

**REPORT AND FINANCIAL
STATEMENTS
FOR YEAR ENDED
31 MARCH 2022**

Registered Co-operative and Community Benefit Society No IP14238R

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SECTION 1 – Board Members, Executive Directors, Advisors and Bankers

1. Company Details

Leeds & Yorkshire Housing Association Board of Management

Chair

C. Michael Gaskell

Chair of Audit & Risk Committee

Elizabeth Sandwith CFIIA (retired March 2022)

Haroon Rashid (appointed to the Board November 2021 and as Chair of ARC April 2022)

Chair of Remuneration & Nominations Committee

Anne McMaster

Chair of Customer Experience Committee

Jon Prashar

Simon Edwards

Adele Rae

Steven Brook (resigned September 2021)

Anthony Brown

Ulfat Hussain

Carla Makepeace

Matthew Edgar

Jeremy Earnshaw (appointed November 2021)

Juanita Crawford (appointed April 2022)

Executive Directors

Chief Executive

Mark Pearson

Director of Communities & Customer Service

Gavin Fisk

Director of Resources and Company Secretary

Adam Hutchinson

Director of Assets & Growth

Joanna Chambers

Registered office

3rd Floor, White Rose House

8 Otley Road

Headingley

LS6 2AD

Registered number

Registered as a charitable social landlord under the Co-operative and Community Benefit Societies Act 2014, No: IP14238R.

Registered by the Regulator of Social Housing, No: LH0704

LEEDS & YORKSHIRE HOUSING ASSOCIATION**Year ended 31 March 2022****SECTION 1 – Board Members, Executive Directors, Advisors and Bankers****External Auditors**

Beever and Struthers

St George's House

215 – 219 Chester Road

Manchester

M15 4JE

Internal Auditors

BDO LLP

29 Wellington Street

Leeds

LS1 4DL

Solicitors

Gordons Solicitors LLP

Riverside West

Whitehall Road

Leeds

LS1 4AW

Ward Hadaway

1A Tower Square

Wellington Street

Leeds

LS1 4DL

Bevan Brittan

Whitehall Riverside

Whitehall Road

Leeds

LS1 4BN

Bankers

Santander

Customer Service Centre

Bootle

L30 4GB

National Westminster Bank Plc

8 Park Row

Leeds

LS1 5HD

Treasury Consultant to the Board

DTP Ltd

Andrew Gladwin, Director

Richard House

9 Winkley Square

Preston

PR1 3HP

2. Chair’s Foreword



Over the last year we have thankfully started to see a gradual return to more ‘normal’ everyday life, albeit with the longer-term impacts of the COVID-19 pandemic still very much with us. The Leeds & Yorkshire Housing Association team have worked diligently to provide help and assurance to our customers, particularly those experiencing hardship - which is sadly very evident. We will continue to provide support wherever we can to help our customers live well - whether that be financial assistance through the LYHA Support Fund or signposting to external services - as unfortunately we are likely to see the cost-of-living crisis escalate over the coming months.

We fully support the increased focus on consumer regulation set out in the government’s Social Housing White Paper and the recent Queen’s speech. We work closely with customers to ‘co-create’ improvements to our services, engaging in ongoing two-way dialogue to ensure we meet their needs. We have recently formalised this commitment in a new ‘Customer Engagement Policy’ which sets out our engagement framework and opportunities to involve as broad a range of customers as possible, including underrepresented groups.

I am pleased to see that customer satisfaction with LYHA’s service has steadily risen over the last 12 months, with our overall customer satisfaction up to 78% for the final quarter of the year, although there is still to work to do. I am also delighted that we retained our G1 V1 rating - the Regulator of Social Housing’s highest governance and financial viability rating - which is testament to the continued hard work and commitment of our colleagues, board members and engaged customers.

I’d like to take this opportunity to welcome three new members to the board: Jeremy Earnshaw, Haroon Rashid and Juanita Crawford. Their wealth of skills and experience will be a real asset. We also said goodbye to two previous board members, Liz Sandwith and Steven Brook, and to James Fernie who sat on our Customer Experience Committee. I’d like to thank them all for their valuable contribution to the transformation of LYHA and wish them well for the future.

As we look to the year ahead, there are many exciting projects in the pipeline. Not least to explore a formal partnership with York Housing Association (YHA).

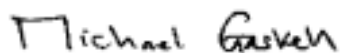
LYHA and YHA are considering a proposal for a transfer of engagements. If agreed, the proposal will see the new organisation operating as a new 3,000-home regional subsidiary of northern based housing association Karbon Homes.

YHA has been a subsidiary of Karbon Homes since 2017 and has already seen the significant benefits of being part of a larger, supportive group. The two organisations have developed a really strong shared culture, values and working relationship.

Section 2 – Chair’s Foreword

Both YHA and LYHA will shortly be seeking the views of their customers, colleagues and stakeholders on these proposals. This feedback will then shape the final business plan before being presented to both boards for approval.

The aim of the proposed partnership is to deliver excellent services to customers and to play a key role in shaping places and communities across Yorkshire. The new partnership would create a stronger, more effective organisation, with a continued local approach and understanding of its customer base. Whether this proceeds or not, I am sure that LYHA will continue its recent track record of improving services for customers and developing new homes to address chronic housing-need in Yorkshire.

A handwritten signature in black ink that reads "Michael Gaskell". The signature is written in a cursive, slightly informal style.

Mike Gaskell, Chair

3. CEO's Introduction

The 2021/22 financial year began with the country still in lockdown but thankfully twelve months on we appear, after a few false summits, to be finally on the road to recovery.

The pandemic brought with it lots of operational challenges for LYHA – not least the balance between continuing to provide our core services (such as house repairs and estates upkeep) and keeping our customers, colleagues and contractors safe. Following the lifting of restrictions, I am delighted that we can once again spend time meeting customers face to face, reinstating community drop-in clinics and resuming our planned improvements programme, such as installing new kitchens, bathrooms and boilers.



The uncertainty of the last two years has had a huge impact on people's wellbeing and quality of life, and we are committed to providing additional support to those who need it. Over the last few months our team have called all our customers to find out how they are feeling and whether there is more that LYHA can do to help them, be it outstanding repairs or signposting to support. These reconnecting calls have proven very beneficial: in many cases we have been able to take immediate action which has made a tangible difference to customers, such as funding referrals to counselling sessions or helping them access free training and grants.

Our Customer Support Fund has also provided a valuable lifeline to customers struggling financially – providing over £23,000 of support during 2021/22, ranging from supermarket shopping vouchers to purchasing white goods. This funding will continue for the next financial year and beyond as the steep rise in living costs, particularly energy and food prices, will unfortunately have a significant impact. We are also exploring additional ways we can offer support and signposting at this difficult time.

Responding to customers' needs is at the very heart of our business and we have invested in new technology to improve the speed and efficiency of our communication, including webchat and an online repairs diagnostic tool. We recognise that our customers have individual needs, challenges and priorities and we strive to ensure that we meet these. We have a robust equality, diversity and inclusion strategy and action plan in place and during 2021/22 we have made significant progress in this area: including improving the data we hold about colleagues and customers, learning more about potential biases and improving the experience of individuals with neurodivergent conditions.

Affordable housing continues to be a challenge throughout our region, and we will continue to build more high-quality homes. During the last year we were delighted to hand over the keys to 33 new properties in Leeds and Barnsley and we have ambitious plans for many more over the years ahead.

Section 3 – CEO’s Introduction

Decarbonisation is another of the biggest challenges currently facing our sector. LYHA has recently completed a carbon baseline report and we have now set out our roadmap to achieve net zero. During 2022/23 we will begin customer consultation and looking at options for our first retrofitting scheme in Leeds, with a view to submitting a bid for funding through Wave 2 of the Social Housing Decarbonisation Fund.

We have also carried out significant investment not just in our homes but in our communities, such as providing apprenticeship placements for young people; installing WiFi to enable our customers to have high speed internet access in their homes; and hosting weekly community gardening sessions at our St Mary’s rooftop garden which have a positive impact on people’s mental health and wellbeing.

2022 is set to be another busy year, with lots of opportunities and challenges ahead – particularly supporting our customers through a tough economic period. However, I look forward to spending more time out in our communities, now restrictions have been lifted, and continuing to make improvements to our service so that ultimately, we can achieve our vision: *“To ensure all of our customers live in a home they love and in a community in which they can thrive.”*

A handwritten signature in black ink, appearing to read 'M. Pearson'.

Mark Pearson

Chief Executive

4. Strategic Review and Value for Money

We continue to deliver our three-year Corporate Plan ‘Together 2023’, which was launched in 2021. We firmly believe that everybody deserves a safe, warm and affordable home. However, we are about more than bricks and mortar and we strongly believe that people and communities should be supported to thrive and live well in sustainable tenancies.

Mission:

We will enable our customers to live well by providing warm, safe and secure homes, by investing in relationships and by delivering great services

Vision:

To ensure all of our customers live in a home they love and in a community in which they can thrive

Our mission and vision are supported by a set of values that demonstrate how we do things – they reflect our culture of excellence and define our behaviours.

Values: At LYHA:

- We **BELIEVE** we can be the best community-based housing association.
- As a values-based organisation, we truly **BELIEVE** in our mission and vision.
- We **BELIEVE** that our values define our culture.

Bold – we are unafraid to try new things, meaning that we take informed risks to help us be better at what we do.

Empathetic – we understand and always try to see the perspective of others.

Loyal – we are dedicated to what we do for our customers, take responsibility and are ambassadors for LYHA.

Integrity – we always act with honesty and transparency and spend money wisely.

Ethical – we always do the right thing in the right way, rather than take the easy option.

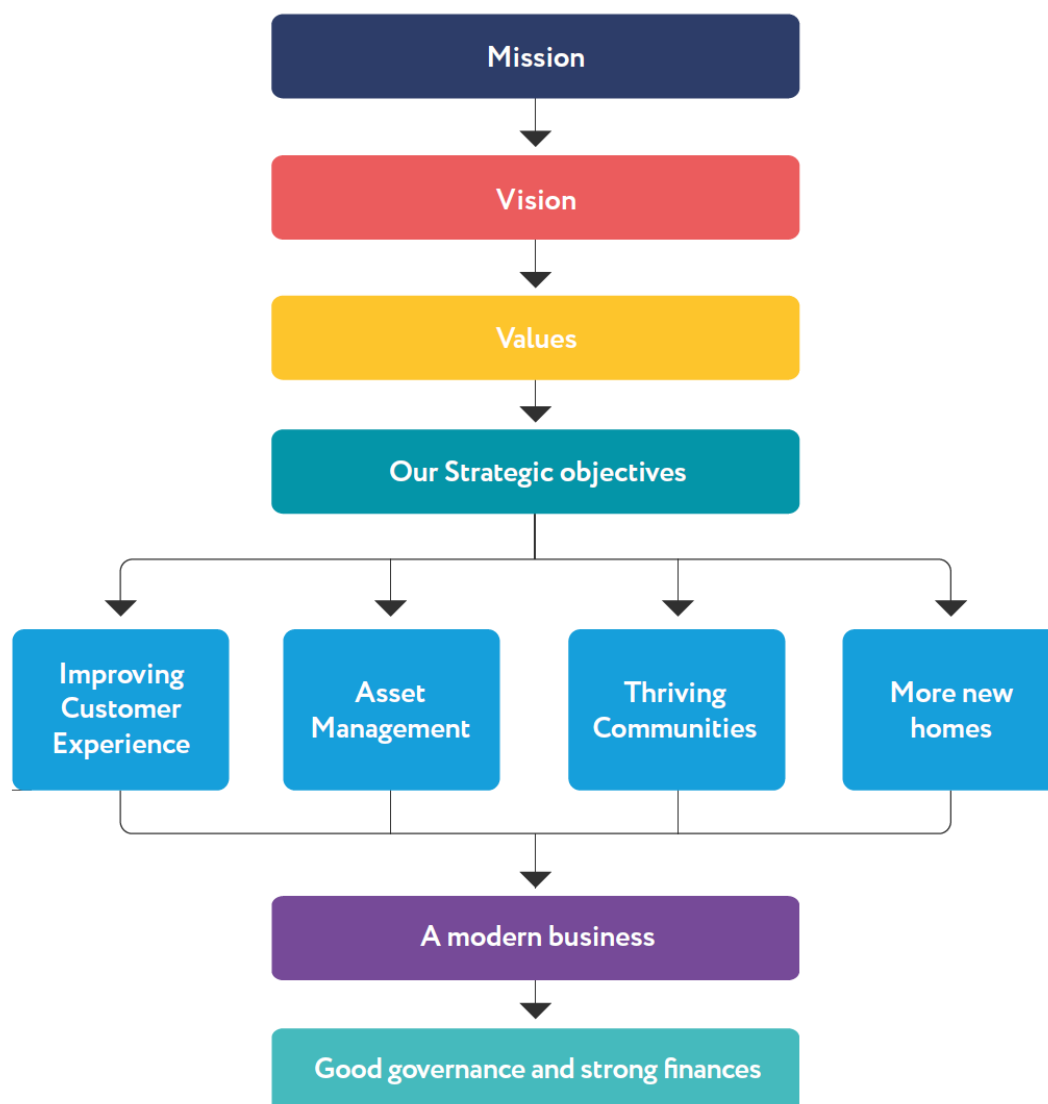
Vibrant – we are dynamic and passionate about delivering excellence and the opportunity we have to make a difference.

