.00	36.0	✓		
Customers aged 65 and over who feel socially isolated (Biennial; %) **	23.00	28.3	●		
Customers who feel safe and secure in their communities (Biennial; %) **	86.00	79.1	●		
Evolve					
Customer satisfaction with the overall service provided (%)*	84.92	78.6	●	●	79.2
Customers satisfied with the VfM of rent (Biennial; %) **	88.7	73.2	▲		
Customers who choose to access services online (Biennial; %) **	38.88	35.2	●		
Number of engaged tenant members**	345	407	✓		
Occupancy rate General needs (GN) accommodation (%)**	99.56	98.4	▲	●	99.74
Occupancy rate Sheltered (SH) accommodation (%)**	99.00	96.2	●		
Customer satisfaction with the opportunities to get involved (%)*	74.00	53.9	●		
Accepted tenant scrutiny recommendations implemented within agreed timescales (%)**	100	91.0	●		
Compliance with all loan covenants (%)*	100	100	✓		
RIDDOR reportable incidents (employees and non-employees) (No)*	0	4	●		
Net rent collected (%)**	98.50	100.0	✓		
Current arrears as a percentage of net rent debit*	1.50	0.35	✓	●	2.38
Achieve annual VfM targets (%)** 37 cp32	100	22	●		

Value for Money Statement (continued)

Quartile Key	Upper Quartile		Middle Lower		Performance Key	Target Met		Slightly off Target <1% of target	
	Middle Upper		Lower Quartile			Off Target ≥1% of target			

* Business Health KPI **Corporate Plan KPI's

Table 3 – Benchmarking Peer Group

Accent Group	Lincolnshire Housing Partnership Limited	Regenda Limited
Believe Housing	Livin Housing Limited	Rochdale Boroughwide Housing Limited
Beyond Housing	Livv Housing Group	Salix Homes Limited
Broadacres Housing Association	Magenta Living	South Lakes Housing
Calico Homes	Mosscares St Vincent's Housing Group	South Liverpool Homes Ltd
Cobalt Housing	Muir Group Housing Association Limited	South Yorkshire Housing Association
Community Gateway Association Ltd	North Star Housing Group	Southway Housing Trust (Manchester) Limited
ForHousing	One Manchester	Together Housing Group Limited
Great Places	One Vision Housing Limited	Torus Group
Halton Housing	Ongo	Wakefield & District Housing Ltd
Home Group	Onward Group Limited	Weaver Vale Housing Trust Limited
Karbon Homes Limited	Plus Dane Housing Limited	Wythenshawe Community Housing
Leeds Federated Housing Association Limited	Progress Housing Group	

Commentary on KPI's

Table 2 shows that despite the challenges of the current operating environment, there have again been a number of positive areas of performance with 12 out of the 38 targets being achieved (32%), with a further 5 being narrowly missed. Of the 13 that are benchmarked 6 (46%) are in the upper quartile and 2 (15%) in the upper-middle quartile, including 5 where we didn't achieve our target.

Investment in our existing housing stock remains strong as demonstrated by 100% of our properties meeting the minimum "Decent Homes Standard" and 80.9% of our homes being at a 'band C and above energy rating' (slightly exceeding our target of 80%). Whilst we, like the sector have seen satisfaction levels falling, and our performance doesn't meet our aspirational targets, the levels achieved compare favourably with our benchmarking peer group.

Value for Money Statement (continued)

Commentary on KPI's (continued)

Whilst key compliance indicators i.e., properties with a valid gas safety record (99.7%) and compliance with electrical inspections (EICR) (99.76%) did not meet our target of 100%, it is pleasing to note we have made some minor adjustments to our processes and are seeing improvements during 24/25 to date.

Whilst colleague turnover has been a challenge for everyone in recent years, it is pleasing to note our sickness absence measure has improved, and engagement remains strong, despite missing our stretching target with colleague satisfaction at 85%.

For the last two years we have reported that **"tenancy turnover"** has stabilised and remained low with year-end performance of 7.56% in 2021/22 and 6.9% in 2022/23. This trend has continued during 2023/24 with tenancy turnover ending the year at 7.08%. Customers leaving their home due to dissatisfaction with the community/neighbourhood also ended the year within the target of 5% at 3.51% a reduction from the previous year of 4.11%. We achieved our **"Tenancies ending within 12 months"** target of 6% with a tenancy turnover of 5.01%.

We again achieved outstanding rent collection performance at 100.03% for the year resulting in a low level of arrears as a percentage of net debt at 0.35%; this is an excellent achievement in a challenging environment. This demonstrates the impact of the financial wellbeing support we provide and is further evidenced with just 1.7% of customers leaving their tenancy due to affordability issues compared to our target of 5%. This is a reduction when compared to the 2022/23 performance of 4.3%. We achieved this by continuing to support customers to obtain welfare benefits/grants equating to annualised gains of £4.27m.

The KPI targets were stretching ones, to ensure that focus was given to areas of strategic priority to sustain or improve current performance. The commentary below will focus on the areas where the targets were missed and the future actions we plan to take to improve performance in these areas.

No. of new homes built/acquired – at the end of year 5, we have handed over 499 homes (cumulatively) which is under the target of 600. However, a further 62 homes were handed over in April 2024 and a further 122 are currently on site.

Percentage of Rent loss through voids – Year end void rent loss of 2.89% is higher than the 1.25% target predominantly due to the backlog of voids carried forward from 2022/23. This arose from increased times required to carry out void works due to the reallocation of resource to focus on DMC issues and the delivery of our Carbon Monoxide Detector Programme.

Value for Money Statement (continued)

Commentary on KPI's (continued)

Although this performance is significantly over target, it is pleasing that the changes implemented because of the review of the Voids Service have started to have a positive impact on performance. This, notably, includes a reduction in the number of voids in works (94 at year end, compared to 176 in June 2023). This decrease in void numbers, resulting in a reduction in the amount of weekly rent loss that is accruing, provides a much more positive starting point for 2024/25.

As noted above, we have seen satisfaction levels falling in recent times, including **“Customer satisfaction with the overall service provided”**. A focused Service Transformation Plan alongside a company-wide customer service training programme is being undertaken to ensure we operate in accordance with our new Values and put our ‘tenants at the heart of all we do’. We acknowledge that such changes may take up to 18 months to

Percentage of colleague E&D measures meeting their respective targets - We ended the year with 4 out of the 5 measures meeting target. Whilst this has improved on 22/23, 1 measure remains outside of target, namely Colleagues from Ethnic minorities - including White minorities (EM). We continue to look to actively promote opportunities in a number of ways to seek a wide range of candidates.

Number of RIDDOR reportable incidents (employees and non-employees) - There were 4 reportable incidents that occurred during the year. In each instance we undertake a full review and ensure all learning points improve our approach.

















VfM Regulatory Metrics – our current performance








The VfM Standard and supporting code of practice requires Registered Providers to annually publish evidence to understand the provider’s performance against its own VfM targets and the metrics set out by the RSH, alongside how that performance compares to peers.

Table 4 below provides VfM performance in 2023/24 and provides a comparison against the target for the year, the previous two years and our peer group (detailed in Table 3) - and the sector (based on data provided in the 2023 VfM Global Accounts).

Value for Money Statement (continued)

VfM Regulatory Metrics – our current performance

Table 4	21-22	22-23	23-24 Target	23-24 Actual Group	Comparison to CGA's Peer Group median (Based on 2023 data)		Comparison to Sector Consolidated median (Based on 2023 data)	
					Peer Group Median	CGA Quartile	Sector Median	CGA Quartile
Metric 1 - Reinvestment % Investment in properties (existing stock as well as New Supply) as a % of the value of total properties held.	13.26%	12.78%	14.63%	14.44%	8.25%		6.7%	
Metric 2a - New supply delivered (Social Housing Units) No. of new units as a % of total units.	1.42%	1.59%	3.30%	2.27%	1.10%		1.3%	
Metric 2b New supply delivered (Non-Social Housing Units) No. of new units as a % of total units.	0%	0%	0%	0%	0%	n/a	0%	n/a
Metric 3 - Gearing % The proportion of assets that are made up of debt.	48.83%	42.54%	46.73%	46.83%	42.35%		45.3%	
Metric 4 - EBITDA MRI % Measurement of liquidity.	187%	241%	197%	202%	129%		128%	
Metric 5 - Headline Social Housing Cost per Unit £ Cost per unit for social housing activities.	£3,230	£3,056	£3,562	£3,685	£4,282		£4,586	
Metric 6a - Operating margin % (Social Housing Lettings) Measurement of financial efficiency.	27.37%	31.39%	32.5%	26.41%	18.15%		19.8%	
Metric 6b - Operating margin % (Overall Margin) Measurement of financial efficiency.	23.71%	26.86%	25.27%	22.96%	15.5%		18.2%	
Metric 7 - Return on Capital Employed % Measurement of efficiency of investment.	3.68%	4.10%	3.43%	3.32%	3.20%		2.8%	

Quartile Key	Upper Quartile		Middle-Lower		Performance Key	Target Met		Slightly off Target	
	Upper-middle		Lower Quartile			Off Target			

Commentary on the metrics

Despite missing 4 VfM metric targets, and 3 VfM targets being narrowly missed, our metrics for the year show a strong position, with 6 out of the 9 metrics being in the upper quartile, 1 out of the 9 metrics being in the upper-middle quartile and just 1 metric being in the middle-lower quartile when compared to our peer group and the sector. There is no measure for metric 2b as all our new supply was Social Housing.

Metric 1- Reinvestment %: this metric remains consistently strong when compared to our peer group and the sector and places us in the upper quartile.

Metric 2a - New Supply Delivered (Social housing Units): This metric has increased steadily to 2.27% in 2023/24 and places us in the upper quartile when compared to both our peer group and the sector. Unfortunately, we missed our target due to delays in completion of schemes.

Value for Money Statement (continued)

Commentary on the metrics (continued)

Metric 3 - Gearing % - at 46.83% this ratio places us in the lower-middle quartile. This means we have more borrowing capacity than approximately half of the other associations in the sector and our peer group. This has increased from 22/23 due to a smaller rise in our asset base compared to our net debt.

Metric 4 - EBITDA-MRI & Metric 6a/6b - Operating Margin %: These metrics did not achieve the targets for the year principally due to increased expenditure on our Repair and Maintenance Service. Our EBITDA-MRI of 202%, and despite not achieving our targets our Operating margin (social housing lettings) of 26.41% and our Overall Operating margin of 22.96% place us in the upper quartile when compared to the sector and our peer group.

This strong position reflects our income maximisation, with excellent rent collection performance of 100.03% and low level of arrears at 0.35%. It is worth noting our turnover per social housing unit of £5,566¹ is in the lower quartile of the sector because of the low rental values within the Preston area. This clearly adversely impacts both our EBITDA-MRI and Operating margin metrics and means that our Headline Social Housing Cost per unit needs to be low in comparison to others to achieve a strong performance in these areas.

Metric 5 - Headline Social Housing Cost: this indicator has remained consistently strong and places us in the upper quartile when compared to our peer group and the sector. Included within our Headline Social Housing Cost per unit of £3,685 are management costs which equate to £1,011 per unit (2023/24: £934).

This reflects the continued focus on managing our cost base. Despite our cost control, we continue to deliver effective outcomes, with the percentage of customers satisfied with the service provided in the upper quartile at 78.6% (based on TSM survey data).

Metric 7 – Return on Capital Employed %: At 3.32%, this compares favourably to our peer group and to the sector, being in the upper-middle quartile.

