

Registered Number 16337R
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Metropolitan Housing Trust Limited

Report and Financial Statements

For the year ended

31 March 2024

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*References to performance relate to the MTVH Group unless otherwise specifically stated for MHT.

BOARD MEMBERS, EXECUTIVES AND ADVISORS

Metropolitan Housing Trust Limited

Chair

Davinder Dhillon

Non-Executive Board Members

Althea Efunshile CBE
Ingrid Reynolds, Senior Independent Director
Gurpreet Gujral
Nigel Ingram
Ofei Kwafo-Akoto
Dennis Hone CBE
Trevor Moross
Helen Cope
Gary Admans

Executive Board Members

Chief Executive

Geeta Nanda OBE

Chief Financial Officer

Ian Johnson

Executive Directors

Executive Director, Development

Guy Burnett

Executive Director, Property

Mark Everard, resigned 3rd May 2024
Suzanne Horsley, Appointed 8th May 2024

Executive Director, Customer Services

Kush Rawal

Executive Director, Corporate Services

Jane Long, resigned 20th October 2023
Helen Mcteer, appointed 2nd October 2023

Secretary

Patricia Etter

Deputy Secretary

Donald McKenzie

Registered offices

Premier House, 52 London Road, Twickenham, Middlesex, TW1 3RP
The Grange, 100 High Street, Southgate, London, N14 6PW

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Bankers

Barclays Bank plc
Lloyds Banking Group

RESULTS AND PERFORMANCE AT A GLANCE

Trust Figures

	2023	2024
Turnover	£366m	£416m
Operating Surplus: before net Building Safety & Non-recurring costs	£105m	£125m
Operating surplus: after net Building Safety & Non-recurring costs	£95m	£16m
Surplus/(loss) after tax	£26m	(£71m)
Operation margin: before net Building Safety & Non-recurring costs	29%	30%
Operating margin: after net Building Safety & Non-recurring costs	26%	4%
Letting margin *	26%	26%
Gearing **	36%	36%

* Letting margin = surplus on social housing / turnover from lettings (note 3)

** Gearing = net loans / total net housing asset

- Net loans are defined as loans less loan fees and adjusted for any issuance premium or discount and less cash at bank.
- Total net housing asset is defined as housing assets at cost less depreciation and impairment, including work in progress on housing assets only and investment properties.

Performance at a glance 2023/2024

- New homes delivered 869 (589 for rent, 278 shared ownership, 2 for private sale) (2022/23 – 493)
- Investment in existing stock (maintenance, compliance, and improvements) £148m (2022/23 - £133m)
- Homes development pipeline - 4,014 (2022/23 – 3,146)
- Invested in acquiring land and building new homes £256m (2022/23 - £167m)
- Net building safety and non-recurring costs of £108m (2022/23 - £10m)
- Governance / viability rating from the Regulator of Social Housing: G1/V2 (2022/23 – G1/V2)
- Total financial support delivered to residents: £3m (2022/23 - £3m)
- Employee Engagement Score: 82% (2022/23 82%)
- Overall resident satisfaction: 70% (2022/23 – (71%))
- Proportion of repairs fixed first time: 91% (2022/23 – 89%)
- Credit rating from Standard & Poors: A -
- Credit rating from Fitch: A

Chair's foreword

2023 marked the 75th anniversary of Caribbean Windrush generation migrants arriving in the UK to build new lives and help rebuild Britain after the war years. Our roots as a housing association are based in providing safe, decent, and affordable housing for those families, so the past year has been one of celebration with a series of commemorative events for colleagues and residents.

It has also prompted us to reflect on where we come from, what our role is today, and what it can be in the future.

In conversations with colleagues, residents, industry peers, and partners across the year a recurring theme is MTVH's role as a social purpose organisation driven by the values of equality and social justice, that are as relevant today as they were over 70 years ago when we were founded.

Our vision is consistent - for everyone to have a home and the chance to live well. As people all over the country continue to struggle with the cost-of-living crisis and feel the effect of stretched public services, our role to deliver the secure foundation of a home, and support community wellbeing has never been more relevant.

Our work to look after existing residents, maintain safe and warm homes, and develop the new homes and supportive communities that people so desperately need, can only be maintained if we have the financial strength and good governance.

MTVH's financial resilience was underlined by an improved credit outlook from Standard & Poors (S&P) in December 2023. This positive change in outlook was achieved despite a backdrop of higher costs to meet enhanced building safety requirements in line with newly passed Building Safety legislation.

Our full year results to March 2024 also demonstrate that we remain in a strong financial position with £846m of available liquidity.

The Board took the decision to provide £110m in our accounts for the 2023/24 financial year to cover anticipated costs over the next five years related to fire safety works to leaseholders' properties and write downs to the value of buildings where future expected life is materially reduced. Despite these provisions our underlying financial performance remains robust allowing us to look ahead with confidence whilst maintaining a strong development programme which delivered almost 900 homes in the last financial year.

We have strengthened the Board this year to maintain the high-quality oversight of our Executive team and governance standards across the organisation. A new appointment to our Property Committee includes Gillian Durden. Our ratings from the regulator remain strong and stable at the highest 'G1' for governance and retaining 'V2' for financial viability.

At the heart of everything we do are our residents. Our 2021-26 five-year strategy 'Serving People Better Everyday' provides our route-map to continuously improve customer service. This starts with hearing our residents' needs through our Customer Voice Framework (CVF) which was launched in 2022 and designed in consultation with residents to provide an effective guide for listening better and acting on feedback. This first iteration of the framework has just passed the halfway point in its lifecycle to 2025 and we will review its effectiveness later this year before relaunching in 2026.

CHAIR'S FOREWORD

On April 1st this year the Regulator for Social Housing's new Consumer Standards regime commenced. It sets the outcomes that social landlords in England must deliver for tenants and provides a list of Tenant Satisfaction Measures (TSMs) social landlords will be judged on. We welcome the Standards and have been preparing for them for several years, not least by the re-design of our listening through the CVF and by incorporating TSM topics in our ongoing dialogue with residents.

Providing decent homes and great customer experience is only one aspect of the value that a modern housing association like ours brings to society. With the level and diversity of skills in our team we look holistically at the communities we are involved with to create better places where people can thrive.

Where there is the opportunity to do so we deliver wholesale regeneration of areas and estates, reimagining places to be multi-generational, green, and supportive communities where opportunity and social mobility are supported. Places such as Westhorpe Gardens and Clapham Park later which are creating thousands of new homes in vibrant communities to support people to live better lives.

Our role as a developer and landlord of strong and healthy communities makes a huge economic contribution to the country through the direct and indirect employment created in the construction industry, and the longer-term economic benefits of reduced homelessness, increased employment, and improved healthcare. Recent research from Shelter and the National Housing Federation (NHF) calculates that building 90,000 social rented homes would add £51.2bn to the UK economy.

MTVH has come a long way since our founder Molly Huggins created the first housing for Windrush generation migrants. What has remained consistent is our commitment to equality and social justice, and to provide opportunity for all.

Finally, I must end by adding a further heartfelt thank you to our Chief Executive for the past 16 years, Geeta Nanda OBE, who is stepping down later this year. Geeta has made a huge contribution to making MTVH the innovative, resilient, and impactful organisation it is today. We have now appointed an excellent new CEO in Melbourne (Mel) Barrett and I look forward to working with him to continue our track record of success while maintaining MTVH's values as a social purpose organisation.

Althea Efunshile CBE
Metropolitan Thames Valley Group Chair

Davinder Dhillon
Metropolitan Housing Trust Limited Chair

Chief Executive's introduction

I'm pleased to be able to report another year of strong progress at MTVH delivering on our vision that everyone should have a home and the chance to live well.

Our residents are at the heart of everything we do, and over the past year we have been able to enhance resident experience thanks to our focus on excellent listening, engagement, and delivery of services.

We use the insights from our listening in every aspect of our business planning and delivery to ensure we are addressing the issues that matter the most to our residents whether that be living costs, repairs, safe neighbourhoods, or building safety.

We have heard throughout the year heartbreaking stories where residents are struggling with the cost of living due to high inflation, higher interest rates and volatile energy costs. We have used our own resources and worked in partnership with others to deliver as much meaningful support to our residents and their wider communities as possible in these difficult times.

For example, over the winter our Empowering Futures community support teams have helped over 1,700 residents with issues ranging from fuel poverty to financial management to benefit claims advice. Where required we also provide financial support from our Tenant Welfare Fund, which paid out £729k to residents in the past year.

The economic headwinds hitting our residents also have an impact on our organisation. Inflation and increased borrowing costs make construction more expensive and impact confidence in the housing market which in turn impacts sales. Similarly, property maintenance is more expensive as input costs of fuel, labour, and materials rise across the board.

I'm proud to say that despite these pressures MTVH developed 892 new properties over the year. This is down to the quality of our partnerships at major regeneration projects like Clapham Park in Lambeth and Westhorpe Gardens in Barnet, and the experience and skill of our development team.

Ensuring our residents' homes are safe is our priority, and we welcomed the coming into force of the Building Safety Act in April 2023. We have invested significant resources in our Safer Buildings Team to meet the requirements under the act, and to work successfully with the Building Safety Regulator in the years ahead.

In April 2023 we confirmed that we would protect leaseholders in buildings over five storeys or 11 metres high from having to pay building safety remediation costs, either historic or ongoing. While the cost of this is significant for MTVH we took this action as it is the right thing to do to provide certainty and peace of mind for these leaseholders.

Our ability to continue our development ambitions, meet our obligations around building safety and maintain our stock is underpinned by our robust financial position. In the year to end-March 2024 group turnover was up 8% at £423m (2023: £389m) and operating surplus before exceptional costs was £126.6m (2023: £121.7m), up 4%.

This financial strength enables MTVH to be an influential partner in the largest regeneration projects that transform neighbourhoods. For example, at Clapham Park in London we will deliver over 2400 homes over the next 12 years and transform an area where historically there has been under investment.

CHIEF EXECUTIVE'S INTRODUCTION

The power of regeneration when done well is huge. It's not merely about constructing new homes or implementing sustainability measures, it's about fostering an integrated approach that caters to the specific requirements of the community and builds long term social value, and mobility.

Our latest figures on the social value created by our social rent tenancies show that MTVH contributed £718.9m of social value to the UK economy in 2023 through potential savings to public services and economic gains on construction and maintenance.

We created additional social value through our supply chain. By working closely with our suppliers to secure community support and projects via the procurement process, we generated just under £97m of social value.

Faced with higher inflation and borrowing costs, more aspiring homeowners have been attracted to the shared-ownership model where our SO-Resi brand continues to lead the sector.

In keeping with our track record of innovation we also launched our rent-to-buy SO Flexi offer that allows customers to rent their home at a below market rate rent whilst saving up to buy it using shared ownership. So far 55 customers have used the SO Flexi offer.

We are also innovating through our sustainability strategy where Social Housing sustainability certification consultancy, Ritterwald, has rated MTVH as Ambassador for Environmental criteria, its highest grade. Our initiatives include insulating over 1300 homes in the past year to reduce energy costs for residents and we are on track to bring all directly managed properties to EPC rating C or better by 2030.

This will be my last Chief Executive's introduction to an MTVH Annual Report as I am stepping down later this year after sixteen years at the helm. I'm confident that under my successor, Mel Barrett, MTVH will continue its successful path as a modern housing association providing homes, working hard for residents, and creating opportunities for people across the country.

Geeta Nanda OBE
Chief Executive

WHO WE ARE

Metropolitan Housing Trust (MHT) is a registered provider subsidiary of Thames Valley Housing, part of the Metropolitan Thames Valley Housing Group (MTVH). MTVH (Metropolitan Thames Valley Housing) is one of the UK's leading providers of affordable housing and care and support services. Until June 2023, we chaired the G15 group of London's largest housing associations.

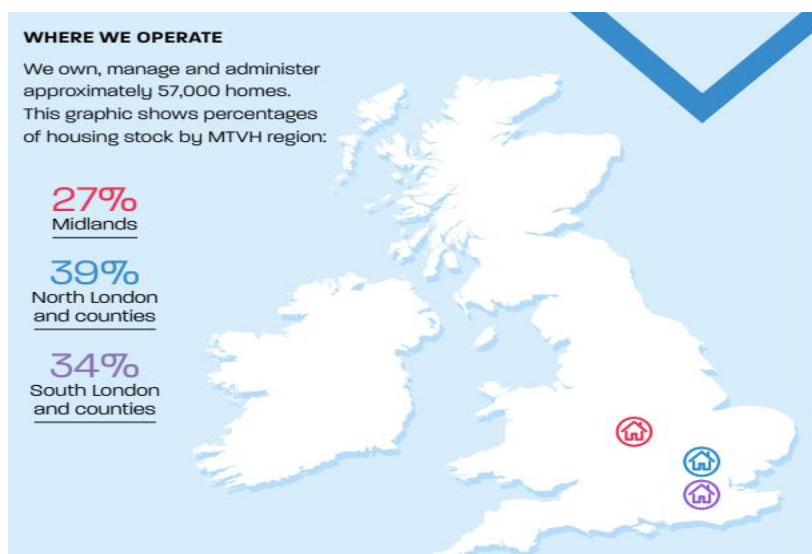
Our founding mission continues to resonate today, with our organisation having been established to provide desperately needed decent homes to the Windrush generation arriving from the Caribbean. Yet, 75 years since the HMT Empire Windrush arrived in Britain and far too many people still face uncertainty. The cost-of-living crisis is placing enormous strain on many lives and concerns over their future.

We work to provide as many people as possible with the security of a safe, affordable and well-maintained home. We know that this can be the foundation they need to build better lives and to thrive. We also know that people need reliable, good-quality services in order to live well. This is not always what they receive. We are determined to continue improving what we do, to make sure that we always get the basics right.

- We will listen with respect and empathy
- We will make things straightforward
- We will be accountable
- We will always be there for residents and the communities in which they live

WHERE WE OPERATE

We own, manage and administer approximately 57,000 homes. This graphic shows percentages of housing stock by MTVH region: 27% in the Midlands, 39% in North London and counties, and 34% in South London and counties.



EMPOWERING RESIDENTS AND COMMUNITIES

We believe that a home is much more than bricks and mortar.

Residents rightly expect reliable, good quality services. From our Networks repairs service to a range of community projects and much more, we work to empower residents to live well.

Home is also the community that residents live in and their surrounding environment. We work to ensure that residents can make the most of the place in which they live, giving them very real opportunities to flourish. For those with learning disabilities, mental health needs, the elderly and those requiring extra care, our care and support services are in place to enrich their lives and ensure that they can live as independently as possible.

Meanwhile, our Migration Foundation works with migrants, asylum seekers and refugees arriving in the UK with a variety of challenges. Providing housing opportunities and access to key services, the foundation provides a pathway towards greater participation in society.

We are also committed to resolving social issues which impact the residents and communities we serve. We amplify their voices with local and national stakeholders on multiple issues including housing affordability, cost of living pressures and safer streets.

Working hard for residents

Listening to resident views

We are now half-way through our five-year strategy, “Serving People Better Every Day,” and are continuing to work hard to improve the day-to-day experience of residents.

We are committed to creating opportunities to listen to resident voices, and using this feedback to shape and improve the way our services are delivered.

Our Customer Council and three Regional Panels help us listen to residents all over the country, giving us a unique insight into the issues that matter to residents most.

To ensure effective representation of resident views, we conduct an annual effectiveness review. Its findings led to the development of our new Back to Basics approach. In line with regulatory requirements and sector best practice, our Customer Voice team recruited formal customer groups mirroring residents' demographics, considering factors such as location, age, gender, ethnicity, and disability. This ensured accurate reflection of residents' experiences in the feedback received from these groups.

Running from 2022 to 2025, our Customer Voice Framework also ensures residents can influence the way we deliver our services and see the impact of their voices reflected across the organisation.

In addition, colleagues throughout MTVH have been working together to listen to residents whenever they share their views with us, not just through our formal resident engagement activities.

As well as reviewing over 13,000 resident surveys this year, the issues affecting residents have been identified through conversations with our Customer Hub and other front-line colleagues.

Our Customer Voice team have also completed more than 30 listening activities with residents across the country that have helped to shape policy, process and communication in areas that matter to residents, such as fire safety, service charges and repairs provision.

By using multiple channels and different sources of data, our teams gain a fuller understanding of what's important to residents so we can work hard on continuously improving our services.

Keeping residents informed

Launched in 2022 with support from the Customer Council, our online platform YourVoice has continued to help residents find out what's happening in MTVH communities this year, as well as how they can get involved.

In addition, our resident bulletin “Here to Help” ensures residents stay informed about the different ways to access our services.

Each edition features topics highlighted as being the most important to residents, as well as information about the services we provide, how to access them and the front-line colleagues delivering each service.

Case study

Delivering change for fellow residents

Pamela Newman lives in a MTVH shared ownership flat in Brixton. As a member of our Customer Services Committee, she is working with us to put residents at the heart of decision-making.

“As well as being a member of the Customer Services Committee, I joined the G15 resident group, which is fantastic. Together, I think we will have some real sway and it will be really good for everybody living in social housing.

As a committee, we want to give residents an equal voice at the table. We encourage them to give us feedback, so they are part of MTVH’s development, and their voice is heard on any changes we make, from customer services to influencing national policy.

I was honoured to be involved in the recruitment of new senior leadership at MTVH, including the Chief Executive. It’s lovely for us to have a say in who will run the organisation going forward, and for MTVH to get a customer perspective on recruitment. This way of doing things feels really new and exciting and should be how it’s done everywhere.

I have also been helping to implement and develop the Back-to-Basics approach, which provides residents with a formal feedback loop that ensures everybody is listened to. The approach is perfectly named because you’ve got to get the basics right before trying to do innovative work, and people really value having a decent service as standard.

The approach is powerful because it’s not just a tick box exercise – MTVH really listens to our feedback, makes improvements based on that information and actually make things better for people.

Never before have resident voices been needed more. Our lived experience is very powerful because we have knowledge of what decisions are needed to make places and homes better.

We know change takes time, but I can honestly say that we are definitely feeling improvements. I look forward to continuing to have a positive influence, providing residents with a voice and ensuring decisions make a real difference to people’s lives.”

Developing Back to Basics: our new resident-led approach

In March 2023, our Customer Council and Regional Panels carried out annual effectiveness reviews to understand what's working well and what could be done differently.

Alongside the many positives, the reviews found that the Customer Council and Regional Panels could work together more effectively to really amplify resident voices across MTVH.

In response, residents and Customer Voice colleagues worked together to develop our new Back to Basics approach, giving residents in each region the chance to take part in quarterly discussions on a particular Tenant Satisfaction Measure, such as "Keeping Homes in Good Repair" and "Building Safety".

Feedback from discussions is combined and shared with our Customer Services Committee, a sub-committee of the MTVH Board.

Some of the actions resulting from our "Keeping Homes in Good Repair" discussions include:

- **Creation of a new Property Experience team** to improve communication on complex repairs
- **Redesign of our "No Access" cards** to make them easier for residents to use and to clearly communicate next steps
- **Review of post-inspection processes** to improve contractor management and resident experience

Back to Basics has also changed the way Customer Council and Regional Panel meetings are run.

All meeting agendas now have a 50% focus on presentations or engagement on MTVH topics, while 50% is kept for open discussion, enabling residents to share their views.

Delivering care and support to residents

Supporting the needs of residents in our communities has remained a core part of our offer this year.

We have continued to deliver specialist supported accommodation and services to residents with a range of needs, including learning disabilities, mental health and experience of homelessness.

Our Care and Support activity generates a turnover of £63m, derived from supported housing rents and income from commissioned supported living and registered care services.

Our support services – commissioned by local authority social care or housing needs departments – have helped residents to engage with health services, develop independent living skills, access local services and find long-term accommodation.

The past year has seen us launch a number of new services. In the London Borough of Wandsworth, we have developed a 24-hour service for adults with learning disabilities leaving residential colleges or home for the first time, providing a quality environment for independent living.

In the Borough of Lambeth, a newly refurbished building is providing accommodation and support to nine young men with complex needs.

In addition, we have worked with the borough to access funding for services and the refurbishment of two buildings to deliver specialist supported housing – one for women aged 22-26 and the other, in partnership with the Albert Kennedy Trust, for LGBTQ+ young people.

Our commitment to ending homelessness continues with the purchase of self-accommodation – funded by the government's Rough Sleeping Accommodation Programme – for former rough sleepers, which also offers each resident up to 6 hours' support per week.

We are proud and active members of Homewards, an initiative launched by the Royal Foundation this year that seeks to end homelessness, with our Chief Executive on its National Expert Panel.

Meanwhile, our specialist supported housing has provided accommodation to 2,500 residents across 54 local authorities, in partnership with 46 council-commissioned organisations.

In addition, 3,500 homes have delivered a designated Later Living housing management service for older residents, including housing with on-site care and flats in retirement blocks. We have also continued to invest in buildings by replacing windows, refurbishing lifts and redecorating.

We have also continued to respond to sector challenges relating to rising delivery costs and increasingly complex needs, while investing in our Care & Support colleagues through training and career development.

Improving energy efficiency to make homes warmer and more affordable

Our commitment to improving energy efficiency has continued this year, and we have already exceeded our interim target of reaching EPC C on 75% of our residential portfolio by 2026.

Our Social Housing Decarbonisation Fund Wave 1 and Wave 2.1 programmes have played a significant role in this, enabling us to improve over 1,300 homes to EPC C or above over the last year.

A total of 23,268 properties are now EPC C or better, representing 78.9% of all properties with certificates.

Upgrades such as cavity wall and loft insulation, high retention storage heaters and solar PV panels are not only making homes more energy efficient but improving warmth and affordability for residents.

To help streamline our EPC reporting this year, we linked our properties to the OS National Property Database, enabling greater accuracy and allowing us to retrieve the EPCs regularly after each update of the EPC National Register.

This enables us to have up to date EPC data on properties and identify priorities for investment under decarbonisation programmes.

Meanwhile, our ongoing partnership with Parity Projects has allowed us to further improve our EPC data and build a bespoke pricing schedule.

This is helping us to identify properties in need of investment and provide more accurate costs against our decarbonisation targets.

We then match these scenarios with funding opportunities to create a programme of works, focusing on fabric improvements in line with the PAS 2035 standard.

Case study

Supporting residents through the winter months

We know the winter season is tough – particularly last year with the rising cost of living.

By taking the time to listen and understand residents, we aim to provide the support and practical information they need during these challenging months.

Our Empowering Futures team has prioritised the needs of residents who were struggling over the winter. This year, we received a total of 16,727 referrals to support residents with issues such as budgeting, submitting benefit appeals and addressing fuel poverty.

We have continued to work with the Children in Need Emergency Essentials Programme, which provided vital assistance to 145 residents, including beds, furniture and clothing vouchers.

Our partnership with Pocket Power continues to provide residents with an inclusive phone service that helps save money on household bills, while connecting them with financial support. Since 2020, over 810 residents and customers have benefited from this service, resulting in a total saving of nearly £213,931.

In Barnet, we partnered with Age UK to distribute the government's Household Support Fund, which was designed to help residents with their household needs over the winter.

As part of this partnership, a weekly Food Bank was established to support West Hendon residents, with around 60 families each receiving 4kg of food.

In December, the Food Bank distributed 30 hampers to residents aged 55 and above, containing essential winter items like hats, gloves, food and toiletries.