Engaged – we work as a team and understand the importance of colleague and customer involvement in how we make decisions.

Section 4 – Strategic Review and Value for Money

Strategic Objectives

Our mission, vision and values are supported by 6 key strategic objectives:



4a. Value for Money Strategy

We understand the need to invest in the delivery of our strategic objectives whilst continuing to drive efficiencies and improve the services we deliver. We define value for money in terms of how we deliver against both our financial and non-financial objectives and we measure our performance against others in the sector.

The LYHA Board have designed a scorecard which includes measures and targets that indicate successful delivery of the strategy. The scorecard for 2021/22 is based around the prescribed Value for Money measures indicated in the Regulator's standard and supplemented with measures that reflect LYHA's specific objectives. The Board have received updates on performance against the scorecard measures each quarter, allowing for close oversight of Value for Money at LYHA.

Section 4 – Strategic Review and Value for Money

When referring to the LYHA “peer group” in the benchmarks, this is defined as traditional UK housing associations between 1,000 and 6,000 units with less than 10% supported housing and less than 10% non-social housing who submit data to HouseMark.

4b. Improving Customer Experience

	2021/22	2020/21	2021/22 Target	Variance to target	Benchmark	Variance to benchmark	2022/23 Target
Customers satisfied with the overall service ¹	74%	73%	76%	-2%	83%	-9%	78%
Customers satisfied with their most recent repair ¹	77%	83.4%	88%	-11%	87%	-10%	89%
Rent Collected % ¹	100.24%	100.23%	100.1%	0.14%	100.1%	0.14%	100.1%
Total Tenant Arrears % ²	2.20%	3.15%	3.00%	0.80%	4.16%	1.94%	2.50%

Benchmark source

¹ 2020/21 Sector Scorecard median for LYHA peer group;

Overall Customer satisfaction has now improved for four consecutive years. LYHA introduced a quarterly “tracker” survey for STAR customer satisfaction through 2020/21 and we have continued with this method through 2021/22. Satisfaction peaked in Q4 with a quarterly score of 78% although this provided an average over the preceding four quarters of only 74%. 542 surveys were conducted over the year, giving a good degree of confidence in the results.

The Association implemented a new Improving Customer Experience strategy in March 2021, designed to support the objectives of the ‘Together 2023’ corporate plan, the strategy set out ten actions for 2021/22 across three themes: Customer Engagement, Operational Efficiency, and Customer-centric Culture. The repairs service is key to many customers and satisfaction in this area will remain closely monitored. We are working with our main contractor across a number of workstreams to design and embed a high quality customer journey, with recent improvements including receipting of repairs orders, implementation of a repairs diagnostic tool and enhancements to our remote working capabilities.

Overall rent collected has exceeded target and has shown a consistent and sustainable improvement, despite the roll-out of Universal Credit. Total tenant arrears show another great improvement in the year, with a stable team in post throughout the year, working to consistent processes. Rent collection of over 100% of rent charged in the year shows that in-roads have been made into arrears. Current Tenant Arrears fell from 1.69% at March 2021 to 1.24% at 31 March 2022. The bad debt provision assumes losses of 50% of debt under six-months old and 100% of debt over six-months old. The rent collection and arrears targets for 2022/23 include the anticipated ongoing impact of the cost of living crisis, and we anticipate a rise in arrears as customers make difficult choices about how to allocate their spending.

4c. Thriving Communities

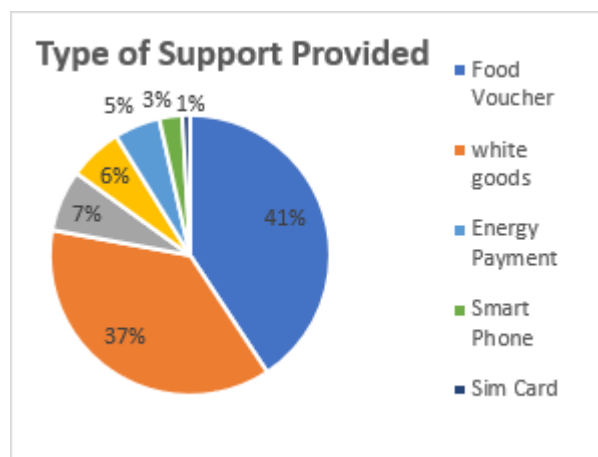
	2021/22	2020/21	2021/22 Target	Variance to target	Benchmark	Variance to benchmark	2022/23 Target
£s well-being generated through community investment	£187,534	£137,067	£175,000	£12,534	n/a	n/a	£200,000
Void Loss %¹	1.46%	1.74%	1.83%	-0.37%	1.21%	0.25%	1.89%

Benchmark source

¹ 2020/21 Sector Scorecard median for LYHA peer group;

Our well-being work to generate social value has accelerated this year. A number of projects have delivered substantial social impact. In particular, our work roof top garden has delivered over £80k of equivalent wellbeing, and providing access to the internet for older customers has generated over £20k of equivalent wellbeing.

Our community investment works also includes our customer support fund, providing support to customers adversely affected by the pandemic and the breaking cost-of-living crisis.



Expenditure to date is **£23,141**, providing 110 customers with varying levels of support dependant on their needs. This averages at £210.37 per award.

The two leading causes for a referral to the Customer Support Fund was the inability to afford to furnish their new property (35%) and customers struggling with the day to day challenge of balancing the rising cost of living, heating bills and food costs (37%). The most provided measure of assistance was

supermarket shopping vouchers (41%). These were provided so customers could easily access food.

The next most provided was white goods (37%). These were substantially provided to new customers moving into an unfurnished property and were unable to afford to purchase a suite of white goods without the need to borrow or go without whilst they save enough money to purchase an essential item. Although these are expensive in comparison to supermarket vouchers, the provision of these goods ensures that new customers are able to sustain their tenancy successfully, they have access to essential home services and live in a healthy home.

Void loss has fallen in the year, due primarily to the ongoing impact of the pandemic with customers unwilling or unable to move. Our re-let process has been a focus of work in the operations team.

4d. Asset Management

	2021/22	2020/21	2021/22 Target	Variance to target	Benchmark	Variance to benchmark	2022/23 Target
Reinvestment % ¹	6.87%	7.71%	19.8%	-12.93%	4.7%	2.17%	17%
Average SAP rating	71	71	73	-2	73.35	-2.35	73

Benchmark source

¹ 2020/21 Sector Scorecard median for LYHA peer group

Reinvestment indicates the total level of spend on new and existing homes. The shortfall to target reflects delays to expected investments into development of new homes, in particular, delays in achieving planning for the forthcoming Railway Street development.

Investment in our existing homes has continued as planned through the year. A total of £1,149k was spent on replacing components and improving existing homes.

Component	Investment £'000s
Windows, doors & fire doors	£425
Boilers & Heating	£118
Roofs	£323
Kitchens & Bathrooms	£259
Other	£24
TOTAL	£1,149

As at 31st March 2022, 6 homes (0.36%) are deemed to not fully comply with the Decent Homes Standards. This was declared in our statistical data return to the regulator and results from customers declining replacement of components, usually as a result of ill-health.

A significant investment into homes has also been made responsively, either upon failure of a component or through renovating properties when they become empty at the end of a tenancy. Volumes of responsive repairs have risen slightly at approximately 2.75 repairs per home, but average costs fell in the year.

After completing a carbon-baseline report in 2021, plans are being developed to undertake a first retrofit project at St Mary's in Leeds. This pilot project will aim to significantly improve SAP ratings and reduce the heat demand of properties on the site and to develop the organisational understanding of delivering these major projects.

Section 4 – Strategic Review and Value for Money

4e. More New Homes

	2021/22	2020/21	2021/22 Target	Variance to target	Benchmark	Variance to benchmark	2022/23 Target
New Supply Delivered # ¹	33	32	42	-9	21	12	14
New Supply Delivered (Social Housing) % ¹	2.04%	1.98%	2.59%	-0.55%	0.84%	1.2%	1%
New Supply Delivered (Non-social Housing) % ¹	-	-	-	-	-	-	-

Benchmark source

¹ 2020/21 Sector Scorecard median for LYHA peer group

2021/22 has seen a continued major investment into the supply of new homes. It was anticipated that 42 new homes could be delivered within the year, however, the scarcity of labour and materials has led to a delay on nine s106 properties.

Overall, the development programme must still be considered a significant success, delivering 14 homes for affordable rent, 16 homes for social rent, and 3 homes for shared ownership. This is a total of 33 new homes in the year. One social rented property was sold with vacant possession to a private buyer, and 35 homes were sold to Housing Association Incommunities, making a net decrease of 3 homes.

Our target for 2022/23 is 14 homes, at 1.00% growth this remains above the median for our peer group. However we will be developing a 58 unit scheme through the year, with handover anticipated for 2023/24. Along with two other pipeline sites we anticipate over 100 handovers in 2023/24.

No non-social homes have been developed and LYHA is committed to keeping at least 90% of our homes for social or affordable rent.

4f. A Modern Business

	2021/22	2020/21	2021/22 Target	Variance to target	Benchmark	Variance to benchmark	2022/23 Target
Colleague Engagement ³	76%	85%	90%	-14%	67%	9%	80%
Average sick days per employee ²	15.4	8.6	8.0	7.4	8.53	6.87	10.0

Benchmark source

³ Median of employers using engagement survey supplier Workbuzz.; ² 2020/21 Sector Scorecard median for LYHA peer group

Section 4 – Strategic Review and Value for Money

A quarterly colleague engagement survey was implemented in 2019 and in this third year of operation we have seen engagement scores falling from an initial 87% to 73% in Q3 before climbing back to 76% at the end of the year. Whilst we are disappointed not to sustain our highest levels of engagement, we are mindful of the difficult circumstances our colleagues have encountered this year, with the Omicron variant increasing restrictions over the winter, colleagues were feeling disconnected. A new People and Culture strategy was launched in March with a clear focus on building on our high levels of colleague engagement, which still compare very favourably to the benchmark.

69% of sickness absence in 2021/22 was long-term, with a small number of colleagues experiencing lengthy absences from work. We have not seen significant coronavirus-related sickness absences. Short-term absence has reverted back to pre-pandemic levels after reducing significantly during the lockdowns and when working primarily from home.

4g. Good governance and Strong Finances

	2021/22	2020/21	2021/22 Target	Variance to target	Benchmark	Variance to benchmark	2022/23 Target
Operating Margin - SHL only ¹	14.0%	19.8%	19.2%	-5.2%	25.21%	-11.21%	15.6%
Operating Margin – Overall ¹	15.2%	22.8%	19.4%	-4.2%	23.06%	-7.86%	17.2%
Gearing ¹	32.3%	31.1%	32%	0.3%	28.96%	3.34%	39%
EBITDA MRI ¹	142.6%	216.7%	164%	-21.4%	259.5%	-116.9%	168%
ROCE ¹	2.4%	3.00%	2.8%	-0.4%	2.72%	-0.32%	2.2%

Benchmark source

¹2020/21 Global Accounts median for LYHA peer group

The operating margin on Social Housing Lettings, which reflects the underlying business, has disappointingly fallen compared with last years' figure. The margin remains lower than the peer group as we continue to improve both the fabric of our homes through repairs and maintenance, as well as the quality of the associated service delivery. We expect to make only an incremental improvement in 2022/23 as we continue to deliver our IT and Digital Strategy which will provide improvements to service delivery and efficiency in future years.

