Southway Housing Trust (Manchester) Limited Group Accounts

2022/23

Co-operative and Community Benefit Society No. 30348R

Regulator of Social Housing No. L4507

Contents

Board Members, Executive Directors, Advisors and Bankers

Board Members

Clare Tostevin	Chair
Hazel Makinson	Vice Chair
Mark Taylor	
Steve Wilson	
Cllr Gavin White	
Shefali Kapoor	
Tony Powell	Resigned 26 April 2022
Memuna Bangura	Resigned 20 September 2022
Michelle Duhaney	Resigned 20 September 2022
Claire Brown	Appointed 20 September 2022
David Hampton	Appointed 4 November 2022
Andrea Griffiths	Appointed 4 November 2022, Resigned 22 May 2023

Executive Directors

Karen Mitchell	Chief Executive
Jane Gant	Strategic Director People and Places
Matt Roberts	Strategic Director Property and Development
David Clermont	Chief Financial Officer

Registered Office Southern Gate, 729 Princess Road, Manchester, M20 2LT

Registered Number Co-operative and Community Benefit Society: 30348R
Regulator of Social Housing: L4507

Website www.southwayhousing.co.uk

External Auditors Crowe UK LLP, 3rd floor The Lexicon, Mount Street, Manchester, M2 5NT

Internal Auditors RSM Risk Assurance Services LLP, 25 Farringdon Street, London, EC4A 4AB

Principal Solicitors Anthony Collins LLP, 134 Edmund Street, Birmingham, B3 2ES

Bankers Barclays Bank UK PLC, 3 Hardman Street, Spinningfields, Manchester, M3 3AX

Introduction by the Chair

Southway continued to work towards our vision of Thriving Communities and our strategic priorities during 2022/23, despite a number of external factors making it an incredibly challenging year.

We are a community landlord and social business, and we welcome the increased government and regulatory focus on the quality of homes across our sector and the need for landlords to listen, hear and take action on tenants feedback, alongside improvements to the consumer standards. These approaches allow Southway to play to our strength as a community focused and driven organisation, that aims to work closely with our tenants and other stakeholders in the places where we work. We maintained our financial strength, strong governance and focus on our tenants, their homes and communities throughout the year.

The sector benchmarking, detailed in this report, shows that we continue to deliver a strong financial performance. We have high levels of reinvestment and covenant compliance, and as well as that investment in our existing homes we make good use of that strength to support a development programme delivering much needed new affordable homes and as well as our additional community investment.

Some of our services have not performed as well as in the past and we are dedicated to getting back to and exceeding the standards our tenants expected before the Covid period. The challenges of high inflation and the cost of living crisis affecting our tenants and staff, had an impact on performance in 2022/23, as well as increasing numbers of people contacting us for advice and support and reporting repairs. Our Inspired by Communities programme, launched in 2021, has given us important qualitative information about what our tenants want us to do and the standards they expect, and our priorities are clear – access should be easy, we should communicate well, even when things go wrong, and we should complete repairs on time. The progress we made in 2022/23 will allow us to push on and achieve our targets in the current year.

The Board has taken decisions to invest in our services and communities over the last few difficult years in the context of inflationary pressures. We continue to focus on value for money, productivity and ensuring efficient services to meet the needs of our communities. This is set out in detail in our VFM statement that can be found at page 9.

Board decision making and all areas of Southway work are carried out in line with our values of being caring, committed and successful together. Our Community Investment strategy is an area I am particularly proud of, investing in supporting our communities, addressing inequalities and tackling poverty as well as celebrating the great things that happen in our neighbourhoods every day.

My term of office ends this year so this will be my last annual report introduction as the Chair of the Board. I have been privileged to Chair Southway and I would like to thank the Board, staff, tenants, volunteers and other stakeholders who have worked together towards delivering our vision of Thriving communities and I very much look forward to hearing about the Trust's achievements in the future.

Clare Tostevin
Chair, Southway Housing Trust

Strategic Report and Report of the Board

Corporate Strategy and Structure

Vision and Values

Southway Housing Trust (Manchester) Limited ('Southway' or 'the Trust') is a society registered under the Co-operative and Community Benefit Societies Act 2014, and a Registered Provider with the Regulator of Social Housing. The Trust is a community based social landlord working in and around South Manchester, managing c6,000 social/affordable rented homes and c500 shared ownership/leasehold properties.

Southway is ambitious for the people and communities it works with. Our vision is of **Thriving Communities**, which means a community that people are proud of with secure and good quality homes and a neighbourhood that is safe, clean, green, and sustainable. People choose to live in a thriving community, equality and diversity is valued and people look out for each other.

We listen and respond to the views of our tenants and residents and work with other stakeholders who share our objectives to build strong partnerships in our neighbourhoods.

The way we do things is determined by our values: We are **Caring**, **Committed** and we will be **Successful Together**.

Corporate Strategy

The current Futures Strategy 2020-2025 was adopted in March 2020) and sets the direction for the Group. The Strategy was revised in March 2021, in response to the Covid-19 pandemic as the Board decided to use the financial strength of the Trust to support our tenants, communities and staff. This helped to mitigate some of the potential impacts and meant services were maintained and targeted effectively.

Our strategic priorities (to 2025) reflect our interest in **People, Homes, Neighbourhoods** and making sure we are effective as a **Social Business**. They are summarised in the table below.

People	Homes	Neighbourhoods
We will provide homes that are affordable for the people who most need them.	We will maintain and improve our homes so that they are safe, secure, and meet up to date standards.	We will work with partners and the community to make sure our neighbourhoods are desirable and safe places to live with accessible and integrated services.
Our tenants and other customers will be at the heart of our services. We will be flexible, treat people as individuals and communicate effectively.	We will deliver our Carbon Reduction Strategy and make sure our homes are zero carbon by 2038.	We will make the most of the unique selling points of our neighbourhoods, including our green spaces.
We will invest in people and their communities to tackle poverty and promote opportunity and provide support and advice when it is needed.	We will deliver 1,340 new affordable homes in the 10 years to 2025 and generate cross subsidy from 220 private rent and sale homes delivered by Southway Plus.	We will make sure our neighbourhoods and services are age friendly, and that older people have more opportunities to stay connected and tackle loneliness and isolation.
A Social Business		
We are well governed and financially strong.	We lead and support our staff to focus on efficiency and innovation, delivering more customer centred outputs from our resources.	Our staff feel valued, are motivated by our shared vision, and are trusted to do the right thing.

Structure

The Group structure is designed to facilitate the delivery of our Corporate Strategy, with the Trust owning and managing the Group's social housing assets and two subsidiaries involved in the delivery of our growth and development programme - Southway DevCo Ltd, and commercial activities - Southway Plus Ltd.

The structure allows projects with a commercial risk and return to be undertaken, whilst protecting the social housing assets of the Trust. Profits generated by the subsidiaries are to be returned to Southway Housing Trust via gift aid to support its wider social objectives.

SOUTHWAY GROUP STRUCTURE

Southway Housing Trust (Manchester) Ltd.

HCA Registered Provider (L4507)
Registered Community Benefit Society
Registration number: 30348R
Exempt charity

Southway Plus Ltd.

Wholly owned subsidiary, which carries out commercial activities on behalf of the group

Company number: 9900234

Southway DevCo Ltd.

Wholly owned subsidiary, which carries out development activities on behalf of the group

Company number: 9904856

2022/23 Corporate Plan

Each year a Corporate Plan is adopted by Board which sets out the priority actions for Southway to achieve across the Strategic Objectives.

In 2022/23, following 2 years of disruptions due to the pandemic and challenges in the operating environment, the plan had a Back-to-Basics theme with a focus on our core landlord and customer services.

The seven highest impact actions in the plan included improvements to core landlord services, delivery of our Inspired by Communities approach, with new ways of listening and acting to our tenants' feedback, and actions to make best use of our resources, critical at a time of high inflation and cost pressures across all areas of the business.

As with the sector as a whole, the results reflect the continuation of a challenging operating environment during 2022/23.

Repairs and Maintenance is the highest priority service for our tenants. We made good progress improving management and delivery in some areas, but recovery was slower than anticipated, with overdue repairs remaining a feature of the service throughout the year. This was intensified by shortages of labour, both internally and with our contractors, and higher levels of reporting of damp and mould, following attention across the sector to improve our response to these cases.

Our housing management service faced challenges as we responded to pressures in our communities and an increase in complex and challenging situations. A review of the service was carried out in the later part of the year with increased resources implemented in 2023/24.

The customer hub struggled to maintain the usual high levels of response times. An improvement plan was put in place at the start of the year, tackling immediate and underlying issues. We have seen some signs of recovery early in 2023/24.

Our 'Inspired by our Communities' approach introduced new ways for us to listen and act, inspired by our tenants and other residents and stakeholders. We continue to learn from this work, shaping our priorities, and building better relationships.

A new 5-year Active Asset Management Strategy was adopted, setting clear priorities, and making sure we respond effectively to building safety and compliance requirements and deliver the standards in our homes that our tenants expect.

Development programme delivery slowed during the year due to challenges in the housing and construction markets. Risk management is key feature in how projects are appraised alongside maximising the benefit from the low-cost finance we secured in 2021.

And finally, our Value for Money Strategy and delivery plan remained an important part of how we planned services, focusing resources on the highest priority areas of the landlord service whilst still delivering efficiency gains across the business.

Value for Money

The commentary, tables and charts below provide evidence to stakeholders of Southway's plans and achievements to deliver value for money and demonstrate compliance with the Regulator's VFM Standard.

(i) Approach to VFM

Southway's Futures Strategy 2020-2025 defines our strategic aims and priorities and sets the framework for our longer-term approach to making the most of our financial capacity. The Group's VFM Strategy was adopted in November 2020. It covers the same period as the Futures Strategy.

Factors which influence Southway's decision-making when determining how to deploy resources for optimal benefit include: how we manage our assets; balancing cost, quality, and tenant satisfaction; assessing the social return on investment; deriving improved value from the development programme.

Southway's VFM position is summarised in this report, including achievement of regulatory requirements by:

- considering the strategic objectives set by the Board.
- demonstrating delivery of value for money to stakeholders.
- ensuring that optimal benefit is derived from resources, including returns from non-social housing activities.
- setting targets for measuring performance in achieving value for money in delivering our strategic objectives.
- monitoring delivery against these targets, including the assessment of VFM metrics and other indicators comparing performance to peers.
- outlining measurable plans where improvements are required.

During 2020-2022 VFM focus was on Southway's pandemic recovery plans, reducing inefficiencies created by the virus and working towards returning to pre pandemic levels of spending. This approach continued in 2022/23.

Each June the Board considers an annual VFM report. The 2023 report evaluated benchmarking information for 2021/22, assessed progress and adopted an updated VFM Delivery Plan for 2023-2025.

While a significant proportion of outcomes were achieved several important aspects remain to be delivered. Board has committed additional resources into 2023/24 to maintain the organisation's progress, particularly in our landlord services. Further details are presented in the following sections.

(ii) VFM metrics - 2022/23 performance and 2021/22 comparison vs peers

The table below presents Southway's VFM metrics including:

- results for the last three years,
- relevant Business Plan (BP) projections,
- quartile results of the sector,
- landlords with 5000-9999 homes and the peer group results for Northwest RPs.

The data source is the Regulator's 2021/22 Global Accounts and VFM metrics which report the financial performance of all Registered Providers with over 1,000 properties. The results of 5,000-9,999 landlords are similar to the median of the whole sector. This indicates that the whole RP sector remains a valid comparison for Southway.

	Regulator's Value for Money metrics								
	Reinvest-ment	**New Supply (Social)**	**New Supply (Non-Social)**	**Gearing**	**EBITDA MRI Interest Rate Cover**	**Headline Social Housing Cost per unit**	**Operating Margin (SHL)**	**Operating Margin (Overall)**	**ROCE**
	Investment in properties (existing stock and new supply) as a % of the total cost of properties.	New social poperties acquired or developed as a % of total social housing properties owned.	New supply of non-social housing as a % of all social and non-social housing.	The proportion of housing property cost funded by debt.	The level of surplus generated compared to interest payable.	Total costs per unit (£k) spent on managmenet, services/ support, maintenance, major repairs and other social activities.	The profitability of social houisng activities as a % of turnover from social housing lettings.	The overall profitability of all operating activities as a % of total turnover	Operating surplus compared to total assets less current liabilities.
Southway Group									
2022 BP 5 year average to 2027	**10.6%**	**2.6%**	**0.4%**	**48.2%**	**301%**	**3.97**	**23.6%**	**19.3%**	**3.8%**
latest outcome vs 2022 BP avg.	favourable	slower	slower	favourable	favourable	adverse	adverse	adverse	favourable
2022/23	**11.9%**	**1.8%**	**0.1%**	**31.0%**	**422%**	**4.12**	**18.1%**	**16.2%**	**5.6%**
movement vs prior year	↔	↓	↓	↑	↑	↓	↑	↑	↑
2021/22	**12.3%**	**3.0%**	**0.5%**	**40.4%**	**77%**	**3.46**	**17.4%**	**13.6%**	**3.6%**
2020/21	**15.2%**	**1.0%**	**0.0%**	**33.1%**	**336%**	**2.78**	**28.6%**	**24.4%**	**5.8%**
2019/20	**12.7%**	**0.8%**	**0.7%**	**28.8%**	**345%**	**2.66**	**29.1%**	**25.5%**	**7.5%**
Southway Group									
2021/22 quartile vs sector	**Q1**	**Q1**	**Q1**	**Q2**	**n/a (#)**	**Q1**	**Q4**	**Q4**	**Q2**
SECTOR TOP QUARTILE	8.6%	2.1%	0.1%	32.1%	198%	3.70	28.5%	25.4%	3.9%
SECTOR MEDIAN	6.5%	1.4%	0.0%	44.1%	146%	4.15	23.3%	20.5%	3.2%
SECTOR BOTTOM QUARTILE	4.7%	0.7%	0.0%	53.1%	107%	5.18	17.6%	14.3%	2.4%
5000-9999 LANDLORDS	7.2%	1.6%	0.0%	48.8%	146%	4.01	24.5%	22.8%	3.4%
NORTH WEST RPs	7.9%	0.9%	0.0%	42.3%	155%	3.89	21.8%	19.6%	3.4%

(#) waiver for breakage costs

Reinvestment

We continue to deliver high levels of reinvestment. This reflects increasing stock investment in existing properties in line with the 2021/22 stock condition survey, commencement of net zero carbon projects and new development activity. Results are in Quartile 1 of the sector, and are better than average projected in the 2022 BP.