¹ Based on data provided by the Regulator of Social Housing (RSH) Global accounts 22/23.

Value for Money Statement (continued)

VfM Regulatory Metrics – our Business Plan forecasts

We recognise the need to maintain this strong position and the metrics calculated from our future financial plans are shown in Table 5 below.

It is worth noting the figures below include prudent assumptions to reflect the uncertainty around the current high inflation operating environment. Should we continue to operate at existing levels and manage these risks, we would expect to out-perform these forecasts.

Table 5	23-24 Actual	24-25 Forecast	25-26 Forecast	26-27 Forecast	27-28 Forecast	28-29 Forecast	Peer Group Median	Sector Median
Metric 1 - Reinvestment %	14.44%	9.1%	13.2%	6.9%	4.3%	2.0%	8.25%	6.7%
Metric 2a - New supply delivered (Social Housing Units)	2.27%	2.69%	0.83%	2.71%	0.14%	2.15%	1.10%	1.3%
Metric 2b New supply delivered (Non-Social Housing Units)	0%	0%	0%	0%	0%	0%	0%	0%
Metric 3 - Gearing %	46.83%	48.64%	50.69%	50.14%	50.30%	49.88%	42.35%	45.3%
Metric 4 – EBITDA-MRI %	202%	179%	163%	153%	176%	186%	129%	128%
Metric 5 - Headline Social Housing Cost per Unit £	£3,685	£4,317	£4,406	£4,466	£4,521	£4,538	£4,282	£4,586
Metric 6a - Operating margin % (Social Housing Lettings)	26.41%	28.6%	29.0%	28.0%	29.4%	28.6%	18.15%	19.5%
Metric 6b - Operating margin % (Overall Margin)	22.96%	21.23%	23.4%	22.6%	22.6%	23.3%	15.5%	18.2%
Metric 7 - Return on Capital Employed %	3.32%	3.5%	2.9%	2.9%	3.4%	3.1%	3.20%	2.8%

Our latest Business Plan has provision to grow to own c7,200 homes by March 2029. This will see us increase our **Reinvestment %** to 13.2% in 2025/26 and **New supply delivered** metric to a peak of 2.71% in in 2026-27, demonstrating strong upper quartile performance when compared to our peer group and the sector (based on 2022-23 Global Accounts VfM data). The new homes we develop will help us meet a range of housing needs, including those for Independent Living alongside many for families, in a variety of locations in and around Preston.

We will draw on finances we have secured to deliver a long-term sustained return. This increased level of debt funding means our **Gearing** ratio will begin to rise and our **EBITDA-MRI** reduces in the short-term. The reduction in our **EBITDA-MRI** in 2025-26 and 2026-27 reflects the interest costs of the additional borrowing and higher interest rates combined with increased investment in existing homes as reflected by our stock condition data.

Value for Money Statement (continued)

VfM Regulatory Metrics – our Business Plan forecasts

As noted above, the approved business plan includes some prudent assumptions, which if outperformed, should see us improve this ratio at outturn. This would also have a positive impact on the **Headline Social Housing Cost per unit, Operating margin and Return on Capital Employed**, all of which show a downward trend when compared to 2023/24, due to these assumptions combined with additional investment to support our Service Transformation programme.

2024/25 was the final year of our five-year Corporate Plan. Following a review of delivery against this Plan, we have considered our targets to ensure they remain appropriate and help us to maintain or improve our record of strong operational and financial performance.

Our plans for 2024/25 include:

- Continuing to focus on service delivery improvements arising from tenants' feedback, including engagement events and complaints.
- Delivery of a Service Transformation Plan in response to learning lessons from recent sector failings.
- Continuing to develop new homes, with a range of tenures.
- Looking at ways to improve satisfaction across the business by listening to our tenants' views.
- Ensuring we are well-placed to meet the ongoing Sector reforms, including Consumer Regulation and future requirements around Professionalisation.

In developing our strategic priorities beyond 2024/25 we have considered how we manage the cost pressures for both CGA and our customers arising from the current challenging macro-economic operating environment. We will continue to ensure that our plans remain appropriate and affordable within the Business Plan.

Due to the evidence set out in this report, the Board believes it fulfils the requirements of the RSH's Value for Money standard.

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Governance

Board Members

The Board members that have served during the period from 1 April 2023 up to the date these statements have been signed are set out on page 3. The Board of Directors of CGA are the Board of Management, as defined by the Accounting Direction for Private Registered providers of Social Housing 2022. The Board of Management's responsibilities are as stated on page 46 below.

The Board members are drawn from a wide background bringing together professional, commercial and housing experience and have a range of skills, experience and qualities required to take decisions and monitor CGA's performance.

In recognition of the challenges and responsibilities facing the Board and the time and effort they put into performing their duties, Board members have been remunerated for the last two years, i.e. from 1 April 2022. None of the Board members receive any pension benefits from CGA (note 12).

The Board Members are term-limited to enable the Board to adjust its leadership to suit changing organisational needs. To ensure that Board members have the right skills, the Board has a regularly reviewed succession plan in place.

The focus of the Board is on CGA's strategy, though it also has responsibility for overseeing performance. The Board delegates certain governance responsibilities to committees, which have their own approved terms of reference. Day-to-day performance management is delegated to the Chief Executive, who in turn leads the Executive Leadership Team.

The CGA Board currently consists of 4 tenant members, 5 independent members and one member nominated by Preston City Council. Tenant members have the same rights and responsibilities as other Board members.

Executive Directors

The Executive Officers listed on page 3 of this report have served during the period from 1 April 2023 up to the date these statements have been signed. They are responsible for the day-to-day management of CGA and meet on a weekly basis. The Executive Officers hold no financial interest in CGA and are not members of the Board.

Governance Structure

The committees supporting the Board and the governance arrangements during the year under review were the:

Audit and Risk Committee

This committee's primary role is to independently contribute to the Board's overall process for ensuring that an effective internal control system is maintained and to oversee the implementation of the risk management strategy.

Gateway Central

Gateway Central is a strategic tenant body which oversees development and delivery of the Community Empowerment Strategy, monitors customer service performance and oversees all tenant consultation activity. Gateway Central is a sub-committee of the Board and includes up to 12 members including 3 Board members. The Chair of Gateway Central reports twice a year to the Board on all matters within its responsibilities.

Remuneration and Appointments Committee

This committee is responsible for reviewing the Group's policy on employee remuneration and benefits and appraising the performance of the Chief Executive. It also considers matters relating to the remuneration of the Board and Executive Leadership Team.

Governance review

CGA carries out a triennial Governance Review, with the last Independent Review of Board Effectiveness being conducted in 2023/24. The review concluded that CGA's governance arrangements are effective with individual Board Members and the collective Board providing competent and appropriate oversight of the business. The annual Board appraisal exercise was also conducted as part of this Independent Review. The minor recommendations arising from the Independent Review and individual and collective development requirements arising from the appraisals have been fed into the Governance Action Plan, designed to further improve CGA's corporate governance.

Code of Governance

CGA's Board has also adopted the National Housing Federation's (NHF) Code of Governance 2020. A full review of CGA's compliance against this Code has been completed and in summary, of the 162 requirements within the Code CGA is:

- Fully compliant with 161 (99.4%) requirements.
- Partially compliant with 1 (0.6%) requirement.

Governance Structure (continued)

Code of Governance (continued)

The one requirement where CGA demonstrates partial compliance is minor in nature and relates to section 3.7(5) of the Code. This section requires the Code's requirements on tenure to apply to offices held across all Boards and Committees.

Preston Vocational Centre (PVC) does not comply with all the Code's requirements regarding tenure on the basis that it would be in PVC's best interests to retain a maximum tenure of nine years as permitted under the Charity Governance Code for small Charities adopted by PVC.

Governance and Viability Standard

Our robust governance arrangements were assessed by the RSH following the IDA carried out during 2021/22 when CGA retained its G1, V1 regulatory grading (the highest level of compliance). This rating is reviewed on an annual basis through the annual Stability Check review carried out by the RSH and was reaffirmed in December 2023.

A review has also been undertaken to assess CGA's current level of compliance against the RSH Governance and Financial Viability Standard. In summary, of the 21 areas of the Standard requiring a statement of compliance, CGA is able to evidence compliance in all areas.

Internal Control and Risk Management

Key risks

CGA has embedded a culture of risk management. The ongoing process to identify, evaluate and manage the risks faced by CGA has been in place throughout the year up to the date of approval of the report and financial statements.

CGA has a fully embedded Risk Management Strategy (including a refreshed Risk Appetite Statement) setting out our strategic approach to managing risk. Our Risk Management Strategy is supported by a Risk Management Framework.

The Audit & Risk Committee plays a key role in the framework and in seeking assurance that risks are being managed and relevant policies and processes are being followed. Corporate and management risk registers are reviewed by the Audit & Risk Committee at each meeting with all updates and changes to the risk registers reported to the Committee. The Corporate Risk Register is also considered by the Board quarterly including any recommendations from the Audit & Risk Committee. Each of the subsidiaries within the CGA Group also have their own risk registers which are regularly reviewed by the Board of the relevant subsidiary.

In order to provide the ongoing assurance to both Board and Audit & Risk Committee members, that risk is being effectively managed, resourced, and where necessary, mitigated, the corporate and management risk registers are reviewed on a quarterly basis by the Risk Review Group, an officer group chaired by the Executive Director of Resources and consisting of members of the Senior Management Team. The Corporate Risk Register includes:

Key Risk	Description	Controls
Health & Safety	Failing to ensure the health, safety and welfare of employees and any other persons affected by CGA, there is a risk of harm, legal action, increased costs and reputational damage.	Health & safety management system; qualified staff; Health & Safety Committee; Detailed risk register reviews.
Asset Management	Properties fail to reach legal requirements which could lead to legal action, increased costs, regulatory downgrade and reputational damage.	Asset Management Strategy; Decent Homes framework; In-house services; annual stock condition reviews; active asset management approach.
Development Programme	Due to the increased scale and diversity of the development programme, this could result in cash flow pressures and diminished financial viability.	Development strategy; financial regulations; steering group oversight; approval process via Board; financial planning/stress testing.
Regulatory Assurance	As a result of the evolving nature of regulation, our governance and assurance framework or the Board is not judged to be effective and/or compliant with the regulatory framework could lead to a downgrade and a greater level of intervention by the Regulator.	Governance framework, including rules and standing orders; skilled board; Board succession planning; regulatory compliance framework in place.