	2021/22	2020/21	2021/22 Target	Variance to target	Benchmark	Variance to benchmark	2022/23 Target
Headline SH CPU	£3,937	£3,679	£3,876	£61	£3,734	£203	£3,983

Benchmark source

2020/21 Sector Scorecard median for LYHA peer group

Section 4 – Strategic Review and Value for Money

As detailed in the table below, our costs per unit are broadly in line with targets for the year. We have seen small savings in management costs resulting from the move to more agile working practices. Major Repairs is higher than the original budget as we continue to invest in improvements to the fabric of our buildings.

	2021/22	2020/21	2021/22 Target	Variance to target	Benchmark	Variance to benchmark	2022/23 Target
Management	£1,741	£1,531	£1,782	-£41	£1,123	£618	£1,877
Services	£305	£278	£288	£17	£530	-£225	£282
Maintenance	£975	£969	£962	£13	£1,117	-£142	£1,039
Major Repairs	£858	£845	£799	£59	£545	£313	£739
Other Costs	£58	£56	£45	£13	£140	£-82	£46

Benchmark source

2020/21 Sector Scorecard median for LYHA peer group

We know that Management Costs, although on target, are higher than the peer group. Management costs and Other costs are open to greater interpretation and we know that overall our costs benchmark fairly well. As we are at the smaller end of the benchmark group there are fixed costs of operation that have a disproportionate impact when analysed per unit. As noted above we expect our IT & Digital strategy to deliver efficiency improvements in the longer term, whilst our development programme will drive down the unit cost.

5. Report of the Board

The Board presents its report and the financial statements for the year ended 31 March 2022.

Definitions

“The Association” refers to Leeds and Yorkshire Housing Association. “The Group” refers to The Association and three Almshouse charities over which the association exercises control by virtue of its corporate trusteeship: Agnes Marsden Trust, Emily Bentley Homes and Marsden Memorial Homes. There is no legal group entity based on ownership.

Financial statements and accounting policies

In the production of this report and these Financial Statements, The Group applies the Statement of Recommended Practice as updated in 2018 for Registered Social Housing Providers and has adopted the Accounting Direction for Private Registered Providers of Social Housing 2019. A summary of the principal accounting policies is set out in the notes to the financial statements.

Principal activities

The Group’s principal activities are the provision and management of affordable housing and the development of new affordable homes. We remain true to our charitable aims and purpose, providing homes and support for those in need in the Leeds and Yorkshire area. The Association also provides housing through low cost home ownership and provides a management service for Almshouse charities.

Homes & Services

As at the 31st March 2022, the Association owns 1,613 homes ranging from individual self-contained houses to purpose built estates and from newly constructed buildings to those dating from the Victorian period. The Association also manages 68 homes on behalf of others:

- 52 homes - Harrison and Potter Almshouse Trust
- 2 homes - Kate Hargrave Almshouse Trust
- 4 homes - Emily Bentley Almshouse Trust
- 6 homes - Marsden Memorial Homes Almshouse Trust
- 4 homes - Agnes Marsden Almshouse Trust

The LYHA Board of Management act as the Corporate Trustee for Emily Bentley, Agnes Marsden and Marsden Memorial Homes Almshouse Trusts and their accounts are consolidated into the LYHA group.

95% of the homes are for general needs households and 5% are sheltered housing accommodation for older customers.

Section 5 – Report of the Board

The basis for setting rents for these homes are:

- 1,186 are for social rent, including 76 homes for older people
- 273 are affordable rents
- 84 are sub-market rented (intermediate)
- 13 are market rented
- 57 shared ownership
- 68 belong to Almshouse Trusts as noted above.

The Association owns a non-charitable subsidiary, Leeds & Yorkshire Property Services Limited, which remained dormant throughout the year. This subsidiary was set up to enable LYHA to undertake property management activities and generate profits to be reinvested back into the business.

Board Members

Details of the Board Membership are set out on page 2 of the Statements.

During 2021/22 there were two resignations from the Board and two new appointments, with a further new appointment in April 2022.

An annual appraisal and skills assessment is completed to ensure the Board has the appropriate skills and experience to ensure the effective delivery of its Corporate Plan. This complies with our chosen Code of Governance and the Regulator's Governance and Financial Viability Standard.

Payment to all Board Members was agreed in February 2021, which commenced in April 2021. Payments in 2021/22 were made as follows:

Member	Fees	Member	Fees
Michael Gaskell (Chair)	£6,000	Matthew Edgar	£1,212
Elizabeth Sandwith (Chair, Audit & Risk)	£3,232	Ulfat Hussain	£1,212
Jon Prashar (Chair, Customer Experience)	£3,232	Carla Makepeace	£1,212
Anne McMaster (Chair, Remuneration)	£3,232	Haroon Rashid	£505
Simon Edwards	£1,212	Jeremy Earnshaw	£505
Adele Rae	£1,212	Juanita Crawford	£0
Steven Brook	£606	TOTAL	£23,372

Section 5 – Report of the Board



Mike Gaskell (Chair)

Mike is a retired partner at Trowers & Hamlin

international law firm, heading up the Manchester office. He has over 30 years' experience of providing legal advice for organisations in the social and affordable housing sector.

Mike was previously founder Chair of Trafford Housing Trust and a Board Member of Manchester Care & Repair. He also currently sits on the Board of Weaver Vale Housing Trust and is Chair of Manchester based charity TLC : Talk, Listen, Change.

Mike is Chair of our Board and a member of our Customer Experience Committee and our Remuneration and Nominations Committee. Appointed November 2017.



Jon Prashar

He has had a successful 35 year career, training in construction, then working in local authorities, a voluntary sector civil service consultancy and latterly housing.

Over the last 15 years he has also had a varied non-executive career. He currently sits on the Bradford teaching hospitals foundation trust board, where he has several lead roles, and does consultancy work for a number of organisations, including Enhance The UK, a charity focused on disabled peoples' issues.

Jon is also the proud to be the owner of his third guide dog, Astley.

Jon is Chair of our Customer Experience Committee and a member of our Remuneration and Nominations Committee. Appointed September 2017.



Adele Rae

A customer from our St. Ann's estate in Leeds, Adele brings with her the unique perspective

of being a Board member who is also a customer. She has had her home with LYHA for 17 years. As a qualified Registered General Nurse with a First Class Honours degree in Education, Adele is an advocate for the importance of social equality and affordable, good quality housing. She believes that decent housing offers security, promotes good health and creates better opportunities for children. Adele participates in a mentoring programme that promotes the sharing of knowledge between housing associations and assists her development as a Board Member. She is also a Board Member of TPAS.

Adele is a member of our Customer Experience Committee. Appointed June 2014. Adele has served beyond the normal 6-year term in order to ensure the Board has access to the customer voice at a time when Consumer Regulation is being strengthened.

LEEDS & YORKSHIRE HOUSING ASSOCIATION
Year ended 31 March 2022

Section 5 – Report of the Board



Annie McMaster

Annie is an experienced human resources professional with over 30 years' experience of

working in the public and private sector. Her last role with Leeds City Council was varied and included leading on cross council migration, safeguarding and customer satisfaction agendas. Annie has previously been on the board and then Chair of PATH Yorkshire (which works to promote inclusion and community cohesion by delivering inspirational and empowering programmes for BAME people and other disadvantaged groups).

Having retired in 2021, Annie continues to be a keen Soroptimist and is also the Chair of the Alder Tree Primary School Local Accountability Board.

Annie is Chair of our Remuneration and Nominations Committee and a member of our Customer Experience Committee. Appointed August 2016.



Simon Edwards

Simon is a Chartered Financial Analyst charter holder, with over 21 years' experience of

managing funds, including equities, bonds, treasury management and private market alternatives (such as infrastructure and private equity), as well as commercial property and private rented schemes.

He is Assistant Director for Alternative Investments at West Yorkshire Pension Fund, a local government pension scheme, where he has more than trebled the size of the Alternatives portfolio over the last thirteen years. He is also a member of the Chartered Financial Analyst (CFA) Institute and an associate member of the UK Society of Investment Professionals (UKSIP).

Simon is a member of our Audit and Risk Committee. Appointed September 2017.



Carla Makepeace

Carla has been acting as a liaison between customers and LYHA for the last 3 years.

Qualified in Health and Safety, she is passionate about providing safe, warm and secure homes for customers.

Carla is keen to promote the benefits of communities and helping each other especially during difficult times. For the last 3 years, she has worked with her local Salvation Army to sponsor families at Christmas and organise donations to local food banks.

Carla is a member of our Customer Experience Committee. Appointed November 2020.

Section 5 – Report of the Board



Ulfat Hussain

Ulfat is the Assistant Chief Executive and Director of Operations at Manningham Housing

Association, a specialist BAME social housing provider and fellow member of the Chartered Institute of Housing. He has over 15 years of senior management experience working for both small and large housing associations.

Ulfat is a member of our Remuneration and Nominations Committee. Appointed November 2020.



Anthony Brown

Anthony is a property specialist with significant client-side experience working with housing associations at consultant

and director levels. He is Chair of a homelessness charity in Teesside and in his previous roles, Anthony has specialised in providing support and guidance on strategic change, asset management, development and compliance.

Anthony is a member of our Audit and Risk Committee. Appointed November 2020.



Matt Edgar

Matt is a digital service design specialist. He has worked with a wide range of organisations in sectors

including government, media, telecoms, retail and energy. As service transformation director in NHS England and NHS Improvement, he currently leads on digital for urgent and emergency care. Matt has lived and worked in Leeds for more than 20 years, and was volunteer host of the annual design thinking and innovation event Leeds GovJam.

Matt is Chair of our IT Steering Group and a member of our Audit and Risk Committee. Appointed November 2020.

Section 5 – Report of the Board



Jeremy Earnshaw

Jeremy Earnshaw has over 30 years senior treasury, finance and governance expertise, in both public and private sector organisations, including as

Chief Financial Officer of the Your Housing Group, which has over 28,000 homes across the North West, Yorkshire and the Midlands. He has in-depth knowledge of the need to balance commercial success with social values. He is also an Executive Coach & Mentor, having qualified at the highest level with the Institute of Leadership & Management.

Jeremy is a member of our Audit and Risk Committee. Appointed November 2021.

Haroon Rashid



Haroon is Head of Central Finance at Freemans Grattan Holdings and was previously an Audit Manager at KPMG. He has also been board member and Chair of the

Audit Committee at Bradford based Manningham Housing Association for the last six years, so brings considerable housing sector experience. Haroon is a Board member and Chair of our Audit and Risk Committee which is responsible for managing LYHA's internal and external audit arrangements and for assuring the Board about the controls in place for managing risk.

Haroon is Chair of our Audit and Risk Committee. Appointed November 2021.

Liz Sandwith

Liz was Chair of our Audit and Risk Committee until her retirement from the Board in March 2022. Appointed in 2016.

Juanita Crawford

Juanita is a customer of LYHA resident in Barnsley. Juanita has been a member of our Customer Experience Committee since 2020 and was appointed to the Board in April 2022.

Section 5 – Report of the Board

Internal Control Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is on-going. Key elements of the Internal Controls framework include:

Identification, evaluation and control of significant risks.

The Board has approved a Risk Management Framework, setting out the embedded risk management processes to be used across the business. These include the identification, evaluation and control of significant risks at corporate and departmental level. Regular reports on corporate risks are presented to the Board, and the Senior Management Team regularly reviews departmental risks. In addition, the Chief Executive provides regular updates to the Board on significant changes affecting key risks.

Control Environment

The Association has a Code of Conduct, which sets out the Association's policy with regards to integrity and ethics, and this is disseminated to all employees. The association has developed a set of "Believe" values and identified "Our Way" behaviours that illustrate those values. The organisation is focussed on delivering 'Together 2023' the 2020 -2023 corporate plan. Board and Committee terms of reference clarify the authorities delegated from the Board. LYHA maintains a framework of policies and procedures with which all employees must comply. These cover issues such as delegated authority, accounting, treasury management, health and safety, data protection and fraud prevention and detection.