Prioritising fire safety

We are committed to improving fire safety in our homes

The safety of homes, including fire safety, remains a top priority at MTVH.

We welcomed the introduction of the new Building Safety Regulator, which focuses on high standards for residents living in higher-risk buildings and aligns directly with our Warm, Safe and Dry approach to building management.

We have restructured our business in preparation for these changes, and we are developing a culture that 'Building Safety is everyone's business'. This approach underscores the collective responsibility each individual in our organisation holds in ensuring the safety of our residents.

We have also registered and submitted key building information for each of our 55 higher-risk blocks and developed a detailed best-in-class approach.

This includes thorough industry leading risk assessment techniques, supported by external structural, fire and risk management experts.

Fundamentally however, our approach to Safer Buildings focuses on residents.

Our Customer Liaison team has supported thousands of tenants and leaseholders throughout a difficult year, running 51 resident meetings alongside local stakeholders and MPs.

They have also responded to over 3,300 emails and supported over 100 residents with staircasing or sales in blocks where fire safety is a particular concern.

Meanwhile, every resident in a higher risk building now has a named point of contact and we have also launched our Resident Engagement Strategy, which gives residents clear rights and information about how to keep themselves safe at home.

Within our new Building Safety Management team, we have created Building Safety Managers who are responsible for the safety of each block and for keeping residents informed.

Building Safety Futures, an independent building safety organisation, will be invited to audit our approach later this year, and we will publish and implement the results of their assessment.

Our programme of remedial works

Our specialist building remediation team has now surveyed over 150 buildings and identified remedial works to external walls, compartmentation fire stopping and fire doors.

A remediation programme has been established which will deliver remediation works to 322 blocks.

By March 2024, work had commenced to 22 blocks with 4 blocks fully remediated. Works will commence to a further 52 blocks by March 2025.

We have continued to engage with developers and contractors to ensure the remediation works needed for our homes to comply with statutory legislation are done at their cost.

STRATEGIC OPERATIONAL REVIEW - WORKING HARD FOR RESIDENTS

In cases where this is not possible, MTVH will fund and carry out the works.

However, we are seeing greater impact in cost recovery from developers and contractors, which will in turn reduce our initial estimation of potential costs to MTVH.

Although the costs are considerable, we will not be passing on any cost for building safety remediation works to our leaseholders in buildings above 11 metres or five storeys in height. In our accounts this year we have provided fully for the estimated costs of these leaseholder works.

In addition, we have installed temporary fire mitigation measures within affected homes to ensure residents are safe prior to remedial works being carried out.

We are continuing to review our remediation programme and will accelerate works where possible.

Creating opportunity through new homes

Delivering new homes and building communities

At MTVH, our vision is to provide everyone with a decent home and the chance to live well. We understand that safe and affordable housing is the foundation on which people can build their lives, raise families, nurture careers and build communities.

That's why, despite ongoing tough economic conditions, we have continued to create more new, affordable homes in the past year.

In total, 892 new homes were delivered in 2023/24 (657 in 2022/2023), representing a 35% increase since last year.

These included 480 for rent (308 in 2022/23), 278 shared ownership (185 in 2022/23), 109 Rent to Buy/London Living Rent, 2 for private sale (33 in 2022/23) and 23 in joint ventures with other parties (131 in 2022/23).

There are also 5,556 new homes in our 5-year pipeline (3,858 in 2022/23), representing the prospect of plenty of building activity in the coming years.

The total invested in land acquisition and building new homes in 2023/24 was £280m (£199m in 2022/23) including 561 new homes contractually committed to in the year across 7 schemes.

Creating opportunities for home ownership

Our shared ownership brand SO Resi continues to offer an attractive option for people who want to own a home. Over the past year, we moved in 279 buyers across 14 MTVH schemes.

Last summer also saw the launch of our new Rent to Buy and London Living Rent brand, SO Flexi, which provides a new way for people to accelerate their path towards home ownership.

SO Flexi helps potential homebuyers save towards a deposit by allowing them to rent their homes at a reduced market rent.

Once they've saved enough for a deposit, SO Flexi residents can then convert from renting to shared ownership through providers like SO Resi, and eventually transition to full ownership over time.

In many cases, SO Flexi residents will be able to buy the home they are currently living in.

The first SO Flexi scheme launched last year in Slough and all 52 homes are now occupied, with residents already putting money aside for their deposits.

Further SO Flexi schemes will be launched in Cambourne and Acton later in 2024, with a pipeline of over 700 homes creating opportunities for people to start their homeownership journey.

Case study

SO Resi helps one resident return to her roots

In May 2023, Hattie Hyder and her two rabbits got their feet on the property ladder with a one-bedroom apartment at SO Resi Farnham.

Here, Hattie shares her experience of buying her first home and how shared ownership has enabled her to move back to the place where she grew up.

“Without shared ownership, there was no way I would have been able to afford to get on the property ladder. The feeling of shelling out money each month to pay off someone else’s mortgage was one I desperately wanted to escape from and moving in at Farnham has given me so much more freedom.

I had never heard of shared ownership before, but after speaking to my friend who has had a positive experience, I decided to take a look and realised it would really suit someone in my position.

I grew up in Dorking, however, due to the cost-of-living crisis and rising mortgage rates, the idea of living in Farnham, or indeed anywhere in Surrey, was just never an option for me.

But I viewed SO Resi Farnham in March and reserved in the same month! It’s amazing that shared ownership has allowed me to move back to the place I love.

I’m a bit of a jack of all trades: I run my own business, work in an antiques shop in London, do IT consultancy and am also an illustrator. This means I require somewhere quite spacious and despite my home being a one-bedroom, the amount of space is staggering.

My rabbits need internal space, and they are loving running around the lounge. I also need access to a train station, and with Farnham just a 10-minute walk away, I feel like all my quirky necessities have been answered!

I aim to stay here for a long time and save the money that I otherwise would have been paying to a landlord to purchase additional shares in the home.

SO Resi have been fabulous to buy through and everyone I dealt with was extremely helpful and able to explain everything to me – the process was so smooth.”

Creating opportunity through regeneration

Clapham Park

Christmas 2023 saw the completion of 50 new homes at Keith Shaw House and Donna Mews, as well as two new shops which will be let to local businesses. Residents will soon be relocating into the new homes from elsewhere in the estate, at the same rent levels they paid previously.

Meanwhile, construction on the next 520 homes for rent, shared ownership, Build-to-Rent and sale are 12 months ahead of schedule, with completion expected in 2024 and 2025. Works have also started on the following phase of 323 homes, making this one of the most active estate regeneration projects in the country.

Clapham Park has been successful in securing Green Heat Network Fund (GHNF) from the Government to help decarbonise homes and support the transition from gas to electricity as the primary heat source. 3,000 homes will soon be powered by large air source heat pumps, which will reduce carbon emissions by 70% whilst maintaining affordability for residents.

To address food insecurity across the estate, our three-course Community Lunches have been extended to include an evening Community Kitchen, catering for residents who are unable to attend the lunches.

2023 also saw the launch of Clapham Park Ambition in response to the high levels of violence affecting young people. The project provides leadership skills to fourteen young people aged 16-25 across the estate, helping them to mentor and support other young people towards a more positive future.

Clapham Park Futures: MTVH is funded by Impact on Urban Health for the second year to continue working with Learning in Action (LiA) and Clapham Park Community Connectors to deliver the 2nd phase of Clapham Park Futures. The resident-led initiative aims to develop the foundations for resident empowerment, addressing key determinants like power, employment, and financial wellbeing working with all key stakeholders – residents, MTVH and Countryside. In the first year, 7 residents took part in Community Organising training and a further 4 residents have been trained to become Community Connector.

Westhorpe Gardens

August 2023 saw the start of the Phase 2 redevelopment of Westhorpe Gardens and Mills Grove, which will provide 172 new homes for rent, shared ownership and retirement living. This follows on from residents moving into the 79 homes completed during Phase 1.

Westhorpe Gardens was the first regeneration scheme in London to be approved by residents, following a ballot in 2020. Last year, residents were asked for their views on their experience of the regeneration and their new homes: over 70% said that the quality and design of homes will have a positive impact on their wellbeing and that of their families.

Rough Sleeping Accommodation Programme

MTVH was successful in securing Rough Sleeping Accommodation Programme (RSAP) funding from the Government to support the purchase of homes for rough sleepers and

STRATEGIC OPERATIONAL REVIEW - CREATING OPPORTUNITY

provide additional specialist support for mental health and substance abuse, offering stability of housing and signposting to training and work opportunities.

16 homes were purchased in Nottingham City Council and Spelthorne Borough Council local authority areas, which will be provided in perpetuity for rough sleepers, providing accommodation for a maximum of 2 years before a move to more permanent housing. The homes will then be offered to other rough sleepers, providing a regular cycle of accommodation.

Creating opportunities to deliver social value

We understand that creating social value can help to improve the economic, social and environmental wellbeing of communities and the positive impact this has on residents.

Despite tough economic conditions, our resilience and financial strength have enabled us to continue delivering social value during 2023/24.

Our commitment to diversity and inclusion, both within MTVH and the communities we serve, is central in our approach to creating opportunity for all, and we are proud to offer a range of initiatives that help to build strong communities and provide for less advantaged groups.

Although last year was another challenging one for many, we provided intensive support to 3,675 residents – 1,457 as a result of the cost-of-living crisis, a 10% increase since 2022/23.

Working with external partners, charities and using our own funds, we generated £3m in financial gains for residents during 2023/24 (£3m in 2022/23). In addition, £120,000 of external funding was secured and £40k was saved through efficiencies, procurement and standardisation.

To address issues like the cost-of-living crisis, our Tenant Welfare Fund was increased to £729k (£628k in 2022/23), which allowed us to make rent adjustments for 618 residents (571 in 2022/23) – saving them £366k in total while offering peace of mind.

In addition, we were pleased to be able to support residents with urgent food, fuel, essential household items and complex personal needs, achieving an average response time of one hour for urgent food and fuel requests.

Our partnership with Pocket Power continued last year, saving residents almost £80,000 by providing an inclusive phone service that not only helps reduce household bills, but connects them with financial support.

Below, we've shared some specific examples of how we're working independently and in partnership to deliver social value across the communities in which we work.

Creating safer communities

We are committed to improving safety in the communities we work within.

In partnership with the Police and Crime Commissioner, we expanded the **She Is Summit** last year with a new event in Nottingham – the first outside London – which was attended by 120 people. The She Is Summit provides a space to listen, understand and improve the lives of girls and young women who are often underrepresented, marginalised and not heard.

In London, we are proud to be leading the **Lambeth Housing Management Partnership's** Neighbourhood and Community Safety workstream, which brings together the council and other housing providers to improve community safety, reduce place-based violence against young people and lower anti-social behaviour in Lambeth.

We are also part of the **Stronger Futures** programme, funded by the Mayor of London's Violence Reduction Unit, which will support more than 600 young people aged 10 -18 who may be at risk of violence, exploitation or grooming.

Creating opportunities for young people

As part of our commitment to creating more positive futures for young people, we support a wide range of projects and initiatives in London and across the country.

Funded by the London Violence Reduction Unit's MyEnds programme, and in partnership with the Young Brent Foundation, Hyde and Peabody, **One Flow One Brent (OFOB)** is empowering young residents to build stronger networks, foster inclusivity and reduce violence.

Elsewhere in London, **MyScript Lambeth** is an intergenerational community programme fully funded by MTVH – in partnership with Bridge the Gap and Step Now – that creates opportunities for young people to express themselves creatively, develop skills and access careers in the creative industries, while also engaging parents through a support group.

2023 saw the launch of **Clapham Park Ambition**, a project that trains young people in years 10 and 11 in Youth Work. 13 young connectors have now been recruited who will support and mentor other young people on the estate to boost community cohesion. The project will also provide pathways for future employment and personal development.

We are also pleased to support **The Young Londoners Coalition**, a network delivering a wide array of vital services to support the ever-changing needs of almost 3 million young people across every London borough.

This year, our Empowering Futures team developed a new Housing and Homelessness module as part of **Goldsmiths' BA in Social and Community Work**. Colleagues from across the organisation collaborated to deliver an interactive program of lectures and we are now exploring a research project. Topics included regeneration, housing management, community investment work and social value.

Outside of London, we are a funding and referral partner for **Derby City Youth Alliance**, a network of providers working collaboratively to support the city's most vulnerable and challenged young people to be safe, develop and prosper.

We are also proud to partner with **the Hope Collective** as part of our shared goal to enable the UK's most vulnerable young people and communities to be free from poverty, violence and discrimination.

In memory of our former vice-Chair and Treasury Committee Chair, who passed away in 2022, we launched our new **Tania Brisby Fund**. During 2023/24, the fund provided targeted support to 8 young people aged 16-24, enabling them to fulfil their education and career ambitions.

We are also working with partner organisations such as the **Big Kid Foundation**, **Step Now** and **Bridge the Gap** to deliver sport, physical activity, music and drama sessions to help develop young people's leadership and voice.

Housing Futures research and workstreams

In March 2022, we published our 'Housing Futures: The vital role of home in young people's futures' and 'Housing Aspirations' reports.

Working in partnership with **Partnership for Young London**, Hyde and Clarion, we have trained a team of young people who conducted research to ensure their voices are heard. We are now formulating our final recommendations, which will go to policy makers later in 2024.

We have also delivered a range of educational workshops to schools and local communities, including a '**Knowledge is Power**' roundtable bringing together voices from business, politics, education and the Third Sector.

Creating opportunities for employment

As part of our commitment to creating opportunities for meaningful employment, last year saw us completing two programmes funded by the EU Structural Funds for employment and skills.

711 people experiencing unemployment took part in **Love London Working**, in partnership with the Greater London Authority (GLA) and Clarion Futures, with 219 securing work – 60% of which was sustained for more than six months. In addition, 98 people with complex health and social barriers participated, with 17 finding work. Meanwhile, 173 people created new businesses and sustained self-employment for six months.

96 young people experiencing unemployment participated in **Nottingham Works for You** in partnership with Nottingham City Council, with 34 securing work and 16 entering training and apprenticeship programmes. The job sustainment rate (people still in work after six months) was one of the highest in the employability sector.

We are also participating in the **Flourishing Futures project**, funded by the Youth Futures Foundation, which will provide consistent, high-quality support to unemployed young people in Brent. The project is currently in its research phase, with young people at the heart of deciding the programme's longer-term future.

Creating financial social value through the supply chain

Working closely with our suppliers, we have continued to increase social value through our supply chain to 2,284 points (2,175 in 2022/23). Over the year 87 projects were delivered, engaging 11,462 people and contributing an additional £96,966 to communities.

We also invested in 'Match my Project', a platform launched by the Social Value Exchange last year, that enables businesses and communities to collaborate on projects designed to improve their area in a more coordinated and targeted way.

Creating impact through social housing

We generated a total annual social value to the UK economy equivalent to £718.9m a year, through potential savings to Government departments and economic gains on construction and maintenance. This equates to £24,960 per MTVH home (£19,293 in 2021/22).

Building new lives, homes and livelihoods through the Migration Foundation

The MTVH Migration Foundation is continuing to make migration work for migrants and their communities.

Our unique Migration Foundation is dedicated to tackling migrant destitution by providing improved access to justice, better housing and opportunities to participate in society.

This year saw the completion of a multi-year programme in the East Midlands, which tested a sustainable pathway out of migrant homelessness without the support of government grants.

The programme helped 60 people to progress from homelessness to long-term housing, with all residents sustaining tenancies and participating in work, education or local volunteering.

In addition, we increased our grant to three core partners – The Asylum Support Appeals Project (ASAP), Project 17 and the Unity Project – by £65,000 in response to the continuing impact of the cost-of-living crisis on migrants.

Windrush 75 Celebrations

In recognition of the 75th anniversary of HMT Windrush arriving from the Caribbean to the UK, we have been embracing our heritage and the diverse communities we represent by co-sponsoring an MTVH colleague secondment to lead a programme of celebration.

We also sponsored a panel event with Professor Patrick Vernon OBE, and the UNIFY Network for minoritised housing professionals and leaders of the future, to increase inclusion opportunities and promote diversity throughout organisations.

In addition, we doubled our contribution to the Black History 365 Fund, providing an opportunity for residents and communities to share black history throughout the year.

Creating opportunities to support diversity and inclusion in the workplace

We are committed to creating a workplace where all colleagues feel valued and involved.

This year we have continued to work hard to build a culture where more colleagues feel they belong, and where more diverse groups of colleagues are represented across the organisation.

We have delivered a Colleague Network Group enrichment programme to celebrate, support and validate our gender, ethnicity, sexual orientation, and disability groups. This has involved six listening forums held with members of Colleague Network Groups, a new look intranet resource, and two successful events held in London and Nottingham to thank colleagues who volunteer for our Network Groups.

Significant strides have been taken this year to improve the governance of this area of the organisation through a Diversity and Inclusion Action Group which meets quarterly and is chaired by the Executive Director of Corporate Services.

Two colleague toolkits were published this year on gender and neurodiversity, with the latter being made externally available to partners and stakeholders due to its internal popularity and success. We marked notable dates such as Black History Month, International Women's and Men's Day, International Day for Persons with Disability, Race Equality Week, Neurodiversity Celebration Week, LGBTQIA+ History Month and Pride.

We are constantly looking for ways to generate pride in our Windrush heritage and to mark this year's 75th anniversary of the SS Windrush arriving in the UK, we sponsored a colleague to lead a programme of events and celebrations on secondment. This included the installation of a Nubian Jak Foundation blue plaque outside the home of one of our residents in North London, the historian Peter Fryer, in recognition of his contribution to documenting Black British history.

Our mean gender pay gap across the MTVH group was maintained at 16.5%. Our gender pay gap exists because there are a higher number of men in senior roles, and a disproportionate number of women work in our care and support operation which is not only an industry which tends to attract more women but is also one where market rates of pay are lower compared other areas. As of April 2024, 48% of MTVH colleagues working at 'head of and above' level were women, surpassing our 35% target.

We have now been monitoring our ethnicity pay gap for several years which has given us a tangible way of measuring progress and to benchmark performance. Using data provided by 88% of our colleagues, our mean ethnicity pay gap across the MTVH group has remained at 9.5%. Our median ethnicity pay gap is just 0.2%. National comparisons are not straightforward because ethnicity pay gap reporting is not mandatory, however these figures show a comparatively good position.

As of April 2024, 22% of our colleagues working at 'head of and above' were ethnically diverse exceeding our 20% target.

Creating opportunities for our team through development and training

MTVH is committed to empowering colleagues to help them to develop and thrive. Our People and Organisational Development team bring out the best in our people and drive future

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efficiency, which is evidenced by the 1.3% staff absence rate in 2023/24, within our target of 2%.

Our recruitment team utilises various ways of attracting new colleagues to MTVH. We have worked with our social value team in local communities and with initiatives such as, Love London Working, and attend job fairs, utilise job platforms and attract talent via social media.

Over the last 12 months, we have filled an average of 92 new vacancies per month, including permanent roles, fixed-term contracts, internal secondments and bank staff to help us continue delivering a reliable service to residents.

Several internal policies have been refreshed to ensure we embrace changes within employment legislation. We have also introduced a new volunteering policy which offers both residents and colleagues the opportunity to give something back by volunteering for MTVH initiatives.

Our talent development programme, Dare to Believe and Lead, was delivered to 31 Heads of Service over the past year. It focuses on two core components: job-related learning and personal and leadership growth. The programme provides senior MTVH colleagues with the knowledge and skills needed to develop into a well-rounded leader, and has our core equality, diversity and inclusion principles woven throughout.

In 2023, a further 60 managers completed our Management Development programme. A total of 119 managers are now equipped with the skills, behaviours and technical capabilities to bring out the best in the people within their services areas for the benefit of MTVH residents.

In addition, we successfully launched two new Skills for Care approved development programmes. Lead to Succeed supported 51 current or aspiring Care and Support managers to develop their leadership and management knowledge, skills and behaviours. Meanwhile, Well Led equipped 11 managers with strategies to build high-performing teams and meet market demands.

To support ongoing personal and professional development, 22 mentor/mentee pairs were created across the organisation, with a further 12 colleagues given specialist mentoring training. In addition, since April 2023 we have delivered 99 different courses to support personal effectiveness and technical learning, with an uptake of 5,700 course places.

Our Networks, Care and Support, and Customer Services teams have all had role-specific learning pathways mapped, equipping colleagues with the technical skills and knowledge they need to deliver their responsibilities safely and effectively for residents. Role-specific learning pathways have also been delivered in Property and Development, focusing on key areas of risk such as complaint handling and construction design management regulations.

Our apprenticeship programme continues to be popular, with 82 colleagues gaining qualifications including Housing and Property Management, and Adult Care and Operations.

To promote wellbeing, colleagues across MTVH have attended resilience training. This included recognising burnout and introduced Daniel Goleman's model of Emotional Intelligence, self and team awareness, emotional regulation and tools for wellbeing.

December 2023 saw the delivery of our Winter Wellbeing Programme, which included our wellbeing 'top tips' advent calendar covering topics such as financial wellbeing, understanding and dealing with worry and managing stress and anxiety. In addition, a 'Month of Mindfulness' – a short course of four 30-minute sessions – helped 138 colleagues to build a regular mindfulness practice to strengthen their approach to wellbeing and resilience.

STRATEGIC OPERATIONAL REVIEW - CREATING OPPORTUNITY

To understand what's working well at MTVH and what we can do better, a wellbeing survey was circulated to all colleagues in March. The results are currently being analysed and the recommendations will be used to shape our programme for 2024/2025.

Chief Financial Officer's Review

Key highlights this year were:

- S&P credit rating improved to A- (Stable), with outlook uprated from Negative to Stable. A strong outcome given sector headwinds.
- Net debt increased to £1.8bn (2023: £1.7bn) with gearing maintained at 36%.
- Lender covenant protection agreed in respect of Fire Safety costs, enabling continued property investment in existing stock and delivery of HE and GLA new homes commitments.
- £842m of available liquidity and over £400m of security ready to allocate to new funding. Total available security of £1.3bn.
- Strong cash generation from operating activities of £246m (2023: £265m).

Overview

Turnover was up 14% at £416m (2023: £366m) driven largely by the statutory rent increase of 7%, first tranche sales proceeds of £27m (2023: £19m), and higher gift aid received from companies in the MTVH Group £12m (2023: £3m). The Social Housing letting income was £337m (2023: £309m), an overall rise of 9% year on year.

The revenue from the sale of the first tranche share of shared ownership units was £27m in the year (2023: £19m). We sold 272 First Tranche units (2023: 168 units) achieving a surplus of £4m at 15% (2023: £2m at 11%). The first tranche share averaged 31% (2023: 35%) of an average total selling price of £322k (2023: £338k) per unit. While the Board is cognisant of investor risk appetite, MTVH remains committed to the market sale of homes in order to build more affordable housing than it could otherwise.

Operating surplus before exceptional costs for the year was £125m (2023: £105m), up 19%. Underlying Operating expenses include selling costs but exclude one-off costs relating to our fire remediation programme, the decommissioning of Mendip and Pennine (2 high rise blocks in N London) as well as a small adjustment relating to the reinstatement of Richmond House following the fire in 2019. Underlying Operating expenses were up 11% at £306m (2023: £276m). Continued investment in our Corporate Plan, notably CRM implementation and Housing Management systems integration, as well as the rising demand for our repairs services, led to an increase in resource to fulfil requirements. Along with the rest of the sector, we experienced particularly high increases in our insurance premiums and lower levels of development activity meant that we absorbed an additional £6m of development overhead compared to last year. In addition, there was an impairment charge of £6m (2023: £nil) relating to shared ownership units on a site in Hertfordshire. With the impairment charge, insurance premiums and development overhead movements stripped out, operating expenses increased by 6% demonstrating the cost discipline embedded across the organisation.