Internal Control and Risk Management (continued)

Key risks

Key Risk	Description	Controls
Key Supplier ceases trading	As a result of a key contractor/supplier ceasing to trade there is a risk that there is significant service failure which could lead to unforeseen costs and damage to CGA's reputation.	Procurement/due diligence processes in place; financial controls/checks; monitoring performance including sub-contractors; contractual arrangements.
Cyber Security	The threats from cyber security attacks not being effectively managed, our systems and data could be compromised leading to a loss or corruption of service and/or data resulting in reputational damage and financial penalties.	Technology strategy; data breach procedure; staff awareness/training; systems access/permissions; cyber security action plan; systems configuration and monitoring.
Safeguarding	An ineffective approach could mean our customers, or their dependents, partners, contractors or colleagues may be put at risk of abuse, which could result in a Serious Case Review, prosecution or other action leading to reputational damage or other serious detriment.	Policies and procedures; staff awareness/training; collaborative working with partners; DBS checks; contractor engagement.
Colleague Turnover	Due to the challenges of recruitment and retention, this could put increased pressure and demands on colleagues, which may impact on morale, wellbeing and resilience and our ability to deliver effective services.	Employment package/offer; marketing strategies; recruitment and selection processes; colleague engagement activities.
Macro-economic Climate	The recent impact of economic and political uncertainty has led to volatility in markets and increasing inflation which puts pressure on costs, income collection and service delivery, ultimately reducing the organisation's financial resilience.	Financial planning, including stress testing and resilience planning; financial and operational environmental scanning; performance monitoring/management.
Data Management	Good quality data management is crucial to ensure appropriate decision-making which aids the provision of great customer service and delivery of core landlord responsibilities, such as maintaining the quality and safety of our homes.	Key data sets stored on robust systems with inherent controls and external support. In-house administrators/external support in place to assist in the management of data. Interfaces to ensure consistency of key data sets. Reconciliation processes in place where required.
Carbon Neutral	The future financial requirements to achieve carbon neutral could put undue pressure on the organisation's ability to deliver other corporate objectives.	Flexible delivery plan/phased approach; engagement with partners and supply chain; financial planning; environmental scanning.
Damp, Mould & Condensation (DMC)	If we don't manage DMC in our homes effectively, living conditions can become unacceptable and property condition deteriorate. This can affect peoples' health and wellbeing.	DMC policy and procedure; inspections and treatment carried out by trained professionals; targeted communications with colleagues and customers; disrepair and complaints processes; data driven/risk-based approach.

Internal Control and Risk Management (continued)

Key risks

Continued strong governance, clear leadership and effective management are essential in order that we can manage the broad range of risks and challenges facing CGA and the wider housing sector. We believe that the Board, working in partnership with our colleagues and tenants, are well placed to meet these challenges and continue to ensure that CGA remains a successful tenant-led organisation.

The Board is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public assets and money are safeguarded and properly accounted for, and that they are being used economically, efficiently and effectively.

Internal Controls Assurance

A wide range of internal control mechanisms are in place and being operated to help the organisation meet its strategic objectives, to operate within the law, to make effective use of public money and to report activities accurately. These bring together information from all significant parts of the business and provide assurance to the Board that an effective system of internal controls is in place. The most significant sources are through:

- Our approach to assurance, based around the three lines model.
 - The 1st line describes controls operated by day-to-day management.
 - The 2nd line covers more independent checks carried out by other internal teams.
 - The 3rd line incorporates external assurance obtained from auditors or regulators.
- The existence of the Audit & Risk Committee, with appropriate terms of reference.
- An independent internal audit function.
- Risk management framework.
- Financial and non-financial performance monitoring and management.
- Appropriate communications structures.
- Effective customer scrutiny arrangements.
- Effective strategies, policies and procedures.
- External stakeholders, including the RSH and accreditation bodies.

Internal Controls Framework

A comprehensive framework of internal controls is in place consisting of sources of assurance that, when brought together, provide a complete picture of all significant parts of the business. CGA has a system of operational controls in place supported by risk management and compliance checks.

The internal control framework is designed to manage and reduce, rather than eliminate the risk of failing to achieve the objectives of the business. It can only provide the Board with reasonable, and not absolute assurance against material misstatement or loss.

Internal Control and Risk Management (continued)

Internal Controls Framework (continued)

The key features of the system of internal control include:

- An established management structure operating across CGA with clearly defined levels of responsibility and delegated authorities. To support this, we have Standing Orders and Financial Regulations that are reviewed annually by the Board.
- A robust risk management system (including health and safety) established by the Board to enable the identification, evaluation and management of the strategic and operational risks we face.
- Adopting and complying with the principal recommendations of the National Housing Federation's (NHF's) 2020 Code of Governance and accepting this as our code of good practice.
- Audit & Risk Committee assurance – the Committee meets quarterly to review our corporate risks, alongside receiving reports which provide assurance over compliance matters and that internal control systems are operating effectively. The Committee also reviews any follow-up action to correct identified weaknesses. All Board members receive the minutes of Audit & Risk Committee meetings.
- Internal audit assurance – the internal audit function is provided by BDO and is based around a three-year risk-based programme linked to our corporate risks. The Audit & Risk Committee review and approve the audit programme and receive regular reports from the internal auditors. This includes an annual review at the end of each programme year. The 2023/24 Internal Audit Programme included an audit reviewing our Complaints processes, Fire Safety arrangements, Responsive Repairs (including sample testing Damp, Mold and Condensation), Service Charges and Business Continuity (IT Disaster Recovery).
- Other Audit/Specialist Reviews - During the year several other audit activities or third-party specialist reviews have taken place which provide additional assurance around Electrical Installation, Gas Safety, Stock Condition data, Data Quality and Integrity and a review by HMRC of our VAT processes.
- External audit assurance – external auditors provide a management letter, and interim findings report identifying any internal control weaknesses. The audit letter is required to report where 'a satisfactory system of control over transactions has not been maintained'. In accordance with best practice, the Audit & Risk Committee and the Board consider this letter.
- Well established procedures that ensure the employment, retention, training and development of suitably qualified colleagues to manage the activities of the business.
- Comprehensive Board member appraisal and training programme to ensure that Board members remain professionally updated and are equipped with the skills to meet the needs of the business.

Internal Control and Risk Management (continued)

Internal Controls Framework (continued)

- A number of steps have been taken to improve the control environment including updating policies and procedures, reviewing assurance maps and associated controls, our risk appetite statement, and stress testing of the business plan.
- The preparation and monitoring of budgets and long-term business plans that enable the Executive Leadership Team and Board to regularly review financial performance throughout the year and investigate and act upon any key variances.
- The Board approve the treasury management policy and strategy on an annual basis and regularly review treasury management activity; we also receive independent advice from specialist advisors.
- A clear process for reviewing all investment decisions – all such major decisions are subject to appraisal and approval of the Executive Leadership Team and, where appropriate, the Board.
- A register of frauds and attempted frauds is in place and is reviewed regularly by the Audit & Risk Committee on behalf of the Board.
- A strong ethical and performance management framework embedded into the culture of CGA with reporting designed and implemented to give the Board a regular and clear picture of performance and facilitate prompt remedial action if necessary.

In their internal audit annual report for 2023/24 which was submitted to the April 2024 Audit & Risk Committee meeting, BDO state: "The risk management activities and controls in the areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements. Based on our sample testing, risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable assurance that the related risk management, control and governance objectives were achieved throughout the period under review. This view is given with the exception of the Complaints audit where a Limited opinion was given for both Design and Operational Effectiveness. We note that since completing, the audit, we have followed up on actions noted within the Complaints review as part of the annual follow-up process and noted that remediation had taken place by management. Only one action remained in progress as at the time of our annual follow-up and demonstrable action had been taken to mitigate immediate risks identified."

Internal controls assurance conclusion

The Board have reviewed the effectiveness of the system of internal control, including the sources of assurance agreed by the Board as being appropriate for that purpose. The Board is satisfied that there is sufficient evidence to confirm that adequate systems of internal control have existed and have

Internal Control and Risk Management (continued)

Internal controls assurance conclusion (continued)

operated throughout the year, and that those systems have been aligned to the management of significant risks facing the organisation.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which is embedded within its governance and management processes. This approach includes the regular evaluation of the nature and extent of risks to which CGA is exposed.

The Board has delegated authority to the Audit & Risk Committee to review the effectiveness of internal control and has received regular reports throughout the year through a quarterly risk management update report.

The Audit & Risk Committee has also received the Chief Executive's annual report on the effectiveness of internal controls, together with the annual report from the internal auditor, and reported its findings to the Board.

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2024 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

Health & Safety

CGA is committed to providing a safe working environment to its workforce and aims to lead by example with its partner contractors. The Board is aware of its health and safety responsibilities and has a policy statement in place and receives regular briefings on health and safety matters. The Health and Safety Committee monitors performance, addresses health & safety issues, and reports into the Audit & Risk Committee. Advice and support to colleagues is provided by a Health and Safety Manager. Demonstrating the strength of our Health and Safety culture, systems and processes we have been awarded the internationally renowned Royal Society for the Prevention of Accidents (RoSPA) President's Award (14 consecutive Golds). This is a tremendous accolade and one of the highest awards that RoSPA confer. It recognises over a decade of achievements in ensuring the highest standards of health and safety across the whole business. We also have the highest 5-star health and safety rating, by the British Safety Council.

Qualifying third party indemnity provisions

CGA has insurance policies that indemnify its board members and executive directors against liability when acting for CGA.

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

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and Association and of the Group's and Association's income and expenditure for the year then ended.

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

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

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2022. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

The Board is responsible for 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.

Going concern

The Board has a reasonable expectation that CGA has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. Therefore, the Board continues to adopt the going concern basis in the financial statements.

Statement of Board's responsibilities in respect of the Board's report and the financial statements (continued)

Annual General Meeting (AGM)

The AGM will be held on Saturday 14th September 2024.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in paragraph 4.7 of the 2018 Statement of Recommended Practice (SORP) for Registered Social Housing Providers and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Provision of information to the auditor

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Beever and Struthers have been appointed as CGA's External Auditors. A resolution for the re-appointment of Beever and Struthers as auditors of the Group is to be proposed at the forthcoming Annual General Meeting.

The Strategic Report was approved on 25th July 2024 and signed by order of the Board.

Craig Garner
Company Secretary

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Financial Statements 2023/24

Independent auditor's report to the members of Community Gateway Association Limited

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Independent auditor's report to the members of Community Gateway Association Limited (continued)

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Independent auditor's report to the members of Community Gateway Association Limited (continued)

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities in respect of the Board's report and the financial statements set out on page 46, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Independent auditor's report to the members of Community Gateway Association Limited (continued)

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

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

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the NHF Code of Governance 2020, the Regulatory Standards, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed the controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Independent auditor's report to the members of Community Gateway Association Limited (continued)

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

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

Use of our report

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

Beever and Struthers
Statutory Auditor
One Express,
1 George Leigh Street
Manchester,
M4 5DL

Date:

Consolidated and Association Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	Group 2024	Group 2023	Association 2024	Association 2023
		£'000	£'000	£'000	£'000
Turnover	4	38,193	37,526	37,761	37,120
Operating expenditure	4	(29,424)	(27,448)	(29,025)	(27,059)
Gain on disposal of property	6	800	1,297	800	1,297
Operating surplus		<u>9,569</u>	<u>11,375</u>	<u>9,536</u>	<u>11,358</u>
Interest receivable and other income	7	1,415	607	1,415	607
Interest and financing costs	8	(4,770)	(4,721)	(4,770)	(4,721)
Gift Aid	2,28	-	-	114	145
Surplus before taxation		<u>6,214</u>	<u>7,261</u>	<u>6,295</u>	<u>7,389</u>
Taxation on surplus from ordinary activities	10	-	-	-	-
Surplus for the financial year		<u><u>6,214</u></u>	<u><u>7,261</u></u>	<u><u>6,295</u></u>	<u><u>7,389</u></u>
Actuarial (losses) on SHPS defined benefit pension scheme	26	(467)	(300)	(467)	(300)
Actuarial (losses)/gains on LGPS defined benefit pension scheme	27	(438)	465	(438)	465
Total comprehensive income for year		<u><u>5,309</u></u>	<u><u>7,426</u></u>	<u><u>5,390</u></u>	<u><u>7,554</u></u>

The Consolidated and Association's results relate wholly to continuing activities and the notes on pages 59 to 93 form an integral part of these financial statements.