Internal Audit Programme

The Association has a programme of internal audit, based upon a risk-based needs assessment. This provides a degree of assurance as to the effectiveness of internal control systems. Reports are presented to the Audit Committee, which, in turn, reports regularly to the Board.

Robust strategic and business planning processes

The activity of the Association is aligned to delivering its Mission, Vision and Strategic Objectives. Financial control procedures include preparation of detailed annual budgets for all areas of the business, approved by the Board. The Board receives reports each quarter comparing actual performance with budget. Information on performance indicators across the business is considered each quarter by the Board to assess progress towards the achievement of key business objectives and targets. Detailed financial information is provided regularly to all budget holders. The Board approves a long-term business plan each year and retains the authority to approve investment into new and existing homes. The Audit Committee considers a report from the Association's

Section 5 – Report of the Board

external auditors on the outcome of their audit, including comments on any internal control or risk issues that may have arisen.

Monitoring and Corrective Action

A system of control self-assessment and hierarchical reporting is in place for all key operational processes. This provides for successive assurances to be given at increasingly higher levels of management, and to the Board. This includes procedures for ensuring that appropriate corrective action is taken in respect of any material control issues. The Association has a particular interest in the operational controls relating to Health & Safety and to Co-Regulation with Customers.

The Board cannot delegate ultimate responsibility for the system of internal control. It has delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Committee takes assurance on the effectiveness of the control framework from a variety of sources, including risk reports, internal audit reports, management assurances and the external audit management letter. The Committee has considered Management's report on the effectiveness of the system of internal control and has reported its findings to the Board.

The Risk Management Policy, approved by the Board, includes a combined assurance approach adopting the principles of Three Lines. The strategic risk map and register have been thoroughly reviewed by the Board, and an assurance map has been developed to illustrate the depth and quality of assurance against key controls. The Board reviews the risk register at each meeting and delegates the monitoring of the Strategic Risk Map and Register along with the review and assurance of the management actions to the Audit & Risk Committee.

Business Risks

In 2021 the Board fundamentally upgraded its Risk Appetite Statement, now detailing a nuanced risk statement for each of the main drivers of risk facing the Association. The Board's risk appetite statement has been central to addressing emerging risks in the year and the updated 2022 summary is reproduced below:

The table below sets out each risk driver and the risk appetite agreed for each area.

Risk Descriptors						
	Risk Drivers	Averse	Cautious	Balanced	Open	Hungry
1	Income collections/rent compliance/welfare reform					
2	Costs and Inflation					
3	Governance & Culture					

Section 5 – Report of the Board

4	Business Plan / Treasury & Funding risks					
5	Data management and integrity/Tech risks					
6	Existing stock/asset management & investment					
7	Development delivery					
8	Health & Safety					
9	Regulatory compliance					
10	Reputation & communities					

Key:

- **Averse** = avoidance of risk and uncertainty as a key organisational objective; prepared only to accept the very lowest level of risk
- **Cautious** = preference for extremely safe business delivery options that have low degrees of inherent risk and only have potential for limited reward
- **Balanced** = preference for safe business delivery options that have a degree of inherent risk and may only have limited potential reward; tending towards only modest risk exposure
- **Open** = willing to consider all potential options and choose the one that is most likely to result in success, while providing an acceptable level of reward
- **Hungry** = eager to be innovative and to choose options with potentially higher returns despite greater inherent risk.

The Audit and Risk Committee consider business risks at each meeting and the risk register, presented with the Committee's report to the Board, is agreed annually. Considering the Sector Risk Profile assured the Committee that the main sector wide risks were either addressed successfully or did not apply to LYHA.

The Board consider the following four risks to be the most serious facing the Association.

Risk 1 - People and Culture are critical to being a successful organisation that delivers high quality services. Failure to attract and retain skilled, motivated and productive colleagues and board members, who embrace the corporate values, can adversely affect our ability to deliver our corporate objectives.

As we exit from the restrictions imposed as a result of the pandemic and transition to our permanent agile ways of working there are risks that colleagues may not want to, or be able to, continue their journey with LYHA. These pressures are felt throughout the labour market with recruitment proving very difficult nationally and the pandemic and Brexit, along with increasing automation, leading to a restricting of the economy. In the short-term colleagues will feel uncertainty at the news of LYHA's partnership talks, especially at this early stage with the detail of the final organisational model still to be decided.

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Risk 2 - Failure to understand stock quality and lack of investment may lead to significant health and safety breaches, disrepair and a failure to achieve our carbon reduction targets.

As with the entire sector, our exposure to the carbon-neutrality agenda continues to drive the high profile of this risk. An initial five-year roadmap to net zero was approved by Board in November 2021. Collaboration on approaches to this challenge is vital as we continue work in partnership with other housing associations, including via the West Yorkshire Housing Partnership. A five-year programme of stock condition surveys continues, entering year three, with 20% of properties being the target for the year. The target date for this is August 2022, which will result in robust stock condition information on 60% of all properties.

Risk 3 - We must keep accurate, up to date data to provide great services, make good decisions and comply with GDPR. This data may become inaccurate or outdated or may be lost or stolen, resulting in fines, regulatory intervention and a poor reputation with customers.

Cyber-security and data-protection remains a high risk. The three-year IT and Digital strategy approved by the Board in February 2021 will address both the downside and upside risks inherent in working in an ever more digital way. We have developed a specific cyber-security action plan with the aim of achieving Cyber Essential Plus accreditation in 2022.

Risk 4 – A failure to adequately consider and deliver key projects and services leads to poor customer satisfaction and reputational damage.

The scoring of this risk remains higher owing to the ongoing negative press coverage the sector has received over recent months, in particular the extensive coverage from ITN News. Scrutiny of the sector has increased as the both the Regulator of Social Housing and the Housing Ombudsman have further sharpened their focus and challenge of poor and unacceptable performance. The customer experience has been a key priority from LYHA over recent months in order to continue to improve what we do and drive up customer satisfaction levels.

Health and Safety

LYHA takes a proactive approach towards the Health and Safety of its customers, staff, contractors, and stakeholders to ensure it complies with its legislative and regulatory responsibilities. Health and Safety is a standard item on every Audit and Risk Committee agenda.

Asset & Liability Register

The Association is compliant with the Regulator's requirement to maintain an asset and liability register.

- 100% of LYHA homes are either registered with Land Registry or in the process of registration.

Section 5 – Report of the Board

- Excluding the homes that are securitised for borrowing purposes, LYHA has circa £26m of borrowing capacity available with 662 rented homes [41%] currently free from security. Based on an average asset valuation, subject to tenancy, of £66,161 and a notional asset cover of 125%. A prudent assumption of 25% of properties are unsuitable for security at MVT due to s106 agreements and undischarged planning obligations.

Co-Regulation & Customers

The Association operates in a co-regulatory way and will notify the regulator of any identified breaches or non-compliance with the Regulatory Standards.

Customers are central to the LYHA vision and embracing co-regulation and customer involvement has always been a priority for LYHA.

LYHA maintains a Customer Experience Committee as a formal part of the LYHA governance structure. The committee is chaired by a Board Member and comprises of a mix of Board Members and Customers. The Committee holds four meetings a year in line with its Terms of Reference. The primary aim of this Committee is to ensure the delivery of co-regulation through holding LYHA to account for core service performance and customer satisfaction. This Committee is delegated to ensure the successful compliance with the Regulator's Consumer Standards where they receive an annual self-assessment and oversee strategy and policy development, complaints performance and customer satisfaction with key services.

LYHA values the perspective brought by customer scrutiny of our services. The panel have undertaken a review of Customer Engagement in 2021, resulting in the development and publication of a new Customer Engagement Policy in 2022. The panel also considered how the Association presents its information regarding Building Safety which has delivered 24 recommendations for consideration.

Complaints

LYHA takes a proactive approach towards complaint handling as part of our commitment to listening and responding to our customers.

In 2021 we refreshed our complaints policy in line with the Housing Ombudsman's (HOS) latest guidance.

The HOS Complaints Handling code [self-assessment](#) was completed and published on LYHA's website in 2021. The most significant change to LYHA's complaints process has been the move from a 3 to 2 stage internal process as recommended by the Code. Our revised policy went live on 1st April 2021, published on our website here: [Complaints Policy](#)

A total of 68 complaints were responded to in 2021/22, an average of 5.6 per month. A total of 72.5% of our complaints were responded to within 5 days and our average days to respond was 5.58 days against a target of 5 days. We did not uphold 24.6% of complaints, with 31.9% of complaints partially upheld, and 43.5% of complaints fully upheld.

We successfully resolved 95.5% of complaints at stage 1 of our complaints process in the year, dealing with 3 complaints at stage 2.

Section 5 – Report of the Board

The Housing Ombudsman found a service failure and maladministration in one case during the year. Since receiving this judgement we have undertaken a comprehensive review of the case. An increase in ASB case oversight has been implemented to mitigate the risk of future service failings and briefings have been delivered to all colleagues.

Merger Code

The LYHA Board adopts the NHF Merger Code and adheres to the requirements of the code.

The boards of LYHA, Karbon Homes, and York Housing Association (YHA, Karbon's wholly owned subsidiary) have agreed to explore a formal partnership. It is proposed that LYHA's assets and liabilities are acquired by YHA as a transfer of engagements. Both organisations have a strong track record of delivering local priorities but recognise that they can do more together.

The aim of the partnership is to deliver excellent services to our customers in the Yorkshire region and to contribute to shaping the place and communities where they live. We will do this through the powerful combination of two registered providers, working together within the Karbon group. The provision of new homes in Yorkshire is an important contributor to the place agenda and we will use available capacity to boost local housing supply to meet the identified need in the region.

Our business case sets out the collective benefit derived from creating a 3,000-home (growing to over 4,500 homes within 5 years) Yorkshire subsidiary operating within a larger, supportive group.

Both YHA and LYHA are now seeking the views of its customers and stakeholders about the proposed partnership with a consultation period running over summer 2022. The aim is for the partnership to be in place by the end of 2022.

Corporate Governance

The Board is committed to ensuring that it has effective governance arrangements that deliver its aims and objectives for tenants and potential tenants in an effective, transparent and accountable manner. The Association adopted The National Housing Federation (NHF) Model Rules 2015 as its constitution and the NHF Code of Governance 2020 was adopted by the Board for 2021/22 as a formal framework to underpin its governance.

Compliance with our chosen code ensures the Group will:

- Adhere to all relevant laws.
- Ensure that its constitutional documents are, and remain, fit for purpose.
- Be accountable to residents and relevant stakeholders.
- Safeguard taxpayers' interests and the reputation of the housing sector.
- Have an effective risk management and internal controls assurance framework.

Three committees support the Board: Audit and Risk Committee; Customer Experience Committee; and Remuneration and Nominations Committee.

Section 5 – Report of the Board

Comprehensive Terms of Reference are in place for the Board and Committees and these have been independently reviewed and enhanced to reflect best practice.

Regulation

The Regulator of Social Housing concluded from a Stability Check in November 2021 that LYHA should retain its G1/V1 ratings for Governance and Financial Viability.

Statement of Compliance

The Board has taken steps to ensure that LYHA adheres to the regulator's Governance and Financial Viability standard and its associated code of practice. This includes adhering to all relevant laws. As noted above (pg12) 6 homes were outside the decent homes standard.