New supply

New supply increased significantly in 2021/22, resulting in Quartile 1 performance vs the sector. Delivery in 2022/23 was slower than assumed in the 2022 BP for the challenges noted elsewhere in this report.

Gearing and Interest Cover

Good performance continued in these indicators vs the sector and 2022 BP, indicating strong covenant compliance.

Social Housing Costs

Costs have increased in response to the pandemic and measures taken to mitigate the consequences. Average spending per unit remains less than the sector average. Additional analysis is provided in section (v) below.

Operating Margins

Performance dipped to Quartile 4 in 2021/22 and remains below the 2022 BP average. Weaker operating margins reflect Southway's response to the pandemic: reacting to the high demand for repairs and maintenance, delivering additional investment to support our communities, and other expenditure funded from release of contingencies. The overall operating margin improved in 2022/23, related to higher levels of surplus from shared ownership sales.

Return On Capital Employed

Dipped in 2021/22 and improved in 2022/23 for the reasons noted above. Current performance is better than the sector average and 2022 BP projection.

(iii) Sector Scorecard - 2022/23 performance and 2021/22 comparison vs peers

Southway also defines and tracks performance by participating in the Sector Scorecard, a benchmarking tool which most providers use, published by Housemark and the National Housing Federation.

	Sector Scorecard Indicators					
	Respondents very or fairly satisfied with the overall service	£s invested in communities per property (vs sector average)	Overheads as % of adjusted Turnover (excluding asset sales)	Ratio of responsive repairs to planned maintenance	Occupancy of stock available to be let at year end (general needs)	Rent collected from current and former tenants as a % of rent due
Southway Housing Trust						
Objective	Quartile 2	Quartile 1	Quartile 2	Quartile 2	Quartile 1	Quartile 1
2022/23	TBC	**£281**	**13.2%**	**0.62**	**99.3%**	**99.2%**
movement vs prior year	TBC	↑	↑	↑	↓	↓
2021/22	**83%** (2021)	**£216**	**13.8%**	**0.88**	**99.5%**	**100.2%**
2020/21	every 2 years	**£185**	**13.7%**	**1.23**	**99.3%**	**100.6%**
2019/20	**81%** (2019)	**£200**	**12.7%**	**1.10**	**99.3%**	**100.3%**
Southway Housing Trust 2021/22 quartile vs sector	TBC	3.7 x avg	Q2	Q3	Q2	Q2
SECTOR TOP QUARTILE	90.0%		12.0%	0.50	99.9%	100.7%
SECTOR MEDIAN	84.7%	£58	14.9%	0.70	99.5%	100.0%
SECTOR BOTTOM QUARTILE	78.2%		18.9%	0.99	98.9%	99.1%

Satisfaction

The latest biannual STAR survey results are due August 2023. The results will be reflected in the final version of the Group accounts.

Investment in communities

As an organisation with a strong community focus, Southway's level of community investment is significantly higher than other housing associations-3.7 times the average on a per property basis in 2021/22. Spending further increased in 2022/23 to help respond to cost-of-living pressures faced by tenants.

Overheads

Effective control of corporate overheads has been maintained, with spending as % of turnover less than the sector average and reducing as Southway's activities increase.

Maintenance ratio

With the commencement of higher spending on property investment, following the 2021/22 stock condition survey, the ratio of responsive to planned/major repairs is in line with the sector.

Occupancy and Rent Collection

Performance in 2021/22 was better than the sector average. Performance in 2022/23 was less effective. Improvements have not yet been realised from the void action plan. The more challenging economic position impacted rent collection.

(iv) Operational Performance

A summary of outcomes from 2019/20 to 2022/23 is shown in the table below. These KPIs are tracked quarterly by People and Places Committee and Board.

Performance is lower than pre-pandemic levels for 4 of 6 indicators. Supporting commentary is provided in section (vii).

Key Performance Indicator	2019/20 Outcome	2020/21 Outcome	2021/22 Outcome	2022/23 Outcome	2022/23 Target	2022/23 Rating
Rent collected from current tenants (*per BP)	100.02%	99.94%	99.73%	98.89%	*98.75%	
Customer Hub % of calls answered	88%	92%	83%	75%	90%	
Void rent loss % (general needs)	0.44%	0.86%	0.64%	0.60%	0.50%	
Average relet time for minor voids (in days)	19	65	49	47	35	
Repairs: % appointments made and kept	93.5%	94.3%	95.0%	93.5%	97.5%	
Repairs: customer satisfaction (out of 5)	4.6	4.7	4.69	4.67	4.75	

Additional performance results at the end of March 2023:

- 99.87% of homes are at Decent Homes Standard (2022 100%)
- 100% of homes had an up-to-date gas safety certificate (2022 100%)

(v) Social Housing Costs

The table below provides a summary of social housing (SH) expenditure from 2019/20 to 2022/23 per the Group accounts. Analysis of spending shows costs per property have increased over the three years by an average of 16% per year.

Social Housing cost per property	2019/20	2020/21	2021/22	2022/23	increase over 3 yrs	avg. increase p.a. over 3 yrs
	£	£	£	£	£	
Management	1,077	1,131	1,241	1,252	175	5%
Service Charges	77	69	127	209	132	40%
Maintenance	830	821	1,077	1,114	284	10%
Major Repairs	313	265	588	1,034	721	49%
Other Expenditure	164	300	187	197	32	6%
Development Services	4	7	23	36	32	106%
Community Support	200	185	216	281	81	12%
	2,664	2,778	3,459	4,124	1,459	16%
No. of properties - SH	5,889	5,929	6,100	6,163		
Total cost - SH	£15.7m	£16.5m	£21.1m	£25.4m		

Management

Additional spending to support the planned growth in activities per the Futures Strategy. Extra costs of housing management activities (benchmarked in Quartile 4 of LSVT landlords per Housemark in 2021/22) reflects the importance of improving service delivery to customers.

Service Charges

The large increase in service charges mostly relates to the two new With Care schemes and other new development projects. Service charge income has increased similarly, but is not deducted when calculating the cost of Social Housing lettings.

Maintenance

Higher spending on responsive and void repairs (benchmarked in Quartile 3 of LSVT landlords per Housemark in 2021/22). Also reflects disrepair cases, a reintroduced programme of cyclical painting, and significant inflationary increases in contactor costs for labour and materials.

Major Repairs

The large increase in major repairs (total of revenue and capital) reflects extra spending on property compliance, increased capital investment in line with the 2021/22 stock condition survey, and commencement of net zero carbon projects. Grant received to partly fund these works is not deducted.

Other Expenditure

Other SH expenditure reflects a range of sundry costs which aren't directly comparable year on year (e.g., pension adjustments, one off costs of Covid, abortive development spending, support for cafes at the With Care schemes).

Development Services

The increased cost of providing development services reflects the slower delivery of the programme and consequently non recoverability of staff costs to projects.

Community Support

Significant and increased levels of spending to support customers and communities respond to the pandemic and cost of living challenges.

(vi) Efficiency Targets

A significantly tighter operating position resulted from the Government's restriction in the rent rise for 2023/24 to 7%, compared to higher rates of inflation impacting levels of expenditure. This was the equivalent of an additional cost of £1.1m per annum.

In response savings of £530k were identified and reflected in the 2023/24 Budget and 2023 Business Plan. When adopting new financial plans in March 2023, Board approved the use of contingencies, and higher amounts of interest receivable, to maintain the recovery of services and achieve the objectives of the corporate plan. As a result, per unit costs in 2023/24 are likely to remain at similar levels to 2022/23.

Board previously adopted efficiency targets to be lower than the sector median for three key operational cost indicators (i) Routine and Void Repairs, (ii) Housing Management, (iii) Overheads as a % of Turnover. In June 2023, recognising higher levels of spending, and the current budgetary position, Board noted that costs above the median for (i) and (ii) are likely to result from the plans and objectives it has set to ensure improvements in service quality are delivered.

An efficiency target of 2% is to be introduced in 2024/25, applied to a £17.5m cost base (management, service charges, maintenance, and community support) this will deliver a saving of £350k pa.

Additional indicators are to be introduced to benchmark costs in relation to:

- Development activities (responding to higher levels of build cost inflation)
- Major works/net zero carbon projects (as stock investment programmes grow)
- Return on social value (to support the development of a new Community Investment Strategy a cost benefit and social value analysis will be carried out on the services we offer).

(vii) Commentary on Key Business Areas

The most prominent areas are considered in the following sections.

The table below gives a high-level qualitative assessment, during the last four years, of performance in 12 prominent areas of activity which deliver VFM improvements. The impact of the pandemic is illustrated. While the position has improved in some areas, greater progress is required in others to achieve the outcomes anticipated in the Futures Strategy.

The two most significant high impact core service improvement actions in the 2023/24 Corporate Plan are marked with an asterisk in the table. Performance in the first part of 2023/24 indicates good early progress to:

- Deliver the Customer Hub Improvement Plan and achieve performance targets.
- Complete all overdue responsive repairs and major building works.

	y/e 2023	y/e 2022	y/e 2021	y/e 2020
A Social Business				
1. Staffing and Culture	Good progress	Recovery underway	Virus impact	Good progress
2. Improvement in Business Efficiency	Continued focus	Recovery underway	Virus impact	Good progress
3. ICT Plan	Good progress	Good progress	Virus impact	Good progress
4. Managing Our Resources	Continued focus	Post Covid impact	Good progress	Good progress
People				
5. Rent Collection & Income Maximisation	Continued focus	Good progress	Good progress	Good progress
6. Housing Management & Customer Hub	*Priority in 2023/24	Post Covid impact	Virus impact	Good progress
Homes				
7. Property Services	*Priority in 2023/24	Post Covid impact	Recovery paused	Recovery planned
8. Asset Management and Environment	Good progress	Good progress	Virus impact	Good progress
9. Development - affordable homes	Continued focus	Recovery underway	Virus impact	Virus impact
10. Development - commercial projects	Continued focus	Post Covid impact	Virus impact	Good progress
Neighbourhoods				
11. Community Investment & Age Friendly	Good progress	Good progress	Changing priorities	Good progress
12. Inspired by our Communities	Good progress	Good progress	n/a	n/a

The sections below summarise the position, highlighting performance outcomes in 2022/23 with commentary from the 2023-2025 VFM Delivery Plans.

1. Staffing and Culture

Southway employed 250 full time equivalent staff during 2022/23, in a wide range of roles. Our objective is that our staff “feel valued, are motivated by our shared vision and are trusted to do the right thing”.

The last 2 to 3 years have been challenging for staff as they adjusted to new ways of working and the impact of the pandemic, and the effects of the cost-of-living crisis. Senior management have focused on maintaining good communication and supporting their teams throughout this period and working with staff to maintain focus on priorities, whilst delivering services in line with our values.

Impacts included higher absence rates than in previous years, with sickness at 6.3%, Stress, anxiety and mental health and wellbeing issues were the main reasons.

Turnover was also high at 16.8%, following 2 years with a lower number of people moving. Recruitment was difficult in some areas with labour shortages in some construction roles and increased competition for new staff, particularly in Finance.

Despite this morale remained high. Several staff achieved internal promotions or completed apprenticeships and career-based training programmes. New staff joined the Trust bringing fresh skills and perspectives, and all reported positive early experiences of a friendly and customer focused organisation. Employee relations are strong with low levels of formal action (e.g., disciplinary/grievance proceedings).

A pay review was completed in the year, with all roles subject to a new Job Evaluation scheme. The new approach includes greater transparency and engagement of staff including felt Fair panel that reviews all evaluation outcomes.

The last bi-annual staff survey was carried out in early 2021 and showed good and improving engagement scores across most parts of the organisation. The survey is due to be repeated in the first part of 2023/24. The following resulted from feedback in the 2021 survey:

- A new commitment to staff was made around training and development with a new plan and programmes for health and safety and IT user skills launched during 2022/23.
- A staff engagement project was delivered in property Services to improve communication and satisfaction with our operations team.
- A focus on health and wellbeing has been developed with services such as mental health first aiders and access to a range of support and advice services now in place.

2. Improvement in Business Efficiency

Business efficiency as an objective is built into our corporate and team plans.

During 2022/23 the Business Intelligence Team was strengthened to better support business needs. The Team has expertise in data reporting including predictive analysis and has promoted the use of data informed performance management and decision making, including weekly business critical reporting and team-based performance dashboards. The Team also piloted a new productivity management approach which is being evaluated, ahead of implementation in other teams.

Our Voyagers programme, a framework for continuous improvement using lean thinking approaches, with the principle of adding value to customers encourages staff to recognise and be accountable for their contributions to value for money. Staff across the organisation are trained as Voyagers practitioners, coordinated through a central Business Improvement function. Voyagers lead projects within their own teams and contribute to larger corporate projects that bring several services together.

Whilst measurable and cashable efficiency gains have been lower than anticipated, the programme has supported a shift in culture towards greater efficiency and thinking about processes from a customer perspective.

Our VFM focus is on:

- Concluding the Voyagers end-to-end review of the voids management process and undertaking an end-to-end review of repairs and maintenance during 2023/24.
- Using principles from the Voyagers programme to support a ‘One Team’ approach that will underpin staff engagement during 2023/24. This will improve and join up processes across services with staff taking shared ownership and responsibility for customer services and outcomes.

3. ICT Plan

The two-year ICT Plan approved by Board in December 2021 is proceeding as scheduled. This will deliver significant improvements in Southway's systems, software, and security.

Our VFM focus is on:

- Implementation of a new Microsoft 365 digital workplace platform (including a new document management system, intranet, and processing of electronic invoices, which are designed to enhance business efficiency).
- Reviewing the housing system and telephony contract and related systems.
- Renewing the Southern Gate office ICT infrastructure alongside implementing requirements for new development projects.
- Maintaining robust cyber security arrangements across all parts of the organisation.
- Preparation of a Data Plan with contributions from all teams.

4. Managing Our Resources

A detailed Resource Plan, updated annually, defines the spending parameters which the Group operates within, consistent with longer term Business Plan assumptions.

The refinancing project represents the most significant VFM achievement in terms of managing our resources. It has secured funds at substantially lower rates than currently available in the financial markets.