The financial statements on pages 54 to 93 were approved and authorised for issue by the Board of Directors on 25 July 2024 and were signed on its behalf by:

Phil Parramore
Chair

Michelle Allott
Vice Chair

Craig Garner
Secretary

Consolidated and Association Statement of Financial Position

At 31 March 2024

	Note	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Fixed assets					
Tangible fixed assets - housing properties	14	270,398	238,699	270,785	238,960
Tangible fixed assets - other	15	8,307	8,358	8,247	8,331
Investment properties	16	1,503	1,065	1,503	1,065
		<u>280,208</u>	<u>248,122</u>	<u>280,535</u>	<u>248,356</u>
Current assets					
Stocks	17	4,841	3,409	4,841	3,409
Debtors - receivable within one year	18	4,473	2,234	4,410	2,207
Cash at bank and in hand		7,249	32,284	6,971	32,018
		<u>16,563</u>	<u>37,927</u>	<u>16,222</u>	<u>37,634</u>
Creditors: amounts falling due within one year	19	(8,933)	(8,512)	(8,861)	(8,457)
Net current assets		7,630	29,415	7,361	29,177
Total assets less current liabilities		287,838	277,537	287,896	277,533
Creditors falling due after more than one year					
	19	(208,814)	(204,012)	(208,795)	(204,012)
SHPS Liability	26	(667)	(477)	(667)	(477)
LGPS Pension Liability	27	-	-	-	-
Net assets		78,357	73,048	78,434	73,044
Capital and reserves					
Income and expenditure reserve		79,024	73,525	79,101	73,521
Pension reserve		(667)	(477)	(667)	(477)
		78,357	73,048	78,434	73,044

The notes on pages 59 to 93 form an integral part of these financial statements.

The financial statements on pages 54 to 93 were approved and authorised for issue by the Board of Directors on 25 July 2024 and were signed on its behalf by:

Phil Parramore
Chair

Michelle Allott
Vice Chair

Craig Garner
Secretary

Consolidated and Association Statement of Changes in Reserves for the year ended 31 March 2024

Group	Income and expenditure reserve	Pension reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2023	73,525	(477)	73,048
Surplus for the year	6,214	-	6,214
Actuarial loss recognised in the pension schemes	(905)	-	(905)
Total comprehensive income for the year	5,309	-	5,309
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	190	(190)	-
Balance at 31 March 2024	79,024	(667)	78,357

Association	Income and expenditure reserve	Pension reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2023	73,521	(477)	73,044
Surplus for the year	6,295	-	6,295
Actuarial loss recognised in the pension schemes	(905)	-	(905)
Total comprehensive income for the year	5,390	-	5,390
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	190	(190)	-
Balance at 31 March 2024	79,101	(667)	78,434

The notes on pages 59 to 93 form an integral part of these financial statements

Consolidated and Association Statement of Changes in Reserves for the year ended 31 March 2023

Group	Income and expenditure reserve	Pension reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2022	66,301	(679)	65,622
Surplus for the year	7,261	-	7,261
Actuarial gain recognised in the pension schemes	165	-	165
Total comprehensive income for the year	7,426	-	7,426
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	(202)	202	-
Balance at 31 March 2023	73,525	(477)	73,048

Association	Income and expenditure reserve	Pension reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2022	66,169	(679)	65,490
Surplus for the year	7,389	-	7,389
Actuarial gain recognised in the pension schemes	165	-	165
Total comprehensive income for the year	7,554	-	7,554
Reserve Transfers:			
Transfer of pension movement from income and expenditure reserve	(202)	202	-
Balance at 31 March 2023	73,521	(477)	73,044

Consolidated Statement of Cash Flows for the year ended 31 March 2024

Cash flow from operating activities	2024	2023
	£'000	£'000
Surplus for the financial year	6,214	7,261
Adjustments for:		
Depreciation of fixed assets - housing properties	6,725	5,916
Depreciation of fixed assets - other	754	726
Amortised grant	(2,554)	(2,567)
Interest payable and finance costs	4,770	4,721
Interest received	(1,415)	(607)
Difference between net pension expense and cash contribution	(314)	(50)
Surplus on the sale of fixed assets - housing properties	(800)	(1,297)
(Increase)/Decrease in trade and other debtors	(2,239)	2,575
Increase in trade and other creditors	160	1,965
Increase in stock	(1,432)	(193)
Net cash generated from operating activities	9,869	18,450
Cash flows from investing activities		
Purchase of tangible fixed assets - housing properties	(38,472)	(30,036)
Purchase of tangible fixed assets - other	(704)	(673)
Purchase of investment properties	(519)	
Net proceeds from sale of fixed assets - housing properties	1,513	2,540
Grants received	7,508	16,646
Interest received	998	607
Net cash used in investing activities	(29,676)	(10,916)
Cash flows from financing activities		
Interest paid	(5,231)	(5,171)
New loans - bank	-	15,000
Net cash (used in)/generated from financing activities	(5,231)	9,829
Net (decrease)/increase in cash and cash equivalents	(25,038)	17,363
Cash and cash equivalents at beginning of year	32,284	14,921
Cash and cash equivalents at end of year	7,246	32,284

The notes on pages 59 to 93 form an integral part of these financial statements

Notes to the Financial Statements for the year ended 31 March 2024

1. Legal Status

Community Gateway Association Ltd is incorporated in England and Wales under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RSH) as a Private Housing Association. The registered office is Harbour House, Portway, Ashton-on-Ribble, Preston PR2 2DW. Community Gateway Association Limited's principal activity is to provide social housing. The group comprises the following entities:

Name	Incorporation	Registered/Non-Registered
Community Gateway Association Ltd (CGA)	Co-operative & Community Benefit Societies Act 2014	Registered
Patterdale Developments Ltd (PDL)	Companies Act 2006	Non-Registered
CGA Homes Ltd (CHL)	Companies Act 2006	Non-Registered
Preston Vocational Centre Ltd (PVC)	Companies Act 2006	Non-Registered

All subsidiaries within the group are 100% owned by Community Gateway Association Ltd

2. Principal Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and in accordance with FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis of Consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Going Concern

CGA's latest Business Plan including sensitivity analysis and stress testing demonstrates that it has sufficient funding facilities in place that will meet planned development and other expenditure, and that it is fully able to service its debt facilities. After a thorough review including considering all assets, liabilities and commitments the Board are assured that there are sufficient cash reserves and agreed facilities in place to meet liabilities as they fall due. The Group is able to mitigate a worst-case scenario and avoid a covenant breach by reducing expenditure on non-core services combined with managing the timing of development and repairs expenditure. CGA also has access to undrawn loan facilities set out in Note 20.

Notes to the Financial Statements for the year ended 31 March 2024

Principal Accounting Policies (continued)

The Board has a reasonable expectation that CGA has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. Therefore, the Board continues to adopt the going concern basis in the financial statements.

Parent Association disclosure exemptions

In preparing the separate financial statements of the parent Association, advantage has been taken of the following disclosure exemption available in FRS 102:

- No statement of cash flows has been presented for the parent Association.

Income

Income is measured at the fair value of the consideration received or receivable. CGA generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting).
- Sales of properties through the Right to Buy or Right to Acquire Scheme.
- Sale of first tranche Low-Cost Home Ownership properties.
- Service charge receivable; and
- Revenue grants and amortisation of capital grants.

Rental income is recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales and proceeds from the sale of land or property are recognised at completion of the sale.

Rent and service charge agreements

CGA has both fixed and variable service charges for its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account. Income is recorded based on the estimated amounts chargeable.

The Group has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Grants

Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income when the conditions for receipt of agreed grant funding are met.

Capital grant is released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic lives of the housing property structure and components have been selected.

Interest receivable

Interest receivable is recognised in the Statement of Comprehensive Income in the year.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income in the year.

Notes to the Financial Statements for the year ended 31 March 2024

Principal Accounting Policies (continued)

Leased assets

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

VAT

CGA, CHL and PVC are VAT registered as part of the Group's registration. A large proportion of their income, (rents and service charges) are exempt for VAT purposes thus giving rise to a partial exemption calculation. PDL is registered separately for VAT. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Taxation

No corporation tax is payable on the surpluses of charitable activities of CGA as it has charitable status. CGA did not undertake any taxable non-charitable activities in the year.

Tangible Fixed Assets

Housing properties

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

Works to existing housing properties

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised. Works that, over the lives of the properties, result in an increase in net rental income, a reduction in maintenance costs or a significant extension to the life of the property thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Provision for major repairs is only made where a contractual liability exists for work undertaken. Due to the establishment of regular programmes of repair and maintenance, CGA does not make provision for cyclical repairs, but charges actual cost incurred to the Statement of Comprehensive Income.

Shared ownership properties and staircasing

Under low-cost home ownership arrangements, the Association disposes of a long lease on low-cost home ownership units for a share ranging between 10% and 100% of value. The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low-cost home ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset. The remaining element is classed as Property, Plant and Equipment (PPE) and included in completed housing properties at cost, less any provisions needed for depreciation or impairment.

Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Notes to the Financial Statements for the year ended 31 March 2024

Principal Accounting Policies (continued)

Depreciation of housing properties

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Structure 60 to 100 years	Land – n/a
Central Heating Carcass 30 Years	Central Heating Boilers 15 years
Roofs 70 Years	Windows & doors 30 Years
Bathrooms 30 Years	Kitchens 20 Years

Impairment

CGA's housing property portfolio is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or Cash Generating Units (CGUs) for which impairment is indicated to their recoverable amounts. Initially the Association compares the fair value less costs to sell by reference to EUV-SH. If this is lower than the net book value, the CGUs are then assessed for their value in use by calculating a Depreciated Replacement Cost (DRC) for each CGU.

The DRC will be based upon the lower of:

- the cost of constructing an equivalent asset on the same site together with the original land costs; or
- the cost of acquiring an equivalent asset on the open market.

The Association defines CGUs as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or CGU is lower than its carrying value, an impairment is recorded through to the Statement of Comprehensive Income.

As our Housing Stock is performing strongly as demonstrated by the high demand for our stock. We have a very strong waiting list for our homes and based on lettings during the last quarter, the average waiting time ranged from 12 months for a 2-bed property to 85 months for a 4-bedroom property. We have also seen a c300% increase in applications for recently advertised properties when compared to applications last time they were advertised. This demonstrates that demand for our homes remains high. This combined with the fact that a) there are no anticipated future rent reductions; and b) any real cost increases in management costs associated with our properties will be offset by corresponding reductions in costs; indicate that there is no evidence to suggest that an impairment of our housing properties is required as detailed in note 3.

The Investment properties valuation carried out in accordance with the Investment Properties note below confirms no change to the value of these properties.

Notes to the Financial Statements for the year ended 31 March 2024

Principal Accounting Policies (continued)

CGA have considered the impact of the current high inflation macro-economic environment including the 2023/24 Rent Cap not to have a material impact on the value of Housing Stock or Investment properties as at 31 March 2024 as mitigation actions have been taken to maintain the overall financial viability of the Business Plan.

Depreciation of Other tangible fixed assets

Other fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation. Depreciation is provided on a straight-line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

The principal annual rates used for other assets are:

Freehold and leasehold office property	5 to 80 years	Office fixtures and fittings	3 to 15 years
Office Furniture	5 to 10 years	ICT equipment	3 to 10 years
Plant and Machinery	3 years	Scheme Assets	5 to 15 years

Useful economic lives of all tangible fixed assets are reviewed annually.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business.

Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from either Market Value – Vacant Possession (MV-VP) or Market Value – Subject to Tenancies (MV-ST). The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing MV-VP needs to be made. No depreciation is provided.

The valuation has been based on the following assumptions -

- the proposed use of the Property is consistent with the current use.
- the Property is in good condition.
- No construction materials have been used that are deleterious, or likely to give rise to structural defects.
- No hazardous materials are present.
- All relevant statutory requirements relating to use or construction have been complied with.

Changes in fair value are recognised in the statement of comprehensive income.

Properties for sale

Shared ownership properties where the first tranche is unsold, and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal. They are also reviewed for impairment as part of determining the net realisable value.

Materials stock

Stock is stated at the lower of cost and net realisable value. Costs comprise parts and materials for use by our in-house repairs team for the repair of our housing properties. Stocks are valued at purchase price. Materials stock is held in the van fleet.

Notes to the Financial Statements for the year ended 31 March 2024 Principal Accounting Policies (continued)

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable within one year are recorded at transaction price.

Bad and doubtful debts provisions

CGA estimates the recoverable amount of rental and other receivables, and a provision is made against rent arrears of current and former tenants as well as other miscellaneous debts to the extent that they are considered potentially irrecoverable.

The provision for Bad debts on tenant arrears is calculated as follows:

- Former Tenant Arrears – 100% of debt
- Housing Benefit Overpayments – 100% of debt
- Current Tenant Arrears – on a sliding scale as detailed below:

1 – 4 weeks	Nil
5 – 8 weeks	10%
9 – 12 weeks	25%
13 – 25 weeks	50%
26 weeks and over	100%

The provision for Bad debts on other non-rent debts is calculated as follows based on age of debt:

Less than 121 Days	Nil
121 Days to 180 Days	25%
181 Days to 270 Days	50%
271 Days to 360 Days	75%
Greater than 360 Days	100%

Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses.

Provisions for Liabilities and Charges

Provisions are made to the extent that CGA has no discretion to avoid the expenditure provided for. Provisions have been calculated in line with the guidance contained in FRS 102.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

Holiday pay accrual

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

Notes to the Financial Statements for the year ended 31 March 2024

Principal Accounting Policies (continued)

Finance costs

The cost of raising loan finance is initially capitalised and offset against the loan principal and is amortised to the statement of comprehensive income on a straight-line basis over the term of the loan. Any discount or premium realised on the issue of a bond or similar financial asset is capitalised and offset or added to the bond principal and is then amortised to the statement of comprehensive income on a straight-line basis over the term of the asset.

Government Grants

Government grants include grants receivable from Homes England, local authorities, and other government organisations. Capital Grant received in relation to newly acquired (SHG or AHG) or existing housing properties (Gap Funding) is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic lives of the structure and components have been selected (see table of useful economic lives above).

Where a social housing grant (SHG) or affordable housing grant (AHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Association adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Cash and cash equivalents

The Group has £5m invested in a 32-day notice account with the remaining £2.249m invested in various instant access accounts. Cash and cash equivalents represent the current bank account balance adjusted for un-presented cheques and monies held on deposit.

Notes to the Financial Statements for the year ended 31 March 2024

Principal Accounting Policies (continued)

Pensions

CGA participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Local Government Pension Schemes (LGPS) administered by Lancashire County Council. At 31 March 2024 there were 14 active members of the SHPS scheme and 24 active members of the LGPS scheme.

CGA has fully adopted accounting standard FRS 102 and the recognition, measurement and disclosure requirements for post-employment benefits are in accordance with this standard.

For these schemes, assets are measured at fair values and liabilities are measured on an actuarial basis using the projected unit method and are discounted as appropriate using high-quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group. The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

CGA also participates in a defined contribution scheme operated by the Social Housing Pension Scheme with 205 active members. Contributions payable under this scheme are charged in the Statement of Comprehensive Income in the period to which they relate.

Pension Valuations

The Social Housing Pension Scheme (SHPS) and the Lancashire County Council Local Government Pension Scheme (LGPS) – the valuation of assets and liabilities is dependent on estimates and assumptions. Following receipt of the FRS102 pension cost accounting valuation from The Pensions Trust (TPT) and Mercers (LCC's actuary), the assumptions used in the valuation have been reviewed in consultation with First Actuarial (CGA's Pension advisor). As a result of the review, the assumptions set out in Notes 26 and 27 below have been used rather than the default SHPS/LGPS assumptions.

Pension reserve

CGA's Pension Reserve of (£0.667m) relates to a reserve to cover the FRS 102 Net Pension Scheme Liability on the Social Housing Pension Scheme's Defined Benefits Fund as set out in Note 26.

The Lancashire County Council Pension Fund surplus position of £10.541m has been restricted to £nil in the financial statements as set out in Note 27 and therefore no pension reserve is required.

Income Expenditure Reserves

This constitute a free reserve and is not designated for a specific purpose.

Gift Aid

During the year CGA was gifted £114k (2023: £145k) from Patterdale Development Limited (PDL) as approved by PDL Board on the 25 May 2023. The receipt of gift aid from PDL is based on PDL's taxable surpluses for the year.

Notes to the Financial Statements for the year ended 31 March 2024

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in compliance with accounting principles requires the use of certain critical accounting estimates and judgements. The material areas of either estimation or judgement are set out below. Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events.

Pension Asset

FRS 102 requires that defined benefit plan surpluses are recognised only to the extent that they are recoverable either through reduced contributions in the future or through refunds from the plan. The accounting valuation of the Lancashire County Pension Fund at 31 March 2024 identified an accounting surplus of £10.541m.

The scheme's actuary has confirmed that they can demonstrate no economic benefit arising to CGA from an 'asset ceiling' calculation comparing the present value of future service costs to the present value of future contributions. The actuary has also confirmed that any refunds from the plan are contingent on future events.

Accordingly, CGA judge that there is insufficient evidence to support the recoverability of the plan's surplus and therefore has not recognised the pension asset position, restricting the surplus to £nil, and reducing actuarial gains by the same amount.

Impairment Indicators

Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Despite the impact of the rent cap and macro-economic pressures we have maintained strong performance levels during the 2023/24 financial year as seen through the Value for Money Statement KPI's. Whilst the rent cap has reduced income streams, we continue to review our operational costs to maintain our long-term financial plan.

This, combined with the fact that there are no anticipated future rent reductions and any real cost increases in management costs associated with our properties will be offset by corresponding reductions in costs, there is no evidence to suggest that an impairment of our housing properties is required as disclosed in the accounting policies set out in note 2 above. The Investment properties valuation carried out in accordance with the Investment Properties note above confirms no change to the value of these properties. CGA have considered the impact of current macro-economic climate not to have a material impact on the value of Housing Stock or Investment properties as at 31 March 2024.

Development Expenditure

The Group capitalises development expenditure. Initial Capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Notes to the Financial Statements for the year ended 31 March 2024

Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Other Judgements

- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.
- The recoverability of the rent receivable balances outstanding at year end. A Provision for bad debts is calculated as disclosed in the accounting policies set out in note 2 above.

Key sources of estimation uncertainty

Investment Properties (Note 2 and 16)

Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers (as disclosed in the accounting policies set out in note 2 above).

The fair value of the property held within these investments is estimated noting there is difficulty in predicting the outlook of the UK property market. A sensitivity analysis is provided below.

Change in assumption		Change in Value (£'000)
Investment Properties	Increase/decrease of 10%	£150k

Tangible Fixed Assets (Notes 2, 14 and 15)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

The table below shows the financial impact to changes to the useful economic lives.

Component	Change in assumption	Increase in annual charge (£'000)
Structure	Component life reduced by 10 years	182
Central Heating Carcass	Component life reduced from 30 years to 25 years	69
Central Heating Boilers	Component life reduced from 15 years to 10 years	368
Roofs	Component life reduced from 70 years to 50 years	177
Bathrooms	Component life reduced from 30 years to 25 years	103
Kitchens	Component life reduced from 20 years to 15 years	542
Windows and Doors	Component life reduced from 30 years to 25 years	156

Notes to the Financial Statements for the year ended 31 March 2024

Judgements in applying accounting policies and key sources of estimation uncertainty Key sources of estimation uncertainty (continued)

Pensions

The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. The table below shows the financial impact to changes in those assumptions.

Change in assumption	Change in Liabilities LGPS	Change in Liabilities SHPS
Discount Rate – Increase of 0.5%	(1,608)	(215)*
Inflation – Increase of 0.25% per annum	851	103
Salary Growth – Increase 0.25% per annum	162	25
Life Expectancy – increased by 1 year	544	61

***Discount Rate increase of 0.3%**

Notes to the Financial Statements for the year ended 31 March 2024

4. Particulars of Turnover, operating expenditure, and operating surplus

Group	Note	Turnover	2024 Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000
Social Housing Activities				
Income and expenditure from lettings	5	36,616	(26,944)	9,672
Other Social Housing Activity				
Community Regeneration		3	(1,070)	(1,067)
Shared Ownership Sales		797	(705)	92
Non-Social Housing Activities				
Lettings income and expenditure		315	(276)	39
Other		462	(429)	33
Total		38,193	(29,424)	8,769

Group	Note	Turnover	2023 Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000
Social Housing Activities				
Income and expenditure from lettings	5	34,006	(23,332)	10,674
Other Social Housing Activity				
Community Regeneration		142	(1,076)	(934)
Shared Ownership Sales		2,611	(2,358)	253
Non-Social Housing Activities				
Lettings income and expenditure		331	(263)	68
Other		436	(419)	17
Total		37,526	(27,448)	10,078

Notes to the Financial Statements for the year ended 31 March 2024

4. Particulars of Turnover, operating expenditure and operating surplus

Association	Note	Turnover	2024 Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000
Social Housing Activities				
Income and expenditure from lettings	5	36,616	(26,944)	9,672
Other Social Housing Activity				
Community Regeneration		3	(1,070)	(1,067)
Shared Ownership Sales		797	(705)	92
Non-Social Housing Activities				
Lettings income and expenditure		315	(276)	39
Other		30	(30)	-
Total		37,761	(29,025)	8,736

Association	Note	Turnover	2023 Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000
Social Housing Activities				
Income and expenditure from lettings	5	34,006	(23,332)	10,674
Other Social Housing Activity				
Community Regeneration		142	(1,076)	(934)
Shared Ownership Sales		2,611	(2,358)	253
Non-Social Housing Activities				
Lettings income and expenditure		331	(263)	68
Other		30	(30)	-
Total		37,120	(27,059)	10,061

Notes to the Financial Statements for the year ended 31 March 2024

5. Income and Expenditure from Social Housing Activities

Group & Association	General Needs Housing	Supported Housing	Low-Cost Home Ownership	2024	2023
	£'000	£'000	£'000	£'000	£'000
Rents receivable – net of identifiable service charges	28,728	2,566	254	31,548	29,213
Service charge income	648	1,479	13	2,140	1,924
Amortised government grants	2,324	195	29	2,548	2,567
Other Income	34	346	-	380	302
Total income from lettings	31,734	4,586	296	36,616	34,006
Expenditure					
Management	(6,028)	(968)	(4)	(7,000)	(6,299)
Service charge costs	(1,267)	(1,816)	-	(3,083)	(2,617)
Routine maintenance	(6,436)	(170)	(7)	(6,613)	(5,599)
Planned maintenance	(1,945)	(7)	-	(1,952)	(1,701)
Major repairs expenditure	(1,198)	(5)	-	(1,203)	(696)
Operating Lease Costs	(314)	-	-	(314)	(326)
Bad debts	(54)	-	-	(54)	(178)
Depreciation of housing properties:					
- annual charge	(5,003)	(478)	(63)	(5,544)	(5,340)
- accelerated on disposal of components	(1,181)	-	-	(1,181)	(576)
Total expenditure on lettings	(23,426)	(3,444)	(74)	(26,944)	(23,332)
Operating surplus on lettings activities	8,308	1,142	222	9,672	10,674
Void losses	968	1	-	969	464