Equality, Diversity and Inclusion

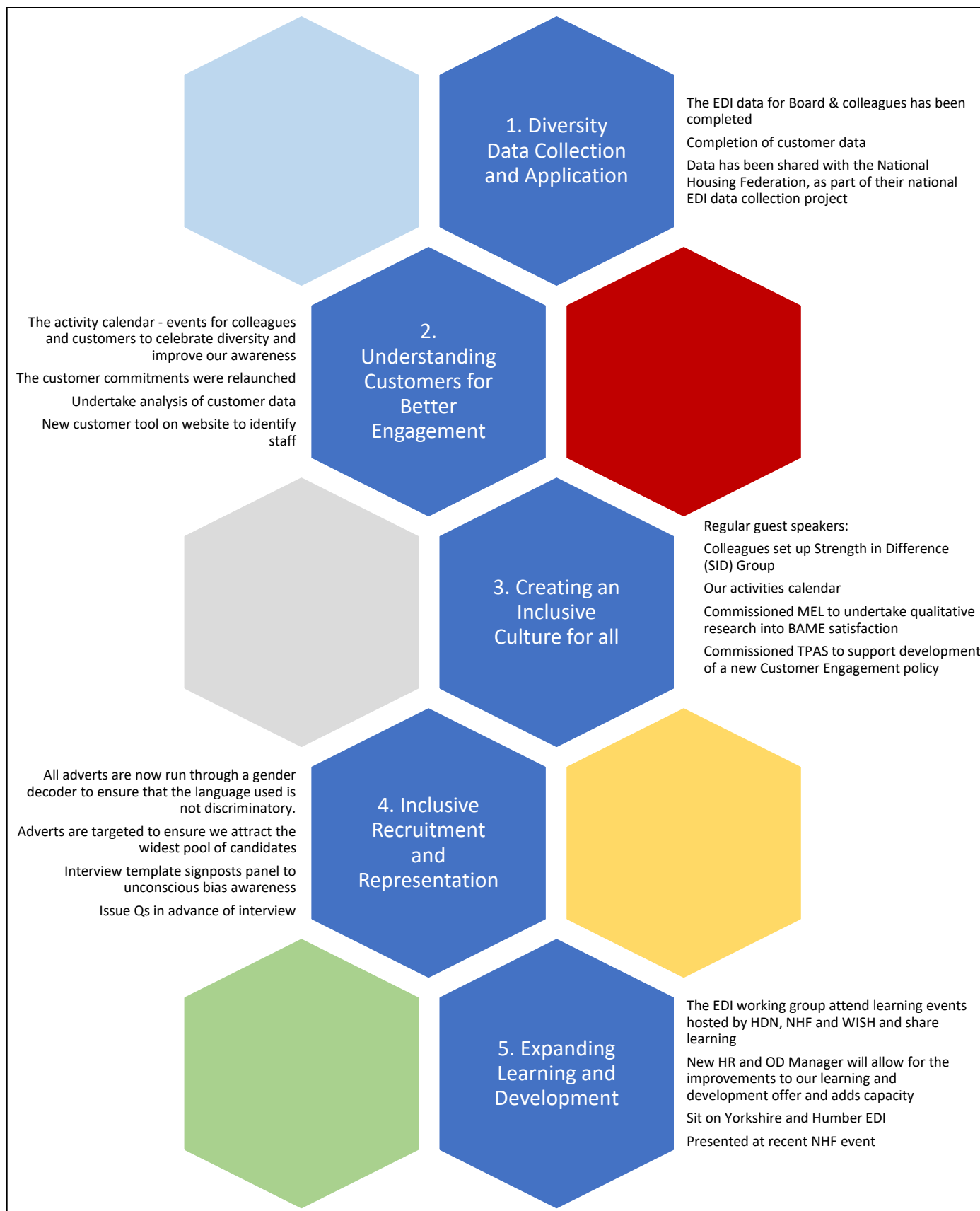
LYHA has a strong and clear Mission - "We will enable our customers to live well by providing warm, safe and secure homes, by investing in relationships and by delivering great services". Encouraging inclusion and engaging colleagues, customers and partners, are key to keeping customers safe and delivering excellent services. With customers at the heart of everything we do, we are more than a just bricks and mortar provider as we commit to improving life chances.

LYHA is committed to delivering services that are inclusive, accessible to all and which respond to the needs of our customers. In our 2021 EDI Strategy, we commit to developing our approach and building on the foundations already laid, as we look to tackle inequalities and challenge discrimination, embrace and value diversity and strive to become an inclusive organisation.

Five key themes shape our EDI culture and work:

1. Diversity Data Collection and Application
2. Understanding Customers for Better Engagement
3. Creating an Inclusive Culture for all
4. Inclusive Recruitment and Representation
5. Expanding Learning and Development

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Section 5 – Report of the Board

Executive Directors

The Executive Directors include the Chief Executive, Director of Communities and Customer Service, Director of Assets and Growth and Director of Resources.

The Executive Directors hold no interest in the Association's shares and act as Executives within the authority delegated by the Board and set out in the Internal Controls and the Financial Regulations and Scheme of Delegations of the Association. The Executives do not hold appointments on the Board or Committees.

Insurance policies indemnify Board members and Officers against liability up to certain limits, when acting for the Association.

Service contracts

All Executive Directors are employed on the same terms and conditions as all LYHA colleagues with the exception of a) notice periods of three months and b) car allowance equivalent of up to 10% of gross salary.

Note 10 summarises the Executive Directors remuneration.

Directors Pensions

The Executive Directors are members of a defined contribution pension scheme run by the Social Housing Pension Scheme (SHPS). They participate in the scheme on the same terms as all other eligible staff whereby the Association matches the contributions of employees to a maximum of 8%.

Employees

We recognise that we need to recruit, retain and invest in the best people to deliver our Vision, Mission and strategic objectives; to deliver an excellent service to our customers, to understand the need for and deliver continually improving performance and to work with us to deliver Value for Money.

As at 31st March 2022 LYHA employed 43 colleagues [2021: 43]; 36 on a full-time basis and 7 on a part time basis. Office-based colleagues were working from home through the pandemic and The Association has retained this flexible working approach as the restrictions have receded. This supports LYHA to be more responsive and flexible to meet our customer expectations. 16% our workforce is 100% funded through service charge income.

LYHA is committed to equality of opportunity. We positively support the employment of people with a disability and aim to reflect the diversity of our customer base in our workforce. In 2019/20 we joined the disability confident scheme, to improve how we recruit, retain and develop disabled people.

Pensions

Colleagues have access to a defined contribution scheme, administered by SHPS, with the organisation matching colleagues' contributions up to 8%.

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Political and Charitable Donations

LYHA made no awards in 2021/22 to local charities [2020/21: £0].

No donations were made to political parties during the year.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within this Report of 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 also has a long-term business plan, which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The boards of LYHA , Karbon Homes, and York Housing Association (YHA, Karbon's wholly owned subsidiary) have agreed to form a formal partnership. It is proposed that LYHA's assets and liabilities are acquired by YHA as a transfer of engagements. Both organisations have a strong track record of delivering local priorities but recognise that they can do more together.

Both YHA and LYHA are now seeking the views of its customers and stakeholders about the proposed partnership with a consultation period running over summer 2022. The aim is for the partnership to be in place by the end of 2022.

6. Board Responsibilities

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

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

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

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

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

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

Annual general meeting

The annual general meeting will be held virtually on 21 September 2022.

External auditors

Our external auditors for the 12 months ended 31 March 2022 are Beever and Struthers. The auditors had served for five years and a retender exercise was been undertaken in 2021. Beever and Struthers were successful and were re-appointed, with a change of Responsible Individual ensuring their on-going independence.

LEEDS & YORKSHIRE HOUSING ASSOCIATION

Year ended 31 March 2022

Statement of the responsibilities of the board for the report and financial statements

This report of the Board to accompany the audited accounts and financial statements was approved by the LYHA Board of Management on 21 July 2022 and signed by order of the Board by:

A handwritten signature in black ink, appearing to read 'A. Hutchinson', with a long, wavy horizontal line extending to the right.

Adam Hutchinson

Company Secretary

7. Independent Auditor's Report

Independent Auditor's report to Leeds and Yorkshire Housing Association

Opinion

We have audited the financial statements of Leeds and Yorkshire Housing Association Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2022 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated and Association Statement of Changes in Reserves, the Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2022 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board

As explained more fully in the Statement of the Responsibilities of the Board for the report and financial statements set out on page 32, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of laws, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.

Independent Auditors' Report

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group's activities.
- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

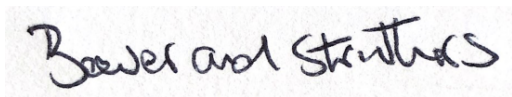
Use of our report

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

LEEDS & YORKSHIRE HOUSING ASSOCIATION

Year ended 31 March 2022

Independent Auditors' Report

A handwritten signature in dark ink that reads "Beever and Struthers". The signature is written in a cursive, flowing style.

Beever and Struthers

Statutory Auditor

St George's House

215-219 Chester Road

Manchester


M15 4JE

Date: 02/09/2022

8. CONSOLIDATED & ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 Mar 2022		Year ended 31 Mar 2021	
		Group	Association	Group	Association
		£ '000	£ '000	£ '000	£ '000
Turnover	2a	8,027	7,972	8,463	8,370
Operating Expenditure	2a	(6,805)	(6,756)	(6,531)	(6,487)
Operating Surplus before gain on disposal of property		1,222	1,216	1,932	1,883
Gain on disposal of property, (fixed assets)	6	411	411	150	150
Operating surplus: continuing activities		1,633	1,627	2,082	2,033
Interest receivable and other income	7	7	1	7	1
Interest payable and similar charges	7	(977)	(977)	(870)	(870)
Increase in valuation of investment properties	13	-	-	180	180
Movement in fair value of investments		13	-	30	-
Surplus for year		676	651	1,429	1,344
Other comprehensive income for the year					
Actuarial gain/(loss) in respect of pension schemes	11	61	61	(860)	(860)
Total comprehensive income for the year		737	712	569	484

The financial statements on pages 39 to 76 were approved and authorised for issue by the Board on 21 July 2022 and were signed on its behalf by:



C. Michael Gaskell

Chair



Haroon Rashid

Chair Audit and Risk Committee



Adam Hutchinson

Company Secretary

The consolidated and parent results relate wholly to continuing activities and the notes on pages 43 to 76 form an integral part of these accounts.

LEEDS & YORKSHIRE HOUSING ASSOCIATION**As at 31 March 2022**

Consolidated and Association statement of financial position

9. CONSOLIDATED & ASSOCIATION STATEMENT OF FINANCIAL POSITION

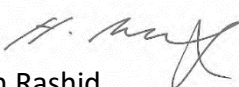
	Note	At 31 March 2022		At 31 March 2021	
		Group	Association	Group	Association
		£ '000	£ '000	£ '000	£ '000
Fixed assets					
Tangible fixed assets - housing properties	12	63,358	63,022	60,494	60,152
Tangible fixed assets – other	12	715	715	539	539
Investment properties	13	1,670	1,670	1,670	1,670
Fixed asset investments	14	10	10	10	10
		<u>65,753</u>	<u>65,417</u>	<u>62,713</u>	<u>62,371</u>
Current assets					
Properties held for sale	15	104	104	1,314	1,314
Trade and other debtors	16	640	638	445	457
Current asset investments	17	568	390	7,567	7,406
Cash and cash equivalents		<u>4,342</u>	<u>4,160</u>	<u>948</u>	<u>765</u>
		<u>5,654</u>	<u>5,292</u>	<u>10,274</u>	<u>9,942</u>
Creditors: amounts falling due within one year	18	(3,376)	(3,358)	(3,521)	(3,508)
Net current assets		<u>2,278</u>	<u>1,934</u>	<u>6,753</u>	<u>6,434</u>
Total assets less current liabilities		<u>68,031</u>	<u>67,351</u>	<u>69,466</u>	<u>68,805</u>
Creditors: falling due after more than one year	19	(37,211)	(37,004)	(39,132)	(38,920)
Pension provision	11	(1,239)	(1,239)	(1,490)	(1,490)
Total net assets		<u>29,581</u>	<u>29,108</u>	<u>28,844</u>	<u>28,395</u>
Reserves					
Revenue reserve		<u>29,581</u>	<u>29,108</u>	<u>28,844</u>	<u>28,395</u>
Total reserves		<u>29,581</u>	<u>29,108</u>	<u>28,844</u>	<u>28,395</u>

The notes on pages 43 to 76 form an integral part of these accounts. The financial statements on pages 39 to 76 were approved by the Board and authorised for issue on 21 July 2022 and signed on its behalf by:



C. Michael Gaskell

Chair



Haroon Rashid

Chair Audit and Risk Committee



Adam Hutchinson

Company Secretary

10. CONSOLIDATED & ASSOCIATION STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2022

	ASSOCIATION	GROUP
	Income and Expenditure Reserve	Income and Expenditure Reserve
	£ '000	£ '000
Balance at 1 April 2020	27,911	28,275
Surplus for the year	1,344	1,429
Actuarial (loss) in respect of pension schemes	(860)	(860)
Balance as at 31 March 2021	28,395	28,844
Surplus for the year	651	676
Actuarial gain in respect of pension schemes	61	61
Balance as at 31 March 2022	<u>29,108</u>	<u>29,581</u>

The notes on pages 43 to 76 form an integral part of these accounts.