Southway's Procurement Policy is reviewed every two years. This ensures an appropriate and consistent approach is taken by all staff when they source goods, services and works and the need for social value to be achieved in procurements.

The insurance contract was retendered in 2022/34. Good claims performance allowed premiums to be maintained with a modest inflationary increase.

Our VFM focus is on:

- Operating robust budgeting and financial control processes, to track spending and income, and monitor forecast outturn projections in line with budget.
- Carrying out key procurements: rental collection, communal gas, website, mobile phones and a range of property and asset contracts.

5. Rent Collection and Income Maximisation

Overall collection in 2022/23 from current tenants was 98.89%. While the result exceeded the Business Plan target, performance dipped compared to the prior year. This reflected the cost-of-living crisis and increased pressures on our tenants; low levels of court action to act as an incentive for those with longstanding arrears to engage with us; and a reduction in Discretionary Housing Payments being provided for bedroom tax cases.

Our VFM focus is on:

- Our Collect with Care' approach, providing support and advice, rather than enforcement with a target of zero evictions. There was one eviction during 2022/23, our first for 3 years, which involved a tenancy with over £13k of rent arrears.
- Continuing to support tenants into work and to receive the financial advice and benefits they are entitled to. During 2022/23, financial gains of £3.3m were made; £2.8m of which directly benefitted individual tenants. This was secured by our Advice Team, a return equivalent to nearly nine times the cost of the service.

6. Customer Hub and Housing Management

We know through Customer surveys and feedback how important is that they can contact us when they want and need to. Our Connect Customer Hub did not respond to customers in the expected timescales in the last year. This was partly due to in part to issues with the implementation of our new telephony system, and the continued repairs backlog.

We have worked closely with our communities and the Police to improve the management of ASB cases and communication with victims and perpetrators. We have successfully delivered diversionary projects for young people including supporting a Boxing Academy at Withington Baths. Our Neighbourhood Officers have also been more visible in our communities.

The Trust has worked with Manchester City Council and other housing provider partners to reduce homelessness, letting 36 homes to people living in temporary and supported accommodation. A further 15 homes were freed up for families in housing need by rightsizing existing tenants who were under occupying their properties. Reducing homelessness and making the best use of our homes are key priorities for 2023/24.

Our VFM focus is on:

- Resolving the telephony issues and repairs backlog. We will be replacing email enquiries with a new webform which should lead to a significant improvement in timescales for handling customer enquiries.
- Implementing a comprehensive training plan for all Customer Hub staff, alongside process reviews with targeted improvements set throughout 2023/24.
- Delivery of a new housing management service to enable excellent services to be delivered within a culture based on listening and respecting our customers, supported with increased capacity, demonstrating that we are truly **Inspired by our Communities**.

7. Property Services

Our highest resource priority is to maintain the homes that we own. Repairs and maintenance are always identified by our tenants as the most important service we provide. How we perform has a direct effect on customer satisfaction, and as a high spend service area, productivity gains can have a significant financial benefit to the Trust.

We will continue to reduce the length of time to complete repairs, the level of overdue repairs and return to pre Covid performance targets.

A Service Improvement Plan was implemented and has had a positive impact with the labour available. We will increase productivity whilst maintaining high levels of customer service and communication.

We have successfully recruited operatives and whilst materials availability issues continued, we are working closely with our framework partner to look at early intervention and procuring in advance to secure supplies.

Our VFM focus is on:

- Measuring and driving productivity and understanding our costs and performance to make improvements to the Property Services operational service.
- Increasing the capacity of the delivery team to efficiently complete repairs and allow more time to manage performance, rather than reacting to escalations.
- Bringing work streams currently contracted out back into the organisation's remit. Delivering training internally to develop in house expertise.
- Increasing value for money in procurement and forecasting potential demand.
- Investing in our approach to staff and manager recruitment, retention, and personal development in the Property Services team ensuring we have the levels of skills, experience, and commitment to develop an efficient high performing service.
- Improving back-office processes to ensure consistency, efficiency, and timeliness in the delivery of repairs and maintenance, through better use of technology and resource management.
- Investing in electric vehicles and support infrastructure to ensure fleet is future proofed against higher running costs of diesel vehicles.
- Delivering apprenticeships and training programmes to develop tradespersons.

8. Asset Management and Environment

Our last major home improvement programme finished in 2013. Our homes are maintained to the Southway Standard, an enhanced version of the national Decent Homes Standard (as of 2020).

In 2021/22 we completed our stock condition survey, which included an evaluation of net zero carbon investment requirements. We are now planning programmes that are effective in addressing other priorities such as carbon reduction and damp and mould simultaneously.

Ensuring our buildings are safe and well managed, whilst offering a supportive facilities management Service helps reduce costs through unplanned maintenance as well as risk of legal action. This focus has increased as our portfolio grows and becomes more diverse.

The spotlight on damp and mould has been a challenge during 2022/23 and We completely reengineered processes and procedures to provide a more holistic approach to managing incidents. We have developed and implemented a tiered system to prioritise cases based on the risk to our customers, trained staff and providing specific scripts for better diagnosis.

We have been awarded around £2m match funding through the SHDF (Social Housing Decarbonisation Funding) Wave 2 programme and appointed partners to deliver retrofit works to 1,112 properties bringing them up to a minimum EPC C, making significant progress to have all homes at this standard as a minimum by 2030.

Our VFM focus is on:

- Building on the stock condition survey and the Asset Management Strategy by developing robust stock investment plans to protect the value of our portfolio.
- Developing an approach to procurement of future programmes of works so we receive competitive tenders and maximise the level of social value through investment programmes.
- Quality of surveys carried out by maintenance surveyors that produce accurate reports and schedules of work.
- Improving delivery of capital projects relating to energy efficiency. Using lessons learned, to work with customers so that they become engaged and informed of the benefits these programmes provide.
- Developing investment plans that reflect our zero carbon objectives and ensure our decision making considers longer term impacts of carbon reduction on levels of borrowing.
- Maximising future funding opportunities through partnership working and bidding for available grant.
- Effectively using data to proactively reduce future levels of repairs, particularly those related to damp and mould.
- Reconfiguring and improving the facilities management service.
- Improving understanding and awareness of Building Safety and Compliance for all staff and residents
- Future proofing building safety and how we deliver it.

Our green spaces and the local environment are key to the wellbeing of our communities. We continued our programme of environmental community events and activities; and progressed biodiversity improvements on the Arrowfield Estate including the Nature Space at Bullfinch Walk.

- Our VFM focus is on:
- Continuing to promote and deliver our Green Strategy, increasing activities and levels of engagement in local health and wellbeing projects, and achieving Green Flag standards on more of our green spaces.
- Using data from our tree survey to proactively manage trees and reduce risks of future claims or expensive works.

9. Development – Affordable Homes

We have completed, or have in contract, nearly 65% of our objective Futures Strategy objective to deliver 1,340 new affordable homes.

Progress is slower than originally planned with the programme now projected to complete in 2027/28. This is due to a range of external factors - the pandemic, cost inflation, dislocation of supply chain and skills and labour shortage in the UK. There has been an increased risk profile, with greater potential for liquidations or contractors seeking additional payments. Local challenges have included delays with planning processes and extended programmes of work.

The Development Programme for 2023/24 has a total cost of £50m, with 237 new homes to commence on site, including commitments carried forward from previous years, and an additional 150 homes via land acquisition or section 106.

Our highest priority remains the delivery of affordable homes for rent in the core Southway area.

Ensuring our new homes are Zero Carbon by 2038 is also a key priority in the design of all schemes. We have changed our heating standard to move away from the use of gas boilers in all new properties well ahead of the 2025 target set in legislation.

The Development Team is focussed on value creation, maximising the quality and potential income for the Trust, including GDV and income from grant sources.

Our VFM focus is on:

- Identifying schemes that exceed the minimum hurdle rates.
- Collaborating with the Development Finance team in cash planning to ensure efficient drawdown and mitigate the risk of contractor insolvency.
- Managing risk on site including potential for delays, or costs exceeding approved position at inception.
- On site - project management to ensure compliance, quality of product delivered, and collaboration with internal teams and timely handovers to meet Homes England milestones on drawdown of grant.

10. Southway Plus - Commercial Projects

During 2022/23, a small outright sale project was completed and sold, delivering profits in excess of the original appraisal. Performance for rent collection and void rent loss on private rented stock also exceeded target. A significantly increased property value was recorded on a previously completed PRS scheme.

A part time Commercial Property Development Manager was appointed to direct opportunities for growth in line with the strategy. They have overall accountability for performance to the Southway Plus Board.

Due to slower delivery of the programme (81 properties to date of the 220 included in the Futures Strategy) the phasing of new development activity has been extended to 2028/29. A healthy pipeline of new opportunities is undergoing initial appraisal to ensure compliance with the Plus Business Plan parameters.

Our VFM focus is on:

- Improving performance reporting arrangements of commercial activities and demonstrating that Investment Framework criterion are being met to achieve the expected returns on each commercial projects, including JV investment.
- Formalising internal Service Level Agreements to ensure standardisation of service delivery together with efficient and effective arrangements in place to sell, manage and maintain commercial properties.
- Reviewing rent setting and void policies to maximise rental income.

11. Community Investment and Age Friendly Living

The pandemic exposed significant inequalities and challenges in our communities, and these have since been exacerbated by cost-of-living increases in 2022/23. As a community focused landlord and social business, we have continued to use our financial strength, skills, and capacity to provide support, advice and service adjustments for the people living in our homes and neighbourhoods, investing £1.7m in 2022/23, an increase from £1.3m in 2021/22.

Delivering VFM across the business allows Southway to invest significant surpluses into our community objectives and tackle poverty. Our community-base, strong partnerships and local knowledge meant we were able to develop a range of different support options to help people to sustain their tenancies, live healthier lives and have more financial security.

Specific examples include:

- The Board releasing additional money to create a Living Well Fund which is continuing through 2023/24. In 2022/23 we provided vouchers of £100 for families and £70 for singles and couples to 935 tenancies. 715 of the households that received vouchers from the fund were referred on for additional support, such as employment, debt, welfare benefits advice or linked in with local food banks.

- 1,400 Winter Warmth packs were created, and 274 households received a pack for each member of their household.
- Financial support for school holiday kitchens, worked with the South Manchester Credit Union to provide low-cost loans, and provided fuel vouchers to people who were most in need.
- Working with community-based Learning Hubs. 1548 people received advice and 117 people (including 67 Southway tenants) secured employment.
- Awarding £27k of funding from our Beautiful South fund to fund youth projects, community events and groups for all ages.
- Our Funding Officer securing grants totalling £41k in 2022/23.

Our Age Friendly offer provides services so that older people living in our homes and neighbourhoods can age well. We are a lead organisation in the Age Friendly movement in Greater Manchester and we have built a reputation for commitment and innovation.

The Greater Manchester Combined Authority Ageing in Place Pathfinder projects started in October 2022, and we are the leading delivery in Gorton and Abbey Hey. This is a £180k funded project, lasting 3 years, to increase opportunities for greater social connections and neighbourhood environmental improvements to make the area age friendly, working in co-production with local older people and stakeholders.

Southway took part in a Greater Manchester Pension Credit take up campaign and helped 46 tenants to secure £130k in additional benefits.

Throughout the year we invested in activities and events for older people in our neighbourhoods, supporting resident groups in Old Moat and at Minehead Court as well as funding ‘Keep Up’ mental wellbeing sessions online and ‘Grey on Green’ sessions with Manchester Museum about the role of older people in sustainability, and climate change.

Our VFM focus is on:

- Ensuring that our community investment projects and services help to reduce poverty for our tenants.
- Finding a sustainable, community focussed and good quality food offer for our café’s at With Care schemes and Minehead Court.
- Undertaking a cost benefit and social value analysis of the services we offer.

12. Inspired by our Communities.

Our Inspired by Our Communities programme and approach was launched in 2021 as a response to the challenges of Covid. Last year, we considered ways to increase the customer feedback we receive and show how this influences service delivery, ways of working and the projects that we fund.

This work supports us to respond effectively to the expectations in the Social Housing (Regulation) Bill that seeks to deliver “transformational change” to empower tenants and increase tenant voices in decision making. These changes are supported by new Tenant Satisfaction Measures and Consumer Standards.

The high priority themes for improvement and the key statements and feedback from our tenants are listed below. These have been reflected in an action plan:

- **Communication -** I am told what is happening even if it's not good news and I'm spoken to in a helpful way.
- **Good Customer Access -** I can easily contact Southway using options that I want.
- **Quality of Life -** I have enough food and money for a decent quality of life.
- **Quality of Home -** I am proud of my home. It is secure and maintained to a high standard.
- **Community Safety -** I feel safe in the area I live in.
- **Environment -** I care about the wider environment and enjoy the green spaces near my home.
- **Shaping services around tenants -** I am treated as an individual and my needs are understood.

Our VFM focus is on:

- Improving communication across all our services.
- Piloting green and environmentally friendly boundary treatments.
- Setting up a damp and mould task force, looking at our ways of working and communication and support for tenants.
- How we make a house a home, given cost of living issues. We are piloting improving insulation, giving an enhanced standard of decoration, and plastering with the potential to fit flooring and provide low-cost furniture.

These actions are intended to give confidence to tenants that their voice is heard and responded to; help people sustain their tenancies and have a safe and secure home to live in; save money through energy efficiency measures and reduce cost of living pressures.

Financial Planning

Financial Management

Southway operates to a financial management regime where strategy is set and monitored by the Board and its Committees.

Medium term Resource Plans are agreed annually as part of the Business Planning process to resolve how resources will be deployed, taking account of constraints from the loan agreement and ability to raise additional finance.

The Board receives reports four times a year which provide an assessment of financial health indicators, and income and expenditure results compared to the budget set at the start of the financial year.

Financial Performance

The level of net resource generated by the Group for each of the last five years is set out in the table below. This shows:

- Steady levels of rental income from rising turnover from increasing property numbers and rent rises permitted by the Government.
- Running costs increasing, reflecting the impact of and recovery from the pandemic, extending activity to deliver strategic objectives, and inflation.
- Levels of stock investment increasing significantly.
- Surpluses from sales higher in 2022/23 related to greater numbers of RTB/RTAs and increasing shared ownership/outright sale activity.

The excess of resources is primarily used to fund new properties and repay debt.