6. Gains on disposal of property

	Group 2024	Group 2023	Association 2024	Association 2023
	£'000	£'000	£'000	£'000
Sale proceeds	2,090	3,129	2,090	3,129
Carry value of fixed assets	(713)	(1,244)	(713)	(1,244)
Less share of proceeds due to Preston City Council	(535)	(519)	(535)	(519)
Cost of Sales	(42)	(69)	(42)	(69)
Transfer to Recycled Capital Grant Fund	-	-	-	-
	800	1,297	800	1,297

Notes to the Financial Statements for the year ended 31 March 2024

7. Interest receivable and other income

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Bank interest receivable	998	607	998	607
LGPS Interest	417	-	417	-
	<u>1,415</u>	<u>607</u>	<u>1,415</u>	<u>607</u>

8. Interest payable and similar charges

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
On loans repayable within five years	(2,709)	(2,838)	(2,709)	(2,838)
On loans repayable in more than five years	(2,522)	(2,253)	(2,522)	(2,253)
On Recycled Capital Grant Fund	(28)	-	(28)	
Amortisation of Loan Fees	(80)	(80)	(80)	(80)
LGPS interest	-	(5)	-	(5)
SHPS interest	(16)	(8)	(16)	(8)
	<u>(5,355)</u>	<u>(5,184)</u>	<u>(5,355)</u>	<u>(5,184)</u>
Less interest capitalised on housing properties under construction	585	463	585	463
	<u>(4,770)</u>	<u>(4,721)</u>	<u>(4,770)</u>	<u>(4,721)</u>

9. Surplus on ordinary activities before taxation

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Surplus on ordinary activities is stated after charging/(crediting):				
Depreciation of housing properties:				
- annual charge	5,544	5,340	5,544	5,340
- accelerated depreciation on replaced components	1,181	576	1,181	576
Depreciation of other tangible fixed assets	753	726	744	725
Operating lease charges - Vehicles	314	326	314	326
Statutory Auditor (excluding VAT)				
- Audit of the financial statements of the Association	40	37	40	37
- Audit of the financial statement of the subsidiaries	5	5	-	5
- Other services	11	7	10	7
Internal Auditor	34	33	34	33
Defined contribution pension cost	406	339	406	339
Amortised government grants	(2,548)	(2,567)	(2,548)	(2,567)

Notes to the Financial Statements for the year ended 31 March 2024

10. Taxation

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
UK Corporation Tax				
Current Tax	-	-	-	-

11. Residential accommodation owned and managed

Group and Association	2023	Additions	Disposals/ Demolitions	Other	2024	Units in Development as at 31st March 24
	No		No		No	No
Social housing						
General Needs - Social Rent	5,384	54	(25)	2	5,415	-
General Needs - Affordable Rent	690	54	(2)	-	742	148
Housing for older People/Supported Housing (Social Rent)	524	-	-	(2)	522	-
Housing for older People/Supported Housing (Affordable Rent)	90	67	-	1	158	-
Market Rent	4	-	-	(1)	3	-
Low-Cost Home Ownership	54	35	-	-	89	26
	6,746	210	(27)	-	6,929	174

12. Directors and Members Emoluments

Aggregate emoluments (including National Insurance and Pension contributions) payable to Executive Directors is as follows:

Executive Directors

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Wages and salaries	388	359	388	359
Social security costs	54	52	54	52
Expense allowances	30	28	30	28
Pension contributions	74	67	74	67
Total	546	506	546	506

Executive Directors include the Chief Executive and those officers who are executive directors and who report directly to the Chief Executive. Total remuneration of the Executive Directors amounted to £546k (2023: £506k) including National Insurance and Pension contributions. Relative to the size of the landlord this equates to £78.82 per social housing unit (2023: £75.09)

Remuneration payable to the Chief Executive (the highest paid director) in relation to the period of account amounted to £166k (2023: £155k) excluding National Insurance and Pension contributions. Relative to the size of the landlord this equates to £23.99 per social housing unit (2023: £23.03)

The Chief Executive is an ordinary member of the Local Government Pension Scheme (LGPS). The scheme is a career average salary scheme funded by contributions from the employer and employee. A contribution of £31k (2023: £26k) was paid by the employer in addition to those made by the Chief Executive himself.

Notes to the Financial Statements for the year ended 31 March 2024

Executive Directors emoluments

The number of Executive Directors, including the highest paid Director who received emoluments (including pension contributions but excluding National Insurance contributions) in the following ranges was as follows:

		Group 2024	Group 2023	Association 2024	Association 2023
£100,000	£110,000	-	-	-	-
£110,001	£120,000	-	-	-	-
£120,001	£130,000	-	1	-	1
£130,001	£140,000	1	-	1	-
£140,001	£150,000	-	1	-	1
£150,001	£160,000	1	-	1	-
£160,001	£170,000	-	-	-	-
£170,001	£180,000	-	-	-	-
£180,001	£190,000	-	1	-	1
£190,001	£200,000	1	-	1	-
		3	3	3	3

Number of Directors to whom retirement benefits are accruing in respect of qualifying services.

3	3	3	3
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Non-Executive Directors emoluments

Board members are the non-executive Board Members of CGA. CGA adopts the NHF Code of Governance 2020. Payments made to non-executive members of the board were as follows:

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
David Yates	2	5	2	5
Michelle Allott	4	4	4	4
Julie Lynch	4	4	4	4
Allan Ramsay	4	4	4	4
David Brown	4	4	4	4
Zafar Coupland	1	4	1	4
Pam Watson	4	4	4	4
Phil Parramore	4	4	4	4
Sara Murphy	4	3	4	3
Kerri Tucker	4	3	4	3
Aimee Stansfield-Law	2	2	2	2
Greig Lees	1	-	1	-
Siraz Natha	1	-	1	-
Total	39	41	39	41

There were no additional expenses paid to Board Members (2023: £114).

Key management personnel comprise the executive and non-executive directors. Total remuneration amounted to £585k (2023: £547k).

Notes to the Financial Statements for the year ended 31 March 2024

13. Employee Information

The employee numbers are average Full Time Equivalents (FTE's). The FTE is based on an average 37-hour week calculated on a monthly basis, with the monthly FTE's averaged for the year.

	Group 2024 Average Number	Group 2023 Average Number	Association 2024 Average Number	Association 2023 Average Number
Chief Executive Team	12	15	12	15
Resources Team	27	27	27	27
Neighbourhoods Team	67	62	67	62
Customer Services (Gateway Direct)	-	16	-	16
Homelessness Initiative	12	11	12	11
Maintenance Team	122	111	122	111
Development Team	5	4	5	4
Community Investment Team	18	21	9	12
	263	267	254	258

Aggregate emoluments (including National Insurance and Pension contributions) paid to all employees (including the 3 Executive Directors reported in Note 12 above) is as follows -

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Wages and salaries	9,080	8,402	8,788	8,137
Social security costs	909	875	884	852
Other pension costs	754	716	739	702
Compensation for loss of office	30	225	30	225
	10,773	10,218	10,441	9,916

Notes to the Financial Statements for the year ended 31 March 2024

13. Employee Information (continued)

The aggregate number of full-time equivalent staff employees (including the 3 Executive Directors reported in Note 12 above) whose remuneration (including pension contributions but excluding National Insurance contributions) exceeded £60,000 in the period is as follows:

		Group 2024	Group 2023	Association 2024	Association 2023
£60,001	£70,000	2	3	2	3
£70,001	£80,000	-	3	-	3
£80,001	£90,000	5	3	5	3
£90,001	£100,000	2	1	2	1
£100,001	£110,000	-	-	-	-
£110,001	£120,000	-	-	-	-
£120,001	£130,000	-	1	-	1
£130,001	£140,000	1	-	1	-
£140,001	£150,000	-	1	-	1
£150,001	£160,000	1	-	1	-
£160,001	£170,000	-	-	-	-
£170,001	£180,000	-	-	-	-
£180,001	£190,000	-	1	-	1
£191,001	£200,000	1	-	1	-
		12	13	12	13

No loans (other than through the Cycle to Work Scheme) have been made to employees in the year.

Notes to the Financial Statements for the year ended 31 March 2024

14. Housing Properties

Group	Held for letting		Low-cost home ownership		Total
	Completed £'000	Under construction £'000	Completed £'000	Under construction £'000	
Cost					
At 1 April 2023	244,405	37,109	7,456	4,245	293,215
Additions:					
- construction costs	73	30,827	16	3,855	34,771
- replaced components	4,286	-	-	-	4,286
Completed schemes	19,410	(19,410)	4,433	(4,433)	-
Disposals:					
- Property Sales	(908)	-	-	-	(908)
- replaced components	(1,854)	-	-	-	(1,854)
At 31 March 2024	265,412	48,526	11,905	3,667	329,510
Less: Depreciation					
At 1 April 2023	(54,462)	-	(54)	-	(54,516)
Charged for the year	(6,662)	-	(63)	-	(6,725)
Eliminated on disposals:					
- property sales	275	-	-	-	275
- replaced components	1,854	-	-	-	1,854
At 31 March 2024	(58,995)	-	(117)	-	(59,112)
Net book value at 31 March 2024	206,417	48,526	11,788	3,667	270,398
Net book value at 31 March 2023	189,943	37,109	7,402	4,245	238,699

Notes to the Financial Statements for the year ended 31 March 2024

14. Housing Properties (continued)

Association	Held for letting		Low-cost home ownership		Total
	Completed £'000	Under construction £'000	Completed £'000	Under construction £'000	
Cost or valuation					
At 1 April 2023	244,405	37,370	7,456	4,245	293,476
Additions:					
- construction costs	73	30,953	16	3,855	34,897
- replaced components	4,286	-	-	-	4,286
Completed schemes	19,410	(19,410)	4,433	(4,433)	-
Disposals:					
- Property Sales	(908)	-	-	-	(908)
- replaced components	(1,854)	-	-	-	(1,854)
At 31 March 2024	265,412	48,913	11,905	3,667	329,897
Less: Depreciation					
At 1 April 2023	(54,462)	-	(54)	-	(54,516)
Charged for the year	(6,662)	-	(63)	-	(6,725)
Eliminated on disposals:					
- property sales	275	-	-	-	275
- replaced components	1,854	-	-	-	1,854
At 31 March 2024	(58,995)	-	(117)	-	(59,112)
Net book value at 31 March 2024	206,417	48,913	11,788	3,667	270,785
Net book value at 31 March 2023	189,943	37,370	7,402	4,245	238,960

The costs relating to component replacements are capitalised. All other major works costs/cyclical maintenance is expensed to revenue. The carrying value of secured assets is £115,682k (2023: £117,123k.)