11. CONSOLIDATED STATEMENT OF CASHFLOWS

Statement of Cashflows	Note	Year ended 31 March 22	Year ended 31 March 21
		£ '000	£ '000
Net cash inflow from operating activities	i	1,484	3,262
Cash flow from investing activities			
Purchase of tangible fixed assets		(4,512)	(4,539)
Proceeds from sale of assets & stock		2,145	267
Social housing grant – received		745	195
Interest received		7	7
		(1,615)	(4,070)
Cash flow from financing activities			
Interest paid		(908)	(1,013)
Loans received		-	14,692
Housing loans repaid		(2,583)	(6,055)
Transfers from/(to) investment accounts		7,016	(7,406)
		3,525	218
Net change in cash and cash equivalents		3,394	(590)
Cash and cash equivalents at beginning of the period		948	1,538
Cash and cash equivalents at end of the period		4,342	948

Note i. Reconciliation of surplus to net cash inflow from operating activities

	2022	2021
	£ '000	£ '000
Surplus for the year	676	1,429
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,439	1,309
Decrease in stock held for sale	1,210	28
(Increase) in Debtors	(195)	(77)
(Decrease)/Increase in Creditors	(158)	404
(Increase) in Investment properties	-	(180)
Pension costs less contributions payable	(220)	(216)
Movement in fair value of financial instruments	(17)	(34)
Adjustment for current asset disposals	(1,694)	-
Adjustments for investing or financing activities:		
Gain on disposal of fixed assets	(411)	(150)
Grant released in the year	(116)	(114)
Interest and Financing costs	977	870
Interest receivable	(7)	(7)
Net cash inflow from operating activities	1,484	3,262

The notes on pages 43 to 76 form an integral part of these accounts.

12. Notes to the Financial Statements

Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 3rd Floor, White Rose House, 8 Otley Road, Leeds, LS6 2AD.

1a. Accounting policies

Basis of accounting

The Group financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice for Registered Social Housing Providers (Housing SORP) 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Group's financial statements have been prepared in compliance with FRS102. The Group meets the definition of a public benefit entity (PBE). The financial statements are presented in Sterling (£).

Basis of consolidation

The consolidated financial statements incorporate the results of Leeds and Yorkshire Housing Association and all of its subsidiary undertakings as at 31 March 2022

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Report of the Board. The Group has in place long-term debt facilities, which provide adequate resources to finance reinvestment and development programmes, along with the Group's day to day operations.

The Group also has a long-term business plan, which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants. The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The boards of LYHA, Karbon Homes, and York Housing Association (YHA, Karbon's wholly owned subsidiary) have agreed to form a formal partnership. It is proposed that LYHA's assets and liabilities are acquired by YHA as a transfer of engagements. Both organisations have a strong track record of delivering local priorities but recognise that they can do more together.

LEEDS & YORKSHIRE HOUSING ASSOCIATION

Year ended 31 March 2022

Notes to the financial statements

Both YHA and LYHA are now seeking the views of its customers and stakeholders about the proposed partnership with a consultation period running over summer 2022. The aim is for the partnership to be in place by the end of 2022.

Value added tax

The Association charges value added tax (VAT) on some of its income and can recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenues and Customs. The balance of VAT payable or recoverable at the year-end is included within the Statement of Financial Position.

Interest payable

Interest payable is charged to the income and expenditure account in the year with the exception of that interest which has been identified as directly linked with development for the year after deduction of social housing grant and has, therefore, been capitalised and charged to the balance sheet total assets expenditure.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

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.

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.

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

The Group has participated in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions ('TPT'). The Group closed the defined-benefit scheme to further accrual on 1st July 2019, following consultation with all colleagues. The existing Pension Deficit therefore relates to the value of future benefits accrued to current and former staff up to 1st July 2019 only.

[Housing properties](#)

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

Salaries are capitalised based on a percentage of the time, and therefore cost, attributable to the development schemes and capital works of the Development and Property Maintenance Teams. 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.

[Donated land and other assets](#)

Where properties have been donated to the Association the donated assets will be recognised at fair value.

[Social housing grant](#)

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 of 100 years, under the accruals model.

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 Association 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 a liability.

LEEDS & YORKSHIRE HOUSING ASSOCIATION

Year ended 31 March 2022

Notes to the financial statements

Investment property

Investment property includes market rented properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived using the comparable technique to assess the market value of the properties, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive income. There are no restrictions on realisation or remittance of income or disposal proceeds.

Depreciation of housing properties

The Association 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 Association depreciates major components of housing properties at the following annual rates:

Bathrooms	30 Years	Lifts	20 Years
Boilers	15 Years	Fire Alarms	20 Years
Heating & Plumbing	30 Years	Emergency Lighting	20 Years
Electrics	40 Years	CCTV	20 Years
Kitchen	20 Years	Door Entry Systems	25 Years
Roof	70 Years	Warden Call	30 Years
Windows and doors	30 Years	Structure	100 Years

No depreciation is provided for on freehold land.

Other tangible fixed assets

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

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

Office buildings (owned)	50 Years (2.0%)
Office Buildings (leased)	written off over the term of the lease
Computer software	5 Years (20.0%)
Furniture, fixtures and fittings	5 Years (20.0%)
Computers and office equipment	5 Years (20.0%)
Motor vehicles	5 Years (20.0%)
Plant & machinery	5 Years (20.0%)

Operating leases

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Provisions for liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) because of a past event, it is probable that the association 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, considering 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 Association establishes restricted reserves for specific purposes where their use is subject to external restrictions.

1b. Significant judgements and estimates

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

Significant management judgements

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

a. Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in income and expenditure. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

b. Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs, requires judgement. After capitalisation,

Notes to the financial statements

management monitors the asset and considers whether changes indicate that impairment is required.

[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.

[a. Accounting for the Social Housing Pension Scheme \('SHPS'\).](#)

Assessing the appropriate assumptions required to calculate the current pension deficit requires estimating interest rates, inflation rates, mortality rates and other demographic assumptions. The Association has taken appropriate independent professional actuarial advice in setting their assumptions to calculate the overall SHPS pension deficit.

[b. Useful lives of depreciable assets](#)

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets; however, by their nature, component life cannot be determined with absolute certainty.

[c. Valuation of investment properties](#)

Investment properties were valued as at 31 March 2022 by Nigel Tapp FRICS professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards. The comparable technique was used to assess the value of the individual properties. Overall there has been no change to the value of the portfolio.

Looking at more generic online valuation sources individual property values could have moved differently, from a fall of 20% to an increase of 6%. Looking at the whole portfolio, a fall in value of 20% would equate to a reduction in the assets and an adverse impact on the surplus of £334k. Conversely an increase in the overall valuation of 6% would increase assets and improve the overall surplus by c.£100k.

LEEDS & YORKSHIRE HOUSING ASSOCIATION
Year ended 31 March 2022

Notes to the financial statements

2a. Turnover, cost of sales, operating expenditure and operating surplus - Group

GROUP		2022				2021			
		Turnover	Cost of Sales	Operating expenditure	Operating surplus	Turnover	Cost of Sales	Operating expenditure	Operating surplus
		£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	3a	7,800	-	(6,706)	1,094	7,640	-	(6,126)	1,514
Other social housing activities									
First tranche low cost home ownership sales		44	(28)	-	16	441	(298)	-	143
Supporting people		-	-	(5)	(5)	-	-	(4)	(4)
Management services		46	-	(23)	23	44	-	(26)	18
Properties previously held for sale		-	-	-	-	173	(38)	-	135
Other		44	-	(42)	2	40	-	(37)	3
		134	(28)	(70)	36	698	(336)	(67)	295
Non-social housing activities									
Lettings	3c	93	-	(1)	92	90	-	(2)	88
Other		-	-	-	-	35	-	-	35
		93	-	(1)	92	125	-	(2)	123
TOTAL		8,027	(28)	(6,777)	1,222	8,463	(336)	(6,195)	1,932

LEEDS & YORKSHIRE HOUSING ASSOCIATION
Year ended 31 March 2022

Notes to the financial statements

2b. Turnover, cost of sales, operating expenditure and operating surplus - Association

ASSOCIATION		2022				2021			
		Turnover	Cost of Sales	Operating expenditure	Operating surplus	Turnover	Cost of Sales	Operating expenditure	Operating surplus
		£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000	£ '000
Social housing lettings	3b	7,719	-	(6,657)	1,062	7,563	-	(6,082)	1,481
Other social housing activities									
First tranche low cost home ownership sales		44	(28)	-	16	441	(298)	-	143
Supporting people		-	-	(5)	(5)	-	-	(4)	(4)
Management services		65	-	(23)	42	63	-	(26)	37
Properties previously held for sale		-	-	-	-	173	(38)	-	135
Other		51	-	(42)	9	40	-	(37)	3
		160	(28)	(70)	62	717	(336)	(67)	314
Non-social housing activities	3c								
Lettings		93	-	(1)	92	90	-	(2)	88
		93	-	(1)	92	90	-	(2)	88
TOTAL		7,972	(28)	(6,728)	1,216	8,370	(336)	(6,151)	1,883

3a. Particulars of income and expenditure from social housing lettings – Group

	2022	2021
	£'000	£'000
Rent receivable net of identifiable service charges and voids	7,181	6,997
Service charge income	496	469
Amortised government grants	116	114
Other Grants	7	60
Turnover from social housing lettings	7,800	7,640
Management	(2,904)	(2,559)
Service charge costs	(508)	(465)
Routine maintenance	(1,189)	(1,154)
Planned maintenance	(438)	(465)
Major Repairs	(282)	(185)
Bad debts	(5)	(19)
Depreciation of housing properties	(1,353)	(1,254)
Other costs	(27)	(25)
Operating expenditure on social housing lettings	(6,706)	(6,126)
Operating surplus on social housing lettings	1,094	1,514
Void losses	112	130

3b. Particulars of income and expenditure from social housing lettings – Association

	2022	2021
	£'000	£'000
Rent receivable net of identifiable service charges and voids	7,112	6,927
Service charge income	489	467
Amortised government grants	111	109
Other grants	7	60
Turnover from social housing lettings	7,719	7,563
Management	(2,897)	(2,550)
Service charge costs	(500)	(455)
Routine maintenance	(1,165)	(1,138)
Planned maintenance	(438)	(465)
Major Repairs	(282)	(185)
Bad debts	(3)	(18)
Depreciation of housing properties	(1,345)	(1,245)
Other costs	(27)	(26)
Operating expenditure on social housing lettings	(6,657)	(6,082)
Operating surplus on social housing lettings	1,062	1,481
Void losses	111	132

3c. Particulars of turnover from non-social housing lettings

	2022 £ '000	2021 £ '000
Income – Market Rented Properties	93	90
Expenditure – Market Rented Properties	(1)	(2)
Surplus from non-social housing lettings	92	88

4. Accommodation in management and development

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

	Association 2022		Association 2021		Group 2022		Group 2021	
	No. of		No. of		No. of		No. of	
	Owned	Managed	Owned	Managed	Owned	Managed	Owned	Managed
Social housing								
General housing								
social rent	1,110	1,107	1,121	1,117	1,110	1,107	1,121	1,117
affordable rent	273	273	268	268	273	273	268	268
Housing for older	76	144	76	144	90	144	90	144
Low cost home	57	57	54	54	57	57	54	54
Sub-Market Rented	84	84	84	84	84	84	84	84
Total	1,600	1,665	1,603	1,667	1,614	1,665	1,617	1,667
Non-social housing								
Market Rented	13	13	13	13	13	13	13	13
Total owned and managed	1,613	1,678	1,616	1,680	1,627	1,678	1,630	1,680

Owned properties have increased by 33 acquisitions and reduced by 36 disposals.