The Board recognises the safety of customers as its primary concern. During the year MTVH established a comprehensive view of the costs of the Fire Safety remediation for our over 11m estate. This is expected to be around £199m (net of recoveries from grants and contractors). We have fully indemnified our leaseholders for the costs of repairs to units in buildings over 11m high. In respect of the element of the total cost which relates to leaseholders' assets, rather than MHT's own assets, we have charged £63m in 2023/24. This recognises the obligation to leaseholders to carry out these repairs on their properties. During the year we expensed £77m (2023: £10m) of costs in respect of remediation of fire safety issues (including

CHIEF FINANCIAL OFFICER'S REVIEW

the leaseholder provision), surveys and assessments and capitalised further costs of £3m (2023: £4m). Also, during the year, we received a survey on two towers in North London which resulted in the decision to decommission both blocks. The resulting impact of this was the impairment of these blocks to £nil (a charge of £32m) as well as establishing a provision for the home loss payments due to each customer in the blocks which totalled £2m. Note 2 in the accounts includes a table that shows building safety and non-recurring costs and income.

MTVH is one of the largest providers in the sector of Shared Ownership and Rent to Buy homes (administered through our 'SO Resi' and 'SO Flexi' brands) as well as HomeBuy loans. These tenure options remain core to our affordable home solutions. During the year MHT completed 251 staircasing transactions which delivered £10.3m of operating surplus at a 30% margin (2023: £15m at 32% from 417 completions). In addition, we completed 150 HomeBuy loan redemption transactions, achieving £5.0m of operating surplus at a 41% margin (2023: £6m at a 44% margin from 169 completions). During the year we also sold 112 properties as part of our Strategic Asset Management programme, which generated £8.8m surplus (2023: 95 homes generating a £5m surplus). In addition, 535 units were transferred to other RP providers in line with stock rationalisation activity, generating £15.6m of surplus at 29% margin.

MHT recorded a loss after tax of £71m (2023: surplus of £26m) after net interest costs of £81m (2023: £73m). Other comprehensive income includes a charge of £12m (2023: credit of £18m) in respect of our defined benefit pension obligations, and a £3m credit (2023: £19m credit) in respect of the movement in fair value of the MHT's financial hedging derivatives.

In respect of our defined benefit pension schemes, the accounting deficit in MHT (as shown in note 23) has increased by £8m in the year to £26m, driven by a combination of valuation experience and high inflation rates. During the year we completed a triennial valuation of the MTVH 2019 scheme as at 28 February 2023 and the impact of this is reflected in the overall scheme movements. Our funding level stands at 83% (down from 87% last year).

Finance costs

External interest receivable amounted to £12m (2023: £7m) and total interest payable was £93m (2023: £80m). Only around 13% (2023: 14%) of the group's debt is subject to interest rate fluctuations, which serves to restrict the volatility of our interest charge in times of rising interest rates.

Taxation and Tax Contribution

The tax account for the year showed a £nil charge of the year (2023: £nil). Surpluses from the core rental business are exempt from tax as MHT has charitable status. Generally, where activities are taxable, they are undertaken by subsidiaries who gift aid the surplus to MHT, and MHT invests these tax savings to subsidise the development of affordable homes.

During the year £17m (2023: £9m) of gift aid was received from entities within the MTVH Group.

Cash generation and utilisation

Cash generation remained strong this year with a net operating cash inflow of £246m in the year (2023: £265m). Overall, we spent a net amount of £200m (2023: £151m) on investment activities, very predominantly being investment in new homes. Net outflows from drawdowns of new facilities less debt repayments totalled £36m (2023: net outflow of £28m).

MHT gearing ended the year at 36% on an historic cost of property basis (2023: 36%) and EBITDA interest cover was 2.0 times (2023: 1.9 times).

Balance sheet

The net book value of housing assets was £4.7bn (2023: £4.6bn), with £37m (2023: £36m) of depreciation charged in the year, reflecting the increased levels of investment in our estate. This figure includes assets under construction at 31 March 2024 of £401m (2023: £361m). Development work in progress (WIP) was £39m (2023: £48m) reflecting our investment in assets held for sale, mostly the first tranche element of Shared Ownership properties. Short and long term creditors are £2.6bn (2023: £2.6bn), including £1.8bn of borrowings (2023: £1.9bn) and £170m (2023: £157m) of housing grant repayable. MHT's pension schemes' accounting deficit stands at £26m (2023: £18m).

Funding and Treasury

As at 31 March 2024, MHT had net debt of £1.8bn (2023: £1.7bn) which included £35m of unrestricted cash (2023: £138m). We define net debt as debt less cash available to repay lenders. 87% (2023: 86%) of the loan book was fixed at rates of interest ranging from 1.88% to 11.3%, with the remainder at floating rates of interest. Our weighted average cost of debt was 4.8% (2023: 4.7%).

During the year the Group S & P Global credit improved to A- (stable outlook) and retained the A rating from Fitch Ratings, albeit with the outlook changed from stable to negative. As outlined in our Environmental, Social and Governance statement on page 43, we continue to make good progress against our 55 sustainability goals. MTVH was an early adopter of the Sustainability Reporting Standards (SRS) and we continued to report on this basis.

As at 31 March 2024 MHT had committed undrawn facilities of £807m (2023: £725m), which are fully secured and available at 48 hours' notice, in addition to cash and short-term investment balances, totalling £82m (2023: £182m). Cash is invested at average returns of 5.1% (2023: 2.4%). MHT remains well funded and has sufficient resources and available security to meet the requirements of its future development plans and fire remediation programme.

Managing treasury risk

Treasury risk management is a key and complex area of financial control and is included here separately from the report of the Board and the statement on internal controls.

Governance and control

MTVH operates a central treasury function under a Director of Corporate Finance who reports to the Chief Financial Officer. Oversight is provided by a Treasury Committee of experienced and qualified non-executives as well as independent committee members who report, in turn, to the main Board. The activities of the Treasury function are governed by a Treasury Policy and Strategy which are approved each year by the Treasury Committee and Board. The policy is based on the CIPFA (Code of Practice for Housing Associations) as well as Treasury Management Policy Statements and good practice notes issued by the Regulator of Social Housing (RSH) and its predecessor bodies.

A risk-based approach is adopted with the overriding objective of managing risk in line with the Board's risk appetite. Risks are regularly assessed and recorded in the Finance risk register, which forms part of the Group's risk register.

Loans and credit structure: maturity risk

MHT's borrowings are funded from a number of sources. This includes long-term loans and bonds. All borrowing is denominated in Sterling; the Group has no foreign exchange exposures.

The funding sources are split as follows:

% of total	2023/24	2022/23
Banks and building societies	57%	58%
Capital Markets	41%	41%
Local Authorities/Other	2%	1%

MHT has £378m (2023: £349m) of loans maturing in the next five years which represents 21% (2023: 19%) of our total drawn down-loans.

Interest rate risk

MHT has entered into a number of hedging contracts in order to mitigate the risks on interest cost volatility arising from its floating rate debt and RPI-based cash flows. At 31 March 2024 87% (2023: 86%) of MHT's total debt cost was hedged either by fixed rate loans, floating-fixed swaps or index-linked arrangements. The Group has a target of keeping the fixed proportion of the Group's debt book between 65% and 85%.

As detailed in note 30 to these accounts, MHT has £139m (2023: £139m) nominal value of ISDA swaps which hedge interest costs at rates between 5% and 6%. The mark to market exposure is monitored closely and collateralised with a mixture of cash and property assets.

Counterparty risk

Surplus cash is invested with approved banks and counterparties with the priority on the preservation of capital rather than on maximising returns. The treasury policy requires that the maximum deposit exposure to any one counterparty is £25m.

Covenant compliance

MHT's loan covenants are based primarily on interest cover and gearing ratios. Covenant ratios are monitored monthly and reported to the Board. Quarterly performance information is provided to our lenders, and we issue regular RNS trading updates and results announcements to bond investors. We hold regular meetings to update our lenders including annual group meetings and provide covenant certification as part of the annual audit process. During the year we agreed a 5-year period with lenders to exclude certain Fire Safety costs from our interest cover covenant test. These excluded amounts are reported in note 37.

Liquidity risk

We prepare monthly and quarterly cash flow re-forecasts, and we also carry out a budget and long-range forecasting exercise at least annually which ensures we can operate well within our safe limits for covenant tests, even under highly adverse changes in performance and market conditions.

Short-term surplus cash balances are placed on deposit for terms of not more than 364 days, with a number of approved counterparties. Cash balances held are sufficient to fund short-term development, capital expenditure and working capital requirements.

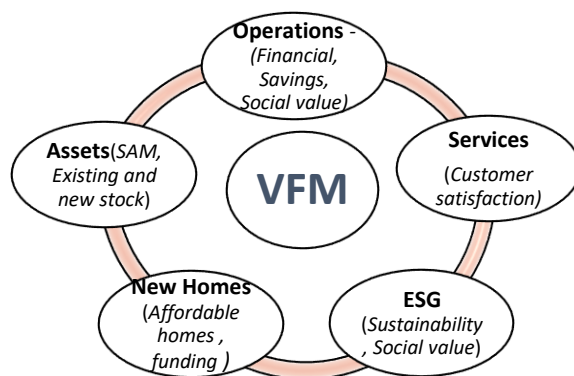
The MTVH approach to value for money

The Board of MTVH has overall responsibility for ensuring that value for money (VFM) is embedded, across the organisation. Being efficient, effective and economical is acutely important, to enable us to deliver our vision of serving people better every day. VFM is a culture and mind-set that is a standard consideration for every Board, committee and executive decision to direct resources to residents in the optimal manner and enabling them, and the communities in which they reside, to live well.

The 2023/24 financial year continued to be dominated by high inflation, elevated funding costs, challenges accessing skilled labour and ever-increasing demands to invest in our existing stock to improve quality, building safety and energy efficiency, as well as delivering new supply. There continues to be significant risk of further unexpected shocks from the ongoing war in Ukraine and instability in the Middle East. Through our financial resilience, we have continued to invest in service delivery and support our customers through the current cost-of-living crisis and to ensure they are listened to and treated with fairness and respect.

A key milestone underpinning the delivery of VFM has been continued progress on our five-year strategy, particularly the Corporate Plan that underpins this and work on advancing ESG as a key strategic priority. These provide a framework for VFM implementation, which is coupled to all strategic and operational aspects going forward.

Key elements of VFM approach



Governance

VFM implementation is overseen by MTVH's Executive Management Team and Board, who determine strategy and investment priorities and monitor progress against published plans and targets. The Board ensures compliance with regulatory standards. The oversight of VFM is also supported through the responsibility of various Board sub-committees, including the Development, Property and Customer Services Committees (CSC). This provides an added layer of scrutiny and accountability for customer-related issues where VFM is a key driver.

VALUE FOR MONEY STATEMENT

Performance management

The continued financial strength and capacity of the organisation is instrumental to ensuring that we are able to deliver on our strategic objectives, and is framed by the following:

Budget/Corporate planning – VFM is firmly entrenched in the 2024/25 budget and Corporate Plan and includes both cost optimisation and revenue growth targets, to generate efficiency across the organisation. The five-year operational budgets and plans will allow us a longer term assessment and tracking of strategic priorities, investment in projects and continued benefits realisation.

Performance tracking – A suite of KPIs/metrics are analysed and reported on at all levels of the organisation, in order to drive performance and identify areas for greater efficiency. This also includes a range of non-financial targets, which provide an enhanced assessment of VFM delivery in future.

Asset returns and efficiency – The Strategic Asset Management (SAM) Plan was adopted in May 2019 to ensure that MTVH continues to provide homes in a sustainable and efficient manner across our regional operating areas. We are pleased to report positive progress in the year on the continued implementation of the SAM plan, with a number of stock disposals across both voids and tenanted stock.

Service charge project – The service charge project continues to evolve and gain momentum. The aim is to create a transparent, easy to use service that delivers service transformation to our residents, through higher levels of customer satisfaction, reduced complaints and a compelling digital offer whilst ensuring our income is maximised in line with legal and contractual agreements. Significant progress has been achieved during the year with regards to the financial “gap” between the costs we incur as a business for service charge activity, when compared with the amount we recover.

Corporate Plan

The Corporate Plan sets out the plans for key projects with improvements to our systems, processes and structure helping to further enhance the customer experience across all touchpoints. Underlying this is the desire to realise efficiencies and synergies to shape the long-term VFM agenda. MTVH has responded to the cost-of-living crisis by providing proactive support to both residents and colleagues, whilst navigating delivery against the Corporate Plan to progress the strategic priorities of the organisation. We continue to develop our digital offer and take up has increased. The number of transactions remains high, and we have exceeded the target set for active users this year. The development of the CRM will further improve the customer experience MTVH can offer and is a core area of focus.

Empowering Futures

Our Empowering Futures strategy continues to evolve, with £3.01m (2022/23 £2.9m) of financial improvement delivered for residents following MTVH support (target: £2.5m) and 3,675 residents provided with intensive support. We continue to attain the best possible value for money for our customers whenever we buy goods or services, in the face of increasing costs, and 2,284 social value points (2022/23 2,175) have been created in the MTVH supply chain, enabling our sustainability strategy. Social value points are ‘earned’ by suppliers in a variety of ways, such as offering training or employment opportunities, volunteer hours or equipment to the benefit of our customers. The supplier’s commitment to achieve social value points varies with the value of the contract.

VALUE FOR MONEY STATEMENT

MTVH provided support to customers where most required, to both aid residents and preserve the financial capacity of MTVH. Total arrears are at 5.2% (5.20% target) at year-end, and the full Tenant Welfare Fund was increased from £628k to £729k. Using the fund, the Customer Accounts teams made £366k of rent adjustment for 618 customers (2022/23 571) with the remainder granted by Empowering Futures in support of residents with urgent food, fuel, essential household items and complex personal needs. To bolster MTVH funds, Empowering Futures raised over £120k of external funding and saved £40k on case-by-case efficiencies, procurement and standardisation.

MTVH Foundation Limited was established during the year, which will serve as a platform to facilitate successful grant applications to further the purpose of our work and aid communities to live well, with work undertaken to register as a charity and build the external engagement.

We again partnered up with Sonnet Advisory & Impact to use their assessment model, combined with data and informed assumptions about MTVH tenancies. In terms of the value of a social tenancy, a total annual social value of £718.9m a year to the UK economy was generated (potential savings to gov departments from our social homes + construction & maintenance economic gains), which equates to £24,960 of value per MTVH home

Reporting performance

This year MTVH continued the investment required to provide quality and consistent services to our customers, deliver new homes sustainably and foster even greater levels of customer engagement.

Three key (budget) targets were given prominence at Board and executive level to monitor our performance in maintaining VFM by serving our customers, building new homes and operating efficiently as follows:

<i>Table 1</i>	<i>2023/24 Actual</i>	<i>2023/24 Target</i>	<i>2022/23 Actual</i>	<i>2022/23 Target</i>	<i>2021/22 Performance</i>	<i>2021/22 Target</i>
Operating Margin	4%*	30.2%	28%	35.2%	30.1%	34.6%
New Homes (inc JVs)	892	887	657	664	712	829
Customer Satisfaction	70%	72%	71%	75%	71%	75%

*Operating margin of 4% includes the impact of one-off/non-recurring items. **“Adjusted operating margin” stands at 30.1%.**

- **Operating margin at 4%** is quoted after exceptional costs in relation to our fire remediation programme, leaseholder provision and the decommissioning of Mendip and Pennine. Adjusted operating surplus before one-off costs is £126.6m, with a margin of 30.1%, which is only slightly below the target of 30.2%. Operating margin is expected to recover to 28.7% for the FY25.
- **New homes delivery (incl.JVs) at 892** beat the target by 5 homes, which was 235 more than last year. Of these 867 of those at affordable tenures (589 social), supporting those residents and communities that are most in need.

VALUE FOR MONEY STATEMENT

- Customer Satisfaction** –The overall satisfaction level of 70% is below the target of 72%. Customer satisfaction remains a challenge across the sector, so it is pleasing to see scores remain stable or in some areas showing an increase. Customer satisfaction has remained consistent throughout the year, a great result when the UK Customer Satisfaction Index calculated by the Institute of Customer Service reports a 1.7% drop on average, with drops in satisfaction reported across all sectors. Transactional customer satisfaction measures have shown an upward trend, with customer enquiry satisfaction increasing by 6% over the year. Drivers of satisfaction in the last quarter of the year have been related to our neighbourhood management, with listening and acting remaining the area of focus to improve on. Activity over the last quarter has focused on identifying root cause of variances in satisfaction from customers with differing needs. This has led to improved training on translation and language services for example, with further activities to support a tailored service to be implemented in the coming year.

Internal targets are supplemented by other strategic indicators deemed appropriate to assess the overall effectiveness of VFM.

KPIs and Strategic Indicators	2023/24 Target	2023/24 Performance	2024/25 Target
Development Strategy			
Number of new homes (incl.JVs)	887	892	533
New contractual commitments (units)	1,000	561	1,000
Unsold stock value over 90 days	£28m	£12.9m	£20m
Customer Experience Strategy			
Overall customer rented satisfaction	72%	70%	70%
% of customer complaints responded to within HOS code compliance	98.5%	85.9%	95%
Satisfaction with new home (Shared ownership)	85%	98%	85%
Average re-let times for all social rented dwellings (Days)	28	50.3	28
Tenant arrears	5.2%	5.2%	5.2%
Property compliance			
Properties with a valid gas safety certificate	99.5%	100%	99.5%
Managed Blocks with a fire risk assessment	99.5%	99.98%	99.5%
Managed blocks with a valid electrical safety EICR certificate	99.5%	99.25%	99.5%
Properties with an EPC rating of C or above	65%	78.9%	85%
Lifts serviced within 12 months **	99.5%	99.8%	99.5%
MTVH Way			

VALUE FOR MONEY STATEMENT

Operating Margin*	30.2%	4%	28.7%
Colleague absence rate (short term, 12 month rolling)	2%	1.3%	2%
Colleague voluntary turnover (perm, 12 month rolling)	19%	13.4%	15%
% colleague engagement	82%	82%	82%

*Operating margin for 2023/24 of 4% includes the impact of one-off/non-recurring items. **“Adjusted operating margin” stands at 30.1%.**

Development

We plan to create 10,924 homes over the next 10 years, delivering social value by delivering the affordable housing the country requires. This is evidenced by the investment of £280m in acquiring land and building new homes this year which was impacted by the recovery from the pandemic and the temporary pause in investment following the impact of the September 2022 budget statement on funding markets, which enabled a re-appraisal and review of schemes in flight in the pipeline. Activity has since resumed with the reinvestment metric slightly above the prior year. The Board continues to review the commercial assets within the group and opportunities to realise value through asset disposals in conjunction with the Strategic Asset Management Plan, which will provide a clearer basis for the retention or disposal of our property portfolio going forwards. Our annual Treasury strategy is designed to maintain a diverse and balanced loan book that efficiently funds the operational and growth capital of the business.

Customer Experience

In line with the customer experience and technology strategies, our digital work to date has focussed on the customer facing elements of our transactional services. Customers are more willing to engage with us through digital channels and their expectations are now higher than ever. MTVH Online provides an improved user experience for customers and staff transacting and creating service requests online. Enabling customers to self-serve for high volume requests will potentially reduce demand on service teams and free up their time to work on more complex services. The level of active users has reached 41% against the target of 20% for 2023, with 55% of all transactions taking place online. A full roadmap is in place, including linking into Salesforce CRM to provide a streamlined customer journey.

A key milestone in our journey has been to build our own digital capability. We now have a multi-disciplinary digital team, made up of product managers, developers, designers and researchers. Building our own team will save us 70% on digital development costs compared with using digital agencies. More importantly, we have the skills and knowledge that will enable us to become a digitally agile organisation which is more responsive to the needs of our customers.

We drive performance across a range of measures to be effective and value driven. Performance for re-lets at an average of 50.3 days for the year, significantly above the target of 28 day target, and is reflective of the increased number of voids the business has witnessed and isolated issues with subcontractor performance. This is an area of heightened focus with a project group established to improve performance, reduce void loss and adhere to the voids standard. Regional ARGs have been established to give greater focus to the void situation, with detailed review of voids which are over 50 days. Total Year to Date arrears (Leasehold, Supported, Commercial, Market Rent, and GN) ended the year at 5.2%, in line with target.

VALUE FOR MONEY STATEMENT

This is a positive result against the backdrop of intensifying external pressures for residents, however homeowner arrears ended at 4.9% which is slightly above the target of 4.5%, with this cohort impacted from increased mortgage costs, service charge, rent demands and EWS1 issues. Our target of right first-time repairs reached 88.2%, above the target of 85%, reflecting issues with a particular contractor.

Property compliance

The level of total spend on the existing estate of £149m (2023: £138m), which includes planned component replacements programme of £27m (2023: £21m), is reflective of the challenging financial environment that housing associations face.

Consistent progress has made in property compliance throughout the year, achieving levels in line with the targets.

MTVH Way

As detailed on page 29 significant people and organisational development highlights have been achieved in the year to drive future operating efficiencies and create a people powered organisation underpinned by the MTVH way. This is evidenced by the 1.3% staff absence rate achieved for the year, within the target of 2%.

Colleague engagement is of paramount importance, and we intend to report on this going forward, to align with service delivery for our customers. Using scores from our Colleague Engagement Survey we attained a 82% colleague engagement score in 2023/24, which is in line with the target.

ESG

As Environmental, Social and Governance (ESG) reporting increasingly becomes a key driver for investors and stakeholders, we are developing our reporting against key metrics and most notably the Sustainability Reporting Standard ("SRS"). This will provide access to wider funding opportunities and ensure goal congruence between ESG, VFM and social value initiatives.

The implementation of the MTVH sustainability strategy, coupled with the adoption of a sustainable financing framework, demonstrates the long-term VFM commitment to deliver fair, affordable and sustainable housing for future generations to enjoy.

MHT - Regulator of Social Housing (RSH) VFM metrics

MHT's 2023/24 performance on the regulator's VFM metrics and against the 2023 G15 benchmark is reported below.

VALUE FOR MONEY STATEMENT

Based on RSH definitions published April 2023		MHT 2024	MHT 2023	G15 Median 2023	MHT 2022	MHT 2021
Investment Driven	Reinvestment %	6.6%	4.2%	5.6%	4.0%	3.8%
	New supply delivered % (Social housing units)	2.0%	1.1%	1.2%	0.7%	1.3%
	New supply delivered % (Non-social housing units)	0.0%	0.0%	0.3%	0.00%	0.0%
	Gearing	36.8%	36.7%	46.6%	38.1%	38.1%
Efficiency and Economy Driven	EBITDA MRI interest cover	102.7%	106.0%	74.0%	128.2%	109.7%
	Headline social housing cost per unit (£)	5,828	5,210	6,239	5,218	5,025
	Operating margin (SHL only)	27.7%	26.3%	19.6%	30.7%	30.7%
	Operating margin (overall)	20.5%	20.0%	16.2%	27.5%	26.3%
	ROCE	2.6%	2.2%	2.1%	2.7%	2.6%

Investment Driven

- Reinvestment:** This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held. Reinvestment of 6.6% is above the G15 median for 2023/24, reflecting the uptick in investment following the pause in development activity during, and after, the COVID-19 pandemic and higher planned investment.
- New supply delivered % (social and non-social):** These metrics set out the number of new units (social or non-social) that have been acquired or developed in the year as a proportion of the total units owned at period end. The number of social housing units delivered this year is 867 compared to 493 in the previous year, reflective of a healthy pipeline of activity. This remains in line with the G15 median.
- Gearing:** These metric measures net loans (including finance lease obligations) as a percentage of the value of housing properties. We remain well below the G15 median at 36.8%, although this is expected to rise as we deliver our development and wider business plan.