Notes to the Financial Statements for the year ended 31 March 2024

15. Other Tangible Fixed Assets

Group

	Freehold Buildings	Plant, machinery, & fixtures	Computer, hardware & software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2023	5,654	3,332	6,520	15,506
Additions	-	299	405	704
Disposals	-	-	-	-
At 31 March 2024	<u>5,654</u>	<u>3,631</u>	<u>6,925</u>	<u>16,210</u>
Less: Depreciation				
At 1 April 2023	(695)	(1,857)	(4,597)	(7,149)
Charge for the period	(76)	(246)	(432)	(754)
Disposals	-	-	-	-
At 31 March 2024	<u>(771)</u>	<u>(2,103)</u>	<u>(5,029)</u>	<u>(7,903)</u>
Net Book Value at 31 March 2024	<u><u>4,883</u></u>	<u><u>1,528</u></u>	<u><u>1,896</u></u>	<u><u>8,307</u></u>
Net Book Value at 31 March 2023	<u><u>4,959</u></u>	<u><u>1,475</u></u>	<u><u>1,923</u></u>	<u><u>8,358</u></u>

Association

	Freehold Buildings	Plant, machinery, & fixtures	Computer, hardware & software	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2023	5,654	3,288	6,520	15,462
Additions	-	261	398	659
Disposals	-	-	-	-
At 31 March 2024	<u>5,654</u>	<u>3,549</u>	<u>6,918</u>	<u>16,121</u>
Less: Depreciation				
At 1 April 2023	(695)	(1,838)	(4,598)	(7,131)
Charge for the period	(76)	(236)	(431)	(743)
Disposals	-	-	-	-
At 31 March 2024	<u>(771)</u>	<u>(2,074)</u>	<u>(5,029)</u>	<u>(7,874)</u>
Net Book Value at 31 March 2024	<u><u>4,883</u></u>	<u><u>1,475</u></u>	<u><u>1,889</u></u>	<u><u>8,247</u></u>
Net Book Value at 31 March 2023	<u><u>4,959</u></u>	<u><u>1,450</u></u>	<u><u>1,922</u></u>	<u><u>8,331</u></u>

Notes to the Financial Statements for the year ended 31 March 2024

16. Investment Properties (Group and Association)

	Completed £'000	Under Construction £'000	Total £'000
At 1 April 2023	1,065	-	1,065
Additions	-	519	519
Disposals	(81)	-	(81)
Revaluations	-	-	-
At 31 March 2024	984	519	1,503

The group's investment properties are valued annually on 31 March at fair value, as determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. Details on the assumptions made are given in note 2.

The Investment Properties under construction relate to a commercial property on the Savick Development Scheme.

17. Stock and Work in progress (Group and Association)

	2024 £'000	2023 £'000
Shared Ownership properties		
Completed	2,189	58
Under Construction	2,652	3,351
	4,841	3,409

18. Debtors

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Amounts receivable within one year:				
Arrears of rent and service charges	117	82	117	82
Former tenant arrears	373	364	373	364
Housing other debt	17	18	17	18
Less: Provision for bad and doubtful debts - Housing	(394)	(386)	(394)	(386)
	113	78	113	78
Other debtors	1,529	1,749	1,486	1,731
Employees	2	1	2	1
Insurance	104	45	104	45
Amounts due from group undertakings	-	-	100	72
Prepayments and accrued income	3,093	756	3,004	675
Taxation and social security	31	-	-	-
Less: Provision for bad and doubtful debts - Non housing	(399)	(395)	(399)	(395)
Total Debtors	4,473	2,234	4,410	2,207

Notes to the Financial Statements for the year ended 31 March 2024

19. Creditors

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Amounts falling due within one year:				
Pre-paid rent	1,175	1,033	1,175	1,033
Loan Interest	729	714	729	714
Accruals and deferred income	1,582	3,053	1,513	1,232
Taxation and social security	222	508	222	211
Trade creditors	2,695	903	1,471	757
Deferred capital grant (see note 22)	2,261	2,144	2,256	2,144
Amounts due to group undertakings	-	-	1,226	2,209
Recycled Capital Grant Fund (see note 21)	226	122	226	122
Leaseholders fund	43	35	43	35
	8,933	8,512	8,861	8,457
Amounts falling due after more than one year:				
Housing loans (see note 20)	133,872	133,832	133,872	133,832
Recycled Capital Grant Fund (see note 21)	201	358	201	358
Deferred capital grant (see note 22)	74,741	69,822	74,722	69,822
	208,814	204,012	208,795	204,012

20. Debt Analysis & Net Debt Reconciliation

Debt Analysis	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Due within one year				
Loans	-	-	-	-
	-	-	-	-
Due after more than one year				
Loans	135,000	135,000	135,000	135,000
Less: issue costs	(1,128)	(1,168)	(1,128)	(1,168)
Total loans	133,872	133,832	133,872	133,832

Net Debt Reconciliation Group	As at 31 March 23 £'000	Cashflows £'000	As at 31 March 24 £'000
Cash	(32,284)	25,035	(7,249)
Loans – Bank facility	40,000	-	40,000
Loans – Private Placement	95,000	-	95,000
	102,716	25,035	127,751

Notes to the Financial Statements for the year ended 31 March 2024

20. Debt Analysis & Net Debt Reconciliation (continued)

Net Debt Reconciliation Association	As at 31 March 23	Cashflows	As at 31 March 24
	£'000	£'000	£'000
Cash	(32,018)	25,047	(6,971)
Loans – Bank facility	40,000	-	40,000
Loans – Private Placement	95,000		95,000
	<u>102,982</u>	<u>25,047</u>	<u>128,029</u>

Loan Facility, Terms of repayment and interest rates

Total loan facilities are £175m, of which £95m has been secured via a Private Placement and £80m from a bank facility. £135m of the available facilities has been drawn leaving £40m remaining to be drawn, all of which can be drawn immediately.

As at 31 March 2024 £125m (92.6%) of the Group's funding is at fixed rates ranging from a total cost of funds of 2.47% to 6.98%.

Loan Security

Loan Security of up to 110% (EUV-SH) and up to 130% (MV-T) is required on our debt. Loans are secured by specific charges on CGA's individual housing properties.

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	Group 2024	Group 2023	Association 2024	Association 2023
	£'000	£'000	£'000	£'000
Less than two years	20,000	-	20,000	-
Two years or more but less than five years	20,000	40,000	20,000	40,000
Five years or more	95,000	95,000	95,000	95,000
Less: Issue cost	(1,128)	(1,168)	(1,128)	(1,168)
	<u>133,872</u>	<u>133,832</u>	<u>133,872</u>	<u>133,832</u>

21. Recycled capital grant fund

	Group 2024	Group 2023	Association 2024	Association 2023
	£'000	£'000	£'000	£'000
At 1 April 2023	480	225	480	225
Net sale proceeds recycled	40	255	40	255
Interest accrued	29	-	29	-
Acquisition of dwellings for letting	(122)	-	(122)	-
At 31 March 2024	<u>427</u>	<u>480</u>	<u>427</u>	<u>480</u>
Amounts 3 years or older where repayment may be required	-	-	-	-
Amounts due in less than 1 year	226	122	226	122
Amounts due in more than 1 year	201	358	201	358
	<u>427</u>	<u>480</u>	<u>427</u>	<u>480</u>

All balances relate to Homes England

Notes to the Financial Statements for the year ended 31 March 2024

22. Deferred capital grant

	Group	Group	Association	Association
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
At 1 April 2023	71,966	58,142	71,966	58,142
Grants received during the year	7,630	16,646	7,600	16,646
Grants recycled into the capital grant funds	(40)	(255)	(40)	(255)
Released to income during the year	(2,554)	(2,567)	(2,548)	(2,567)
	<u>77,002</u>	<u>71,966</u>	<u>76,978</u>	<u>71,966</u>
Amounts to be released <1 Year	2,261	2,144	2,256	2,144
Amounts to be released in >1 Year	74,741	69,822	74,722	69,822
	<u>77,002</u>	<u>71,966</u>	<u>76,978</u>	<u>71,966</u>

The total accumulated amount of Financial Assistance and other government grant received or receivable at 31 March 2024 is £105,202k (2023: £97,642k) (based upon properties owned at that date).

In addition, CGA have inherited Grant Liability of £8,492k on the 424 properties acquired following the stock transfers completed in March 2019, which is not included above.

23. Capital Commitments

	Group	Group	Association	Association
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Capital expenditure that has been contracted but has not been provided for in the financial statements	6,016	27,499	6,016	27,499
Capital expenditure that has been authorised but has not yet been contracted for	45,045	37,304	45,045	37,304
	<u>51,061</u>	<u>64,803</u>	<u>51,061</u>	<u>64,803</u>

This will be funded through a combination of existing cash balances (£7.2m), future revenues and grant funding (£15.9m), sales income (£4.9m) and loan borrowings (£23.1m).

Notes to the Financial Statements for the year ended 31 March 2024

24. Operating leases

Operating lease costs are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. CGA had total minimum lease payments under non-cancellable operating leases as set out below:

Vehicles and office equipment, expiring:

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Within one year	-	77	-	77
One to five years	-	-	-	-
Beyond five years	-	-	-	-
	<u>-</u>	<u>77</u>	<u>-</u>	<u>77</u>

Offices, expiring:

	Group 2024 £'000	Group 2023 £'000	Association 2024 £'000	Association 2023 £'000
Within one year	28	38	28	38
One to five years	-	28	-	28
Beyond five years	-	-	-	-
	<u>28</u>	<u>66</u>	<u>28</u>	<u>66</u>

25. Non-Equity Share Capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up. Shares in the Association issued to members are not transferable. Upon a shareholder ceasing to be a member, his/her share is forfeited.

Shares of 10p each issued

	2024	2023
At the beginning of the year	1,795	1,907
Shares issued during the year	60	28
Shares surrendered during the year	(107)	(140)
At the end of the year	1,748	1,795

Notes to the Financial Statements for the year ended 31 March 2024

26. Retirement Benefits – Social Housing Pension Scheme

Community Gateway Association participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

Actuarial assumptions	At 31 March 2024	At 31 March 2023
Discount rate assumption	4.90%	4.80%
Inflation (RPI) assumption	3.10%	3.10%
Inflation (CPI) assumption	2.80%	2.80%
Pensionable earnings increase assumption	3.10%	3.10%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance
Life expectancy of a		
- current pensioner aged 65 Male/(Female)	20.3 (22.8) years	21.0 (23.4) years
- Future pensioner aged 65 in 20 years' time Male/(Female)	21.6 (24.2) years	22.2 (24.9) years
Reconciliation of fair value of plan assets		
Value of Assets	At 31 March 2024	At 31 March 2023
	£'000	£'000
Global Equity	283	52
Absolute Return	111	30
Distressed Opportunities	100	85
Credit Relative Value	93	106
Alternative Risk Premia	90	5
Emerging Market Debt	37	15
Risk Sharing	166	207
Insurance-Linked Securities	15	71
Property	114	121
Infrastructure	287	321
Private Equity	2	-
Private Debt	112	125
Opportunistic Illiquid Credit	111	120
High Yield	-	10
Cash	56	20
Long Lease Property	18	85
Secured Income	85	129
Liability Driven Investment	1,157	1,296
Currency Hedging	(1)	5
Net Current Assets	5	7
Total value of assets	2,841	2,810
Present value of liabilities	(3,508)	(3,287)
Net Pension Liability	(667)	(477)

Notes to the Financial Statements for the year ended 31 March 2024

26. Retirement Benefits – Social Housing Pension Scheme (continued)

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and are discounted at the current rate of return on high quality corporate bonds of equivalent term and currency to the liability.

The pension scheme deficit is recognised in full. The movement in the scheme deficit is split between operating charges and finance costs in the Statement of Comprehensive Income.