£m	2018/19	2019/20	2020/21	2021/22	2022/23
Rental and other income (excl. grant and sales)	26.6	26.8	27.4	28.8	31.7
Running costs	-13.4	-13.5	-14.8	-16.9	-19.5
Investment in existing Properties less grant	-1.8	-1.6	-1.2	-3.3	-6.5
RTB/RTA/other sale surplus	2.8	3.6	2.3	2.6	5.3
SO & outright sale surplus	0.2	1.4	0.4	0.1	3.3
Net interest payable	-3.5	-3.4	-3.4	-2.4	-1.7
Net Resource	**10.9**	**13.3**	**10.7**	**8.9**	**12.6**

The table reports outcomes on an accruals basis. It includes re-investment in current properties irrespective of accounting treatment, but excludes capital spending on new property assets, actuarial pension adjustments and fair value movements in investment properties. The disclosure treatment therefore resembles the funder's EBITDA interest cover covenant with the inclusion of major repairs spending, (which also excluded the £7.6m loan breakage interest payment in 2021/22).

The following table summarises the Group's assets and liabilities. Housing stock and investment in properties continue to increase. Other fixed assets reflect the office/ICT infrastructure and community use facilities. Net current assets include available funds, and the long-term loans and the private placement bond.

As development activity has progressed, the number of homes owned has increased.

£m at year end	2019	2020	2021	2022	2023
Housing Properties and Investment Properties net book value less grant	96.2	106.8	122.5	140.1	151.8
Other fixed assets	8.6	8.7	9.0	9.0	8.5
Net current assets	15.1	9.6	5.3	8.1	29.1
Long term loans	-49.4	-43.9	-47.4	-66.5	-84.5
Other long-term liabilities	-9.5	-4.6	-8.5	0.1	-0.9
Reserves	61.0	76.6	80.9	90.8	104.0
Properties Owned (Including market rent)	**5,914**	**5,957**	**5,997**	**6,193**	**6,258**

Loan Funding

A new funding arrangement was put in place in July 2021 to support the delivery of the Development Programme. A £120m Private Placement bond was successfully secured via a UK investor and another from North America, with a weighted average maturity of 26 years.

Low interest rates were achieved at a weighted average 2.7%, substantially lower than is available in the current financial markets. This favourably benefits Southway, enabling the funds raised to support planned levels of development activity. Note 21 provides additional information on the amounts and timing of the funds raised.

As part of the refinancing, it was determined by the Board to repay the £44.4m stock transfer loan and £7.6m fixed interest breakage costs, which are offset by the equivalent economic benefit of securing lower rates via the bond. A waiver was approved by the PP investors and Barclays in relation to the lower interest cover ratio which resulted in 2021/22.

The new funding arrangement delivers a lower average interest rate, extends the average life debt, provides a balance of maturities, and diversifies our lender base.

The Trust's revolving credit facility with Barclays was revised in December 2022, £10m is available to December 2025, and is currently undrawn. This can be extended by a further one or two years. The interest cover loan covenant was also updated from Earning Before Interest Tax Depreciation Major Repairs included (EBITDA-MRI) to EBITDA, thereby enabling stock investment to be undertaken without spending impacting the covenant ratio.

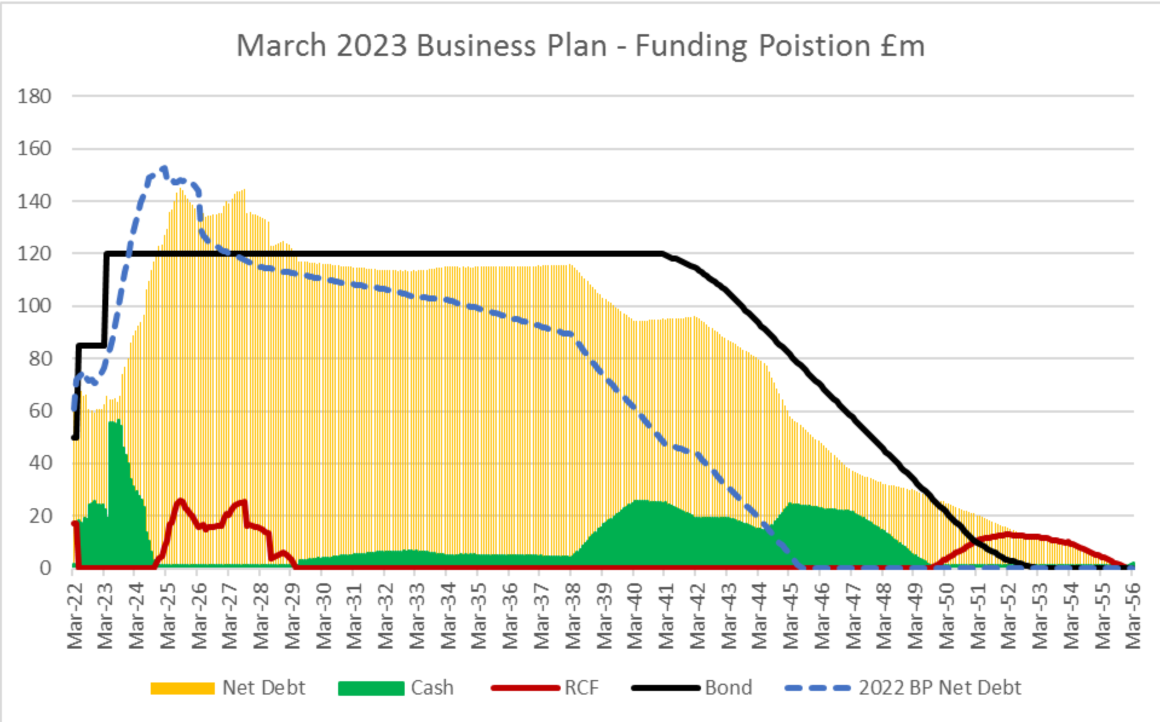
Treasury Management and Cash Position

Southway recognises the inherent risk arising from uncertain interest rates. It has adopted a policy of fixing a high proportion of its debt over time. The proportion of fixed interest rates (from the Private Placement bond) and variable interest rates (on Revolving Credit Facilities) reflects the Trust's policy that a minimum 70% of borrowings are on fixed rates. Southway does not contract for derivative instruments outside of its loan contract.

At March 2023 the Group had cash and current asset investments totalling £30.5m (2022 £1.7m). In May 2023 the final tranche of bond finance was received increasing cash balances to c£60m. This is higher than forecast when securing the Private Placement, reflecting slower delivery the development programme, and higher levels of proceeds generated from shared ownership and RTB/RTA sales.

Excess funds are deposited generating an appropriate return while limiting counterparty risk. The rate of interest receivable on deposits exceeds the cost of interest payable on the bond. The benefit derived has been allocated to provide additional support for one off items of spending in the 2023/24 Budget, including eliminating the backlog of overdue repairs.

The net debt profile per the 2023 Business Plan (BP) is illustrated below (in orange). The chart also shows the bond finance which has already been secured (black), projected levels of cash (green) and future RCF borrowing requirements (red). The net debt profile per the 2022 BP is also shown (blue). The key assumptions in the BP are summarised in the following section. Higher borrowing results mainly from increased levels of stock investment and the cap on rent increases adopted by the Government.



Southway has significant levels of asset cover to secure future levels of borrowing. The housing stock has an estimated value of £270m on a EUVSH (Existing Use Value for Social Housing) basis, and over £600m on a MVSTT (Market Value Subject to Tenancy) basis.

Intra Group Loan

The Trust has an intra group loan with Southway Plus, this runs to December 2026. At March 2022 £13.6m (2022 £15m) of the available £28m was drawn, the facility rises to £35m by 2024/25. The additional funds are to be used to finance development of 120 homes for outright sale and market rent, and investment in a Joint Venture detailed in Note 16.

A profit of £3m is to be generated by Southway Plus and returned to the Trust via gift aid. The Parent Board has assessed the interest rate and security arrangements which apply, ensuring the charitable assets of the Trust are fully protected.

Risk Management

Management of Risks

Southway continuously assesses the changing pattern of risk and considers variations in the economic environment, government policy which may impact rents, welfare reform and the availability of grant, commercial risks attached to new markets being entered, and the impact on the whole organisation associated with a process of growth and diversification.

Southway's Executive Group Risk Panel considers the corporate Significant Risk Map on a quarterly basis. The risk map reflects assessment of the external risk environment, the sector risk profile, and a range of internal risks. Each risk is scored, with mitigations and further actions designed to reduce, or maintain, the score to a set target. The results are reviewed by Audit and Risk Committee every quarter and reported to Board annually alongside a review of the Board's risk. The Trust considers that it is appropriately placed to manage the consequential variations in risk profile that arise.

Top Ten Significant Risks

These are as reported to Audit and Risk Committee in July 2023, with comparison to July 2022. While there has been come variation in rankings the overall risk profile is very similar.

Rank July 2023		**Rank July 2022**
1	Loss of rent due to policy change brought about by high inflation/ affordability	4
2	Costs and reputational issues arising from Development Programme	1
3	Construction projects adversely affected due to inflation and material and skills shortages	3
4	Inefficient use of resources and poor Value For Money.	10
5	Failure to deliver an effective and efficient property maintenance service.	2
6	Loss of Income as rent collection targets are not achieved.	5
7	Inability to deliver thriving communities due to poverty and inequality.	6
8	Property assets not effectively managed	8
9	Impact of low customer satisfaction with Southway's services	16
10	Homes and environment not maintained to health and safety standards	9

Business Plan and Budget

Southway routinely manages the risks it faces by adopting prudent strategies within its business planning and budgeting processes to withstand shocks, illustrated by:

- Modelling the impact of different rent increase scenarios as part of responding to the Government's consultation on this.
- A Board away day in October 2022 which focussed on actions to be taken in response to this including consideration of operational savings.
- Business Plan assumptions subject to further review and assessment by Board in December 2022, January, and March 2023.

The latest Business Plan adopted in March 2023 reflects:

- The restricted 7% rent increase in April 2024 (rather than CPI+1% = 11.1%).
- High inflation for the next few years.
- Long term cost inflation of 2.25% this is 0.25% higher than the rate of rental growth anticipated beyond 2025, based on CPI+0%.
- Low interest rates achieved from the Private Placement.
- Higher rates of interest receivable on surplus cash balances, funding one off budgetary expenditure, e.g., clearing the backlog of overdue repairs.
- Provision for 1.5% bad debts for two years reducing to 1.0% thereafter.
- Projections of future investment from the stock condition survey (£210m over 30 years in 2021/22 prices) and spending to achieve EPC C by 2030.
- Additional building safety and compliance work, including damp and mould, fire risk assessment actions, smoke detectors, carbon monoxide monitors.
- Slower development, the programme to deliver 1,600 new homes by 2025/26 has been revised to 2027/28, and limited exposure to lower sales values.
- Reduced numbers of RTB/RTA sales, 25 p.a. to 2026/27 (39 in 2022/23).
- Contingencies against higher costs or other risks, c£500k pa, equivalent to around 1.7% of rental income.
- Net debt repayment extended to 2056 (2022 BP 2046).

The latest Business Plan illustrates continued compliance with loan covenants:

- interest cover low of 470% in 2027/28 (vs EBITDA min. 150%)
- gearing peak at 38% in 2024/25 (vs max. 50%)

Stress Testing and Mitigations

Stress Testing is a central part of the Board's consideration of the Business Plan. It also forms part of the Boards regular assessment throughout the year with tests applied to all significant financial decisions. Key variables and a combination of sensitivities are combined into scenarios which would stretch the business to fail.

In March 2022 a Stress Testing workshop was held with Board and Audit & Risk Committee members. This considered risks of the sector and those specific to Southway. It reviewed the Golden Rules and Trigger Points, concluding these should remain unchanged. Members also considered BP assumptions and Stress Testing results identifying additional tests to be performed.

The 2023 Business Plan was subject to further stress testing. Under the majority of tests Southway's plan performs well:

- a number of stress tests which failed loan covenants in 2022 perform better in 2023 due to the extra comfort from the new EBITDA definition,
- debt repayment ability is an increasingly significant factor - related to the longer repayment profile in the base plan,
- in most scenarios gearing is not an issue.

The most prominent risks, which could lead to not passing loan covenants, were:

- continued high inflation and/or constrained rental increases - exposure should further rental restrictions be imposed, or further cost rises occur.
- additional amounts of stock investment / costs to deliver zero carbon - the 2023 BP could accommodate £39m estimated NZC spend (assuming 25% grant). This is approximately 1/3rd of the total NZC cost.

A combined risk from increased build costs, delayed sales, reduced numbers of RTB/RTA and failure of Southway Plus to deliver planned profits would lead to trigger points being exposed, but not a breach of loan covenants.

Limiting development spend would improve the plan by lowering borrowing levels and shorten debt repayment. The programme will be monitored with a review carried out as we reach the point of 200 homes remaining to be delivered.

A Resilience Plan is considered by Board annually. This identifies mitigation measures which Board could take in each service area to help remedy a financially challenged situation. It identifies priority actions and timescales (within 6 months or over the medium term) and potential impacts that would need to be considered.

<u>Financial Viability Assessment</u>

Southway's financial strength and its ability to withstand risk is also evidenced the favourable rate of interest on the £120m Private Placement secured in 2021. This is considerably lower than would be available in the current financial market.

The results of this analysis, combined with strong VFM metrics, available cash balances, contingencies to manage exposures, high asset values and comfort in loan covenants, has led to the Board's judgement that the Group has a financially sound Business Plan which will enable Southway to continue to deliver the objectives of its Futures Strategy 2020-2025.

Governance

Boards and Committees

The Trust is governed by a Board who are also shareholders of the Trust. Board members receive no dividends or remuneration (other than reimbursement of expenses) reflecting their commitment to the community and social values of the organisation. The Board members of the Trust and Executive Directors who have served Southway during the year and to the date of this report are set out on page 3.

The Board has the necessary depth of knowledge and experience to provide strategic leadership to the organisation.

Board and Committee members conduct their affairs within an agreed Code of Conduct, which complies with all regulatory requirements. Each member of the Board signs a statement agreeing to adhere to the Code. The Board also has a Probity Statement which sets out the standards of conduct it places for itself and those working for Southway. The statement also addresses the potential for Southway's conflicts of interest. All members complete an annual declaration of interest.