At 31st March 2022, the Association had 13 properties currently in development (2021:46).

5. Accommodation managed by others

	2022 No. of Properties	2021 No. of Properties
General needs social housing	3	4

The managing agent is responsible for day to day repairs and cyclical health and safety testing while LYHA remains responsible for the overall condition of the property.

6. Gain on disposal of property, plant and equipment (fixed assets)

	Group		Association	
	2022	2021	2022	2021
	£ '000	£ '000	'000	'000
Proceeds of sales	2,150	269	2,150	269
Less: costs of sales	(1,739)	(119)	(1,739)	(119)
Gain on disposal	411	150	411	150

7. Net Interest

	Group		Association	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
Interest receivable and similar income	7	7	1	1
Defined benefit pension charge (SHPS)	30	17	30	17
Loans and bank overdrafts	903	818	903	818
Amortised cost of borrowing	51	45	51	45
Interest payable capitalised on housing	(7)	(10)	(7)	(10)
	977	870	977	870
Net Interest expense	970	863	976	869

Capitalisation rate	2.71%	2.69%	2.71%	2.69%
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8. Surplus on ordinary activities

This is arrived at after charging/(crediting):

	Group		Association	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
Auditors' remuneration (excluding VAT)				
- for audit of the group	17	16	17	16
- for independent exam of subsidiaries	3	3	-	-
Operating lease rentals				
- office equipment and computers	7	5	7	5
Depreciation of housing properties	1,353	1,254	1,345	1,245
Depreciation of other tangible fixed assets	86	55	86	55
Grant income released	(116)	(114)	(111)	(109)

9. Employees

Average monthly number of employees expressed in full time equivalents (37.5 hours):

	2022	2021
	No.	No.
Finance and Corporate Services	12	10
Property Maintenance and Development	8	8
Housing, support and care	21	23
	<hr/>	<hr/>
	41	41

Employee costs:

	2022	2021
	£ '000	£ '000
Wages and salaries	1,525	1,433
Social security costs	143	134
Other pension costs	303	291
	<hr/>	<hr/>
	1,971	1,858

During the year there were no full-time equivalent staff who received remuneration (excluding the Executive Team) in excess of £60,000 (2021: none in excess of £60,000).

The Association's employees are members of the Social Housing Pension Scheme (SHPS). Further information on the scheme is given below in note 11.

10. Key management personnel

Key management personnel include the Board and Executive Management Team.

Executive Team	Basic salary & car allowance	National Insurance Contributions	Pension contributions	2022 Total	2021 Total (Restated)
	£ '000	£ '000	£ '000	£ '000	£ '000
Chief Executive	109	13	8	130	128
Director of Resources	81	9	6	96	96
Director of Assets and	71	8	5	84	72
Director of Communities and Customer Services	77	9	6	92	91
Total executive team	338	39	25	402	387

The Association made no payments for director services to third parties during the year (2021 £38k).

Executive directors

The Chief Executive and Executive Team are ordinary members of the Social Housing Pension Scheme and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £109k, (2021: £108k). The Chief Executive and Directors' salaries are set based on the same Pay Strategy methodology used for all staff and are benchmarked independently bi-annually.

Board members

All board members are remunerated. Members receive a basic fee only with no pension contributions accruing.

Board Members	Basic salary	Pension contributions	2022 Total	2021 Total
	£ '000	£ '000	£ '000	£ '000
Board members	23	-	23	22

11. Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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

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

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends at the following 31 March 2022.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

The accounting policy in relation to Pensions is set out on page 44.

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

11. Social Housing Pension Scheme (continued)

KEY ASSUMPTIONS

	31 March 2022 % per annum	31 March 2021 % per annum
Discount rate assumption	2.79%	2.17%
Inflation (RPI) assumption	3.59%	3.28%
Inflation (CPI) assumption	3.20%	2.65%
Pensionable earnings increase assumption	4.20%	3.65%
Mortality before retirement	No allowance	No allowance
Proportion married at retirement	75% for males 75% for females	75% for males 75% for females
Allowance for cash commutation	75% of maximum allowance	75% of maximum allowance
Discretionary increases	No allowance	No allowance

	31-Mar-22	31-Mar-21
Life expectancy at age 65 (Years)		
Male retiring in 2022 (2021)	21.1	21.4
Female retiring in 2022 (2021)	23.7	23.3
Male retiring in 2042 (2041)	22.4	22.7
Female retiring in 2042 (2041)	25.2	24.9

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

	Period from 31 March 2021 to 31 March 2022 (£000s)	Period from 31 March 2020 to 31 March 2021 (£000s)
Expenses	7	7
Net interest expense	30	17
Defined benefit costs recognised in statement of comprehensive income (SoCI)	37	24

11. Social Housing Pension Scheme (continued)

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2021 to 31 March 2022 (£000s)	Period from 31 March 2020 to 31 March 2021 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(4)	759
Experience gains and losses arising on the plan liabilities – (loss)	(462)	(2)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain/(loss)	88	(34)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain/(loss)	439	(1,583)
Total amount recognised in Other Comprehensive Income - gain/(loss)	61	(860)

MOVEMENT IN (DEFICIT) DURING YEAR

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
(Deficit) in scheme at 1 April	(1,490)	(829)
Movement in year:		
Expenses	(7)	(7)
Employer contributions	227	223
Net interest/return on assets	(30)	(17)
Remeasurements	61	(860)
(Deficit) in scheme at 31 March	(1,239)	(1,490)

11. Social Housing Pension Scheme (continued)

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Defined benefit obligation at start of period	9,407	7,734
Expenses	7	7
Interest expense	201	184
Actuarial losses due to scheme experience	462	2
Actuarial (gains)/losses due to changes in demographic assumptions	(88)	34
Actuarial (gains)/losses due to changes in financial assumptions	(439)	1583
Benefits paid and expenses	(292)	(137)
Defined benefit obligation at end of period	9,258	9,407

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

	Period ended 31 March 2022 (£000s)	Period ended 31 March 2021 (£000s)
Fair value of plan assets at start of period	7,917	6,905
Interest income	171	167
Experience on plan assets (excluding amounts included in interest income) – (loss)/gain	(4)	759
Contributions by the employer	227	223
Benefits paid and expenses	(292)	(137)
Fair value of plan assets at end of period	8,019	7,917

12a. Tangible fixed assets – Group housing properties

Group	Social housing properties held for letting	Social housing properties under construction	Low cost home ownership properties completed	Total
	£'000	£'000	£'000	£'000
Cost				
At 31 March 2021	69,915	682	3,088	73,685
Additions:				
Properties acquired	-	3,197	-	3,197
Works to existing properties	1,149	-	-	1,149
Interest capitalised	-	7	-	7
Schemes completed	3,111	(3,391)	280	-
Transfer equity to stock	-	-	(98)	(98)
Disposals	(245)	-	(35)	(280)
At 31 March 2022	73,930	495	3,235	77,660
Depreciation				
At 31 March 2021	13,099	-	92	13,191
Depreciation charged in year	1,322	-	31	1,353
Released on disposal	(241)	-	(1)	(242)
At 31 March 2022	14,180	-	122	14,302
Net book value				
At 31 March 2022	59,750	495	3,113	63,358
At 31 March 2021	56,816	682	2,996	60,494

Freehold land and buildings with a carrying amount of £18.954M (2021: £18.511M) have been pledged to secure borrowings of the Group. The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

12a. Tangible fixed assets – Group housing properties (continued)

Social housing grant

	2022	2021
	£ '000	£ '000
Recognised in the Statement of Comprehensive Income	2,386	2,388
Held as deferred income	9,267	8,638
Total accumulated SHG received at period end	11,653	11,026

Finance costs

	2022	2021
	£ '000	£ '000
Aggregate amount of finance costs included in the cost of housing properties	7	10

Housing properties book value, net of depreciation

	2022	2021
	£ '000	£ '000
Freehold land and buildings	62,365	59,491
Long leasehold land and buildings	993	1,003
	63,358	60,494

Expenditure on works to existing properties

	2022	2021
	£ '000	£ '000
Amounts capitalised	1,149	1,227
Amounts charged to Statement of Comprehensive Income	720	650
Total	1,869	1,877

LEEDS & YORKSHIRE HOUSING ASSOCIATION**Year ended 31 March 2022**

Notes to the financial statements

12b. Tangible fixed assets – Association housing properties

Association	Social housing properties held for letting £'000	Social housing properties under construction £'000	Low cost home ownership properties completed £'000	Total £'000
Cost				
At 31 March 2021	69,506	682	3,088	73,276
Additions:				
Properties acquired	-	3,197	-	3,197
Works to existing properties	1,147	-	-	1,147
Interest capitalised	-	7	-	7
Schemes completed	3,111	(3,391)	280	-
Transfer equity to stock	-	-	(98)	(98)
Disposals	(245)	-	(35)	(280)
At 31 March 2022	73,519	495	3,235	77,249
Depreciation				
At 31 March 2021	13,032	-	92	13,124
Depreciation charged in year	1,314	-	31	1,345
Released on disposal	(241)	-	(1)	(242)
At 31 March 2022	14,105	-	122	14,227
Net book value				
At 31 March 2022	59,414	495	3,113	63,022
At 31 March 2021	56,474	682	2,996	60,152

Freehold land and buildings with a carrying amount of £18.954M (2021: £18.511M) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

Expenditure on works to existing properties

	2022 £ '000	2021 £ '000
Amounts capitalised	1,147	1,221
Amounts charged to Statement of Comprehensive Income	720	650
Total	1,867	1,871

12b. Tangible fixed assets – Association housing properties(continued)

Social housing grant

	2022	2021
	£ '000	£ '000
Recognised in the Statement of Comprehensive Income	2,332	2,339
Held as deferred income	9,055	8,421
Total accumulated SHG receivable at period end	<u>11,387</u>	<u>10,760</u>

Finance costs

	2022	2021
	£ '000	£ '000
Aggregate amount of finance costs included in the cost of housing properties	7	10

Housing properties book value, net of depreciation

	2022	2021
	£ '000	£ '000
Freehold land and buildings	62,029	59,149
Long leasehold land and buildings	993	1,003
	<u>63,022</u>	<u>60,152</u>

LEEDS & YORKSHIRE HOUSING ASSOCIATION**Year ended 31 March 2022**

Notes to the financial statements

12c. Tangible fixed assets – other Group and Association

	Freehold/ Leasehold offices	Plant	Furniture fixtures and fittings	Computers and office equipment	Motor vehicles	Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
At 31 March 2021	548	20	114	570	23	1,275
Additions	151	-	-	113	-	264
Disposals	-	-	-	(50)	-	(50)
At 31 March 2022	699	20	114	633	23	1,489
Depreciation						
At 31 March 2021	159	17	114	423	23	736
Charged in year	32	2	-	52	-	86
Released on disposal	-	-	-	(48)	-	(48)
At 31 March 2022	191	19	114	427	23	774
Net book value						
At 31 March 2022	508	1	-	206	-	715
At 31 March 2021	389	3	-	147	-	539

13. Investment Properties

	Group		Association	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
At start of year	1,670	1,490	1,670	1,490
Gain from adjustment in fair value	-	180	-	180
At end of year	1,670	1,670	1,670	1,670

14. Investment in subsidiaries

	2022 £ '000	2021 £ '000
10,000 £1 ordinary shares in Leeds & Yorkshire Property Services Limited	10	10

Leeds & Yorkshire Property Services Limited is a wholly owned subsidiary of the Association. This remained dormant throughout the financial year.

The Association has the right to appoint members to the Board of the subsidiary and thereby exercises control over it. Leeds & Yorkshire Housing Association Limited is the ultimate parent undertaking.

During both 2020/21 & 2021/22 the Association provided no management services for Leeds & Yorkshire Property Services Limited and no charges were made.

Three Alms-house Trusts, Agnes Marsden Trust, Emily Bentley Homes and Marsden Memorial Homes are consolidated into the group accounts as the Association acts as corporate trustee, no investment in these subsidiaries has been made.