Reconciliation of present value of plan liabilities	2024	2023
	£'000	£'000
At the beginning of the year	(3,287)	(5,875)
Current service cost	(6)	(80)
Expenses	(6)	(6)
Interest cost	(159)	(160)
Member contributions	(92)	(97)
Actuarial (losses)/gains	(17)	2,862
Benefits paid	59	69
	<u>(3,508)</u>	<u>(3,287)</u>

Reconciliation of fair value of plan assets	2024	2023
	£'000	£'000
At the beginning of the year	2,810	5,477
Interest income on plan assets	143	152
Experience on plan assets	(450)	(3,162)
Member contributions	92	97
Employer contributions	305	315
Benefits paid and expenses	(59)	(69)
At the end of the year	<u>2,841</u>	<u>2,810</u>

Fair value of plan assets	2,841	2,810
Present value of plan liabilities	<u>(3,508)</u>	<u>(3,287)</u>
Net pension scheme liability	<u>(667)</u>	<u>(477)</u>

Amounts recognised in operating expenditure are as follows	2024	2023
	£'000	£'000
Current service cost	(6)	(80)
Administration expenses	(6)	(6)
	<u>(12)</u>	<u>(86)</u>

Notes to the Financial Statements for the year ended 31 March 2024

26. Retirement Benefits – Social Housing Pension Scheme (continued)

Amounts included in other finance costs	2024	2023
	£'000	£'000
Net interest cost	(16)	(8)
	<u>(16)</u>	<u>(8)</u>
Analysis of actuarial (Loss)/Gain recognised in Other Comprehensive Income	2024	2023
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – (loss)	(450)	(3,162)
Experience gains and losses arising on the plan liabilities – (loss)/gain	(137)	473
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	43	(6)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain	77	2,395
	<u>77</u>	<u>2,395</u>
Total amount recognised in other comprehensive income – (loss)	(467)	(300)
	<u>(467)</u>	<u>(300)</u>

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before mid-2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

27. Retirement Benefits – Lancashire County Council Pension Fund

CGA participates in the Lancashire County Council Pension Fund. It is a funded defined benefit Local Government Pension Scheme (LGPS) where contributions payable are held in a trust separately for CGA. The most recent triennial valuation of the Fund was carried out as at 31 March 2022. This valuation has been updated for FRS 102 assumptions to 31 March 2024 by a qualified actuary:

Valuation date	31 March 2024
Valuation method	Projected Unit
Market value of assets	£32.830 million
Current Employer Contribution rate	19.8%
Investment return per annum:	8.30%

Notes to the Financial Statements for the year ended 31 March 2024

27. Retirement Benefits – Lancashire County Council Pension Fund (continued)

CGA is required to disclose further information on its share of assets and liabilities of the Fund on an FRS 102 market value basis at the end of the accounting period. This information is set out below;

Actuarial assumptions	At 31 March 2024	At 31 March 2023
Discount rate	4.90%	4.80%
Salary increase rate	3.10%	3.10%
Pension increase rate	2.80%	2.80%
Rate of inflation	2.80%	2.80%
Life expectancy of a male (female)		
- future pensioner aged 65 in 20 years' time	21.9 (24.3) years	22 (24.5) years
- current pensioner aged 65	20.9 (23.2) years	21.1 (23.3) years
Value of Assets	At 31 March 2024 £'000	At 31 March 2023 £'000
Equities	32	31
Government bonds	-	-
Other Bonds	33	62
Property	427	462
Cash/liquidity	591	246
Other	31,747	30,002
Total value of assets	32,830	30,803
Present value of liabilities	(22,289)	(22,220)
	10,541	8,583
Surplus not recognised	(10,541)	(8,583)
Net pension asset	-	-

The plan has a gross accounting surplus at the reporting date of £10.541m. In line with FRS 102 requirements CGA has recognised as an asset on the balance sheet to the extent that it is able to recover the surplus, either through reduced contributions in the future, or through refunds from the plan.

The scheme's actuary has confirmed that they can demonstrate no economic benefit arising to CGA from an 'asset ceiling' calculation comparing the present value of future service costs to the present value of future contributions. The actuary has also confirmed that any refunds from the plan are contingent on future events.

Accordingly, CGA has not recognised the pension asset position, restricting the surplus to £nil, and reducing actuarial gains by the same amount.

Notes to the Financial Statements for the year ended 31 March 2024

27. Retirement Benefits – Lancashire County Council Pension Fund (continued)

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and are discounted at the current rate of return on high quality corporate bonds of equivalent term and currency to the liability.

The movement in the scheme is split between operating charges and finance costs in the Statement of Comprehensive Income.

Reconciliation of present value of plan liabilities

	2024	2023
	£'000	£'000
At the beginning of the year	(22,220)	(30,300)
Current service cost	(188)	(369)
Interest cost	(1,050)	(810)
Member contributions	(90)	(91)
Actuarial gain	452	8,669
Benefits paid	810	681
Curtailments	(3)	-
	<u>(22,289)</u>	<u>(22,220)</u>
At the end of the year	<u>(22,289)</u>	<u>(22,220)</u>

Reconciliation of fair value of plan assets

	2024	2023
	£'000	£'000
At the beginning of the year	30,803	30,019
Interest income on plan assets	1,467	805
Member contributions	90	91
Employer contributions	219	197
Actuarial gains	1,068	379
Administration expenses	(7)	(7)
Benefits paid	(810)	(681)
	<u>32,830</u>	<u>30,803</u>
At the end of the year	<u>32,830</u>	<u>30,803</u>
Fair value of plan assets	32,830	30,803
Present value of plan liabilities	<u>(22,289)</u>	<u>(22,220)</u>
Net pension scheme asset	<u>10,541</u>	<u>8,583</u>

Notes to the Financial Statements for the year ended 31 March 2024

27. Retirement Benefits – Lancashire County Council Pension Fund (continued)

Amounts recognised in operating expenditure are as follows

	2024	2023
	£'000	£'000
Included in administrative expenses		
Current service cost	(188)	(369)
Administration expenses	(7)	(7)
Curtailement Loss	(3)	-
	<u>(198)</u>	<u>(376)</u>

Amounts included in other finance costs

	2024	2023
	£'000	£'000
Net interest income/(cost)	417	(5)
	<u>417</u>	<u>(5)</u>

Analysis of actuarial (losses)/gains recognised in Other Comprehensive Income

	2024	2023
	£'000	£'000
Remeasurements	1,520	9,048
	<u>1,520</u>	<u>9,048</u>
Surplus not recognised	(1,958)	(8,583)
	<u>(438)</u>	<u>465</u>

Notes to the Financial Statements for the year ended 31 March 2024

28. Related Party Transactions

The Board of Management includes positions for five Directors who are tenants of CGA. During the year the tenant Board Directors who held these positions are as follows:

David Yates
Pam Watson
Sara Murphy

Phil Parramore
Kerri Tucker

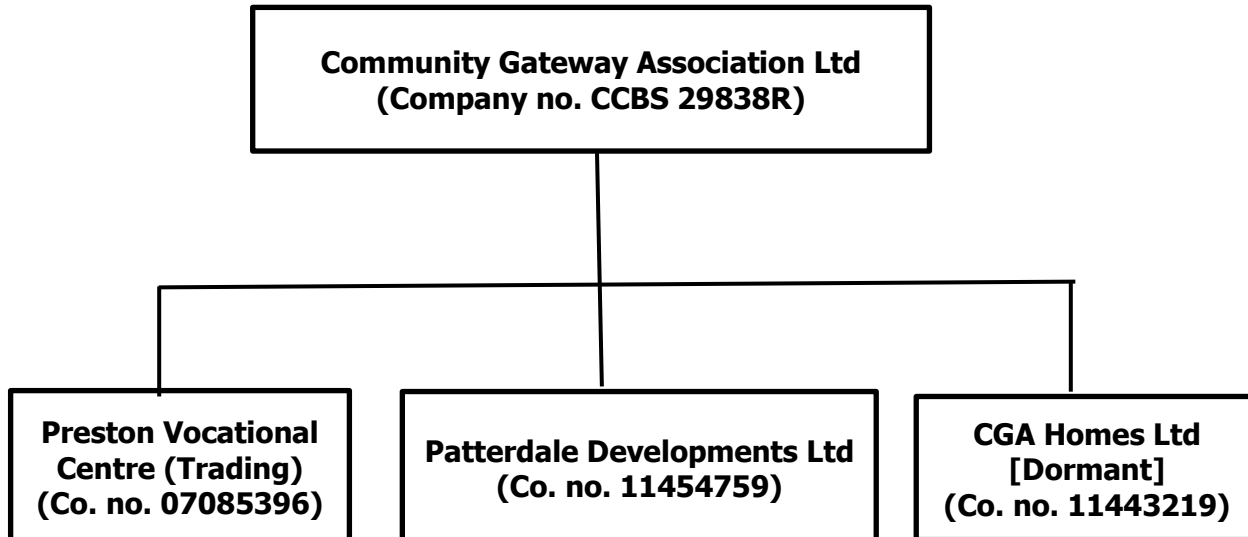
The terms of their tenancy arrangements are consistent with those offered to other tenants. The combined rent charged for the year was £37,066 (2023: £33,763) and the tenants had a combined credit balance of £486 (2023: credit balance of £221).

The Board of Management includes two Directors who are elected members of Preston City Council. As at 31 March 2024 these were Jonathan Saksena and Siraz Natha.

CGA undertakes transactions with the Council at arm's length in the normal course of business.

CGA is a member of the Local Government (LGPS) and the Social Housing (SHPS) multi-employer pension schemes. These schemes are fully disclosed in the accounts at notes 26 and 27.

CGA has 3 non-registered subsidiaries as follows:



Notes to the Financial Statements for the year ended 31 March 2024

28. Related Party Transactions (continued)

Preston Vocational Centre

CGA acquired Preston Vocational Centre (PVC) at nil value in August 2013 when PVC became a subsidiary of CGA. The accounts of PVC for the period 1 April 2023 to 31 March 2024 have been consolidated into CGA's Group accounts.

PVC Board consists of 8 members (appointed to the Board following a selection process) plus CGA's Chief Executive. The selection process ensures that PVC has a range of knowledge, skills and expertise, including commercial and educational experience.

Inter Group recharges are received by CGA from PVC to cover the running costs CGA incurs of managing and providing services. The total amount of charges payable by PVC amounted to £30k (2023: £30k). As at 31 March 2024 the amount outstanding was £20k (2023: £20k).

Patterdale Developments Ltd (PDL)

PDL was established during 2018/19 to deliver the Group's Development programme in the most cost-effective way.

PDL commenced trading during 2019/20. The accounts of PDL for the period 1 April 2023 to 31 March 2024 have been consolidated into CGA's Group accounts

CGA's Executive officers form the Board of PDL.

Inter Group recharges are received by PDL from CGA (£24.988m) (2023: £25.738m) to cover the cost of the development schemes (£24.741m) (2023: £25.521m) and a mark-up (£0.247m) (2023: £0.217m) for delivering the schemes. As at 31 March 2024 the amount outstanding was £1.226m (2023: £2.199m).

During the year to 31 March 2024 Patterdale Developments Ltd declared a Gift Aid payment to the Association of £114k. (2023: £145k)

CGA Homes Ltd (CHL)

CHL was established during 2018/19 to carry out activities that sit outside the charitable remit of CGA.

CHL remained dormant during 2023/24 but is ready to commence trading.

CGA's Chief Executive plus four CGA Board members form the Board of CHL.