Insurance policies indemnify Board and Committee members and officers against liability when acting for the Trust.

Executive Directors

The four Executive Directors hold no interest in Southway shares and act as executives within the authority delegated by the Board. None of the executive directors are members of the Trust Board, but they attend all its meetings.

The Executive Directors are engaged on permanent service contracts. They receive salaries set by the Parent Board based on its estimation of the amounts required to secure the services of appropriate personnel. The Board takes independent external advice on this. Where they choose to become pension scheme members, Executive Directors also benefit from contributions made by Southway. Participation is on the same terms as all other Southway employees.

Governance of Subsidiaries

Each subsidiary company has its own articles of association that define their purpose and governance. The relationship between Southway and the subsidiaries is defined via an Intra Group Agreement (IGA). The IGA sets out: which policies apply to the group as a whole and which specifically to the Trust; levels of delegation to the subsidiaries, including the setting of Budgets and Business Plans.

As Southway provides the majority of the services to the subsidiaries, each company has a Services Agreement that sets out what services are provided and how they are accounted for.

Regulatory Compliance Statements of the Board

The Regulator of Social Housing (the Regulator) issues Regulatory Judgements on Registered Providers. During 2022/23 Southway retained its G1 and V1 ratings for Governance and Financial Viability, which are the highest possible gradings following an In-Depth Assessment (IDA) by the Regulator of Social Housing in 2021/22.

In March 2022 the Parent Board reviewed compliance with the 2020 National Housing Federation (NHF) Code of Governance and the Regulatory Standards. The Board can declare its compliance with the terms of the Code and Regulatory Standards.

The Regulator requires all Registered Providers to make a declaration in their annual accounts that they comply with all relevant law, legislation, and regulation. Southway receives regular updates from retained legal advisers with Heads of Service required to account for compliance through quarterly risk certificates. As a result, the Board is able to declare that Southway complies with all relevant law, legislation, and regulation. Southway also maintains a register that provides a thorough, accurate and up to date record of its assets and liabilities.

Anti-Slavery and Human Trafficking Statement

In accordance with section 54(1) of the Modern Slavery Act 2015, Southway has a which sets how Southway Housing we identify potential modern slavery risks related to its business and put in place steps to prevent slavery or human trafficking across its business and supply chains. This is available to view on our website.

Board Statement on Internal Control

To comply with the Regulator's Standard for Governance and Financial Viability, Registered Providers should: 'establish and oversee a risk management framework in order to safeguard the assets and reputation of the Group.'

Southway's system of internal control is designed to manage risk and provide assurance that key business objectives and expected outcomes will be achieved, that financial and operational information is properly prepared and reliable, and that the Group's assets and interests are safeguarded.

The current Board and Committee structure commenced in April 2016. The structure is assessed annually to ensure it remains fit for purpose. Southway's Board delegates the design, operation, and review of these internal controls to its sub-committees, most notably the Audit and Risk Committee, and to the executive directors. The Audit and Risk Committee reports quarterly to Board so that they are informed of control weaknesses in operations and can put strategies in place to address them.

Board members have a wide range of experience of risk assessment in areas such as development and finance. The Audit and Risk Committee is equipped to scrutinise, challenge, and improve the Trust's operational controls.

The following specific actions were taken to ensure the internal control framework remains robust:

a) Significant Risks were reviewed by the Executive Team Risk Panel on a quarterly basis, who then account to the Audit and Risk Committee on how risks are being managed. The Risk Register details the mitigations taken to manage each risk and proposed further actions, with target scores for each Risk.

b) Deep Dives were carried out by the Audit and Risk Committee into :

- Complaints
- Carbon Strategy
- Consumer Regulation
- Voids
- Cybersecurity
- Cost Pressures

c) An assessment of compliance against regulatory standards. No major areas of concern were identified, and Southway retains its G1 and V1 regulatory status for Governance and Financial Viability following the IDA.

d) An assessment of compliance with the Code of Governance.

e) Review of the effectiveness of each Committee.

f) A review of Financial Regulations to ensure they are fit for purpose.

g) Review of the Group Standing Orders

h) Approval of an annual Corporate Plan that derives from the Futures Strategy 2020-2025 through which the Board defines the tasks needed to achieve objectives and monitors their delivery.

i) Approval by Board of a Budget and updated Business Plan and Resource Plan following a Stress Testing Exercise attended by Board and Audit and Risk Committee members.

j) Processes for Key Performance Indicators and budget setting and quarterly monitoring of these, with outcome measures designed to identify specific variances that arise.

k) Internal Audit reviews conducted under a programme agreed and supervised by the Audit and Risk Committee, supplemented by the Internal Audit annual report.

l) The External Auditor’s Findings Report.

m) The annual compliance review of the loan agreement.

n) A comprehensive set of operating policies disseminated to staff, with a timetable for their review at appropriate intervals. These policies include counter- fraud measures (prevention, detection and reporting of discovered fraud, and strategies for ‘whistleblowing’).

o) A fully considered treasury strategy which is reviewed annually when setting the Business Plan supported by specialist external advice.

p) A Resilience Plan which was approved by Board in September 2023, and provides assurance that measures have been identified to mitigate the risk of unplanned events that could put the Trust in a financially challenged position.

q) Assessment of the funding environment by Board and the Funding Committee, supported by external banking, financial and legal advisers.

r) A formal Investment Framework which sets clear criteria for investment decisions, and processes for tracking the progress of each project.

s) Annual review of Health and Safety Policy and Procedures carried out by an independent Health and Safety advisor; and a Health & Safety Group which contains staff representatives and monitors the operations of the Trust with a view to ensuring that they meet regulatory standards.

t) Quarterly reports received by the Audit and Risk Committee covering property compliance: Gas Safety, Electrical Testing, Fire Safety, Legionella and Asbestos.

The Audit and Risk Committee has received the Executive’s Annual Review of the Effectiveness of the System of Internal Control, and the Annual Report of the Internal Auditor, and has reported its findings to the Board.

Donations

During 2022/23 and 2021/22 Southway made no political contributions and any charitable donations were made during the course of its ordinary activities.

Post Balance Sheet Events

No events since the year-end have had a significant effect on the Trust’s financial position.

Going Concern

The assessment of the significant risks faced by the Group is fully considered in the preceding sections of this report. The results of this analysis demonstrate Southway’s ability to remain financially viable.

The Board therefore has a reasonable expectation that the Trust and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future, being a period not less than twelve months after the date on which the report and financial statements are approved. For this reason, it continues to adopt the going concern basis in the financial statements.

In reaching this view the Board fully appraised the changing business environment facing Southway, it has considered the financial projections set out in the long-term Business Plan, the results of stress tests and assessed the strategic risks faced and the means available to it to mitigate these risks.

Annual General Meeting

The annual general meeting will be held on 19 September 2023.

External Auditors

Crowe UK LLP were appointed in February 2020 following a procurement tender for external audit services. A resolution to re-appoint Crowe UK LLP will be proposed at the forthcoming annual general meeting.

Statement of the Responsibilities of the Board for the Report and Financial Statements

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Trust and Group for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2018, 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 Trust will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and Group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

In so far as each of the Board members is aware.

- There is no relevant audit information of which the Trust’s auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The Strategic Report and Report of the Board was approved by the Board on 15th September 2023 and signed on its behalf by:

Claire Tostevin
Chair of the Board

Independent auditor's report to the members of Southway Housing Trust (Manchester) Limited

Independent Auditor's Report to the Members of Southway Housing Trust

Opinion

We have audited the financial statements of Southway Housing Trust (the "Trust") and its subsidiaries (the "Group") for the year ended 31 March 2023 which comprise the consolidated and Trust Statement of Comprehensive Income, the consolidated and Trust Balance Sheets, the consolidated and Trust Statement of Changes in Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Trust's affairs as at 31 March 2023 and the Group and Trust's surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 from April 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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Trust'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 Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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:

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on pages 37-38, 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 Trust'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 Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the Trust operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Trust's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Trust for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of income and reading minutes of meetings of those charged with governance.

Owing 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, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, 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 non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the Trust's members as a body in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Trust'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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
The Lexicon
Mount Street
Manchester
M2 5NT

19th September 2023

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2023
Consolidated Statement of Comprehensive Income

	Note	2023 £'000	2022 £'000
Turnover	3	47,989	33,818
Operating expenditure	3	(30,722)	(26,522)
Cost of sales	3	(9,511)	(2,708)
Surplus on the disposal of housing properties	3	5,308	2,523
Movement in fair value of investment properties	3	966	1,831
Operating Surplus	5	14,029	8,942
Interest receivable	7	589	1
Interest and financing costs	8	(1,383)	(9,010)
Surplus/(Deficit) before tax		13,235	(67)
Taxation	11	180	(546)
Surplus/(Deficit) after tax for the year		13,055	(613)
Actuarial gain in respect of pension schemes	30	642	9,843
Total Comprehensive Income for the Year		13,697	9,230

The consolidated results relate wholly to continuing activities.
The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on 15th September 2023 and signed on its behalf by:

Clare Tostevin
Chair of the Board

Hazel Makinson
Board Member

Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2023
Trust Statement of Comprehensive Income

	Note	2023 £'000	2022 £'000
Turnover	3	45,528	32,779
Operating Expenditure	3	(30,792)	(26,970)
Cost of sales	3	(7,325)	(1,667)
Surplus on the disposal of housing properties	3	5,308	2,523
Operating Surplus	5	12,719	6,665
Interest Receivable	7	1,141	572
Interest and financing costs	8	(1,417)	(9,115)
Surplus/(Deficit) before tax		12,443	(1,878)
Taxation	11	-	0
Surplus/(Deficit) after tax for the year		12,443	(1,878)
Actuarial gain in respect of pension schemes	30	642	9,843
Total Comprehensive Income for the Year		13,085	7,965

The Trust's results relate wholly to continuing activities.
The accompanying notes form part of these financial statements.
The financial statements were approved by the Board on 15th September 2023 and signed on its behalf by:

Clare Tostevin
Chair of the Board

Hazel Makinson
Board Member

Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2023
Consolidated and Trust Statement of Changes in Reserves

Income and expenditure reserve	**Group** £'000	**Trust** £'000
Balance as 31 March 2021	80,893	80,466
Surplus / (Deficit) for the year	(613)	(1,878)
Other comprehensive income for the year	9,843	9,843
Balance as 31 March 2022	90,123	88,431
Surplus for the year	13,055	12,443
Other comprehensive income for the year	642	642
Balance as 31 March 2023	103,820	101,516

The accompanying notes form part of these financial statements.

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2023
Consolidated Statement of Financial Position

	Note	2023 £'000	2,022 £'000
Fixed Assets			
Tangible fixed assets - properties	12	174,202	160,161
Tangible fixed assets - other	13	8,500	9,081
Investment properties	14	19,571	18,790
Investment in joint ventures	16	573	428
		202,846	188,460
Current Assets			
Properties for Sale, Stock and Work in Progress	17	4,515	11,905
Trade and other debtors due after more than one year	18	388	311
Trade and other debtors due within one year	18	5,229	6,283
Current asset investments	29a	12,000	-
Cash and cash equivalents		18,523	1,745
		40,655	20,244
Creditors: amounts falling due within one year	19	(11,532)	(11,879)
Net current assets		29,124	8,365
Total assets less current liabilities		231,969	196,825
Creditors: amounts falling due after more than one year	20	(128,149)	(106,797)
Provison for Liabilities			
Pension provision	30	-	95
Total Net Assets		103,820	90,123
Reserves			
Income and Expenditure reserve		103,820	90,123
Total Reserves		103,820	90,123

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 15th September 2023 and signed on its behalf by:

Clare Tostevin
Chair of the Board

Hazel Makinson
Board Member

Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2023
Trust Statement of Financial Position

	Note	2023 £'000	2022 £'000
Fixed Assets			
Tangible fixed assets - properties	12	174,893	160,780
Tangible fixed assets - other	13	8,455	8,989
Investment properties	14	3,893	3,893
Investment in Subsidiaries	16	-	-
		187,240	173,662
Current Assets			
Properties for Sale, Stock and Work in Progress	17	3,917	9,959
Trade and other debtors due after more than one year	18	13,574	14,899
Trade and other debtors due within one year	18	5,627	5,862
Current asset investments	29a	12,000	-
Cash and cash equivalents		18,250	1,457
		53,368	32,177
Creditors: amounts falling due within one year	19	(11,983)	(11,565)
Net current assets		41,385	20,612
Total assets less current liabilities		228,625	194,274
Creditors: amounts falling due after more than one year	20	(127,110)	(105,938)
Provision for Liabilities			
Pension provision	30	-	95
Total Net Assets		101,516	88,431
Reserves			
Income and Expenditure reserve		101,516	88,431
Total Reserves		101,516	88,431

The accompanying notes form part of these financial statements.

The financial statements were approved by the Board on 15th September 2023 and signed on its behalf by:

Clare Tostevin
Chair of the Board

Hazel Makinson
Board Member

Matthew Maouati
Secretary

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2023
Consolidated Statement of Cash Flows

	Note	2023 £'000	2022 £'000	
Net Cash generated from operating activities	25	22,107	10,865	
Cash flow from Investing activities				
Purchase of tangible fixed assets Housing Properties		(19,787)	(18,936)	
Purchase of tangible fixed assets Other Fixed Assets		(257)	(854)	
Purchase of tangible fixed assets Investment Properties		-	(3,857)	
Proceeds from the sale of tangible fixed assets		6,423	3,044	
Grants Received		4,154	3,828	
Investment in Joint Venture		(145)	(232)	
Interest received		589	1	
Current asset investments		(12,000)	-	
		(21,023)	(17,006)	
Cash flow from financing activities				
Interest Paid		(2,239)	(9,637)	
New secured loans		35,000	57,000	*
Repayments of borrowings		(17,068)	(44,845)	*
		15,693	2,518	
Net change in cash and cash equivalents		16,778	(3,623)	
Cash and cash equivalents at beginning of the year		1,745	5,368	
Cash and cash equivalents at the end of the year		18,523	1,745	

The accompanying notes form part of these financial statements.

restated *

Southway Housing Trust (Manchester) Limited
Year Ended 31 March 2023

Notes to the financial statements

1 Legal status

Southway Housing Trust (the "Trust") is registered under the Housing Act 1996 with the Regulator of Social Housing in England, as a Registered Provider of social housing (registration number L4507). The registered office is Southern Gate, 729 Princess Road, Manchester, M20 2LT.