VALUE FOR MONEY STATEMENT

Efficiency and economy metrics are driven by the I&E account (including capitalised repairs spend for EBITDA MRI and Headline Social Housing Cost). They have broadly the same drivers and reflect the same trends. The 2023/24 results across these metrics illustrate the continued investment we make in our existing stock and communities, and the increasing pressure on the allocation of our resources. Projection across these metrics illustrate the continued investment we make in our residents and communities, and the increasing pressure on the allocation of our resources. Despite the headline social housing cost per unit increasing from £5,210 to £5,828 per unit it remains below the G15 median of £6,239.

- **EBITDA MRI:** This measures the level of operating surplus (including expenditure on capitalised major repairs and excluding depreciation and amortisation) compared to total interest payable. It also includes profits on first tranche and outright sales, which can be more volatile. Note this is not our covenant test but a group entity, accounting-driven, ratio. This metric for 2023/24 compares extremely favourably to the G15 median, highlighting the resilience and capacity in the financial plan.
- **Headline social housing cost** per unit assesses the costs that MTVH incurs to manage social housing properties divided by the number of units managed by the Association. This is a key metric to measure regional performance since it very largely reflects their controllable costs and efficiency. At £5,828 for 2023/24 we are circa 7% below the G15 median.
- **Social Housing operating margin:** This measures the profitability of social housing lettings (SHL) activity, based on surplus on SHL income as a percentage of SHL turnover. At 27.7% margin we are higher than the G15 average.
- **Operating margin:** This measures the profitability of operating assets as a percentage of turnover. Note that the RSH excludes surplus on disposal of fixed assets (i.e. staircasing) from the calculation. Like EBITDA MRI, this is therefore very much affected by the volume and profitability of first tranche sales. We have seen a slight increase from 20.0% to 20.5% year-on-year, however still above the G15 median.
- **Return on capital employed (ROCE):** This metric compares operating surplus to total assets less current liabilities and is used to assess the efficient investment of capital resources. The 2.6% compares favourably to the G15 median of 2.1%.

Environmental, Social and Governance Statement

Environmental, Social and Governance (ESG) reporting is an increasingly important requirement for lenders, investors and other stakeholders. A separate Environment and Social Value statement is not required for TVHA as the parent is incorporated under the CCBA 2014. This statement has been included here as it applies to group entities that are incorporated under CA2006.

To help us focus on what is most important for MTVH, we are upgrading our reporting against the Sustainability Reporting Standard (SRS) and Use of Proceeds (UoP) Report. In addition, we are developing an internal suite of KPIs, which will be used to support a move to Sustainability Linked Loans (SLL) to ensure alignment between our funding and our ESG, Value for Money and social value goals.

Our long-term commitment to delivering fair, affordable and sustainable housing for future generations is strengthened by our sustainability strategy (see below), coupled with the adoption of a sustainable financing framework.

MTVH has an innovative approach to sustainability. Suppliers are required to provide details of their approach and how they comply with our Sustainable Procurement Policy, particularly in key areas such as carbon footprint, water, energy use and waste. The policy provides a framework for how MTVH will procure, using a sustainable impact range of 1 to 5 for each procurement event, requiring different information from suppliers including details of monitoring and auditing. The information from suppliers is used to assess their sustainability maturity to help us identify opportunities to improve.

Our ongoing commitment to sustainability

We are now over half-way through our five-year strategy and our priority continues to be on becoming a more sustainable and transparent organisation. We have reported in line with the Social Housing Sustainable Reporting Standards (SRS), of which we were an early adopter, and the Sustainable Financing Framework. These reports are a transparent disclosure of our performance in a format that can be compared to our peers in the social housing sector.

Our reporting demonstrates the progress we have made and provides a foundation on which we can make further improvements in future against the three ESG criteria, aligned to specific United Nations Sustainable Development Goals.

Environmental criteria

MTVH aims to become a Net Zero organisation by 2050. Our sustainability strategy, 'Our Sustainable Future,' and 2030 Action Plan outline our commitment to actions that reduce our impact on the environment. Support from the Social Housing Decarbonisation Fund has allowed us to continue upgrading homes to EPC C or above and we have already exceeded our interim target of reaching this rating on 75% of our residential portfolio by 2026.

Social criteria

Our founding principle is that everyone deserves a home and a chance to live well. We look to pay fair wages, within a safe working environment, and to promote diversity and inclusion within our workforce. We target positive interaction with the residents of our homes and the communities in which they live and work.

Governance criteria

The Board of MTVH broadly reflects the make-up of our resident base. We seek to remove pay inequality by both gender and ethnicity, while operating in an ethical fashion, and use data provided by our colleagues to track progress and develop strategies to sustain an inclusive culture.

Recognition for our ESG performance

MTVH continues to be awarded the prestigious Ritterwald Sustainable Housing Accreditation and in 2023, we were upgraded as a Frontrunner for social and governance performance, and as an Ambassador for environmental performance. Our aim is to become a Frontrunner in all three categories.

Streamlined Energy and Carbon Reporting ('SECR')

This statutory report summarises the energy usage, associated emissions, energy efficiency actions and energy performance for MTVH. MTVH is required to comply with the SECR legislation, as we exceed the qualification thresholds of two of the three base criteria (in 2023/24 MTVH employed 2,007 FTE across the group and had a turnover of £420m). Our SECR report for 2023/24 can be found on page 48.

Corporate Sustainability Strategy

Our Corporate Sustainability Strategy, "Our Sustainable Future", is supported by our 2030 Action Plan, and we have continued to work on the 55 actions to make MTVH a more sustainable organisation.

The MTVH Sustainability Committee (comprising of senior leaders from across the organisation and the Board Sustainability Champion) holds regular meetings to embed a culture of sustainability and to ensure that we continue to push ourselves to hit our sustainability targets. Key themes include:

- **Sustainability Linked Loans (SLL)**
The Treasury Strategy requires that all new loans are Sustainability-Linked and we work with lenders to agree suites of KPIs targeting key issues of importance to MTVH, including a reduction in loan margins if we achieve our ambitious targets.
- **Workspace Services Sustainability Working Group**
Our Workspace Services Sustainability Working Group continues to explore ways we can make MTVH a more sustainable place to work. We have benchmarked office-generated waste and are looking at how we can reduce this and what processes we need to implement to reach Net Zero.
- **Sustainable procurement**
We have produced a Sustainable Impact Questionnaire which is being introduced to our suppliers through our Supplier Relationship Management (SRM) programme. Suppliers are now asked to provide details of their own sustainability accreditations, policies, procedures and targets, along with their Net Zero strategies and ethical working policies.

- **Decarbonisation of our properties**

We launched our Decarbonisation Strategy last year which commits us to an interim target of reaching EPC C on 75% of our residential portfolio by 2026, ahead of reaching 100% EPC C by 2030. The strategy takes a fabric-first approach to all our retrofit work, addressing decarbonisation by providing alternatives to gas centrally heated homes and ensuring that our investment creates warmer, better and more affordable homes for residents.

Priority measures for 2024/25

Corporate Sustainability Strategy

We will review the key actions from our 2030 Action Plan and update on progress, while ensuring that the targets remain relevant. Any targets that have been achieved will be replaced or new targets will be introduced based on a range of factors such as changes to legislation.

Sustainable supply chain

We will continue to roll out our Sustainable Impact Questionnaire through our supply chain and will be launching a grading system to measure and acknowledge those suppliers that share and demonstrate our sustainable values and beliefs.

Decarbonisation of our properties

We completed our Wave 1 Social Housing Decarbonisation Fund (SHDF) programme in October 2023, with 1080 homes improved to EPC C, saving over £193,000 in resident fuel bills annually and over 885 annual tonnes of carbon.

The success of Wave 1 enabled MTVH to win £9m of Wave 2.1 funding which we are required to match, providing a total of £18m to support a multi-year programme of improvements. This will bring a further 2,000 properties to EPC C, making a significant contribution to our target to have 100% of our homes to EPC C by 2030. We improved 220 homes in the first year, and a variety of energy efficiency improvement works have begun including cavity wall insulation, loft insulation, ventilation, high retention electrical storage heaters and solar PV panels. We anticipate carrying out between £8m and £10m of retrofit work in the coming year.

In addition to the fabric measures, we will focus on heat decarbonisation and expanding our work to other regions. We continue to add specialist skills to our technical delivery teams, using long term partnerships with consultants and contractors. We have partnered with the DESNZ to map the potential for heat networks by analysing our property data, as well as that of some of our peer organisations, and overlaying this latent heat demand with anticipated heat network generation sites. We anticipate using this information to identify candidates for early transition to heat networks and will be working with DESNZ to access the Heat Network Fund to gain financial support to create the technical and commercial business cases. In addition, we will explore the heat network opportunities presented by the Enfield Waste Plant in Meridian Water and develop heat demand maps to support the business case for connecting to the network.

Working with colleagues across the G15 group of large, London housing associations, we will finish our work on creating retrofit archetypes, which will transform the commercial risk associated with retrofit projects. This will make it easier, quicker and more predictable for supply chain partners to prepare bids for retrofit projects, reduce risk pricing and provide greater certainty about programme outcomes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE STATEMENT

Our ECO funded programmes will be expanded and integrated more closely with our ongoing asset investment programmes. This will align our decarbonisation strategy with our wider asset management strategy. In addition, we will develop new approaches to involve residents and communities in decarbonisation and work with third sector organisations to better understand their needs, priorities and hopes to help deliver future programmes.

Sustainability Linked Loans

At 31st March 2024 £350m (2023: £50m) of our bank debt is linked to Environmental, Social and Governance, (ESG), metrics. These are measured annually against performance on a number of different criteria which form part of the MTVH sustainability strategy.

Criteria Measured

	2024	2023
Number of properties achieving EPC C or better	23,268	20,371
Gender Pay Gap - mean gap in male vs female rate of pay	16.50%	16.50%
Social Value Points - Points gained from our supply chain	2,284	2,175
Office Grid-Supplied Electricity (tCO ₂ e)	113.81	170.73
Residential Grid-Supplied Electricity (tCO ₂ e)	3,982.98	4,516.16
Office Natural Gas (tCO ₂ e)	149.23	113.19
Residential Natural Gas (tCO ₂ e)	6,019.31	6,666.27
Transportation (tCo ₂ e)	1,134.80	1,111.26

Streamlined Energy and Carbon Reporting (SECR) for FY 2023/24

SECR Highlights

Year-on-year changes 2023/24 (compared to 2022/23)

- Scope 1 (Natural Gas) emissions decreased by 9.01%
- Scope 2 (Electricity) emissions decreased by 12.59% as a consequence of MTVH's sustainability action plan.
- Transport emissions increased by 2.12%. This is due to an increase in fleet mileage and the use of electric vehicles charged at MTVH's sites.
- Total carbon emissions have decreased by 9.36%.

Energy saving projects: highlights

- Openable Roof Lights Fitted
- Air-source Heat Pumps
- Removal of Centralised Hot Water System
- Tree Planting – Caritas, SG Fleet and Castlefirth

Table 1: Energy Source Breakdown for Total Location-Based Emissions

	Natural Gas	Electricity	Transport	Total
FY23/24 Carbon & Energy Consumption				
kWh	33,720,952	19,784,170	4,822,351	58,327,473
tCO ₂ e	6,168.54	4,096.79	1,134.80	11,400.13
FY22/23 Carbon & Energy Consumption				
kWh	37,139,604	24,236,665	4,666,402	66,042,671
tCO ₂ e	6,779.46	4,686.89	1,111.26	12,577.61
YOY percentage change (tCO ₂ e)	-9.01%	-12.59%	+2.12%	-9.36%

Table 2: Emission Intensity Breakdown for Total Location-Based Emissions
Executive Summary

	Natural Gas	Electricity	Transport	Total
Carbon Intensity Metric				
FY23/24 tCO ₂ e per Turnover (£m)	14.69	9.75	2.70	27.14
FY22/23 tCO ₂ e per Turnover (£m)	17.43	12.05	2.86	32.33
YOY percentage change (tCO ₂ e)	-15.72%	-19.04%	-5.42%	-16.05%

This statement summarises MTVH's energy usage, associated emissions, energy efficiency actions and energy performance under the government policy Streamlined Energy & Carbon Reporting (SECR). A separate SECR is not required for TVHA as the parent is incorporated under the CCBA 2014. This statement has been included here as it applies to group entities that are incorporated under CA2006.

CARBON EMISSIONS STATEMENT

An operational boundary has been applied for the purposes of the reporting. Our compliance responsibility and reporting methodology are set out on page 54, along with a glossary of terms.

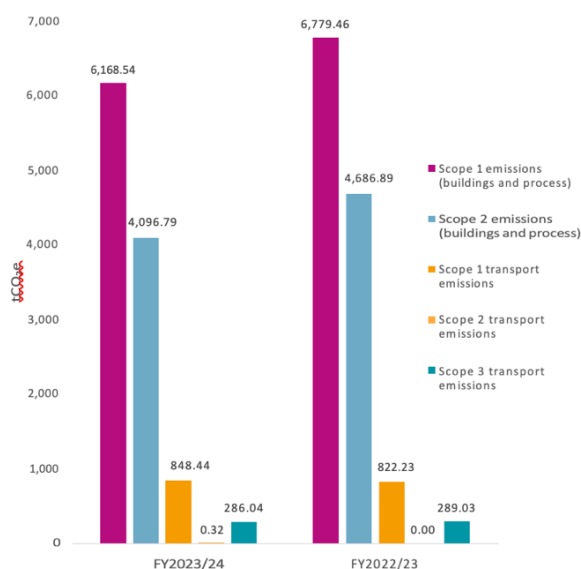
Reporting Year: April 2023 – March 2024

MTVH Scope 1 direct (combustion of natural gas and transportation fuels) and Scope 2 and Scope 3 indirect (transportation fuels) emissions for this reporting year are 7,303.34 tCO₂e, resulting from the direct combustion of 38,543,303 kWh of fuel. This represents a carbon reduction of 7.44% from last year ending March 2023 (Figure 1).

Scope 2 indirect emissions (purchased electricity) for this reporting year are 4,096.79 tCO₂e, resulting from the consumption of 19,784,170 kWh of electricity purchased and consumed in day-to-day business operations. This represents a carbon reduction of 12.59% from last year ending March 2023 (Figure 1).

MTVH's operations have an intensity metric of 27.14tCO₂ per £m revenue for this reporting year. This represents a reduction in the operational carbon intensity of 16.05% from last year ending March 2023.

Figure 1: Scope 1, 2* and 3 emissions (tCO₂e): This reporting period vs the previous reporting period.



*Scope 2 Transport emissions captured this year due to the use of electric vehicles charged on MTVH sites.

CARBON EMISSIONS STATEMENT

Annual Reporting Figures: Consumption and Location-Based Emissions

The following tables show the consumption and associated emissions for the financial years ending March 2024 and March 2023 for all operations. Total consumption and location-based emissions are reported in Tables 4 and 5.

Scope 1 consumption and emissions include direct combustion of natural gas, and fuels utilised for transportation operations, for example, company vehicle fleets.

Scope 2 consumption and emissions cover indirect emissions related to the consumption of purchased electricity in day-to-day business operations.

Scope 3 consumption and emissions cover emissions resulting from sources not directly owned by MTVH. The Scope 3 emissions in this SECR only cover the emissions generated from transport costs paid for by MTVH. There are larger Scope 3 emissions from our homes and supply chain, and we are working with Equipoise to develop a methodology (spend based) and reporting to capture the supply chain information – once captured, we will start to work with key emitting suppliers on how they are looking to decrease emissions and will develop reporting to reflect this knowledge and information.

Table 3: Metropolitan Thames Valley Housing Group Total Emissions Intensity Metric(s)

Intensity Metrics	Location-based tCO ₂ e		Market-based * tCO ₂	
	FY23/24	FY22/23	FY23/24	FY22/23
Total Turnover (£m)	420	389	420	389
All Scopes tCO₂e per Turnover (£m)	27.14	32.33	22.03	N/A*
Percentage change	-16.05%		N/A*	
EBITDA (£m)	156	155	156	155
All Scopes tCO₂e per EBITDA (£m)	73.08	81.15	59.32	N/A*
Percentage change	-9.94%		N/A*	
FTE	2,007	1,931	2,007	1,931
All Scopes tCO₂e per FTE	5.68	6.51	4.61	N/A*
Percentage change	-12.79%		N/A*	

CARBON EMISSIONS STATEMENT

Table 4: Metropolitan Thames Valley Housing Group FY23/24 Total Energy Consumption (kWh)

Utility and Scope	FY23/24 Consumption tCO ₂	FY22/23 Consumption tCO ₂
Residential Grid-Supplied Electricity (Scope 2)	1,927.29	N/A**
Office Grid-Supplied Electricity (Scope 2)	24.05	N/A**
Total Scope 2	1,951.34	N/A**

*Market-based emissions are reported in tCO₂ only, and reflect the specific emissions associated with a supplier-specific fuel mix / residual grid factor. Please see the Methodology in the appendix for further details.

** Market-based emissions were not calculated in FY22/23. As such there are no figures available for comparison

Utility and Scope	FY23/24 Consumption tCO ₂ e	FY22/23 Consumption tCO ₂ e
Scope 1 Total	7,016.98	7,601.70
Residential Natural Gas and Other Fuels (Scope 1)	6,019.31	6,666.27
Office Natural Gas and Other Fuels (Scope 1)	149.23	113.19
Transportation (Scope 1)	848.44	822.23
Scope 2 Total	4,097.11	4,686.89
Residential Grid-Supplied Electricity (Scope 2)	3,982.98	4,516.16
Office Grid-Supplied Electricity (Scope 2)	113.81	170.73
Transportation (Scope 2)	0.32**	0
Scope 3 Total	286.04	289.03
<u>Transportation</u> (Scope 3)	286.04	289.03
Total	11,400.13	12,577.61

*Market-based emissions were not calculated in FY22/23. As such, there are no figures available for comparison

**Scope 2 Transport emissions captured this year due to using electric vehicles charged on MTVH sites.

Table 5: Metropolitan Thames Valley Housing Group 2023/24 Total Location-based Emissions (tCO₂e)

Utility and Scope	FY23/24 Consumption kWh	FY22/23 Consumption kWh
Scope 1 Total	37,269,922	40,552,916
Residential Natural Gas and Other Fuels (Scope 1)	32,905,169	36,519,498
Office Natural Gas and Other Fuels (Scope 1)	815,783	620,106
Transportation (Scope 1)	3,548,971	3,413,313
Scope 2 Total	19,785,712	24,236,665
Residential Grid-Supplied Electricity (Scope 2)	19,234,569	23,353,815
Office Grid-Supplied Electricity (Scope 2)	549,601	882,850
Transportation (Scope 2)	1,542**	0
Scope 3 Total	1,271,839	1,253,090
Transportation (Scope 3)	1,271,839	1,253,090
Total	58,327,473	66,042,671

CARBON EMISSIONS STATEMENT

Annual Reporting Figures: Year-on-Year Changes

- Scope 1 (Natural Gas) emissions decreased by 9.01% in 2023/24 compared to 2022/23. This change is due to the ongoing energy initiatives that MTVH have in place and will be continuing to roll out according to their sustainability action plan.
- Scope 2 (Electricity) emissions decreased by 12.59% in 2023/24 compared to 2022/23. This change is also attributable to the energy initiatives that MTVH established in accordance with their sustainability action plan.
- Transport emissions increased by 2.12% in 2023/24 compared to 2022/23. This is due to an increase in fleet vehicle emissions, and the use of electric vehicles charged on MTVH sites, giving rise to Scope 2 Transport emissions.
- Total carbon emissions have decreased by 9.36% in 2023/24 compared to 2022/23. This change is due to the ongoing energy initiatives that MTVH have in place and will be continuing to roll out according to their sustainability action plan.

Annual Reporting Figures: Voluntary Market-Based Emissions

MTVH dual-report on location-based and market-based emissions factors. Market-based emissions demonstrate the carbon reduction achieved by renewable electricity procurement. 2024 is the first year that MTVH has reported on market-based emissions. Total market-based emissions are reported in Table 6.

Table 6: Metropolitan Thames Valley Housing Group Total Market-Based* Emissions (tCO₂)

Utility and Scope	FY23/34 Consumption tCO ₂	FY22/23 Consumption tCO ₂
Residential Grid-Supplied Electricity (Scope 2)	1,927.29	N/A**
Office Grid-Supplied Electricity (Scope 2)	24.05	N/A**
Total Scope 2	1,951.34	N/A**

*Market-based emissions are reported in tCO₂ only, and reflect the specific emissions associated with a supplier-specific fuel mix / residual grid factor. Please see the Methodology in the appendix for further details.

** Market-based emissions were not calculated in FY22/23. As such there are no figures available for comparison

Energy Efficiency Narrative

Energy Efficiency Improvements

MTVH is committed to year-on-year improvements in its operational energy efficiency. A register of energy efficiency measures has been compiled, with a view to implementing these measures in the next five years.

Measures ongoing and undertaken through 2023/24:

1 Openable Roof Lights Fitted

MTVH inaugurated two new office spaces equipped with openable rooftop lights, reducing reliance on artificial lighting when weather conditions permit. Additionally, the offices feature LED light fixtures and Passive Infrared (PIR) sensors to optimise energy efficiency.

2 Air-source Heat Pumps

MTVH launched two new office spaces equipped with an air-source heat pump heating

CARBON EMISSIONS STATEMENT

system. This initiative aims to enhance energy efficiency and promote a more sustainable workplace environment.

3 Removal of Centralised Hot Water System

At the new office space at Dover Court, MTVH has replaced the centralised hot water system with multiple point-of-use hot water systems. Additionally, lockable heating controls have been installed to prevent tampering and ensure efficient use of heating resources. These upgrades reflect MTVH's commitment to energy conservation and responsible facility management.

4 Tree Planting

MTVH is collaborating with Caritas as part of its commitment to environmental stewardship and sustainable practices. Through this partnership, Caritas has planted 2,558 trees in alignment with MTVH's sustainability efforts. MTVH has also collaborated with SG Fleet Solutions UK by planting 500 trees, which reflects MTVH's dedication to reducing carbon emissions associated with their operations and promoting eco-friendly practices. Finally MTVH is collaborating with Castlefirth Consultants to engage in tree planting initiatives through Onetreeplanter.org. By integrating tree planting into their projects and contracts, MTVH aims to reduce CO2 emissions and enhance carbon capture, contributing to a more environmentally conscious approach to business practices.