15. Properties held for sale

	Group		Association	
	2022 £ '000	2021 £ '000	2022 £ '000	2021 £ '000
Shared ownership properties				
Completed	78	-	78	-
Work in progress	-	-	-	-
Outright Sale Properties				
Completed	26	1,314	26	1,314
Work in progress	-	-	-	-
	104	1,314	104	1,314

The £104k reported at 31 March 2022 represents 2 shared ownership properties awaiting sale, costs incurred on 1 outright sale and cost incurred on the sale of the former head office which completed in April 2022.

16. Trade and other debtors

	Group		Association	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
Due within one year				
Rent and service charges	169	235	157	223
Less: Provision for bad and doubtful debts	(114)	(154)	(103)	(145)
	55	81	54	78
Other debtors	119	152	119	152
Due from subsidiaries	-	-	2	18
Prepayments and accrued income	466	212	463	209
	640	445	638	457

17. Current asset investments

	Group		Association	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
M&G investments	178	161	-	-
THFC interest reserve sinking fund	390	390	390	390
THFC investment account	-	7,016	-	7,016
	568	7,567	390	7,406

The THFC sinking fund is a designated interest-bearing account in respect of The Housing Finance Corporation facility to cover 12 months interest of the nominal £7,500k loan. The Association is not able to access this fund.

LEEDS & YORKSHIRE HOUSING ASSOCIATION**Year ended 31 March 2022**

Notes to the financial statements

18. Creditors: amounts falling due within one year

	Note	Group		Association	
		2022	2021	2022	2021
		£ '000	£ '000	£ '000	£ '000
Trade creditors		261	268	259	265
Rent and service charges received in advance		323	301	319	298
Deferred grant income	20	119	111	114	106
Unpaid share capital in subsidiary		10	10	10	10
Other taxation and social security		46	46	46	46
Other creditors		7	9	7	9
Due to group undertakings		-	-	6	5
Accruals and deferred income		1,272	1,443	1,259	1,436
Housing loan interest & principal payable	25	1,159	1,157	1,159	1,157
Loan premium	25	179	176	179	176
		<u>3,376</u>	<u>3,521</u>	<u>3,358</u>	<u>3,508</u>

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

	Note	Group		Association	
		2022	2021	2022	2021
		£ '000	£ '000	£ '000	£ '000
Bank loans	25	23,918	26,327	23,918	26,327
Loan premium	25	4,446	4,625	4,446	4,625
Cost of borrowing		(301)	(347)	(301)	(347)
Deferred grant income	20	9,148	8,527	8,941	8,315
		<u>37,211</u>	<u>39,132</u>	<u>37,004</u>	<u>38,920</u>

LEEDS & YORKSHIRE HOUSING ASSOCIATION**Year ended 31 March 2022**

Notes to the financial statements

20. Deferred grant income

	Group		Association	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
At 1 April 2021	8,638	8,809	8,421	8,587
Grant received in the year	745	195	745	195
Released to income in the year	(116)	(114)	(111)	(109)
Transferred as part of disposal	-	(252)	-	(252)
At 31 March 2022	9,267	8,638	9,055	8,421
Amounts to be released within one year	119	111	114	106
Amounts to be released in more than one year	9,148	8,527	8,941	8,315
	9,267	8,638	9,055	8,421

21. Non-equity share capital

	2022	2021
	£	£
Shares of £1 each issued and fully paid		
At 1 April	11	9
Shares issued during the year	2	4
Shares surrendered during the year	(1)	(2)
At 31 March	12	11

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.

22. Capital commitments

Capital expenditure commitments were as follows:

	2022 £ '000	2021 £ '000
Capital expenditure		
Expenditure contracted for, but not provided in the accounts	881	2,349
Expenditure authorised by the Board, but not contracted	18,424	4,497
	<u>19,305</u>	<u>6,846</u>

The expenditure authorised by the Board, but not contracted represents financial commitments made for four future developments and the major repairs programme for the forthcoming year, approved with the annual budget.

The above commitments will be financed from operating cash flow (£2,635k), Homes England Grants (£6,670k) and through borrowings (£10,000k), under existing loan arrangements.

23. Operating leases

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

	Group		Association	
	2022 £ '000	2021 £ '000	2022 £ '000	2021 £ '000
Office equipment and computers expiring;				
Within one year	-	2	-	2
One to five years	-	7	-	7
Over five years	-	-	-	-
	<u>-</u>	<u>9</u>	<u>-</u>	<u>9</u>

The outstanding lease at the start of the period was for a franking machine which was cancelled during the period and a settlement amount paid.

24. Related parties

The Board member, Adele Rae is a customer and has a standard tenancy agreement that she cannot use her position to her advantage.

The aggregated rent payable by Board Member related parties for 2022 was £5,832 (2021 £5,728) and the balance at 31 March 2022 was £782 in credit (2021 £477 in arrears).

The Association is the managing Trustee of Emily Bentley Homes, Agnes Marsden Trust and Marsden Memorial Homes. During the year, the Association performed finance and property management services for these associations. The total amounts charged for these services during the year and amounts outstanding at the year-end was as follows:

	Transactions in the period		Receivable at the year period	
	2022 £ '000	2021 £ '000	2022 £ '000	2021 £ '000
Agnes Marsden Trust	8	5	1	1
Emily Bentley Homes	8	5	1	15
Marsden Memorial Homes	12	8	1	1
	<u>28</u>	<u>18</u>	<u>3</u>	<u>17</u>

25. Financial risk management - Group

The Association uses various financial instruments, including loans and cash, and other items such as rental arrears and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Association's operations, including the development and acquisition of new homes.

The financial assets and liabilities not measured at amortised cost are:

Financial assets measured at fair value	Group		Association	
	2022 £ '000	2021 £ '000	2022 £ '000	2021 £ '000
Current Asset Investments	178	161	-	-
TOTAL	<u>178</u>	<u>161</u>	<u>-</u>	<u>-</u>

25. Financial risk management (continued)

The existence of these financial instruments exposes the Association to a number of financial risks. The main risks arising from the Association's financial instruments are understood by the Board to be interest rate risk, liquidity risk and credit risk. The Board review and agree policies for managing each of these risks and they are summarised below.

Liquidity risk

The Association seeks to manage financial risk by ensuring sufficient liquidity is available to meet projected commitments on a rolling basis over at least the following 18 months. In addition to drawn loans and loan premium of £29,702k (see notes 18 & 19), the Association has £10m of undrawn and secured facilities available to borrow against.

At 31 March 2022, the Association had an undrawn loan facility with the Santander Bank of £10m (2021: £8.75m Santander Bank) of the £25.2m facility available.

Current available and drawn facilities are as follows:

Lender	Current Facility Available	Loan as at 31-Mar-22	Available To Draw at 31-Mar-22	Interest Rate%		Maturity
	£'000s	£'000s	£'000s	Fixed Inc. Margin %	Variable Inc. Margin %	
Santander Fixed Rate	15,220	15,220	-	2.856		2024
Santander RCF	10,000	-	10,000	-	-	2027
THFC	9,500	9,500	-	2.178		2043
THFC Loan Premium	4,625	4,625	-	1.747		2043
Orchardbrook Ltd	357	357	-	9.437		2030
	39,702	29,702	10,000	2.545		

The Association has an agreement in principle with Santander to extend the availability of the revolving credit facility to July 2027 and the term loans to October 2027. This is expected to be completed in June 2022.

The Association has undrawn committed borrowing facilities. The facilities available at 31 March 2022 in respect of which all conditions precedent had been met were as follows:

	2022	2021
	£ '000	£ '000
Expiring in one year or less	10,000	-
Expiring in more than one year but not more than two	-	8,750
Expiring beyond two years	-	-
Total	10,000	8,750

25. Financial risk management (continued)

The Bank Loans are secured by fixed charges on individual properties and debt is repayable as follows:

	Group		Association	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
Bank loans				
Within one year	1,159	1,157	1,159	1,157
Between one and two years	1,162	1,159	1,162	1,159
Between two and five years	14,329	15,199	14,329	15,199
After five years	8,427	9,969	8,427	9,969
Total loans payable	25,077	27,484	25,077	27,484
Premium on THFC loan	4,625	4,801	4,625	4,801
Total	29,702	32,285	29,702	32,285

Interest rate risk

The Association finances its operations through a mixture of retained surpluses and bank borrowings. The Association's exposure to interest rate fluctuations on its borrowings is managed using both embedded fixed and variable rate facilities; this is regularly monitored and reviewed through Treasury updates to each Board meeting and the annual review and approval of the Association's future Treasury Strategy.

As at 31st March 2022, the Association's debt portfolio is all fixed interest rate debt of £29,702k. The relative proportions of fixed and variable rate debt are reviewed regularly as part of the Association's Treasury Strategy that aims to optimise the balance between minimising market volatility exposure whilst benefiting from currently low interest rates.

Terms of repayment and interest rates

The bank loans are repaid in instalments at a combination of fixed rates of interest of between 1.75% and 9.44%. The final instalments to be repaid in the period 2024 to 2043.

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

	2022	2021
	£ '000	£ '000
Variable rate	-	1,250
Fixed rate	29,702	31,035
Total	29,702	32,285

25. Financial risk management (continued)

The Group's weighted average cost of capital at 31 March 2022 is 2.71%.

Credit risk

The Association's principal credit risk relates to customer arrears. The risk is managed by providing support to eligible customers with their application for Housing Benefit/ Universal Credit and to closely monitor the arrears of self-paying customers.

The 12 months to 31st March 2022 have seen a continued transition towards customers being in receipt of Universal Credit following the full roll-out of universal credit in our operating areas. At the year-end over 35% of LYHA's households were in receipt of universal credit [2021: 30%] and direct receipt of housing benefit payments had fallen from 25.3% of rental income to 22.7%. However, the impact of Welfare Reform has been well managed and has had limited impact on current tenant arrears and the outturn remains well within the parameters of the long-term financial plan.

Covenant Compliance

Covenant compliance is monitored by the finance department and reported to the Executive Team on a monthly basis. There were no breaches identified in the year.

The following financial covenants are assessed on a monthly basis for the Association:

1. Interest Cover
 - a. Interest cover has been calculated at 131.8%, within the requirements to be in excess of 110%.
2. Gearing
 - a. Gearing, calculated with reference to historic cost of properties, has been calculated at 39%, within the requirement to be less than 55%.
3. Asset Cover
 - a. Asset cover is 261% based on valuation subject to tenancy, within the requirement of 125%.

26. Analysis of changes in net debt.

Group

	At the beginning of the year	Cash flows	Non cash movements	At the end of the year
	£ '000	£ '000	£ '000	£ '000
Cash and cash equivalents	948	3,394	-	4,342
Housing loans due in one year	(1,157)	(2)	-	(1,159)
Housing loans due after one year	(26,327)	2,409	-	(23,918)
	<u>(26,536)</u>	<u>5,801</u>	<u>-</u>	<u>(20,735)</u>

Association

	At the beginning of the year	Cash flows	Non cash movements	At the end of the year
	£ '000	£ '000	£ '000	£ '000
Cash and cash equivalents	765	3,395	-	4,160
Housing loans due in one year	(1,157)	(2)	-	(1,159)
Housing loans due after one year	(26,327)	2,409	-	(23,918)
	<u>(26,719)</u>	<u>5,802</u>	<u>-</u>	<u>(20,917)</u>

27. Post Balance Sheet Events

The boards of LYHA , Karbon Homes, and York Housing Association (YHA, Karbon's wholly owned subsidiary) have agreed to explore a formal partnership. It is proposed that LYHA's assets and liabilities are acquired by YHA as a transfer of engagements. Both organisations have a strong track record of delivering local priorities but recognise that they can do more together.

The aim of the partnership is to deliver excellent services to our customers in the Yorkshire region and to contribute to shaping the place and communities where they live. We will do this through the powerful combination of two registered providers, working together within the Karbon group. The provision of new homes in Yorkshire is an important contributor to the place agenda and we will use available capacity to boost local housing supply to meet the identified need in the region.

27. Post Balance Sheet Events (continued)

Our business case sets out the collective benefit derived from creating a 3,000-home (growing to over 4,500 homes within 5 years) Yorkshire subsidiary operating within a larger, supportive group.

Both YHA and LYHA are now seeking the views of its customers and stakeholders about the proposed partnership with a consultation period running over summer 2022. The aim is for the partnership to be in place by the end of 2022.