The Trust is a charitable Registered Society under the Co-operative and Community Benefits Societies Act 2014, and registered with the Financial Conducts Authority, registration number 30348R. The Trust is a public benefit entity.

2 Accounting policies

Basis of accounting

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

The financial statements are presented in sterling (£) and have been rounded to the nearest £1,000.

Basis of consolidation

The Group accounts consolidate the accounts of the Trust and all its subsidiaries at 31 March 2023 using the purchase method.

The consolidated financial statements incorporate the financial statements of the Trust and entities (including special purpose entities) controlled by the Group (and its subsidiaries). Control is achieved where the Group has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate, using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Disclosure exemption

The individual accounts of the Trust have adopted the following disclosure exemption:
- the requirement to present an individual statement of cash flows and related notes.

Going concern

The Group’s business activities; its current financial position net assets of £104.0m (2022: £90.1m) and factors likely to affect its futuredevelopment are set out within the Strategic Report from the Board.
The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations.
The Group has modelled several scenarios using multiple variants to test the resilience of its business plan. The Group is confident it can service its debt facilities and can put measures in place, if necessary, to address any unforeseen challenges and remain in compliance with lenders' covenants. Additional information is included in the Report of the Board and Strategic Report.

On this basis, the Board continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates

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

(i) Significant management judgements

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

Impairment:

As part of the group's continuous review of the performance of their assets, management identify any impairment triggers which may affect any homes, or schemes. Such triggers include increasing void losses, government policy changes (such as welfare reform changes or rent reductions), climate change and Brexit aspects, any significant damage or repairs are required to any homes, or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down to the recoverable amount and any impairment losses are charged to operating surpluses.

As a result, we estimated the recoverable amount of our housing properties as follows:

(a) determined the level at which recoverable amount is to be assessed (ie, the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme
(b) estimated the recoverable amount of the cash-generating unit
(c) calculated the carrying amount of the cash-generating unit and
(d) compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each new social housing scheme, using appropriate construction costs and land prices. Where DRC is lower than the carrying amount an impairment is taken to reduce the carrying amount to the DRC.

Note 12 indicates no impairment of housing properties were made in the year to 31 March 2023 (2022 nil). At 31 March 2023 one scheme in Southway Plus, recorded under course of construction, is not in a position to proceed as intended. Consequentially £198k of project costs have been written off and the estimated realisable value has also reduced by £120k (note 14).

Classification of loans as basic:

The Trust had a stock transfer loan that met the definition of a basic financial instrurment up to 19/07/2021 when it was fully repaid, and has therefore been held at amortised cost at this date with the breakage cost and remaining arrangement fees written off to the Statements of Comprehensive Income in 2021/22.
Note 21 reports the raising of the Private Placement bond and the current revolving credit facilities (RCF)

(ii) Estimation uncertainty

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

Useful lives of depreciable assets:

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected life of the assets. Uncertainties in these estimates include changes to future decent homes standards may require more frequent replacement of key components. Accumulated depreciation at 31 March 2023 was £65.1m (2022: £60.4m) housing properties (note 12) and £4.5m (2022: £3.7m) other fixed assets (note 13).

Defined benefit obligation (DBO):
Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses. The calculation of the obligation also incorporates the impact of the various High Court rulings; namely McCloud and GMP rulings where appropriate.
The defined benefit obligation pension liability at 31 March 2023 was £nil (2022 £95k asset) (note 30).

Fair value measurement:
Upon completion of a market rent scheme a professional valuation is obtained using the market approach to valuation in accordance with the RICS Valuation – Professional Standards and International Valuation Standards. At the end of the accounting period management bases the assessment of fair value on observable data. If this is not possible management uses the best information available. Estimated fair values may vary from actual prices.

During 2022/23 the fair value of investment properties was assessed to have increased by £1.09m (2022: £1.8m)

Turnover and Revenue Recognition
Turnover comprises rental income receivable in the year, service charge income, income from shared ownership first tranche sales, support services and other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Service charge income is recognised in the period to which it relates net of losses from voids.

Income from first tranche sales is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Value Added Tax
The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset in the Statement of Financial Position.

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

Pensions
The Group participates in a funded multi-employer defined benefit scheme, the Greater Manchester Pension Fund (GMPF).

For the GMPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

The Group also participates in the government's NEST pension scheme which is a defined contribution scheme. Any liabilities relating to the scheme are shown as accrued liabilities.

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

a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
b) a fair amount of interest on borrowings of the association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.
Other interest payable is charged to income and expenditure in the year.

Gift aid donations
Charitable donations to the Trust from its wholly owned subsidiaries are accounted for as income in the statement of comprehensive income for the year, and is eliminated on consolidation.

Taxation
Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred Taxation
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the statement of financial position date.

Deferred tax relating to investment property that is measured at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the statement of financial position date. Deferred tax is measured on an undiscounted basis.

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

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

Shared Ownership properties and staircasing
Expenditure on shared ownership properties is 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 and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Under low cost home ownership arrangements, the Trust disposes of a long lease on low cost home ownership units for a share 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.

Sales of subsequent tranches are treated as a part disposal of housing properties. 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.

Donated land and other assets

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

On disposal of an asset for which non-monetary government grant was received by the social landlord any unamortised grant remaining within liabilities in the statement of financial position is derecognised and recognised as income in the statement of comprehensive income.

Depreciation of housing properties

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

The Group depreciates the major components of its housing properties over the following useful economic lives:

Component	Useful Economic Life
Freehold land	Not depreciated
Kitchens	20 years
Bathrooms	30 years
Doors and windows	30 years
Heating system	15 years
Electrical system and lifts	30 years
Cladding - non traditional properties	30 years
Roofs and chimneys	50 years
Ground source heat pump - underground	50 years
Ground source heat pump - overground	20 years
Off road parking - tarmac/paved drives	10 to 30 years
Structure - traditional build properties	80 years
Structure - non traditional properties	30 years

The Group depreciates assets the year following completion/installation (2022 full year in year of completion/ installation).

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the Trust, its recoverable amount is its fair value less costs to sell.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Asset	Useful Economic Life
Freehold land	Not depreciated
Freehold Buildings	50 years
Long Leasehold Property	Over life of lease
Community Shops	7 years
Community Centre (structure)	80 years
Furniture, fixtures and fittings	7 years
IT infrastructure (new)	5 years
Computers and related equipment	3 years
Commercial vehicles	4 years

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

Investment properties

Investment properties consist of market rent and other commercial properties not held for social benefit or for use in the business. Investment properties are initially measured at cost and subsequently at fair value as at the year end, with changes in fair value recognised in the Statement of Comprehensive Income.
It is not considered possible to accurately measure the value of properties that are under construction. Where this is the case the properties are measured at cost and revalued on completion.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Investments in joint ventures - Fixed asset investment

Investments in jointly controlled entities are held at cost less impairment.
Southway Plus Limited has entered into a joint venture arrangement with 9 other registered providers to create GMJV FundCo LLP. GMJV FundCo LLP, together with the Greater Manchester Combined Authority have invested in Hive Homes (Greater Manchester) LLP ("Hive Homes") which is a delivery vehicle to build homes for outright sale. This is a financial arrangement where Plus will be investing up to £3m as a mix of debt and equity into Hive Homes.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property 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 estimated sales price after allowing for all further costs of completion and disposal.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Where deferral of payment terms have been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Government grants

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

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

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

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

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the Trust is required to recycle these proceeds and recognise them as a liability.

Other grants

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

Leases

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

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Provisions for liabilities

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

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

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Reserves

The revenue reserves are unrestricted and available for use within the Group's activities.

3. Turnover, operating cost and operating surplus
Group

2023	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	32,200	-	(26,377)	5,823
Other social housing activities				
First Tranche Shared Ownership Sales	11,958	(7,325)	(1,483)	3,150
Development Services	-	-	(224)	(224)
Community Investment	110	-	(825)	(714)
Financial Inclusion	123	-	(440)	(317)
Other Support Activities	18	-	(469)	(450)
Non social housing activities				
Open Market Sales	2,290	(2,185)	-	105
Private Rented Sector	914	-	(243)	671
Repairs for Others	361	-	(361)	-
Other Activities	15	-	(302)	(287)
	47,989	(9,511)	(30,722)	7,756
Surplus on the disposal of housing properties (note 6)				5,308
Movement in fair value of investment properties (note 14)				966
				14,029

2022	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	29,435	-	(24,312)	5,123
Other social housing activities				
First Tranche Shared Ownership Sales	2,042	(1,667)	(370)	5
Development Services	-	-	(140)	(140)
Community Investment	1	-	(675)	(674)
Financial Inclusion	204	-	(354)	(150)
Other Support Activities	24	-	(290)	(266)
Gift Aid				
Non social housing activities				
Open Market Sales	1,113	(1,041)	(2)	70
Private Rented Sector	828	-	(197)	631
Repairs for Others	160	-	(145)	15
Other Activities	11	-	(37)	(26)
	33,818	(2,708)	(26,522)	4,588
Surplus on the disposal of housing properties				2,523
Movement in fair value of investment properties (note 14)				1,831
				8,942

3. Turnover, operating cost and operating surplus (continued)
Trust

2023	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	32,200	-	(26,377)	5,823
Other social housing activities				
First Tranche Shared Ownership Sales	11,958	(7,325)	(1,483)	3,150
Development Services	473	-	(659)	(186)
Community Investment	110	-	(825)	(714)
Financial Inclusion	123	-	(440)	(317)
Other Support Activities	18	-	(469)	(450)
Non social housing activities				
Private Rented Sector	223	-	(67)	156
Repairs for Others	361	-	(361)	-
Other Activities	62	-	(112)	(50)
	45,528	(7,325)	(30,792)	7,411
Surplus on the disposal of housing properties (note 6)				5,308
				12,720

2022	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	29,435	-	(24,312)	5,123
Other social housing activities				
First Tranche Shared Ownership Sales	2,042	(1,667)	(370)	5
Development Services	685	-	(765)	(80)
Community Investment	1	-	(675)	(674)
Financial Inclusion	204	-	(354)	(150)
Other Support Activities	24	-	(290)	(266)
Non social housing activities				
Private Rented Sector	217	-	(59)	158
Repairs for Others	160	-	(145)	15
Other Activities	11	-	-	11
	32,779	(1,667)	(26,970)	4,142
Surplus on the disposal of housing properties (note 6)				2,523
				6,665

3. Turnover, operating cost and operating surplus (continued)
Group and Trust

Income and expenditure from social housing lettings	2023 £'000	2022 £'000
Rent receivable net of identifiable service charges	28,731	26,987
Service income	1,223	505
Net rental income	29,954	27,492
Amortised government grants	1,448	1,445
Government grants taken to income	604	456
Other revenue grants	109	6
Other Income	86	36
Turnover from social housing lettings	32,200	29,435
Management	(7,716)	(7,569)
Services	(1,289)	(773)
Routine maintenance	(5,066)	(4,743)
Planned maintenance	(1,799)	(1,828)
Major repairs expenditure	(3,543)	(2,462)
Bad debts	(251)	(73)
Depreciation of housing properties	(5,500)	(5,723)
Impairment of housing properties	-	-
Other expenditure	(1,212)	(1,141)
Operating costs on social housing lettings	(26,377)	(24,312)
Operating surplus on social housing lettings	5,823	5,123
Void losses	229	383

The number of supported housing and shared ownership properties owned is not significant, hence no segmental reporting.

Other expenditure includes: £727k increased service costs relating to pension obligations (2022: £1,040k), £541k development expenditure treated as revenue (2022: £101k), £68k cafes/non housing costs (2022 £nil) and £124k reduction in holiday pay accrual (2021 £nil).

4. Accommodation in management and development
Group and Trust

At the end of the year the number of properties in management for each class of accommodation was as follows:

	2023 No. of properties	2022 No. of properties
Social housing		
General needs - social rent	5,383	5,417
General needs - affordable rent	337	324
Supported housing for older people	219	219
Low cost home ownership	220	132
Total social managed	6,159	6,092
Managed by others	5	8
***Total social owned**	6,164	6,100
Investment Properties		
Southway Housing Trust - market rent	25	24
Southway Plus - market rent	69	69
Total owned	6,258	6,193
Other accommodation managed		
Southway Housing Trust - leasehold properties	296	296
Total owned and managed	6,554	6,489
In course of construction		
Southway Housing Trust - shared ownership	215	252
Southway Housing Trust - social rent	44	-
Southway Housing Trust - affordable rent	146	152
Southway Plus - investment properties	-	-
Southway Plus - outright sale	-	6
	405	410

***During the year there was an increase of 64 social housing properties owned comprising:**	
Shared Ownership homes developed or acquired	99
Affordable Rent properties developed or acquired	14
Social Rent Homes developed	2
less Social Rent RTB/RTA disposals	(38)
less Affordable Rent RTA disposals	(1)
less Staircasing sales	(11)
less managed by others to Market Rent	(1)
	64

5. Operating surplus

	Group		Trust	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
This is arrived at after charging:				
Depreciation of housing properties	5,500	5,723	5,500	5,723
Impairment of non housing properties	120	-	-	-
Depreciation of other tangible fixed assets	801	736	755	715
Loss on disposal of other fixed assets	3	47	3	47
Operating lease rentals				
- office accommodation	33	33	33	33
- maintenance vehicles	476	217	476	217
External auditors' remuneration (excluding VAT)				
- for audit services	33	28	26	22
- additional audit services	-	8	-	6
- for non-audit services	-	-	-	-
Internal auditors' remuneration (excluding VAT)	40	34	40	34

6. Surplus on sale of fixed assets - housing properties

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Disposal Proceeds	5,903	3,097	5,903	3,097
Carrying value of fixed assets	(455)	(387)	(455)	(387)
Other costs of sale	(393)	(239)	(393)	(239)
RTB/RTA disposals	5,054	2,471	5,054	2,471
Proceeds from other property sales	914	186	914	186
Carrying value of other property disposals	(660)	(134)	(660)	(134)
Total surplus on sale of fixed assets	5,308	2,523	5,308	2,523

7. Interest receivable and other income

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest receivable	589	1	1,141	572
	589	1	1,141	572

8. Interest and financing costs

	Group 2023 £'000	Group 2022 £'000	Trust 2023 £'000	Trust 2022 £'000
Loans and bank overdrafts	2,215	2,043	2,215	2,043
Capitalised development interest	(933)	(1,203)	(899)	(1,098)
Amortisation of initial loan costs	67	392	67	392
Loan security trustee	24	10	24	10
Loan breakage costs	-	7,584	-	7,584
Other finance costs	10	184	10	184
	1,383	9,010	1,417	9,115
Capitalisation rate used to determine the amount of development interest capitalised	3.70%	3.70%	3.70%	3.70%

The £7.6m loan breakage costs in in 2021/22 was a one off payment related to refinanicing of Southway's £44.4m stock transfer loan with Barclays.