Measures prioritised for implementation in 2024/25:

1 Continued rollout and implementation

MTVH will continuously roll out pre-existing energy-saving initiatives and continue to work toward their 2023 action plan, which includes:

- The introduction of direct metering for offices to understand consumption patterns better.
- Target a more dynamic energy procurement strategy to reduce Scope 1 and 2 consumption and cost-effective purchases from green and renewable suppliers.
- Sustainable supply chain.
- Decarbonisation of our properties.

2 Developing a methodology for determining Scope 3 Emissions

MTVH is actively engaged in addressing Scope 3 emissions with support from Equipoise, utilising a Spend-based methodology to calculate emissions. Once we have identified the suppliers in our supply chain generating the highest CO2 emissions, we will explore opportunities for reductions.

3 Electric Vehicles

The increased usage of EVs by colleagues presents new CO2 challenges for the organisation and we will prioritise a reduction in travel emissions.

Compliance Responsibility

This report has been prepared by the ESG division of Inspired PLC for MTVH by means of interpreting the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 as they apply to information supplied by Metropolitan

CARBON EMISSIONS STATEMENT

Thames Valley Housing Group and its energy suppliers.

MTVH's CEO and CFO are responsible for complying with the Regulations. They must be satisfied that, to the best of their knowledge, all relevant information concerning MTVH's organisation structure, properties, activities and energy supplies has been provided to Inspired PLC. This includes details of any complex ownership structures (for example, private equity funds, franchises for private finance initiatives) and electricity/gas usage that is covered by the EU Emissions Trading Scheme (ETS) or Climate Change Agreements (CCA) scheme generated on-site (including Combined Heat and Power (CHP)) or supplied to/from a third party (i.e. not a licenced energy supplier or a landlord/tenant).

Reporting Methodology

This report (including the Scope 1, 2 and 3 consumption and CO₂e emissions data) has been developed and calculated using the GHG Protocol – A Corporate Accounting and Reporting Standard (World Resources Institute and World Business Council for Sustainable Development, 2004); Greenhouse Gas Protocol – Scope 2 Guidance (World Resources Institute, 2015); ISO 14064-1 and ISO 14064-2 (ISO, 2018; ISO, 2019); Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance (HM Government, 2019).

Government Emissions Factor Database 2023 version 1.1 has been used, utilising the published kWh gross calorific value (CV) and kgCO₂e emissions factors relevant for the reporting period 01/04/2023 – 31/03/2024.

Estimations were undertaken to cover missing billing periods for properties directly invoiced to Metropolitan Thames Valley Housing Group. These were calculated on a kWh/day pro-rata basis at the meter level.

For properties where Metropolitan Thames Valley Housing Group is indirectly responsible for utilities (i.e. via a landlord or service charge) or no data is available for the meter, the median consumption for properties, with similar operations was calculated at meter level and applied to the properties with no available data.

These full-year estimations were applied to 122 electricity supplies and 16 gas supplies. The final month of 2023/24 (March 2024) has been estimated, which increased the total estimation for the financial year. All estimations equated to 21.48% of reported consumption. Future SECR reporting will place greater emphasis on data completeness for reporting accuracy and clarity by coordinating with Inspired Energy's Assurance Services and MTVH's energy suppliers well in advance of MTVH's scheduled delivery of their SECR reporting.

For the first time in 2023/24, market-based emissions have been included. For the market-based reporting methodology, it was taken into account that the electricity supplied to Metropolitan Thames Valley Housing Group by multiple suppliers from April to March 2024 was made up of a supplier-specific fuel mix, including some renewables. Supplier-specific emission factors have been applied to these electricity supplies.

Scope 2 Transport emissions captured this year due to the use of electric vehicles charged on MTVH sites.

Intensity metrics have been calculated using total tCO₂e figures and the selected performance indicators agreed with Metropolitan Thames Valley Housing Group for the relevant report

CARBON EMISSIONS STATEMENT

period:

- Total turnover (£m) **FY23/24** (FY22/23) **£420m** (£389m)
- Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) **FY23/24** (FY22/23) **£156m** (£155m)
- Full-time equivalents (FTE) **FY23/24** (FY22/23) **2,007** (1,931)

#Glossary

Scope 1: Emissions associated with gas usage and transportation fuels (under the company's control).

Scope 2: Emissions associated with the consumption of purchased electricity are presented on both a location-based (using country average electricity emission factors) and market-based (taking into account any purchased renewable generated electricity) approach.

Scope 3: Company's value chain emissions, divided into 15 categories, as established by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting & Reporting Standard. Under SECR this is limited to emissions resulting from sources not directly owned by the Company, i.e., grey fleet business travel undertaken in employee-owned vehicles only.

Location-based emissions: Methodology to calculate Scope 1 and 2 emissions using the average grid emissions factor of a region.

Market-based emissions: Methodology to calculate Scope 1 and 2 emissions using emissions factors specific to the contractual instruments in place.

tCO₂: Tonnes of carbon dioxide gas released into the atmosphere. This metric is often used when reporting electricity market-based emissions factors.

tCO₂e: Greenhouse gases have different global warming potentials and are converted to a carbon dioxide equivalent to ease comparison and reporting.

SECTION 172 STATEMENT

The Section 172 statement is not required for MHT as the parent is incorporated under the CCBA 2014. This statement has been included as it applies to group entities that are incorporated under CA2006.

Stakeholder Engagement

The interaction, views and objectives of our diverse range of stakeholders are integral to the formation of MTVH's long-term strategic approach to creating value, and ensuring that we serve people better every day, work hard for our residents and create opportunity.

The S172 statement sets out the Board's approach to fulfilling the section 172 requirement of the Companies Act 2006, and how the Directors:

- **have engaged with key stakeholders during the year to understand underlying issues,**
- **understood the issues relevant to key decisions, the need to act fairly between all members of the company and balance this with the likely consequences of any decision in the long term,**
- **agreed outcomes and key decisions made in the year**

Engagement underpins good governance, which is embedded throughout the organisation. A series of planned engagements are conducted throughout the year, at various levels, for which the Board either directly participates in or has visibility through the corporate governance process. Sufficient visibility of relevant stakeholder engagement activities in the boardroom is paramount to inform decision-making and delivery of strategy, ever more so in a challenging operating environment for both our residents and MTVH.

The ability to utilise and learn from the feedback of stakeholders is vital to dealing with periods of uncertainty and change, moreover to ensure a balanced approach is taken to the S.172 statement. This emphasis on working in a considered, collaborative manner with stakeholders is evidenced through the work of MTVH as a member of the G15 and recent lobbying of the government around the long-term financial viability of the sector and efforts to secure Recycled Capital Grant Funding (RCGF) towards fire safety investment.

The progress towards delivery of our strategic priorities approved by the Board, sets the agenda to foster deep, collaborative relationships with the key stakeholders as we move forward as an organisation over the long-term. The Corporate Plan is reflective of the co-ordinated approach to stakeholder engagement and the need to optimise customer, employee, community and supplier expectations against the backdrop of our evolving ESG agenda and existing stock investment requirements.

Stakeholder Groups

- i. **Customers** - The residents who we provide housing solutions for, across a range of tenures, geographical areas and needs. Progress continues towards creating a customer-centric organisation with truly great and consistent customer experiences – we remain on a journey to implement the service improvements and operational models to be able to deliver this in a sustained manner.

Engagement - The approach to Customer Voice continues to evolve, with the completion of the customer focus groups also looked at our corporate narrative and

SECTION 172 STATEMENT

general needs lettings customer journey, enabling constructive feedback by residents. Customer Council and Regional Panel meetings have included discussions around TSM themes, building safety and other common issues affecting residents.

The team running the Hub continue to provide support to those impacted by the cost-of-living crisis: taking immediate action to get help to residents who needed urgent support (like topping up energy accounts for customers who had run out of money to put on meters); and getting customers matched up with the right MTVH team or external partner to provide long-term support (like finding a new job).

Today MTVH Online covers core landlord services. There is a secure onboarding process and 41% of our resident households are now actively using MTVH Online. Once registered, a resident can service their account by viewing their account balance and history, make and schedule payments, or update their contact details. When there's a problem the resident can report a repair with photos and view the status of existing repairs. Residents can also directly contact us by creating an enquiry. The development of the CRM will further improve the customer experience MTVH can offer and is a core area of focus.

Outcomes – Completion of annual effectiveness reviews with involved customer groups (Regional Panels and Customer Council). Feedback that customers are broadly satisfied with current processes and would like to see more joined up working between regional and national voice. Looking forwards, we will deliver targeted listening activities to support the Customer Charter, CRM and Nourish projects.

Other customers are encouraged to influence key projects through steering groups, workshops and focus groups. We have a dedicated engagement team to provide the support, development and training to help make their involvement with MTVH teams successful. We also support a range of tenants associations across our regions, and will work together to improve communication and networking between all groups.

We have also been improving the repairs experience, making it easier to raise and giving residents transparency to the repairs process.

- Tenants can track the progress of repairs in their homes, see orders raised and upcoming appointments.
- Both tenants and homeowners can also see ongoing and recent communal repairs.
- Streamlined repair reporting experience

As a leading housing association, one of the key ways in which we deliver social value is by building new affordable homes, of which 892 were built in this financial year. Quality of design, construction and service is also critical as these factors are fundamental to delivering a positive experience for our residents.

- ii. **Employees** - As a people-powered organisation, our employees are essential to delivering on all our stakeholder obligations. Strong foundations are in place to enable us to build a solid customer-centric organisation where colleagues feel engaged, valued and are able to constantly improve our customers' experience – this is reflected in the MTVH way that underpins the principal strategies.

Engagement - Colleague engagement is a key driver in our People and Organisational development strategy. Our overall engagement score was 82% which is consistent year-on-year. Key themes have subsequently been identified and improvement action plans are under development.

The commitment to diversity and inclusion is central to the company, with helps to promote a culture that embraces innovation. The employee network groups continue to progress, with new levels of involvement to ensure that consistent participation is achieved.

Outcomes – The adoption of the MTVH way is testament to how the Board is seeking to grow an inclusive and diverse environment where people can innovate, develop and work together to constantly improve our customers' experience. Our network includes groups for LGBTQ+, BAME and female colleagues, as well those who work flexibly, have disabilities or who wish to be allies. We also have a group dedicated to raising awareness of mental health and wellbeing.

A key element to enable employees to achieve their full potential is creating a conducive environment that promotes a collaborative and flexible working culture. We have made great progress on improving our offices to create comfortable, healthy, accessible and adaptable work spaces to inspire colleagues to live, work and breathe People Powered Living. We continue to review our office footprint as we emerge from the pandemic, address the challenging operating environment and consider the optimum model for hybrid working.

- iii. **Communities** - Developing strong community links is vital to supporting our customers in the most effective manner. Aligned to this, is the need to build communities through a partnership approach and as a regeneration specialist, we believe in supporting communities to grow and develop sustainably.

Engagement - Empowering Futures is the MTVH Community Investment department. Empowering Futures exists to play our part in removing barriers that prevent people from living well.

Engagement with residents and local communities has been conducted formally and informally. Examples include the online senate survey, focus groups, customer satisfaction surveys and informal feedback from residents as part of everyday interactions.

We have a strong track record of working in partnership with other organisations to deliver our development ambitions, as evidenced by our well-established joint ventures with Vistry Partnerships and Barratt London.

Outcomes – This has shaped the Resident and Community Empowerment Strategy which focuses on how we listen better to the things that matter to residents and communities to enable them to live well, shaping our responses to empower them improve their lives. We delivered £3m of financial improvement for residents following MTVH support (£0.1m higher than prior year) and 3,675 residents were provided with intensive support. In terms of the value of a social tenancy, our 2022/23 data was externally validated by Sonnet, and the research quantifies the economic contribution and savings to public sector organisations generated by MTVH social tenancies. The establishment of the MTVH Foundation will continue to serve as a platform to generate additional funding for MTVH residents, providing much-needed assistance during the current cost-of living-crisis.

SECTION 172 STATEMENT

Creating sustainable communities is essential to deliver homes and services people want. The year, we delivered 892 new homes, continuing to work alongside a range of public and private sector partners, and we have a plan to build circa 11,000 new homes over the next 10 years.

We will invest our money wisely and select our partners carefully to create a balanced development programme which reflects our ambition and risk appetite. With our Joint Venture partner Barratt London, we are now 8 years into a regeneration programme with LB Barnet at West Hendon, which continues to deliver hundreds of new homes and we have formed a Shared Ownership JV vehicle with Legal & General Affordable Homes, which is in the process of considering suitable opportunities.

- iv. **Suppliers** - Sustainable business relationships are at the core of interaction with suppliers, to maintain the company's reputation which is built on high standards of business conduct.

Engagement - MTVH spends around £686million with over 1,945 suppliers. Those suppliers assist the company to develop and maintain its property portfolio, ensuring customers receive the quality of housing they expect, and the high standards the company aspires to.

The newly adopted Supplier Relationship /Category Management Handbook also includes a consideration of:

- appropriate relationship interfaces, for example, including board attendance at meetings with key members of the company's supply chain
- board review of any supplier feedback to determine how well the relationship is operating
- risk management and risk arising from the suppliers to the suppliers (fourth party risk)

Outcomes – MTVH continues with its new Supplier Relationship and Contract Management (SR/CM) Handbook, which describes how the company selects and manage its suppliers, how it deals with performance issues, and how it works with suppliers to continually improve performance and identify new and better ways of delivering services. The handbook also sets out clear procedures for assessing the criticality of the services to be delivered, and the governance and management approach adopted for the different levels of criticality to ensure the required levels of performance are delivered by suppliers across the MTVH housing portfolio

MTVH operates a strategic Category Management approach to procurement. This approach segments the spend of the organisation into areas which contain similar or related products. Category Management techniques are then used to enhance supplier relationships; to fully leverage supplier negotiations; and to correctly manage suppliers in alignment with the corporate objectives. This approach also contributes towards economies of scale *and opportunities for delivering value for money* whilst gaining an in depth understanding of how each category contributes to risk management.

The procurement plans that are outputs from the category planning phase highlight key considerations including:

- *an overview of the full range of suppliers available to the company*

SECTION 172 STATEMENT

- confidence around the supply chain that could be associated with the company
- identification of reputational exposure in the supply chain
- identification of where there is risk in the supplier eco-system
- supplier values, and climate policies of suppliers
- assurances on supplier compliance with all relevant laws and regulations through the selection questionnaire processes
- where the business is exposed to dependency on a few large suppliers and to the health/viability of those suppliers
- the commercial planning and goal setting for each category to drive improvements
- strategic alignment to company & directorate goals

Social Value – Since June 2020 MTVH has had a Social Value Policy that supports suppliers/contactors to manage and monitor their Social Value obligations which aims to deliver maximum social impact for our residents and communities. Through working collaboratively with Procurement, Social Value is now embedded into all competitive tender processes where the contract value is expected to be over £100,000. It explains how expectations are built into the pre-procurement process; how suppliers will be assessed on their social value responses during the tender evaluation process; and how social value contributions are formally embodied and monitored. The approach offers a fair process by which MTVH request Social Value from MTVH's supply chain, encouraging them to think about how they can contribute their capacity and resources to benefit our communities.

Statement on corporate governance

Statement on corporate governance

MTVH has adopted and complies with the 2020 National Housing Federation's (NHF) Code of Governance.

Governance

Thames Valley Housing Association (TVH) and Metropolitan Housing Trust (MHT) are governed by a board made up of the same individuals (a Common Board - referred to as the MTVH Board), which has overall responsibility for Group strategy, policies and oversight.

MHT and TVH have several subsidiaries (listed in note 31 of these accounts), which are governed by MTVH policies. The MTVH Board has nomination rights to each of the subsidiary boards and makes all appointments to them. All subsidiary boards include Executive Directors or Senior Leadership Team members and each subsidiary reports to the MTVH Board annually. The Group also includes several joint ventures and associated undertakings which operate through limited liability partnerships. MTVH has member representatives on all joint venture boards, appointed by the MTVH Board.

The MTVH Board has satisfied itself that MTVH complies with the Regulator of Social Housing's Governance and Financial Viability Standard for the year and to the date of approval. As at 31 March 2024, the Group had a G1/V2 rating.

During the year MTVH held both virtual and 'in person' Board and Committee meetings. There were six Board Meetings, one and a half Strategy Days and each Committee held quarterly Meetings. Board and Committee member attendance has been good throughout the year and is shown at note 10 to the accounts.

The roles of Chair of the MTVH Board and the Chief Executive reflect their different responsibilities. The roles and responsibilities of the Chair, Senior Independent Director, Committee Chair, Board Member and Chief Executive are set out in their role descriptions, and each member of the Board is bound by an agreement for services, the code of governance, code of conduct, board terms of reference and other agreed policies and documents. The Secretary maintains a register of Board members' interests, which is updated on a regular basis and is published on the website with a brief biography of each Board Member and Executive.

During the year board membership has been stable, as has independent committee membership, other than one Resident Committee Member stepping down from the Customer Services Committee in October 2023 due to other priorities.

The Board continued to monitor MTVH's performance against its Strategic Plan and its services and financial performance, and has focused on mitigating the impact of the rising cost of living on MTVH's customers and colleagues.

The risk based building safety programme is progressing and the Board has been pleased to see the completion of covenant carve out to accelerate the fire safety remediation programme.

Chair and Board succession

The MTVH Board comprises ten non-executive members and two executive members (the Chief Executive and the Chief Financial Officer). Further details about their skills, knowledge and experience can be found on the MTVH website.

The Board has been stable during the year and our succession plan indicates that our next board recruitment will commence in late 2025.

Audit and Risk Committee

The Audit and Risk Committee is responsible for ensuring that internal controls are adequate and effective and that MTVH's approach to risk management is commensurate with the Board's risk appetite and addresses the external environment in which we operate. The committee approves the internal audit plan and reviews internal audit findings. It considers significant issues relating to financial planning and the financial statements, including review and approval of the stress tests and accounting policies. It also recommends the appointment of internal and external auditors to the Board. During the year the Committee recommended the re-appointment of BDO as external auditor to MTVH. PWC was re-appointed as internal auditor continuing a program of internal audits and continuous audit monitoring work. The Committee is composed of three Members of the MTVH Board and one Independent Member.

Customer Services Committee

The Customer Services Committee oversees the performance of our services to all our customers and provides assurance to the Board on these services. The customer governance structure links directly into the committee via the Chair of the Customer Council who is one of the resident committee members. This direct link provides valuable customer insight. Strategic initiatives which impact on our customers are considered by the committee in advance of approval by the MTVH Board. The Committee is currently composed of three Members of the MTVH Board, two Resident Members and one Independent Member.

Development Committee

The Development Committee has delegated authority to approve new developments and provides oversight and assurance in relation to them, including any new or innovative proposals, and has an understanding of funding mechanisms. Its remit includes oversight and assurance of regeneration activity, strategic asset management activity and key metrics for development finance and appraisal assumptions. It receives a detailed quarterly report on investment and development activity, including the activities carried out within our market sales subsidiary and joint venture operations.

During the year the committee received detailed reports on the impact of changes in the housing market on sales volume and valuations and on development activity. The Committee is composed of three Members of the MTVH Board and one Independent Member.

Property Committee

The Property Committee provides governance oversight and assurance to the MTVH Board about MTVH's provision of building and compliance services to its customers and communities, covering building safety, fire remediation, reactive maintenance, servicing and asset investment works. It has a full programme to maintain oversight of these areas which are crucial to keeping MTVH customers warm, safe and dry.

STATEMENT ON CORPORATE GOVERNANCE

The Committee has specific oversight of MTVH's fire safety programme and its compliance with Safer Buildings legislation. The Committee is composed of four Members of the MTVH Board and one Independent Member.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee considers and recommends to the Board the appointment, remuneration and removal of MTVH Board and Committee members and the Chief Executive. The Committee also provides assurance to the MTVH Board regarding the collective performance and effectiveness of the MTVH Board and its committees. It reviews the succession plan and knowledge matrix and has delegated authority to approve bonus payments to staff based on the achievement of financial and customer services targets. The Committee is composed of three Members of the MTVH Board. The Committee is Chaired by the Senior Independent Director and includes the Chair of MTVH.

Treasury Committee

The Treasury Committee provides an expert focus on the management of the Group's loans and investments portfolio. It has delegated authority to approve a range of treasury transactions. The Committee is composed of three Members of the MTVH Board and one Independent Member.

Corporate and social responsibility

As a social business we believe corporate responsibility and sustainability should be embedded across our organisation. This includes working with suppliers to embed sustainable practices, and our commitment to openness and transparency.

The MTVH Board continues to monitor progress annually against the Sustainability Strategy and the associated plan to be delivered by 2030. MTVH reports its sustainability progress via the Sustainability Reporting Standard.

In line with The Modern Slavery and Human Trafficking Act, MTVH published its annual Modern Slavery and Human Trafficking Statement which disclosed information relating to the steps MTVH has taken to ensure there is no slavery or human trafficking in its own business or supply chains. The risk of slavery and human trafficking within our organisation is avoided and mitigated by policies and procedures relating to procurement, HR and customer services. As part of our continued commitment to identify and mitigate this risk we use the central government procurement documents which address modern slavery. Where applicable our procurement documents request transparency in relation to working conditions including health and safety, fair remuneration, non-discrimination and forced, cheap labour. We continue to expect our incumbent and new suppliers to have up-to-date, suitable anti-slavery and human trafficking policies and processes.

MTVH maintains a zero-tolerance approach to fraud, bribery and corruption and has robust policies and procedures in place to address identified instances of such behaviour.

Non-executive Board membership

All non-executive Board members are required by the Rules of each association to be shareholders. All members of the MTVH Board - executive and non-executive, have the same legal status and share responsibility equally for decisions taken by the MTVH Board.

Board Induction, Development, Performance Management and Remuneration

All new Board and Committee Members complete a full induction programme including sessions with executives, committee chairs and other senior colleagues to familiarise them with the operations and governance of MTVH. On-going development is achieved through subscription to industry publications and updates, Government and stakeholder updates, attendance at conferences, webinars and seminars and internally organised pre-board briefings, tours and topic discussions to update and inform Members about current and emerging issues.

Individual non-executive Board member and Committee member appraisals take place annually with the Chair, and each Board member sets clear objectives for the year. The Chair is also annually appraised by the Senior Independent Director following feedback from all Board members. There are mechanisms in place for members who fall short of the required standards. The effectiveness of the MTVH Board and its committees is reviewed annually.

Non-executive Board and Committee members remuneration levels are benchmarked against comparable businesses, and takes into account the need to attract, retain and motivate members who have the required levels of skill and experience. Board and Committee Remuneration was reviewed in early 2024 and remuneration levels were increased in line with the market. This was the first increase in board and committee remuneration since 2018.

MTVH follows robust, transparent and independent processes to recruit Board and Committee members. Search and advertising for new members is sufficiently broad to ensure that equal opportunities and diversity standards are met and the recruitment process is governed by principles of transparency, openness and accountability.

Note 10 in the notes to the accounts shows the salaries paid to Board and Committee Members for the discharge of their duties during 2023/24.

Board statement on internal control and risk assurance

Internal control and risk

The MTVH Board has reserved certain matters to itself, including determining long-term business objectives and financial planning and material decisions. The Board also has overall responsibility for the delegation and systems of internal control and risk and for reviewing its effectiveness on an annual basis.

A formal scheme of delegation and financial regulations sets a framework for the Board, Committees, the Chief Executive and the Executive team. Board committees provide assurance to the Board on key areas of activity such as service delivery, property compliance, safeguarding, finance and treasury. The Chair of each committee provides an update to the subsequent Board meeting.

The internal control framework is designed to manage and reduce the risk of failing to achieve our business objectives, although it can only provide reasonable, not absolute, assurance against material misstatement or loss.

While minor improvements in controls are consistently being developed, there are no control deficiencies which the Board is aware of which would adversely impact on its conclusion regarding the effectiveness of the internal control environment.

Risk management is firmly embedded across the group. Our risk management policy clearly sets out Board, Committee, Executive and Management responsibility for the identification, evaluation and control of significant risks. This includes the review of strategically important risks at quarterly meetings of the Audit and Risk Committee and the Board. The Strategic Risk Register is reviewed by the Executive team prior to submission to the Audit and Risk Committee and the Board. Operational risk is reviewed with directorate risk leads at their Senior Leadership Team meetings.

The Board regularly reviews its risk appetite and its approach to strategic risk mitigation, assessment and management. The risk register addresses the current internal and external risk environment and those risks within our control that can be managed internally, and external risks where we have put mitigations in place. The Board reviewed its risk framework, including its risk appetite, investment policy and golden rules in February 2024 and an in-depth risk horizon scanning exercise will be carried out at the Board Strategy Day in June 2024. The risks associated with the Strategic Plan, including a STEP and SWOT were reviewed in February. PWC has reviewed our strategic risk register and has taken account of this in developing our internal audit programme for 2024/25.

Key risks and mitigations

The Strategic Risk Register represents a combination of risks that may negatively affect our ability to achieve our strategic objectives, as well as those that may have an impact on our operations, our customers, our financial stability and reputation. A summary of our strategic risks and the measures to mitigate them is set out in the following table. This includes those strategic risks which remain 'amber' following the introduction of control measures. None of our strategic risks remain 'red' following the implementation of mitigation measures.

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
<p>Mendip House & Pennine House Decommissioning</p>	<ul style="list-style-type: none"> • Failure to decommission by September 2026 (as directed by structural engineer) 	<ul style="list-style-type: none"> • Building Safety Regulator could order the closure of the buildings, thus requiring emergency decants to take place 	<ul style="list-style-type: none"> • Project Board constituted with Executive and Board membership to track and monitor key workstreams, communications and budgets • Project Director appointed to oversee key workstreams. Resourcing plan to be implemented. • Housing Needs Surveys in progress to inform decant programme and related acquisition requirements • Communications Plan in development with holding statements should media or resident enquiries be received ahead of formal corporate message • Recruitment of Team to deliver the project / undertake the Housing Needs Assessments - act as the project team. <p style="text-align: right;">Residual Score 12</p>
<p>Damage to reputation due to targeted activity by activists, the media, government messaging and positioning of MTVH</p>	<ul style="list-style-type: none"> • Unclear messaging internally and with customers on use of surplus to invest in our properties and services • The sector is under fire for its service and has a poor reputation following investigations by ITN and the Ombudsman, this is particularly targeted at large housing associations. • Government and media encouragement to customers to complain to their HA regarding 	<ul style="list-style-type: none"> • Increased demand by residents, greater media activity, poor morale amongst front line staff leading to a responsive rather than a proactive service. • Regulatory and stakeholder reputational impact • Colleague morale is affected by the sector-wide targeting 	<ul style="list-style-type: none"> • Monitoring of complaint stats, types of complaint and reporting to Exec and CSC • MTVH is addressing the findings of the Better Social Housing Review commissioned by the NHF which has provided assurance that the sector as a whole is addressing the failures being targeted by the media • Compliance with and regular reporting against the new Ombudsman code. • Using insight from complaints and customer surveys to pro-actively manage messaging • Crisis communication plan in place and leaders in business will be trained to understand roles and responsibilities • Clearly defined position statements against key issues or areas of contention to effectively manage messaging and promote the organisation in a positive light • Public Affairs Team responds to individual media contacts and monitors government and media activity which can impact on MTVH's reputation <p style="text-align: right;">Residual Score 12</p>

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
	services, damp and mould etc		
Implementation of the new Building Safety Act and Remediation Programme	<ul style="list-style-type: none"> Failure to implement the requirements of the new Building Safety Act and failure to fully comply within the required timeframes. . 	<ul style="list-style-type: none"> Prosecution or regulatory intervention due to noncompliance with new legislation and safer building regulator; Increased costs of operation arising from remediation costs may result in negative impact on key viability ratios (e.g. SHIC) and reputation. Inability to sell / rent homes that are not built to any future / prevailing guidance. Financial losses, regulatory and HSE investigations. Lack of information to support recovery from developers. Reputational damage and negative media associated with resident safety, costs and External Wall Standard form implications. Claims from residents and claims against developers / Freeholders. 	<ul style="list-style-type: none"> Development procedures aligned with golden thread gateways with increased emphasis on third party assurance during development and remediation activity Use Business Information modelling (BIM) where feasible to provide assurance. New local document filing systems being developed in advance of business wide EDMS selection and implementation. Deliver the Safer Building Corporate Project to meet the requirements of new Fire Safety Act, Building Safety Act, Building Safety Regulatory and other industry standards under review. Develop our Building Safety Management organisational response including improved management of historic as-built information and development of Building Safety Cases. All in line with Building Safety Bill implementation programme. Work together across the business to support customers to understand fire safety requirements and consequences Carry out prioritisation-based Intrusive survey programme in line with government policy Risk Assessment/Building Safety Cases Communication Team liaise with, primarily, leasehold customers Action - Full implementation of Quality Assurance Framework, new document filing system & BIM implementation across the wider business and ensuring that systems, data, processes, and competencies are aligned across the organisation to manage the golden thread of data and fully support the Building Safety Cases <p>Residual Score 12</p>
Protect MTVH's investibility	<ul style="list-style-type: none"> SHIC dropping below 0.9x 	<ul style="list-style-type: none"> Not being able to deliver targets 	<ul style="list-style-type: none"> Annual budget process and Board approval of budget

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
	<ul style="list-style-type: none"> • Credit rating dropping below A- Negative outlook • Negative media output on the sector as a whole damages reputation of MTVH • Reduction in profitability • Lack of accurate information provided for Board level decision-making around investment options 	<ul style="list-style-type: none"> against our strategic objective to provide new homes for our customers to live in • Inability to achieve funding at an attractive rate • Reputational damage reduces MTVH's investibility • Not being able to invest in customers homes in accordance with Strategic Objectives • Poor decisions around investment in existing homes and new development 	<ul style="list-style-type: none"> • Financial planning and stress testing of long term plan, reporting to Board on a 6 monthly basis and submission of FFR to Regulator • Regular liaison with rating agencies to gather intelligence around changes in assessment methodologies • Quarterly forecasting against budget and financial report to Board <p>Residual Score 9</p>
Supply Chain Resilience	<ul style="list-style-type: none"> • Contractor default, contractor closure, adverse weather, continued reduced availability of materials & labour due to Brexit, affordability, rising cost of materials and labour and recession • Inflation causing volatility in cost of materials and labour and service provision • Reduction in funding for new homes, reduction in 	<ul style="list-style-type: none"> • Delay in delivering new homes • Adverse impact on sales programme, affecting liquidity and scheme viability • Delay and increase in cost of delivery of repairs and planned maintenance programmes • Business interruption (link to Business Continuity Plan) • Reduction in planned maintenance work leading to worsening condition of homes and failure of Decent Homes Standard • Reduction in customer satisfaction levels 	<ul style="list-style-type: none"> • Performance of the development programme is carefully monitored with monthly cashflow updating and monitoring delivery profile. Regular progress/performance reports presented to Executive, Development Committee as well as Board • Regular performance reporting of day to day and planned maintenance programme to QBR, Exec, PC and Board • Regular monitoring of construction programmes. Any slippage of homes is being closely monitored, with budgets readjusted accordingly. Where total scheme costs exceed 3% of the approved total scheme costs they will be reported to Executive, Board or Development committee. • HE and GLA are regularly updated regarding our delivery timetable. • Regular discussions with site teams and senior individuals at our contractor and Developer partners. And regular site visits by CoWs, Development Managers and H&S inspectors.

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
	<p>investment in existing homes due to business plan constraints</p>		<ul style="list-style-type: none"> • Regular contract review meetings with maintenance contractors to monitor delivery of programme and quality of works • Post repair inspections and monitoring customer feedback • Maintenance procurement rates for fixed periods and increasing Networks stocks to reduce impact of material shortages • Regular liaison with contracting parties (local authorities etc) • Standardised approach to supplier & contract management, plus communications of learnings <p>Residual Score 9</p>
<p>Failure to keep our residents and customers safe in line with our obligations regarding duty of care within all of our customers' homes</p>	<ul style="list-style-type: none"> • inadequate training and control mechanisms; poor operating processes • Local authority decisions to reduce funding of customers care packages • Local authority decisions to exit from care and support service provision 	<ul style="list-style-type: none"> • Death or injury arising from failure to care for customers, in particular vulnerable customers in our care and support facilities; Damage to reputation. • downgrade due to regulatory non-compliance • Inability to provide service following withdrawal of local authority support 	<ul style="list-style-type: none"> • Mandatory training % completion • CQC assessments and monitoring the implementation of findings • Quarterly reporting to Safeguarding & Quality Panel • Internal QA audits and action plans • Quality Walks and Head of Service oversight • Policies and procedures in place • Implementation of safeguarding training programme including awareness of mental health issues • More proactive participation in serious case reviews and complex case management situations • Caldicott Guardian in post <p>Residual Score 9</p>
<p>Property Compliance</p>	<ul style="list-style-type: none"> • Residential homes not complying with fire safety legislative requirements and building regulations. Servicing or 	<ul style="list-style-type: none"> • Death or injury; reputational damage; regulatory downgrade due to breach of consumer standards; prosecution due to breach of health & safety legislation; 	<ul style="list-style-type: none"> • Compliance reporting bi-weekly within Directorate, monthly to Exec and quarterly to PC and Board • Specialist safety consultants provide quality assurance • Further oversight via property committee with agreed assurance reporting protocol

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
	<p>maintenance of assets associated with fire, gas, electrical safety, asbestos, legionella, lifts and site safety not compliant. Failure to maintain properties in a safe way.</p> <ul style="list-style-type: none"> • Failure to address fire risk assessment actions including fire stopping • Failure to maintain good property data and to be able to evidence completion of required compliance activities 	<p>Increased operating costs arising from poor compliance may result in negative impact on key viability ratios (eg SHIC) and loss of attractiveness to investors</p>	<p>in place should KPIs fall below agreed targets for 2 consecutive months</p> <ul style="list-style-type: none"> • Property Compliance forms part of PWC CAM process and is reviewed on a continuous basis • Internal audit programme with rolling audits of the controls for the risks relating to each risk for the specific compliance workstreams • Monthly contractor meetings • Dedicated Contract Managers nominated to each work stream • Full Policy & procedure review underway • System control within True Compliance and Risk Base <p>Residual Score 8</p>
Asset Investment and Maintenance	<ul style="list-style-type: none"> • Insufficient investment into existing homes • Poor systems to identify damp, mould and other property issues • Insufficient data about the condition of our homes and about any specific vulnerability of customers • Poor management and implementation of property 	<ul style="list-style-type: none"> • Condition of properties worsens over time and more properties breach the decent homes standard • Damp, mould and other conditions not identified and resolved leading to poor outcomes for customers • Regulatory intervention due to breaching the consumer standards for not evidencing robust data about our homes and 	<ul style="list-style-type: none"> • Long term planning includes managed investment in existing homes • Regular reporting against decent homes standard, cases and resolution of damp and mould, planned maintenance, property health and safety risks • Stock condition survey programme is up to date and reflects current regulation • AMS to provide one version of our property data. • Action: Allocate additional budget as it becomes available to address long standing investment issues <p>Residual Score 6</p>

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
	repairs and maintenance <ul style="list-style-type: none"> • Homes reaching end of life 	associated needs of our customers	
Impact on customers and services due to the challenging external economy	<ul style="list-style-type: none"> • Continued high inflation, and fuel costs, rising taxes, recession, rising cost of remedial activities, rising cost of services to customers, rising interest rates • High interest rates impacting on shared owners who pay both a mortgage and rent 	<ul style="list-style-type: none"> • Negative impact on our customer's and colleagues' quality of life and mental health, increase in antisocial behaviour, reduction in support to our customers • Increase in rent and service charge arrears, particularly amongst shared owners, and cost of services to customers, financial constraints, reduction in market sales and house prices • Reduction in community cohesion and care for common spaces on estates 	<ul style="list-style-type: none"> • Regular reporting to Board on the impact of the worsening economy on our customers and colleagues within CEO and performance reporting • Quarterly performance reporting identifying any worsening trends • Maintaining regular contact with service commissioners and service providers to check for continued viability • Plan in place for more community issues during the winter • Regular colleague engagement to bolster staff resilience in challenging situations and winter wellbeing programme for all Residual Score 6
Customer Experience	<ul style="list-style-type: none"> • Complex arrangements for customers to access our services and poorly defined approach, roles and processes • Inconsistent customer experience when accessing services across MTVH • Delay in implementation of required technology updates 	<ul style="list-style-type: none"> • Low customer satisfaction and negative reputation 	<ul style="list-style-type: none"> • Regular review of complaint stats at Exec and CSC • Regular reporting on customer satisfaction to CSC and Board • Governance structure around workstreams and decision-making in place • Operational Risk Management Framework - including periodic risk register reviews. • New service standards developed which can be measured through KPI reporting • Technology improvement projects including CRM, combining housing management systems, allow tracking of all enquiries • Customer Experience Strategy

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
	<ul style="list-style-type: none"> Increased customer expectations due to Government and Media 'hype' Restricted spend due to requirements to keep within required financial metrics 		<ul style="list-style-type: none"> All colleagues' complaints objective <p>Residual Score 6</p>
Sustainability - ESG Compliance	<ul style="list-style-type: none"> Failure to achieve targets in relation to sustainability and decarbonisation 	<ul style="list-style-type: none"> Regulatory and statutory penalties. Increase in funding costs. Failure to contribute to the climate challenge and achieve group Sustainability objectives. Fuel poverty for residents living in heat inefficient properties. Increased costs of operation arising from additional property costs may result in negative impact on key viability ratios (eg SHIC) 	<ul style="list-style-type: none"> Annual reporting to Board on performance against the Sustainability Action Plan monitors performance against targets. Streamlined Energy and Carbon reporting within the Annual Report Treasury Committee receives quarterly energy procurement update Sustainability Committee constituted and meets quarterly, includes a Board Member Retaining our Ritterwald accreditation requires us to report regularly to demonstrate auditable progress towards sustainability goals. Submission of the 'Use of Proceeds Report' to bond holders to confirm that we are meeting the sustainability framework obligations which require annual reporting against the 3 year targets Programme to achieve EPC C target for 75% of properties by 2026 and 100% of properties by 2030 <p>Residual Score 6</p>
Information & Data Security	<ul style="list-style-type: none"> Appropriate measures not in place to ensure MTVH is protected against the misuse or unauthorised access to 	<ul style="list-style-type: none"> Financial, media criticism, legal action; Information Commissioner Office action; regulatory downgrade Business interruption 	<ul style="list-style-type: none"> Maintain up to date data protection and information management policies which can be adapted to mitigate new risks and maintain compliance. Mandatory information security training introduced. Maintain robust tools to monitor security risks across the enterprise.

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
	systems or data		<ul style="list-style-type: none"> • Annual Payment Card Industry accreditation review • MM appointed Data Protection Officer (DPO) and manage the end to end compliance of personal data through data protection team. • Annual pen tests identify any vulnerabilities within our infrastructure - carried out by third parties <p>Residual Score 6</p>
Government policy, legislation and regulation relating to housing	<ul style="list-style-type: none"> • Changes in government policy, legislation or regulation, in particular building and fire safety, Decent Homes Standard, consumer standards, Ombudsman code, mandatory qualifications, Awab's Law and all requirements of the Social Housing Regulation Bill, rent reform • Increase in interest rates and CPI increasing poverty for customers, reducing affordability for colleagues and increasing costs to the business • Changes in Central and Local Government leadership following 	<ul style="list-style-type: none"> • If changes not addressed leads to regulatory non-compliance leading to downgrade; unlimited fines • Reduction in rental income and loss of homes through RTB leads to greater pressure on SHIC • Required changes increase cost base and therefore adversely affect business plan 	<ul style="list-style-type: none"> • Good headroom in business plan; Key financial indicators within target; Multi-variant scenario testing within long term financial plan; • Annual STEP/SWOT carried out to identify changes on the horizon • Committee oversight on building and fire safety requirements and compliance, Board performance reporting and briefings; • Regulatory self-assessment and Legal Compliance Certification, will include new Consumer Standards in 2024 • Chief Executive lobbying to influence policy makers and involvement in government discussions/standing committees • Active monitoring of regulatory and legislative changes on the horizon via regulatory and legal updates, provider panel attendance, subscribing to relevant sites etc. these include changes to consumer standards, Awaabs Law, freedom of information, qualifications and Decent Home Standard. Review of Economic Standards likely in 2024/25. Board advised via quarterly Governance reporting and CEO updates. • Ensure that Management Agreements with JV partners include relevant regulatory obligations • Policy Steering Group oversees updating of Policies in line with changes and

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Area of strategic risk	Possible causes	Potential consequences	Control measures/actions and residual risk score
	<p>elections and changes in DLUHC Ministers and Housing Ministers</p> <ul style="list-style-type: none"> • Government focus on customer complaints, damp and mould, HA quality of service and property maintenance 		<p>regulatory requirements, and training provided</p> <ul style="list-style-type: none"> • Public Affairs Team input to public policy making, lobbying policy makers, responding to regulatory and statutory consultations (shared with Board), assessment of impact of policy change on residents and communities. • Maintenance of good relationship with Regulator leading to early formal and informal discussion around policy, regulatory and legislative changes • Preparation for IDA, which is likely to take place in early 2025 <p>Residual Score 6</p>

Glossary

FFR – Regulatory Financial Forecast Return

MI – Management Information

SHIC – Social Housing Interest Cover

G15 – Group of the largest London housing associations

KPI – Key Performance Indicator

NHF – National Housing Federation

SWOT - Strengths, weaknesses, opportunities, and threats

STEP- Strategic method used to understand four major external environmental factors of the business landscape

Information and financial reporting systems

Our Financial Plan is monitored regularly by management, the Executive and the MTVH Board to ensure that the business remains financially healthy and that targets for financial growth and strategic objectives are met to enable the delivery of our social objectives. The Financial Plan is stress-tested against a range of challenging regulatory, investment, economic, financial and business performance scenarios, including the Bank of England stress tests. The 2023/4 Plan was approved by the Board in May 2023 for submission to the Regulator and was reviewed and updated in November 2023. The Audit and Risk Committee and Board agreed which stress tests would be most appropriate.

Fraud, Anti-bribery and whistleblowing

Fraud is an ever-present threat to resources and may occur from outside or from within the organisation. MTVH has an approved anti-fraud, bribery and corruption policy and a fraud response plan that covers the prevention, detection, investigation and reporting of fraud, including considering learning from investigations and remedial action to prevent a recurrence. Cases of fraud and attempted fraud are recorded on the fraud register and reported to the Executive Team and to the Audit and Risk Committee. Our anti-fraud, bribery and corruption policy makes clear that we have zero tolerance of any form of fraud, bribery or corruption. The resulting actions taken following the discovery of any such instances are shared internally to reinforce learning.

The Group has appointed a Money Laundering Compliance Principal and a Nominated Officer as part of its compliance with anti-money laundering legislation.

MTVH values its reputation and is committed to maintaining the highest possible ethical standards in all its business activities. The organisation has a whistleblowing policy and associated procedure which encourages staff and others to express any serious concerns confidentially regarding suspected misconduct or malpractice going on within the organisation. Whistleblowing events are recorded and investigated and are reported to the Audit and Risk Committee.

Monitoring, control environment and control procedures

A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and the Board, together with an auditable trail of accountability. The certification is tailored to reflect the potential risks and the control environment of the business. This enables corrective action to be taken where appropriate and provides assurances to management and the Board. The Chief Executive provides an annual assurance report to the Board, which includes assurance that key legislative and regulatory requirements have been met.

The Code of Conduct sets out MTVH's expectations of Board members, staff and involved residents with regard to quality of service, business disciplines, honesty and integrity. It is supported by a framework of policies and procedures with which Board members and staff must comply. These cover matters such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud, bribery and corruption prevention and detection and the management of conflicts of interests. Policies are periodically reviewed in accordance with a prescribed timetable.

Audit assurance

The internal audit function is outsourced and reports directly to the Audit and Risk Committee. The internal audit programme of work is aligned to strategic objectives and risk. The Audit and

BOARD STATEMENT ON INTERNAL CONTROL AND RISK ASSURANCE

Risk Committee meets four times a year and considers internal control and strategic risks and their management at each meeting. The Committee provides an annual report to the Board and the Chair of Audit and Risk provides feedback to Board following each of its meetings. The work of the external auditors provides further independent assurance on the financial control environment as described in their audit report. MTVH receives a letter from the external auditors identifying any weaknesses in internal control in the preparation of the financial statements with recommendations for improvement. This letter is considered by the Audit and Risk Committee, together with a detailed action plan to address any issues. The internal and external auditors meet with the Audit and Risk Committee without officers present as requested. A review of the effectiveness of the internal and external auditors takes place annually.

Going concern

The Board and senior management have determined that MTVH has adequate resources to continue in operational existence for the foreseeable future and therefore that the business is a going concern. They have been presented with the possible impacts from numerous multi-variant adverse scenarios and options for mitigation to ensure the business can continue in the short and longer term. Mitigations exist for all scenarios and some have already been partially implemented, as a precaution to ensure compliance with all covenant and regulatory requirements. Periodic updates to the financial business plan, management accounts and internal reporting enable continuous monitoring of the business and pre-determined internal triggers have been set to ensure prompt appropriate mitigating actions are undertaken in a timely manner.

MTVH has available cash and borrowing facilities which are sufficient to meet its ongoing obligations for the next two years. With regard to the longer-term plan and the ability to meet loan agreement obligations, all covenants and liquidity requirements are met throughout the ten-year plan period. Consequently, the Board does not see a requirement to deviate from business as usual, however, will continue to monitor performance closely. The Board therefore has a reasonable expectation that MTVH has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing the Group's financial statements

STATEMENT OF RESPONSIBILITIES OF THE BOARD

Statement of responsibilities of the Board

The Board members are responsible for preparing the report of the Board, which for MTVH comprises the Chair's foreword and Chief Executive's introduction, About MTVH, Working hard for residents, Creating opportunity, Chief Financial Officer's review, Value for Money statement, Environment, social and governance statement, Carbon emissions statement, Section 172 statement, Statement on corporate governance, Board statement on internal control and risk assurance and this Statement of responsibilities of the Board; and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the Board members are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Association will continue in business.

Consider the annual report and accounts, taken as a whole, to be fair, balanced, and understandable.

- Provide the information necessary for shareholders to assess the company's position, performance, business model and strategy.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Association and enable them 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 2019.

They are also responsible for safeguarding the assets of the Group and the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018.

STATEMENT OF RESPONSIBILITIES OF THE BOARD

Financial statements are published on the Group and the Association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group and the Association's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Provision of information to the auditor

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

Signed on behalf of the Board



Davinder Dhillon, Chair
27 September 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METROPOLITAN HOUSING TRUST LIMITED

Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Metropolitan Housing Trust Limited ("the Trust") for the year ended 31 March 2024 which comprise the statement of comprehensive income and expenditure, the statement of financial position and statement of cash flows, the statement of changes in reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit & Risk Committee.