9. Employees
Group and Trust

Average monthly number of employees (including executive directors) expressed as full time equivalents (based on an average of 35 hours per week)	2023 No.	2022 No.
Administration	39	45
Maintenance Service & Home Improvement	82	83
Neighbourhood Services & Community Investment	71	65
Call Centre & Customer Response	32	29
Development and Property Acquisition	26	20
	250	242

Employee costs	2023 £'000	2022 £'000
Wages and salaries	8,889	8,073
Social security costs	936	802
GMPF pension contributions	751	877
Nest pension contributions	307	195
	10,882	9,947

The above staffing costs breakdown includes all those contracted under Southway Housing Trust's employment. This does not include any temporary staff employed via agency.

The Group's employees are members of the Greater Manchester Pension Fund (GMPF) defined benefit pension scheme or the Government's NEST defined contribution pension scheme. Further information on GMPF is given in Note 30.

The full time equivalent number of staff and Executive Directors who received emoluments:

	2023 No.	2022 No.
£60,001 - £70,000	3	5
£70,001 - £80,000	1	2
£80,001 - £90,000	-	-
£90,001 - £100,000	3	3
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1

10. Key management personnel
Group and Trust

None of the Board Members received emoluments (2022 nil). Board members expenses totalled £1,901 in the year to 31 March 2023 (2022: £766).

The emoluments of the highest paid Director, the Chief Executive, excluding pension contributions was £118k (2022: £113k).

The aggregate remuneration for key management personnel, disclosed as Executive Directors on page 3, in the year is shown below. All Directors, including the Chief Executive, are ordinary members of the Greater Manchester Pension Scheme and no enhanced or special terms apply.

Executive Directors	**2023 £'000**	**2022 £'000**
Basic salary	416	402
Social Security Costs	55	51
Pension contributions	92	90
	564	543

11. Tax on profit on ordinary activities

	Group 2023 £'000	Group 2022 £'000	Trust 2023 £'000	Trust 2022 £'000
The tax charge/(credit) is based on the profit for the year and represents:				
Current tax				
UK corporation tax at 19.00% (PY: 19.00%)	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	190	443	-	-
Adjustments in respect of prior periods	(10)	3	-	-
Effect of tax rate change on opening balance	-	100	-	-
	180	546	-	-
Tax on profit on ordinary activities	180	546	-	-
Movement in deferred tax provision				
Provision at start of period	859	313	-	-
Deferred tax charged in the Profit and loss account for the period	180	546	-	-
Tax on results on ordinary activities	1,039	859	-	-
Profit on ordinary activities before tax	13,235	(65)	12,443	(1,877)
Tax on profit on ordinary activities at standard CT rate of 19% (2019: 19%)	2,510	(12)	2,364	(357)
Income not taxable for tax purposes	(9,030)	(6,685)	(8,867)	(6,337)
Amounts (charged)/credited directly to the STRGL or otherwise transferred	27	(8)	-	-
Capital gains/(losses)	190	348	-	-
Fixed asset differences	181	747	180	744
Expenses not deductible for tax purposes	6,323	5,986	6,323	5,950
Deferred tax not recognised	(75)	(24)	-	-
Adjustments in respect of prior year periods (deferred tax)	(10)	3	-	-
Remeasurement of deferred tax for changes in tax rates	63	191	-	-
Other movements	-	-	-	-
Tax charge/(credit) for the period	180	546	-	(0)

12. Tangible fixed assets - properties
Group

	Social housing properties for letting £'000	Shared ownership properties completed £'000	Social housing properties under construction £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2022	187,144	9,308	4,495	19,653	220,600
Opening Balance Restatement	(142)	140	536	-	534
Development of new properties			5,299	11,386	16,685
Interest capitalised			184	715	899
Schemes completed	796	9,599	(796)	(9,599)	-
Works to existing properties Other	2,831				2,831
Additions	236	76	2	(5)	309
Disposals	(1,816)	(595)	-	-	(2,411)
Transfer to Properties held for sale	(155)				(155)
At 31 March 2023	188,894	18,528	9,721	22,150	239,293
Depreciation and impairment					
At 1 April 2022	(59,732)	(707)	-	-	(60,439)
Opening Balance Restatement	37				37
Depreciation charged in year	(5,109)	(391)	-	-	(5,500)
Impairment charged in year	-	-	-	-	-
Released on disposal	791	20	-	-	811
At 31 March 2023	(64,013)	(1,078)	-	-	(65,091)
Net book value					
At 31 March 2023	124,880	17,450	9,721	22,150	174,202
At 31 March 2022	127,412	8,601	4,495	19,653	160,161

Restatement of opening balance relates to reclassification of completed properties and deferred grant (note 22).

Housing properties At 31 March 2023 are comprised entirely of freehold land and buildings.

Southway Housing Trust considers individual new development schemes to be separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. Stock transferred from MCC is assumed to be one distinct CGU.

12. Tangible fixed assets - properties (continued)
Trust

	Social housing properties for letting £'000	Shared ownership properties completed £'000	Social housing properties under construction £'000	Shared ownership properties under construction £'000	Total £'000
Cost					
At 1 April 2022	187,455	9,438	4,511	19,815	221,219
Opening Balance Restatement	(142)	140	536	-	534
Development of new properties	-	-	5,329	11,423	16,751
Interest capitalised	-	-	184	715	899
Schemes completed	796	9,697	(796)	(9,697)	-
Works to existing properties	2,831	-	-	-	2,831
Other Additions	241	75	2	(5)	315
Disposals	(1,816)	(595)	-	-	(2,411)
Transfer to Properties held for sale	(155)	-	-	-	(155)
At 31 March 2023	189,211	18,756	9,767	22,251	239,984
Depreciation and impairment					
At 1 April 2022	(59,732)	(707)	-	-	(60,439)
Opening Balance Restatement	37	-	-	-	37
Depreciation charged in year	(5,109)	(391)	-	-	(5,500)
Impairment charged in year	-	-	-	-	-
Released on disposal	791	20	-	-	811
At 31 March 2023	(64,013)	(1,078)	-	-	(65,091)
Net book value					
At 31 March 2023	125,197	17,678	9,767	22,251	174,893
At 31 March 2022	127,723	8,732	4,511	19,815	160,780

Restatement of opening balance relates to reclassification of completed properties and deferred grant (note 22).

Housing properties at 31 March 2023 are comprised entirely of freehold land and buildings.

Southway Housing Trust considers individual new development schemes to be separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. Stock transferred from MCC is assumed to be one distinct CGU.

12. Tangible fixed assets - properties (continued)
Group and Trust

Expenditure on works to existing properties	2023 £'000	2022 £'000
Components capitalised	2,831	1,122
Amounts charged to income and expenditure account	3,543	2,462
	6,374	3,584

Finance Costs	2023 £'000	2022 £'000
Aggregate amount of capitalised interest included in the cost of housing properties	3,891	2,992

Social Housing Assistance	2023 £'000	2022 £'000
Total accumulated grants received or receivable at 31 March		
Recognised in Statement of Comprehensive Income	22,893	21,445
Held as Deferred Grant Income (note 22)	42,832	40,399
	65,724	61,844

13. Tangible fixed assets - other
Group

	Furniture fixtures and fittings £'000	Computers and related equipment £'000	Community assets £'000	Office accommodation £'000	Total £'000
Cost					
At 1 April 2022	528	2,949	2,813	6,489	12,779
Additions Disposals	19	218	20	-	257
At 31 March 2023	(3)	-	-	-	(3)
	544	3,167	2,833	6,489	13,033
Depreciation					
At 1 April 2022	(295)	(2,358)	(270)	(775)	(3,698)
Opening balance adj	(25)	-	(9)	-	(34)
Charged in year	(84)	(481)	(43)	(193)	(801)
Disposed in year At	-	-	-	-	-
31 March 2023	(404)	(2,839)	(322)	(968)	(4,533)
Net book value					
At 31 March 2023	140	328	2,511	5,521	8,500
At 31 March 2022	233	591	2,543	5,714	9,081
Aggregate capitalised interest			24		24

13. Tangible fixed assets - other
Trust

	Furniture fixtures and fittings £'000	Computers and related equipment £'000	Community assets £'000	Office accommodation £'000	Total £'000
Cost					
At 1 April 2022	445	2,884	2,833	6,489	12,651
Additions	19	217	19	-	255
Disposals	-	-	-	-	-
At 31 March 2023	464	3,101	2,852	6,489	12,906
Depreciation					
At 1 April 2022	(259)	(2,358)	(270)	(775)	(3,662)
Op balance adjustment in year	(25)	(0)	(9)	0	(34)
Charged in year	(60)	(459)	(43)	(193)	(755)
Disposed in year	-	-	-	-	-
At 31 March 2023	(344)	(2,817)	(322)	(968)	(4,451)
Net book value					
At 31 March 2023	120	284	2,530	5,521	8,455
At 31 March 2022	186	526	2,563	5,714	8,989
Aggregate capitalised interest			24		24

14. Investment properties

	GROUP				TRUST			
	2023 £'000 Properties completed	2023 £'000 Properties under construction	2023 £'000 Total Investment Properties	2022 £'000 Total Investment Properties	2023 £'000 Properties completed	2023 £'000 Properties under construction	2023 £'000 Total Investment Properties	2022 £'000 Total Investment Properties
At 1 April 2022	18,317	473	**18,790**	**13,181**	3,893	0	**3,893**	**4,042**
Reclassification of opening balance	(3)	3	**0**	**50**	0	0	**0**	**0**
Restated b/f	18,314	476	**18,790**	**13,231**	3,893	0	**3,893**	**4,042**
Additions/(reductions)	(4)	17	**13**	**3,877**			**0**	**0**
Increase/(decrease) in value	1,086	(318)	**768**	**1,831**			**0**	**0**
Transfer to affordable housing			**0**	**(149)**			**0**	**(149)**
At 31 March 2023	19,396	175	**19,571**	**18,790**	3,893	0	**3,893**	**3,893**
Aggregate capitalised interest			**457**	**440**			**-**	**-**

There are 25 market rent investment properties in the Trust. Research into the property values at 31 March 2023 was carried out by the Directors and was not judged to be materially different to their carrying value. Directors have knowledge and skill to undertake such a valuation assessment.

The Group includes one development which is under construction and is held at carrying value. In addition, the Group includes two completed schemes of 69 market rented properties owned by Southway Plus Ltd. The completed schemes were independently valued: 27 properties by Aspin & Co Ltd, Chartered Surveyors on 18 May 2023 and 42 properties Roger Hannah Chartered Surveyors on 17 May 2023, using the market approach to valuation in accordance with the RICS Valuation - Professional Standards and International Valuation Standards. The RICS Valuation - Global Standards 2017, defines Market Value as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgably, prudently and without compulsion”. The Directors have been guided by the independent valuations and applied their professional judgement in valuing the properties at £15.50m, which results in a revaluation gain of £1.09m during 2022/23.

One scheme recorded under course of construction is not in a position to proceed as intended. Consequentially, £198k of project costs have been written off and the estimated realisable value has reduced by £120k.

15. Investment in subsidiaries Trust

As required by statute, the financial statements consolidate the results of Southway Housing Trust, Southway DevCo Ltd and Southway Plus Ltd.

Southway Plus Ltd and Southway DevCo are wholly owned subsidiaries of the Trust. Both are non-regulated subsidiaries of the Trust. The registered office is the same for all group entities.

Southway Housing Trust is the ultimate parent undertaking and exercises control over the subsidiaries. The Trust's fixed asset investment in the subsidiaries is as follows:

	Southway Plus Limited £	**Southway DevCo Limited £**
Cost		
At 1 April 2022	1	1
Additions	-	-
Disposal	-	-
At 31 March 2023	1	1

The dormant subsidiary of Southway Plus, Weavers Manco Ltd. was incorporated on 21st January 2021. It is a company limited by guarantee, the company number is 13147845. Southway Plus is registered as the entity with significant control. The two directors are Karen Mitchell and Matt Roberts, both of whom are Directors of Southway Plus. The company was established to demise car parking spaces at the Weavers Cottages development (six in total). Once all units and the associated car park spaces have been sold, Southway Plus' interest in the company will end and the company will be wound down.

Currently, 1 unit remaining comprising a commercial shop with flat above. Both actively marketed with existing lessee of commercial unit expressing interest in the purchase of the leasehold interest. Price under negotiation.

16. Investment in joint ventures

	Group 2023 £'000	Group 2022 £'000	Trust 2023 £'000	Trust 2022 £'000
Investment in Joint Venture	573	428	-	-
	573	428	-	-

Southway Plus Limited has entered into a joint venture arrangement with 9 other Registered Providers to create GMJV FundCo LLP. Plus will invest up to £3m via a mix of debt and equity in GMJV FundCo LLP. GMJV FundCo LLP together with the Greater Manchester Combined Authority invest in Hive Homes (Greater Manchester) LLP which is a delivery vehicle to build homes for outright sale and provide a competitive return to investors. At 31 March 2023 Southway Plus' investment totals £961k (2022: £739k), comprising the above equity investment and a loan due over more than one year (reported in note 18).