Independence

Following the recommendation of the Audit & Risk Committee, we were initially appointed by the Board to audit the financial statements for the year ending 31 March 2011 and subsequent periods. Following the listing of the debt in 2016 we were re-appointed. The period of total uninterrupted engagement including retenders and reappointments since the listing of debt is 8 years, covering the years ending 31 March 2016 to 31 March 2024 and 14 years in total.

We remain independent of the Trust 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 as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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. Our evaluation of the Board's assessment of the Trust's ability to continue to adopt the going concern basis of accounting included:

- Consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of the business. As referred to in the going concern accounting policy, management has modelled the financial plan against adverse changes in economic conditions.
- Assessment of the internal forecasting process to confirm the projections are prepared by appropriate personnel that are aware of the detailed figures in the forecast but also to have a high-level understanding of the entity's market, strategy and profile in the customer base.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METROPOLITAN HOUSING TRUST LIMITED

- We challenged management on the suitability of the mitigating actions identified by management in their assessment and the quantum and period ascribed to these mitigating actions. Scenarios modelled by management analysed the impact on covenant compliance in scenarios with multiple adverse conditions. We reviewed the reasonableness of the proposed mitigations and if the mitigations were entirely in the control of management to action
- Obtained details and assessed the availability of financing facilities, including the nature of facilities, repayment terms and financial covenants. We considered management's financial covenant compliance calculations over the period of management's review and confirmed the consistency of such calculations with the ratios stated in the relevant lender agreements.
- We considered the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenario

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 Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Overview

Key audit matters	2024	2023
	✓	✓
Materiality	<p><i>Financial statements as a whole</i></p> <p>2024: Financial statement materiality: £72m based on 1.5% of total assets.</p> <p>Specific materiality: £5.4m based on 1.5% of revenue.</p> <p>2023: £7.2m based on 7.5% of adjusted operating surplus as defined by the entities lending covenants.</p>	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Trust and its environment, including the Trust's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METROPOLITAN HOUSING TRUST LIMITED

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
<p><i>The recoverable amount of property developed for sale is materially misstated</i></p> <p>As explained in the note 16 accounting policies, shared ownership property first tranche assets are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £43.9m</p>	<p>For completed properties at the balance sheet date, an assessment is needed of an expected selling price. For properties in development at the balance sheet date, an assessment is needed of the expected selling price and costs to complete and sell.</p> <p>Due to the volume of shared ownership property first tranche property developed for sale (both complete and under construction) and the inherent estimation uncertainty in determining both sales proceeds and costs to complete we considered there to be a significant risk that the carrying amount of properties developed for sale is misstated and was therefore a key audit matter.</p>	<p>Our responses included the following:</p> <ul style="list-style-type: none"> • We obtained management's assessment of the net realisable value of properties developed for sale, selecting a sample on which to perform detailed testing. Samples were chosen from the population of items that represented both developments under construction as well as completed developments at year end; • For a sample of expected proceeds, we agreed the amounts involved to supporting documentation or compared the expected proceeds to similar developments in the same locality; • For a sample of properties under development, we obtained details of the expected costs to complete from the scheme budget for that development and agreed the budgeted contracted cost of the development to the latest contract documentation. • We compared the incurred expenditure to the estimated amount to ensure that the cost to complete estimate reflects actual costs. • For properties sold subsequent to year end, we traced to the sales proceeds and compared to the carrying value as at year end to ensure net realisable value is not below Cost. • We also assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year. <p>Key observations: We noted no material exceptions through performing these procedures.</p>

Our application of materiality

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METROPOLITAN HOUSING TRUST LIMITED

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Trust financial statements	
	2024 £m	2023 £m
Materiality	72	7.1
Basis for determining materiality	1.5% of total assets	7.5% of adjusted operating surplus
Performance materiality	50.4	£5m
Basis for determining performance materiality	70% of materiality	70% of materiality
Specific materiality	5.4	N/A
Basis for determining specific materiality	1.5% of revenue	N/A
Specific performance materiality	3.78	N/A
Basis for determining specific performance materiality	70% of materiality	N/A

Rationale for the benchmarks applied

The materiality benchmark in the previous year was adjusted operating surplus. We have reflected on our approach to materiality and concluded that for housing associations key stakeholders are primarily focused on the value of the stable, rented asset portfolio, as their debt is secured on these assets. Total assets is therefore considered to be the appropriate benchmark for determining overall materiality. However, we also determined that for other classes of transactions and balances in income and expenditure recognised within the statement of comprehensive income that are used in covenant calculations and sector benchmarking metrics, as well as other financial statement areas such as property for sale stock and rent arrears that are subject to greater scrutiny by key stakeholders, a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users of the financial statements. As a result, we applied a specific materiality calculated using Revenue as the benchmark to these balances and transactions. Revenue is considered to be a more stable metric to use for this purpose than adjusted operating surplus and is also more transparent and more easily understood by the users of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METROPOLITAN HOUSING TRUST LIMITED

We have determined that 70% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified partially offset by some areas of the financial statements subject to significant estimation uncertainty.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £2.880M (2023: £285K) in relation to financial statement materiality and £215K in relation to specific materiality (2023: N/A). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Board are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Responsibilities of the Board, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METROPOLITAN HOUSING TRUST LIMITED

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Trust and the industry in which it operates;
- Discussion with management and those charged with governance
- Obtaining and understanding of the Trust's policies and procedures regarding compliance with laws and regulations; and

we considered the significant laws and regulations to be the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The Trust is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations.

We identified the following areas as those most likely to have such an effect: those arising from registration with the Regulator for Social Housing, data protection and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance also considered Audit Committee, internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Trust's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METROPOLITAN HOUSING TRUST LIMITED

Based on our risk assessment, we considered the areas most susceptible to fraud to be to be management override through accounting estimates and inappropriate journal entries.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Challenging assumptions made by management in their significant accounting estimates and judgements in particular in relation to the assessment of the recoverable amount of property developed for sale (see Key audit matters), whether indicators of impairment exist, the useful economic lives of each category of depreciable assets and assumptions used in pensions, investment property and derivative valuations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:

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Philip Cliftlands (Senior Statutory Auditor)
BDO LLP
2 City Place
Beehive Ring Road
Gatwick
Date: 27 September 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Metropolitan Housing Trust
Statement of comprehensive income and expenditure for the year ended 31 March 2024

		2024	2024	2024	2023
	Note	£'000	Building Safety & Non- recurring £'000	Total £'000	£'000
Turnover	2	413,065	2,566	415,631	365,937
Cost of sales	2	(22,479)	-	(22,479)	(16,215)
Operating costs	2	(305,938)	(110,639)	(416,577)	(287,175)
Surplus on disposal of fixed assets	2 / 6	39,883	-	39,883	32,025
Operating surplus/(loss)		124,531	(108,073)	16,458	94,572
Devaluation / revaluation of investments	33	1,819	-	1,819	(953)
Interest receivable	7	11,843	-	11,843	7,495
Interest and finance costs	8	(93,267)	-	(93,267)	(80,162)
Movement in fair value of financial instruments	7	2,699	-	2,699	3,457
Movement in fair value of investment property	12	(11,036)	-	(11,036)	1,570
Surplus / (loss) before tax		36,589	(108,073)	(71,484)	25,979
Taxation	11	-	-	-	-
Surplus / (loss) for the year		36,589	(108,073)	(71,484)	25,979
Actuarial gain/(loss) on defined benefit pension scheme	23	(11,509)	-	(11,509)	18,152
Change in fair value of hedging instruments	8	2,598	-	2,598	19,091
Total comprehensive Income / (expenditure) for the year		27,678	(108,073)	(80,395)	63,222


All amounts relate to continuing activities.


The notes on pages 89 to 132 form part of these financial statements.

Statement of financial position at 31 March 2024

	Note	2024 £'000	2023 £'000
Fixed assets			
Housing properties	12	4,746,058	4,575,501
Investment properties	12	51,548	60,305
Other tangible fixed assets	13	18,123	19,234
Intangible fixed assets	13	16,028	12,881
Total fixed assets		4,851,757	4,667,921
Investments			
HomeBuy loans	14	113,351	120,255
Other investments	15	8,305	7,596
Investments in subsidiaries	31	50	50
Total fixed assets and investments		4,953,463	4,795,822
Current assets			
Stock	16	39,227	48,202
Debtors:	17		
- receivable within one year		140,812	141,120
- receivable after one year		11	22
Cash and cash equivalents		82,326	181,920
		262,376	371,264
Creditors: amounts falling due within one year	18	(354,216)	(368,502)
Net current asset / (liability) position		(91,840)	2,762
Total assets less current liabilities		4,861,623	4,798,584
Creditors: amounts falling due after more than one year			
Provision for liabilities	19	2,295,032	2,230,346
Pension liability	24	66,461	262
	23	26,018	18,469
Capital and reserves			
Income and expenditure reserve		1,445,185	1,514,813
Restricted reserve		20,472	18,571
Revaluation reserve		1,011,545	1,021,811
		2,477,202	2,555,195
Cashflow hedge reserve		(3,090)	(5,688)
Total reserves		2,474,112	2,549,507
Total funding		4,861,623	4,798,584

The financial statements were approved and authorised for issue by the Board on 1st August 2024 and were signed on its behalf by:


 Davinder Dhillon
 Chair


 Ian Johnson
 Chief Financial Officer


 Patricia Etter
 Company Secretary

The notes on pages 89 to 132 form part of these financial statements

Statement of cash flows for the year ended 31 March 2024

	31 March 2024 £'000	31 March 2023 £'000
Cash flows from operating activities		
Surplus for the year	(71,484)	25,979
Adjustment for:		
Surplus on disposal of fixed assets	(39,882)	(32,025)
Interest receivable	(11,843)	(7,495)
Interest and financing costs	93,267	80,162
Movement in fair value of financial instrument	(2,699)	(3,457)
Movement in fair value of investment property	11,036	(1,570)
Tax charged / received	-	-
Depreciation	43,783	41,642
Accelerated depreciation on disposal of components	1,795	1,815
Amortised grant	(7,478)	(5,719)
Impairment	31,150	-
Decrease / (Increase) in stock	(1,329)	(7,194)
Decrease / (Increase) in debtors	319	11,881
Increase / (Decrease) in creditors	18,574	60,916
Increase/ (Decrease) in provisions	66,199	262
Pension costs less contributions payable	(3,960)	(3,519)
Proceeds from sale of properties as operating activities	106,727	88,919
Proceeds from sale of fixed asset investment as operating activities	12,036	14,135
Cash generated from operations	246,211	264,732
Tax paid	-	-
Net cash from operating activities	246,211	264,732
Cash flows from investing activities		
Purchase of housing properties	(281,895)	(179,994)
Capital contribution from parent	5,000	6,000
Purchase of other investments	(9,608)	(7,976)
Movement in other investments	(709)	8,382
Interest received	11,243	6,907
Dividend received	600	588
Capital grants	75,510	15,182
Net cash from investing activities	(199,859)	(150,911)
Cash flows from financing activities		
Additional borrowings	82,000	74,000
Repayment of borrowings	(117,589)	(46,424)
Capital element of finance lease payments	(38)	(34)
Interest paid	(110,319)	(93,564)
Net cash used in financing activities	(145,946)	(66,022)
Net movement in cash and cash equivalents	(99,594)	47,799
Cash and cash equivalents bought forward	181,920	134,121
Cash and cash equivalents carried forward	82,326	181,920

The notes on pages 89 to 132 form part of these financial statements

Statement of changes in reserves for the year ended 31 March 2024

	Income and expenditure reserve £'000	Cashflow Hedge reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2023	1,514,813	(5,688)	18,571	1,021,811	2,549,507
Loss for the year	(71,484)	-	-	-	(71,484)
Actuarial loss on defined benefit pension scheme	(11,509)	-	-	-	(11,509)
Change in fair value of hedging instruments		2,598	-	-	2,598
Other comprehensive income/(expense) for the year	(11,509)	2,598	-	-	(8,911)
Reserves transfers:					
Capital contribution in the form of gift aid from parent	5,000	-	-	-	5,000
Revaluation gains released	10,266	-	-	(10,266)	-
Transfer of restricted income to restricted reserve	(1,901)	-	1,901	-	-
Balance at 31 March 2024	1,445,185	(3,090)	20,472	1,011,545	2,474,112
	Income and expenditure reserve £'000	Cashflow Hedge reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance at 1 April 2022	1,456,234	(24,779)	19,472	1,029,358	2,480,285
Surplus for the year	25,979	-	-	-	25,979
Actuarial gain on defined benefit pension scheme	18,152	-	-	-	18,152
Change in fair value of hedging instruments	-	19,091	-	-	19,091
Other comprehensive income/(expense) for the year	18,152	19,091	-	-	37,243
Reserves transfers:					
Capital contribution in the form of gift aid from parent	6,000	-	-	-	6,000
Revaluation gains released	7,547	-	-	(7,547)	-
Transfer of restricted income to restricted reserve	901	-	(901)	-	-
Balance at 31 March 2023	1,514,813	(5,688)	18,571	1,021,811	2,549,507

The notes on pages 89 to 132 form part of these financial statements

1a. Accounting policies

Legal status

Metropolitan Housing Trust Limited ('the Trust') is an exempt charity registered in England under the Co-operative and Community Benefit Societies Act 2014 (Registered Number 16337R) and is a registered provider of social housing with the Regulator of Social Housing (Registered Number L0726). It trades in GBP and is a public benefit entity and its registered address is The Grange, 100 High Street, Southgate, London N14 6PW.

Basis of preparation

These financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), Housing SORP 2018: update (Statement of Recommended Practice for registered social housing providers) (2022) and the Accounting Direction for private registered providers of social housing from April 2022.

The preparation of the financial statements requires the Trust management to make, estimates and assumptions that affect the amounts reported for assets and liabilities as at the statement of financial position 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. It also requires Trust management to exercise judgement in applying the Trust's accounting policies. The impact that potential variations in these judgements may have on the financial statements are explained in the accounting policies below.

Areas where a degree of significant judgement has been applied are shown in boxes in the accounts.

Going concern

In May 2024 the Board was presented with the MTVH Group Financial Plan 2024/25 (the Plan). This contained a ten-year outlook for MTVH against which (i) financial assessments by lenders, auditors, and annual credit ratings will be made; (ii) MTVH demonstrates it is a going concern by reference to both its immediate viability and the resilience of its long-term Plan to stress; (iii) strategic plans and options can be evaluated; and (iv) loan agreement obligations including covenant requirements are met throughout the ten-year plan period.

The Board was presented with the possible impacts from numerous multi-variant adverse scenarios and options for mitigation to ensure the business can continue in the short and longer term. Mitigations exist for all scenarios and some have already been partially implemented, as a precaution to ensure compliance with all covenant and regulatory requirements. Periodic updates to the financial business plan, management accounts and internal reporting enable continuous monitoring of the business and pre-determined internal triggers have been set to ensure prompt appropriate mitigating actions are undertaken in a timely manner.

The board approved the Plan and determined that MTVH has adequate resources to continue in operational existence for the foreseeable future. The Plan also demonstrated that MTVH has available cash and borrowing facilities which are sufficient to meet its ongoing obligations for the next two years. For this reason the board continues to adopt the going concern basis in preparing the Group's financial statements.

1a. Accounting policies (continued)

Disclosure exemptions

The financial statements of the Trust have adopted the following disclosure exemptions as these are reported as part of the consolidated accounts of Metropolitan Thames Valley Housing group (MTVH group):

- The exemption under FRS 102 33.1(A) in relation to the disclosure of transactions with other companies in the MTVH group unless those entities are unregulated.
- The exemptions relating to financial instruments disclosures including of items of income, expenses, gains or losses relating to financial instruments and exposure to and management of financial risks.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment.

VAT

The Trust charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT on expenditure to the extent that it is incurred by the Trust and not recoverable from HM Revenue and Customs. Recoverable VAT on overheads arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Revaluation reserves

On transition to FRS 102 the Trust elected to adopt deemed cost as a proxy for historical cost. As a result, the group revalued the social housing assets portfolio to EUV-SH (Existing Use Value – Social Housing). As a result, a revaluation reserve was created to account for the difference between the historical cost and deemed cost.

On disposal of properties carried at deemed cost the group releases these reserves from the revaluation reserve to the income and expenditure account. Both the revaluation reserve and the income and expenditure are part of income and expenditure reserve.

Valuation of investment properties

Investment properties are valued on an annual basis. Every 5 years valuations are carried out for commercial properties and market rental properties by a qualified RICS Chartered Surveyor. Otherwise, commercial properties are revalued internally based on the lease agreements and market rental properties are revalued using the Office of National Statistics market rent index.

1b. Key judgements and estimates in the preparation of these accounts

Preparation of the financial statements requires management to make significant judgements and estimates about complex transactions or those involving uncertainty about future events. The items in the financial statements where these judgments and estimates and the effect of those judgements might have on the financial statements are discussed below.

i. Significant management judgements

The Trust makes certain key judgements about complex transactions or those involving uncertainty about future events while preparing these financial statements.

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

Determining whether an impairment review is required

Tangible fixed assets (mainly housing properties) are assessed for indicators of impairment at each reporting date in accordance with FRS 102 27.7. Indicators include changes in government policy, a reduction in the market value of properties where the occupant has the right to acquire, a reduction in the demand for a property, losses from operating that property, obsolescence of a property or contamination of a site. Impairment is tested at income generating unit level which is at scheme level. Indicators for properties under construction include any unforeseen additional costs that do not add value.

Where no such indicators of impairment are identified to have occurred at the reporting date, it is assumed that there is no impairment.

Capitalisation of property development costs

Distinguishing the point at which a development scheme is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the developed asset and considers whether any changes indicate existence of impairment and if an impairment charge is required.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. For mixed tenure schemes costs to a specific tenure are allocated on a floor area or unit basis depending on the appropriateness to each development scheme.

1b. Key judgements and estimates in the preparation of these accounts (continued)

Capitalised overhead on developments

Overheads are capitalised up to a maximum of 3.5% of works and acquisitions costs or 100% of development salaries and related overheads.

The Trust has adopted a policy of capitalising overheads into the development costs of properties. The management is satisfied that this capitalisation is appropriate as these are costs of bringing these assets into existence and habitable use for which the economic benefits will flow for more than one year. The management has made the judgement that overheads are capitalised up to a maximum of 3.5% of works and acquisitions costs or 100% of development salaries and related overheads. The management is satisfied that the capitalisation of overheads does not lead to carrying these developments in the statement of financial position at above their net realisable values as impairment reviews are undertaken annually to safeguard against overstatement of carrying costs.

Qualifying charitable donations

Qualifying charitable donations received from a subsidiary are treated as income and recognised at the point that there is legally entitlement to that income. Investments from the parent entity in the form of gift aid are recorded in the statement of changes in reserves as a capital contribution.

ii - Estimation uncertainties

The Trust make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

Useful economic life of housing properties

The useful economic life of housing structure is estimated to be 125 years and therefore depreciated over that period. If the life was reduced to 100 years, this would increase the charge to £2,958k to the comprehensive income statement.

If the life of components excluding land and structure should reduce by 10%, it would lead to £2,008k increase charge to the comprehensive income statement.

Stock

Net realisable value is based on the estimated selling price less selling costs. Estimated selling prices were provided by external valuers and by reference to actual selling prices for completed developments. For schemes under construction the estimated costs to completion are based on approved budgets and forecasts.

1b. Key judgements and estimates in the preparation of these accounts (continued)

Recoverability of trade debtors

The Trust makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

Government grant

Government grant is amortised over the useful economic life (UEL) of the asset apart from grant on shared ownership properties which is amortised over 20 years. If the amortised years were reduced to 15 years, this would increase income in the comprehensive income statement by £825k.

Assumptions made when considering impairment

Assumptions made when considering impairment are disclosed in note 12.

Assumptions in respect of MTVH Scheme and Notts LGPS

Assumptions in respect of the MTVH Pension scheme are disclosed in note 23(a). Assumptions in respect of the Nottinghamshire County Council Pension scheme (Notts LGPS) are disclosed in note 23(b).

Pension figures in these accounts are prepared by independent actuaries. In preparing the figures the actuaries use a number of judgements based on information provided to them by the Institute and Faculty of Actuaries.

1b. Key judgements and estimates in the preparation of these accounts (continued)

Provision for fire safety remediation costs for leaseholders

The Building Safety Act 2022 (BSA) came into force on 1st April 2023. Under the BSA landlords have certain responsibilities for buildings over 11 metres in height or five storeys with historical safety defects. In April 2023 MTVH confirmed that we would protect leaseholders in buildings over five storeys or 11 metres high from having to pay building safety remediation costs, either historic or ongoing. During the period ending 31st March 2024 MTVH has conducted fire risk assessments and completed surveys on the majority of relevant buildings. From these surveys we have been able to identify the levels of work required to bring our buildings to compliance with the BSA. Management is satisfied that the requirements of FRS section 21.4 – Provisions and Contingencies have been met and that conditions exist where an accounting provision for the costs of fire safety work for leaseholders is required.

In order to calculate the level of provision we required we needed to make a number of estimates. We only considered the provision for property where MTVH is the freeholder of the building and landlord and therefore has responsibility for building safety under the act, but where individual long leaseholders own the individual units within the building. Another estimate we needed to make was how much of the work on each block we could expect the developer to perform and fund directly and how much MTVH could expect to have to pay for. We used past experience working with each developer and experience to date on fire safety to inform that estimate. Management is satisfied that a reliable estimate of the cost to the business has been calculated and a provision of £62,966k has been recognised in the period ending 31st March 2024. If the developer direct funded portion was overestimated by 10% the provision would increase by £800k.

2. Particulars of turnover, cost of sales, operating costs and operating surplus

Turnover comprises rental and service charges income receivable (net of any voids), income from first tranche sales, sales of properties built for sale and other services at the invoiced value (net of VAT where recoverable), income from HomeBuy activities, amortisation of deferred capital grants, and other grants receivable.

The apportioned costs associated with first tranche sales are shown as cost of sales within the operating results.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Care and support income is recognised when the contract condition is fulfilled.

Other income from non-social housing activities is comprised of income from leaseholders, commercial properties and garages.

Turnover is measured at the fair value of consideration received or receivable.

The Trust adopts the variable method for calculating and charging service charges to its leaseholders and will review the years costs for tenants in order to set the following year's service charges for them. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

2. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

Sinking funds are monies held on behalf of leaseholders for future maintenance or major repairs; they are recorded in creditors in the balance sheet and the monies are held in separate bank accounts to comply with legislation.

Where we manage units that are owned by others, management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Where schemes are managed by agents, income is shown as rent receivable and management fees payable to agents are included in operating costs.