17. Properties for sale, stock and work in progress

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Shared ownership				
properties Completed for sale	1,121	1,921	1,121	1,921
Under construction	2,537	7,934	2,537	7,934
Properties for outright sale				
Completed for sale	753	1,613	155	-
Under construction	-	333	-	-
Maintenance materials	104	104	104	104
	4,515	11,905	3,917	9,959
Aggregate capitalised interest	306	288	-	-

18. Debtors

	Group 2023 £'000	Group 2022 £'000	Trust 2023 £'000	Trust 2022 £'000
Due within one year				
Rent and service charges receivable	2,824	2,611	2,824	2,611
Less: Provision for bad and doubtful debts	(2,305)	(2,115)	(2,295)	(2,105)
	519	496	528	506
VAT incurred and recoverable	86	152	9	-
Amounts due from group companies	-	-	665	465
Other debtors	2,015	4,870	1,856	4,259
Prepayments and accrued income	2,608	765	2,569	632
	5,229	6,283	5,627	5,862
Due more than one year				
Amounts due from group companies over one year	-	-	13,574	14,899
Other debtors due over one year	388	311	-	-
Total Debtors	5,617	6,594	19,201	20,762

The amount due over one year within the Trust represents an intra-group loan to Southway Plus Limited.
There is a floating charge over Southway Plus's assets for the loan; the interest rate charged on the loan is 3.65%.

Other debtors due within one year includes £902k (2022: £2.42m) relating to the Homelessness Fund (see Note 19 - Other Creditors), £328k (2022: £322k) relating to Leasehold sinking funds and £45k (2022: £44k) held on behalf of the Strategic Housing Partnership.

19. Creditors: amounts falling due within one year

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Deferred grant income (note 22)	1,448	1,445	1,448	1,445
Recycled capital grant fund (note 23)	11	33	11	33
Rent and service charges received in advance	782	813	782	813
Leasehold sinking funds	697	523	697	523
Other taxes and social security costs	238	231	238	231
VAT incurred and recoverable	-	-	-	8
Trade creditors	299	1,293	206	481
Other creditors	2,871	4,542	2,871	4,072
Amounts due to group companies	-	-	1,801	2,173
Accruals and deferred income	5,185	2,999	3,928	1,786
	11,532	11,879	11,983	11,565

Other creditors includes £902k (2022: £2.42m) relating to the Homelessness Fund (see also Note 18 - Other Debtors)
Other potential further commitments of £495k (2022: £357k) arise in relation to the Manchester Service for Independent Living fund

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

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans due in more than one year (note 21)	85,000	67,000	85,000	67,000
Loan arrangement fees to be amortised	(473)	(472)	(473)	(472)
Deferred Grant income (note 22)	41,384	38,954	41,384	38,954
Recycled capital grant fund (note 23)	700	361	700	361
Capital proceeds fund	26	26	26	26
Homelessness Equity share	472	69	472	69
Deferred taxation (note 11)	1,039	859	-	-
	128,149	106,797	127,110	105,938

21. Debt analysis
Group and Trust

	2023 £'000	2022 £'000
Bank loans - Due within one year		
Repayable within one year	-	-
Bank loans - due after more than one year		
Repayable more than one year but less than two years	-	17,000
Repayable more than two years but less than five years	-	-
Repayable more than five years	85,000	50,000
	85,000	67,000
Total Debt	85,000	67,000

All loans are secured on housing stock, which covers the value of outstanding liabilities.

The loans reported at 31 March 2023 comprise:

£50m Private Placement issued on 19 July 2021 with redemptions dates between 2041 to 2051 and £35m issued on 25 May 2022 with redemption date of 25 May 2044.

A further £35m was issued on 25 May 2023 with redemption date of 25 May 2053.

The Private Placement has a weighted average interest rate of 2.7%, with a weighted average maturity of 26 years.

An additional Revolving Credit Facility of £10m is available to December 2025, and is undrawn. This can be extended by a further one or two years.

22. Deferred grant income
Group and Trust

	2023 £'000	2022 £'000
At 1 April	40,399	38,375
Opening balance restatement	395	
Grant received in the year	3,787	3,728
Disposals in year	(105)	(139)
Transfer to RCGF - staircasing	(295)	(106)
RCGF development of properties/(reversal)	99	(14)
Released to income in the year	(1,448)	(1,445)
At 31 March	42,832	40,399
Of which:		
Amounts to be released within one year	1,448	1,445
Amounts to be released in more than one year	41,384	38,954
	42,832	40,399

Restatement of opening balance relates to reclassification of £530k deferred grant from Housing Properties (Note 12) and £135k Homelessness Equity Share

23. Recycled capital grant fund
Group and Trust

	2023 £'000	2022 £'000
At 1 April	394	89
Grants recycled:		
Right to Acquire Grant	100	100
Grant recycled from Staircasing	295	106
Interest accrued	21	-
Other adjustment	-	85
Development of properties	(99)	14
At 31 March	711	394
Of which:		
Due within one year	11	33
Due greater than one year	700	361
	711	394

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the Group to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period (or as otherwise agreed), 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".

24. Non-equity share capital
Trust

Shares of £1 each issued and fully paid	2023	2022
At 1 April	9	9
Shares issued during the year	3	4
Shares surrendered during the year	(3)	(4)
At 31 March	9	9

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.

25. Cash flow from operating activities

Group

	2023 £'000	2022 £'000
Surplus for the year	13,055	(613)
Adjustments for non cash items:		
Depreciation of housing properties	5,500	5,723
Depreciation of other fixed assets	801	736
Amortised government grants	(1,448)	(1,445)
Impairment of housing properties	-	-
Loss on replacement of components	337	236
Reduction in investment property	318	-
Surplus on revaluation of properties	(1,086)	(1,831)
Pension costs less contributions payable	727	1,040
Changes in working capital:		
Properties for sale, stock and work in progress	7,563	(3,128)
Debtors	977	3,116
Creditors	(328)	(48)
Adjustments for investing or financing activities:		
Surplus on the disposal of housing properties	(5,308)	(2,523)
Loss on the disposal of other fixed assets	3	47
Interest payable and other financing costs	1,383	9,010
Interest receivable	(568)	(1)
Taxation		
Deferred tax charged in the Profit and loss account for the period	180	546
Net Cash Generated From Operating Activities	22,107	10,865

26. Capital commitments

	Group		Trust	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Expenditure contracted for but not provided in the accounts	24,961	33,347	24,861	32,190
Expenditure authorised by the board, but not contracted	80,570	92,439	80,570	92,009
	105,531	125,786	105,431	124,199

The above commitments of the Group at 31 March 2023 will be financed primarily through borrowings (£52.6m), which are available from existing loan facilities and Private Placement funds, with the balance funded through social housing grant (£17.8m) and property sales (£35.1m).

All loans are secured on housing stock, which covers the value of outstanding liabilities. Refer to note 21 for further disclosure of the Group's debt arrangements.

27. Leasing commitments
Group and Trust

The future minimum lease payments of leases are as set out below.

	2023 £'000	2022 £'000
Within one year		
Office accommodation	32	35
Vehicles	332	328
	365	363
Between one and five years		
Office accommodation	49	81
Vehicles	1,024	984
	1,072	1,065

28. Contingent liabilities
Group and Trust

The Group and Trust had no contingent liabilities to disclose at 31 March 2023 (2022: £nil).

29. Financial assets and liabilities

Surplus cash during the period was deposited in UK financial institutions as deposits with all amounts either at call or at notice of periods not exceeding twelve months. The Board's policy on financial instruments is explained in the Board Report as are references to financial risk.

Refer to note 21 for details of existing loan facilities and future funding arrangements. All loans are secured on the Trust's housing stock, which covers the value of outstanding liabilities.

	Group		**Trust**	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Finance assets measured at historic cost				
Rental Debtors and other receivables (Note 18)	5,617	6,594	19,201	20,762
Cash investment	12,000	-	12,000	-
Cash and cash equivalents	18,523	1,745	18,250	1,457
Total financial assets	36,140	8,339	49,451	22,219
Financial liabilities measured at historic cost				
Loan payable (note 21)	85,000	67,000	85,000	67,000
Trade creditors (Note 19)	299	1,293	206	481
Other creditors (Note 19)	11,233	10,586	11,777	11,084
Total liabilities	96,532	78,879	96,983	78,565

The Trust's financial liabilities are sterling denominated. The interest rate profile of the financial liabilities at 31 March was:

Floating rate	-	10,000	-	10,000
Fixed rate	85,000	57,000	85,000	57,000
Total borrowings	85,000	67,000	85,000	67,000

29a. Analysis of changes in net debt
Group

	At 1 April 2022 £'000	Cashflows £'000	Other non cash movements £'000	At 31 March 2023 £'000
Cash and cash equivalents				
Cash	1,745	16,778	-	18,523
Current Asset Investments	-	12,000	-	12,000
	1,745	28,778	-	30,523
Borrowing				
Debt due within one year	-	-	-	-
Debt due after one year	(67,000)	(18,000)	-	(85,000)
	(67,000)	(18,000)	-	(85,000)
Total	(65,255)	10,778	-	(54,477)

30. Pensions
Group and Trust

Greater Manchester Pension Fund

Southway participates in two Greater Manchester Pension Fund schemes. One scheme is for staff which transferred from Manchester City Council; the other is for new employees. The results of both schemes have been amalgamated in the notes which follow.

Both Greater Manchester Pension Fund schemes are multi-employer schemes, administered by Tameside Metropolitan Borough Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme.

The most recent formal actuarial valuation was completed as at 31 March 2022 and rolled forward to 31 March 2023 by a qualified independent actuary. The present value of the Pension viability has moved from a surplus in 2022 of £95k to a surplus amount in 2023 of £16.7m representing a movement of £16.6m. Southway's accounting policy states that a net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan. Neither applies to the pension surplus therefore, the present value has been adjusted to nil.

The employers' contributions to the fund by the Trust for the period ended 31 March 2023 were £754k (2022: £838k) at a contribution rate of 22.2.% of pensionable salaries (2022: 22.2%).

Financial assumptions	**31 March 2023**	**31 March 2022**
	% per annum	**% per annum**
Major categories of plan assets as a percentage of total plan assets		
Equities	68	67
Bonds	15	15
Property	9	8
Cash	8	10
	100	100
	% per annum	% per annum
Pension increase rate	2.95	3.15
Salary increase rate	3.75	3.90
Discount rate	4.75	2.75

Mortality assumptions

Within the past three years, investigations have been carried out by the scheme actuaries into the mortality experiortality ence of the association's scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Number of Years 2023	**Number of Years 2022**
Retiring today:		
Males	20.5	20.3
Females	21.6	23.2
Retiring in 20 years:		
Males	22.1	21.6
Females	25.3	25.1

30. Pensions (continued)
Group and Trust

Changes in fair value of scheme assets	**2023**	**2022**
	£'000	**£'000**
Opening fair value of plan assets	60,984	54,833
Expected return	1,650	1,103
Contributions by members	247	273
Contributions by employer	754	838
Actuarial gains	(3,321)	5,034
Benefits paid	(1,206)	(1,097)
Closing fair value of scheme assets	59,108	60,984

Changes in present value of scheme liabilities	**2023**	**2022**
	£'000	**£'000**
Opening scheme liabilities	60,889	63,357
Service cost	1,432	1,798
Interest cost	1,660	1,287
Contributions by members	247	273
Actuarial losses/(gains)	(20,678)	(4,809)
Losses on curtailments	49	80
Benefits paid	(1,206)	(1,097)
Closing scheme liabilities	42,393	60,889

Movement in net liabilities during the year	**2023**	**2022**
	£'000	**£'000**
Scheme liabilities less assets at start of year	95	(8,524)
Current service cost	(1,432)	(1,798)
Past service costs	-	-
Losses on curtailments	(49)	(80)
Contributions	754	838
Other finance costs	(10)	(184)
Actuarial movement	17,357	9,843
*Scheme liabilities less assets at year end	16,715	95

*Adjusted to nil in line with accounting policy

30. Pensions (continued)
Group and Trust

Amounts recognised in the statement of financial position	2023 £'000	2022 £'000
Present value of funded obligations	(42,393)	(60,889)
Fair value of plan assets	59,108	60,984
	16,715	95
Present value of unfunded obligations	-	-
*Net asset *Adjusted to nil in line with accounting policy	16,715	95

Analysis of the amount charged to operating surplus	2023 £'000	2022 £'000
Current service cost	1,432	1,798
Losses on curtailments	49	80
Total operating charge	1,481	1,878

Analysis of the amount charged to other finance costs	2023 £'000	2022 £'000
Expected return on pension scheme assets	1,650	1,103
Interest on pension scheme liabilities	(1,660)	(1,287)
Net interest	(10)	(184)

31. Transactions with related parties

	2023 £'000	2022 £'000
Southway Housing Trust		
Amounts due to Southway DevCo	1,311	1,862
Amounts due from Southway Plus	174	154
Loan due from Southway Plus	13,574	14,899
Purchases from group companies		
Design and build contracts from Southway DevCo	7,112	16,878
Other charges from Southway DevCo	108	311
Sales to group companies		
Project management services to Southway DevCo	385	342
Project management services to Southway Plus	-	-
Overhead charges to Southway DevCo	82	286
Overhead charges to Southway Plus	7	6
Corporate support to Southway DevCo	26	25
Corporate support to Southway Plus	26	23
Interest on loan to Southway Plus	544	559
Donations from group companies		
Gift aid from Southway DevCo	-	-

Other transactions

There were four tenant members of the Board during the year. Their tenancies are on normal commercial terms and they are not able to use their position to personal advantage.

	Weekly Rent £	Amount Due £
Aggregate tenancy transactions as at 31 March 2023	381.09	(631.43)

During the year one member of the Board served as a Councillor with Manchester City Council, and one Board members was a senior manager at the same organisation. That local authority has nomination rights over tenancies for most of Southway's properties. All such lettings and all other transactions with the Council are on normal contractual commercial terms and the members concerned are not able to use this relationship to personal advantage.

One of the Board Members is a Treasurer of GMCA. We have applied to GMCA for Brownfield Funding. He had no involvement in that decision or transaction.

Southway Housing Trust has a Board member in common with Barlow Moor Community Association. During the year Southway had transactions with the association totalling £25.4k (2022: £26.8k), the balance due at the year end was £nil (2022: nil).

The Trust's Chief Executive is also a board member of Manchester Athena Ltd. There have been no payments made in 2022/23 to this company (2022: £7k).

The Trust's Strategic Director Property & Development is also a board member of Bolton at Home. There have been no payments made to this company in 2022/23 (2022: £13.2k).

The Trust's Chief Financial Officer and Strategic Director Property & Development are Directors of ICO Didsbury Point Ltd, a management company which administers a piece of land which the Trust owns. There have been no payments made to this company in 2022/23 (2022:£2k).

During the year Southway Plus and Bolton at Home invested in GMJV Fundco LLP. The Trust's Chief Executive is also a Director of this company. Further details are in note 16.