	Turnover	Cost of sales	Operating Costs	Operating surplus/ (deficit)	Operating surplus/ (deficit)
	2024	2024	2024	2024	2023
	£'000	£'000	£'000	£'000	£'000
Social housing activities					
Income and expenditure from lettings - note 3	336,677	-	(243,494)	93,183	81,377
Other social housing activities					
First tranche sales	27,376	(22,479)	(844)	4,053	2,318
First tranche impairment	-	-	(6,780)	(6,780)	-
Qualifying charitable donation	12,283	-	-	12,283	3,120
Supporting people	14,769	-	(18,207)	(3,438)	(1,103)
Community investment	833	-	(4,187)	(3,354)	(3,300)
Registered care homes	4,273	-	(5,537)	(1,264)	(805)
Development overhead	-	-	(11,989)	(11,989)	(7,831)
Total other social housing activities	59,534	(22,479)	(47,544)	(10,489)	(7,601)
Non-social housing activities					
Market renting	2,620	-	(1,638)	982	1,366
Other	14,234	-	(13,262)	972	(2,284)
Total non-social housing activities	16,854	-	(14,900)	1,954	(918)
Total excluding non-recurring costs	413,065	(22,479)	(305,938)	84,648	72,858
Surplus on RTB/ RTA				1,470	2,056
Surplus on staircasing				9,042	15,008
Surplus on redemptions				4,955	6,227
Surplus on Other Fixed Assets				24,416	8,734
Adjusted operating surplus total				124,531	104,883
Building Safety Income				2,566	1,264
Building Safety Costs				(110,639)	(11,575)
Total operating surplus				16,458	94,572

2. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

The table below analyses the Building Safety & Non-recurring items

	Income 2024 £'000	Costs 2024 £'000	Net costs 2024 £'000	Net costs 2023 £'000
<u>Building Safety</u>				
Fire safety remediation costs (note 37)	846	(73,335)	(72,489)	-
Fire safety remediation costs	(3,764)	(434)	(4,198)	(10,311)
Total fire safety remediation costs	(2,918)	(73,769)	(76,687)	(10,311)
<u>Non-recurring</u>				
Buildings being decommissioned	-	(34,073)	(34,073)	-
Worcester Park	5,484	(2,797)	2,687	-
Total	2,566	(110,639)	(108,073)	(10,311)

Fire safety remediation costs of £76,687k (2023: £10,311k) include a provision for £62,966k of costs for remedial work required for leaseholder properties and £13,721k (2023: £10,311k) of net costs comprised of our dedicated Safer Buildings Team, building safety surveys carried out and interim measures, such as temporary alarm installations and waking watch services.

Non-recurring costs totalling £34,073k (2023: £Nil) reported for social housing blocks being decommissioned. These are comprised of an impairment charge of £31,683k and a home loss provision of £2,390k for statutory amounts payable to residents.

Non-recurring net income of £2,687k reported for Worcester Park fire costs relates to insurance proceeds in respect of £7,285k of costs recognised in the accounts for the year ended 31st March 2022.

3. Particulars of income and expenditure from lettings

	General needs housing 2024 £'000	Supported housing 2024 £'000	Other housing provision 2024 £'000	LCHO 2024 £'000	Total 2024 £'000	Total 2023 £'000
Income from letting						
Rent receivable net of identifiable service charges	200,382	30,792	9,858	43,415	284,447	266,198
Service charges receivable	15,414	13,547	795	11,867	41,623	34,989
Net rental income	215,796	44,339	10,653	55,282	326,070	301,187
Amortised grant	1,397	60	4	6,514	7,975	5,719
Revenue Grant	1,751	-	-	-	1,751	1,304
Management fees	182	-	7	692	881	922
Total income from lettings	219,126	44,399	10,664	62,488	336,677	309,132
Expenditure on letting activities						
Service charge costs	25,726	15,749	2,808	16,790	61,073	52,190
Management	46,769	3,640	2,731	16,450	69,590	64,395
Routine maintenance	31,538	5,076	698	1,225	38,537	38,159
Planned maintenance	15,801	3,182	453	1,271	20,707	22,736
Major repairs	1,008	164	1	28	1,201	1,383
Bad debts	1,956	762	120	(25)	2,813	2,681
Lease charges	2,822	1,612	-	94	4,528	2,754
Depreciation	38,054	4,021	1,708	-	43,783	41,642
Accelerated depreciation	1,352	210	233	-	1,795	1,815
Net impairment charge	-	-	-	(533)	(533)	-
Total expenditure	165,026	34,416	8,752	35,300	243,494	227,755
Surplus on social housing	54,100	9,983	1,912	27,188	93,183	81,377
Rent loss through voids	(723)	(3,272)	(1,264)	(145)	(5,404)	(5,979)

Notes to the financial statements for the year ended 31 March 2024

4. Housing units

	1 April 2023	Units developed or newly built units acquired 2024	Units sold/demolished 2024	Transfers and acquisitions from other Registered Providers 2024	Other movements 2024	31 March 2024
General needs rented housing – social	27,065	132	(108)	(276)	81	26,894
General needs rented housing – affordable	2,333	288	-	-	(54)	2,567
Housing for older people rented	3,247	-	-	-	(56)	3,191
Shared ownership	8,677	278	(155)	(215)	15	8,600
Supported rented – social	2,456	-	(33)	(47)	(23)	2,353
Supported rented – affordable	28	11	-	-	-	39
Total social housing – units	43,806	709	(296)	(538)	(37)	43,644
Intermediate rent	199	158	-	-	(2)	355
Keyworker accommodation	955	-	-	-	(1)	954
Rent to HomeBuy	36	-	-	-	-	36
Total social housing - other	1,190	158	-	-	(3)	1,345
Market rent	399	-	-	-	(4)	395
Student accommodation	259	-	(259)	-	-	-
Leaseholders	7,116	2	(2)	(5)	28	7,139
HomeBuy / MyChoice -HomeBuy	2,682	-	(150)	-	64	2,596
Total – other	10,456	2	(411)	(5)	88	10,130
Total	55,452	869	(707)	(543)	48	55,119

51,237 (93%) units are owned, and 3,882 (7%) units are managed or administered.

5. Operating surplus is stated after charging

Operating surplus is stated after charging:	2024	2023
	£'000	£'000
Depreciation:		
Tangible fixed assets - housing properties (Note 12)	37,452	35,941
Other fixed assets (Note 13)	6,331	5,701
Accelerated depreciation on component - tangible fixed assets	1,795	1,815
Impairment charge	37,930	-
Operating leases charges:		
Offices	2,637	2,714
Other buildings – non office	1,815	1,459
Leases non-buildings	76	40

Auditor's remuneration in respect of these financial statements was borne by the parent undertaking and controlling party Thames Valley Housing Association Limited.

6. Surpluses on disposal of fixed assets and fixed asset investments

	2024	2023
	£'000	£'000
RTB/ RTA		
Disposal proceeds	3,070	3,841
Cost of disposals	(1,269)	(1,366)
Recycled capital grant fund	(331)	(419)
	1,470	2,056
Staircasing		
Disposal proceeds	30,463	47,459
Cost of disposals	(18,199)	(30,313)
Recycled capital grant fund	(3,222)	(2,137)
	9,042	15,009
Redemptions		
HomeBuy redemption income	12,036	14,135
HomeBuy redemption expense	(7,081)	(7,908)
	4,955	6,227
Surplus on other asset disposals		
Disposal proceeds	70,969	39,939
Cost of disposals	(43,601)	(28,552)
Recycled capital grant fund	(2,952)	(2,654)
	24,416	8,733
Total surplus on disposal of fixed assets	39,883	32,025

Other asset disposals are comprised of disposals of housing property assets. These are mainly assets that are part of the Strategic Asset Management Programme.

7. Interest receivable and related income

	2024	2023
	£'000	£'000
Interest received	5,505	3,461
Interest receivable from subsidiary companies	4,639	2,851
Interest receivable from joint ventures	3	-
Interest receivable from parent	26	29
Regeneration partners*	1,070	566
Dividend income**	600	588
	11,843	7,495

Movement in fair value of financial instruments

Gain on fair value of hedged derivative instruments	2,699	3,457
	2,699	3,457

*Regeneration partners relates to interest receivable from Canalside Housing Partnership: a partnership between MHT and The Riverside Group Ltd.

** Dividend income is from CCLA COIF Charities Investment Fund.

8. Interest and financing costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are recognised as a reduction in the proceeds of the associated capital instrument.

Where a development project is financed by the borrowings of the Trust, finance costs are capitalised during the period of construction (see Note 12). Interest is capitalised to developments costs using the weighted average cost of capital of 4.8% (2023: 4.7%). Capitalisation ceases on practical completion.

	2024	2023
	£'000	£'000
Interest on loans repayable	87,846	80,329
Net interest on pension fund	755	990
Interest on finance leases	32	34
Interest on recycled capital grant fund (RCGF) (Note 21)	8,143	3,450
Less: interest capitalised	(9,665)	(10,604)
	87,111	74,199
Amortised loan fees and commitment fees	6,156	5,963
Total interest and finance costs	93,267	80,162
Change in fair value of hedged financial instruments recognised in other comprehensive income	2,598	19,091

9. Employees

Short-term employee benefits are recognised as an expense in the period in which they are incurred. The Trust allows a maximum of 5 days annual leave/ holiday entitlement to be carried over into the next reporting period and an accrual is only raised if it is material. The charge accrued for in the year is £1,374k (2023 £1,504k).

Average monthly full-time equivalent number of employees

	2024	2023
	Number	Number
Senior Managers and Executives	6	6
Office staff	1,212	1,138
Scheme staff	449	455
In house contractor	-	1
	1,667	1,600

Staff costs (for employees above):

	2024	2023
	£'000	£'000
Wages and salaries	68,950	59,490
Social security costs	6,829	5,723
Pension costs	3,436	3,004
	79,215	68,217
Capitalised salaries	(3,988)	(7,231)
Staff costs	75,227	65,405

Number of staff paid over £60,000 in the year (including pension contributions)

	2024	2023
	Number	Number
£60,001 - £70,000	85	66
£70,001 - £80,000	40	42
£80,001 - £90,000	37	31
£90,001 - £100,000	28	20
£100,001 - £110,000	17	8
£110,001 - £120,000	6	5
£120,001 - £130,000	5	4
£130,001 - £140,000	4	6
£140,001 - £150,000	5	4
£150,001 - £160,000	6	3
£160,001 - £170,000	1	2
£170,001 - £180,000	1	-
£180,001 - £190,000	1	-
£190,001 - £200,000	1	-
£210,001 - £220,000	-	1
£240,001 - £250,000	-	1
£260,001 - £270,000	-	1
£270,001 - £280,000	2	-
£310,001 - £320,000	-	1
£340,000 - £360,000	1	-
	240	195

9. Employees (continued)

The increase in the number of people earning over £60k in 2023/24 was a result of a pay award of 5% and a one-off bonus payment of £550 to reflect the cost of living increase from the previous year.

10. Executive directors and board members

Executive directors

The executive directors comprised five posts as outlined on page 3 of the report and Financial Statements. The Trust does not make any further contribution to an individual pension arrangement for the Chief Executive.

	2024 Gross Pay £'000	2024 Pension £'000	2024 Total £'000	2023 Total £'000
The aggregate emoluments payable to directors	1,629	68	1,697	1,470
Chief Executive who was also the highest paid director	352	-	352	313

The Chief Executive Officer increase is as a result of the 5% pay award in 2023/24 and the award of a bonus which wasn't paid in 2022/23.

Board members and other committees

The table below shows salaries paid to non-executive board members of the Trust, expenses incurred during the discharge of their duties and their attendance during the year:

	2024 Attendance Group Board	2024 Attendance of other committees and Board	2024 Salary	2024 Expenses	2023 Salary	2023 Expenses
			£	£	£	£
Gary Admans	10 (100%)	8 (100%)	14,000	-	11,806	-
Ingrid Reynolds	10 (100%)	7 (100%)	15,000	288	15,000	-
Althea Efunshile	10 (100%)	3 (100%)	30,000	163	30,000	270
Gurpreet Gujral	8 (80%)	4 (57%)	12,500	-	12,500	236
Tania Brisby	-	-	-	-	3,750	-
Davinder Dhillon	10 (100%)	10 (83%)	12,500	496	12,500	-
Nigel Ingram	9 (90%)	8 (100%)	12,500	118	12,500	2,227
Ofei Kwafo-Akoto	10 (100%)	8 (100%)	12,500	-	12,500	-
Dennis Hone	9 (90%)	6 (75%)	14,000	-	14,000	236
Trevor Moross	9 (90%)	4 (100%)	14,000	274	14,000	159
Helen Cope	10 (100%)	8 (100%)	14,000	611	14,000	672
			151,000	1,950	152,556	3,800

The Board members' remuneration and Board meeting attendance details disclosed above is for the full financial year.

11. Tax on surplus on ordinary activities

The Trust is a charitable company for corporation tax purposes. It is therefore exempt from corporation tax on income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Charitable Gains Act 1992 providing that the income and gains are applied to its charitable objects. Where income and gains are received by the Trust which do not attract tax exemption, corporation tax will arise at the prevailing rate.

The charge for taxation is based on the surplus for the year and takes into account taxation deferred. Deferred tax is provided for on differences between the treatment of certain items for accounting and taxation purposes. It is accounted for to the extent that a liability or asset is expected to be payable or recoverable in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax is not recognised on timing differences arising on revalued properties unless the Trust has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and the recognition of deferred tax assets is limited to the extent that the Trust anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences.

a) Analysis of tax charge in the year

	2024	2023
	£'000	£'000
Surplus / (loss) before tax for the year	(71,484)	25,979
UK corporation tax	-	-
Current tax on profits in the year	-	-
Adjustments in respect of previous periods	-	-
Total current tax	-	-
Taxation (credit) on surplus on ordinary activities	-	-

b) Factors affecting current tax charge

	2024	2023
	£'000	£'000
Surplus / (loss) before tax for the year	(71,484)	25,979
Surplus / (loss) before tax at the standard rate of tax in the UK of 25%	(17,871)	4,936
Surplus / (loss) covered by charitable exemption	17,871	(4,936)
Prior period adjustment		
Total tax charge for the period	-	-

c) Analysis of tax charge / (credit) on other comprehensive income before taxation for the period

	2024	2023
	£'000	£'000
Other comprehensive income / (expenditure) before tax for the year	(8,911)	37,243
	<hr/>	<hr/>
Taxation on other comprehensive income before taxation	<hr/> <hr/> -	<hr/> <hr/> -

d) Factors impacting the tax charge / (credit) on other comprehensive profit / (loss) before tax

The tax charge / (credit) is lower (2023: lower) than the standard rate of corporation tax in the UK for the year ended 31 Mar 2024 of 25% (2023: 19%)

	2024	2023
	£'000	£'000
Other comprehensive income / (expenditure) before tax for the year	(8,911)	37,243
Profit on other comprehensive income at the standard rate of corporation tax in the UK of 25%	(2,228)	7,076
Surplus covered by charitable exemption	2,228	(7,076)
Total tax charge for the period	<hr/> <hr/> -	<hr/> <hr/> -

e) Factors that may affect the future tax charges

Finance Act 2021, which received Royal Assent on 10 June 2021, enacted an increase in the main rate of corporation tax from 19% to 25% as from 1 April 2023.

12. Fixed assets – housing properties

Housing properties

Social housing properties are properties held for social benefits purposes in line with the requirements of FRS 102 section 17. These properties include general needs properties, affordable homes and shared ownership properties. Properties not held for social benefit purposes are accounted for in line with FRS 102 section 16 and these include market rented properties.

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable). Housing properties constructed or acquired (including land) on the open market before the date of transition are stated at either historical cost or deemed cost net of depreciation and impairment.

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable costs of acquisition includes capitalised interest calculated, on a proportional basis, using the interest on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, interest cost is only capitalised where construction is ongoing and has not been interrupted or terminated.

Separate disclosure of a valuation of the housing properties based on Existing Use Value for Social Housing (EUV-SH) and Market Value (MV) is also provided.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Freehold land is not depreciated as it is considered to have an indefinite useful economic life.

No depreciation is charged in the period of acquisition and depreciation is charged in the period of disposal.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

12. Fixed assets – housing properties (continued)

Component	Economic useful life in years
Structure	125
Roofs (pitched)	70
Energy efficiency works	50
Electrics	40
External windows	40
Bathroom	30
External doors	30
Kitchen	20
Solar Panels	20
Roofs (flat)	20
Mechanical systems	20
Communal	20
Lifts	20
Outside space	20
Boiler	15
Aids and adaptations	5

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

It is the Trust's policy to maintain shared ownership accommodation, and it is responsible for keeping its part of the shared ownership in a continuous state of sound repair. The Trust considers that the lives of properties are so long, and residual values based on current open market value are so high that any depreciation would be insignificant. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Any difference between the annual depreciation charge on revalued assets and the annual depreciation charge on a historical cost basis is transferred from the revaluation reserve for the asset concerned until that reserve is depleted. When an asset is disposed of, the revaluation reserve is transferred to revenue reserve, where applicable.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify to which tenure the expense relates. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Infrastructure assets

Infrastructure assets are infrastructure for public services, such as roads and bridges. Such expenditure is capitalised within property, plant and equipment (PPE) and is depreciated over 30 years.

12. Fixed assets – housing properties (continued)

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant and recognised in the Statement of Financial Position as a liability. Where the donation is from a non-public source the value of the donation is included as income.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value at the statement of comprehensive income date, with changes in fair value recognised in income and expenditure. On recognition of a new investment property, a professional valuation is obtained by appropriately qualified external valuers. The valuation is derived from current market rents and investment property yields for comparable properties, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided on investment properties. Fair value is determined annually through a desktop valuation.

Investment properties are valued on an annual basis, internally and externally. Commercial properties revalued internally are based on the leases agreements and market rental properties revalued internally are based on information from the Office of National Statistics market rent index

Internal desktop valuations carried out for investment properties at 31 March 2024 indicated an increase in value of £128k (2023: £629k increase) for commercial properties, a decrease of £11,164k (2023: £941k increase) for market rental properties.

Market rented properties

Market rented properties held as investments are carried at fair value and revalued annually. Changes in fair value are recognised in profit or loss. No depreciation is provided in respect of market rented properties.

Pre-contract costs

Pre-contract costs are recognised as an asset only if they are directly attributable to specific contracts, can be separately identified, measured reliably and when there is virtual certainty that a contract will be obtained and is expected to result in future net cash inflows.

Land

Where land has been acquired it is accounted for either as a fixed asset under property, land and equipment (where land is acquired for social housing purpose) or as an investment property (where land is acquired for other purposes) and measured initially at the cost of the land. For investment property land will be subsequently valued at fair value, with surpluses or deficits recognised in the Statement of Comprehensive Income.

12. Fixed assets – housing properties (continued)

RTB/RTA

Under Right to Buy and Right to Acquire arrangements the Trust sells properties to qualifying tenants. Surpluses and deficits arising are included in the surplus on sale of fixed assets in the Statement of Comprehensive Income.

Government grant

Grants received in relation to assets that were recorded at deemed cost at the date of transition to FRS 102 have been accounted for using the performance model as required by Housing SORP: 2018 update. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income and expenditure in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP: 2018 update. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP: 2018 update, the useful economic life of the housing property structure has been selected.

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

Grants relating to revenue are recognised in income and expenditure once performance related conditions have been met.

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

Housing properties impairment

The housing property portfolio for the Trust is assessed for indicators of impairment at each reporting date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options.

The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use.

The Trust defines cash generating units as schemes except where its schemes are not sufficiently large or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the statement of comprehensive income and expenditure.

12. Fixed assets – housing properties (continued)

The Trust defines cash generating units as schemes except where its schemes are not sufficiently large or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the Statement of comprehensive income and expenditure.

A net impairment charge of £31.2m (2023: £Nil) is reported for completed housing properties. This includes a £31.7m charge in respect of two tower blocks in North London following a decision to decommission both blocks. The resulting impact was to reduce the book value of these blocks to £Nil.

Capitalised interest

Additions to housing properties in the course of construction during the year included capitalised interest of £9.5m (2023: £9.2m). The weighted average cost of capital was 4.7% (2023: 4.7%). The aggregate amount capitalised is £146.2m (2023: £136.2m).

Properties held for security

The Trust had property with a net book value of £3,155m pledged as security at 31 March 2024 (2023: £2,879m).

Freehold / leasehold

The Trust held long leasehold and freehold housing and investment properties at the following net book value.

	2024	2023
	£'000	£'000
Long leasehold	407,233	465,624
Freehold	4,338,825	4,109,877
	<u>4,746,058</u>	<u>4,575,501</u>

The Trust does not have any short leasehold Property, Plant and Equipment at the statement of financial position date.

Finance leases

The net carrying amount of assets held under finance leases included in plant and machinery is £423k (2023: £460k).

There is one significant finance lease which is related to an agreement with EnviroEnergy to supply and install heating and heating equipment as part of the Nottingham district heating scheme. At the end of the lease term the risk and responsibility of the heating equipment will be transferred to the Trust. The remaining lease term is 8 years as at 31 March 2024. The future minimum finance lease payments are disclosed in note 28.

12. Fixed assets – housing properties (continued)

Trust housing properties	Housing properties under construction		Completed housing properties			Housing properties £'000	Investment properties £'000	Total £'000
	Letting £'000	Shared ownership £'000	Letting £'000	Shared ownership £'000	Community £'000			
Cost/ value								
At 1 April 2023	247,001	114,167	3,541,047	924,841	2,005	4,829,061	60,305	4,889,366
Reclassification	-	-	9,691	84	-	9,775	529	10,304
Schemes completed in year	(171,986)	(58,945)	170,094	58,945	-	(1,892)	1,892	-
Transfer to current asset	-	(19,703)	-	-	-	(19,703)	-	(19,703)
New Developments	193,221	90,607	-	-	-	283,828	-	283,828
Replacement of components	-	-	26,623	-	-	26,623	-	26,623
Fire safety remediation works	-	-	2,280	511	-	2,791	-	2,791
RCGF funded major repairs	-	-	3,025	-	-	3,025	-	3,025
Other additions	-	-	-	597	-	597	-	597
Revaluations	-	-	-	-	-	-	(11,036)	(11,036)
Disposals	-	-	(54,302)	(21,331)	-	(75,633)	(142)	(75,775)
At 31 March 2024	268,236	126,126	3,698,458	963,647	2,005	5,058,472	51,548	5,110,020
Depreciation								
At 1 April 2023	-	-	249,047	-	170	249,217	-	249,217
Charge for year	-	-	37,408	-	44	37,452	-	37,452
Eliminated on disposal	-	-	(8,624)	-	-	(8,624)	-	(8,624)
At 31 March 2024	-	-	277,831	-	214	278,045		278,045
Impairment								
At 1 April 2023	-	2,696	988	659	-	4,343	-	4,343
Charged to I&E	-	-	31,683	(533)	-	31,150	-	31,150
Released on disposals	-	(136)	(988)	-	-	(1,124)	-	(1,124)
At 31 March 2024	-	2,560	31,683	126	-	34,369	-	34,369
Net book value								
At 31 March 2024	268,236	123,566	3,388,944	963,521	1,791	4,746,058	51,548	4,797,606
At 31 March 2023	247,001	111,471	3,291,012	924,182	1,835	4,575,501	60,305	4,635,806

13. Other fixed assets

Depreciation / amortisation is charged on a straight-line basis over the expected useful economic lives of the other fixed assets at the following annual rates:

Furniture and equipment	5 years
Offices	Length of lease
Computer hardware and software	5 years

No depreciation / amortisation is charged in the period of acquisition and depreciation / amortisation is charged in the period of disposal.

	Offices £'000	Tangible Furniture and equipment £'000	Computer hardware £'000	Intangible Computer software £'000	Total £'000
<i>Cost</i>					
At 1 April 2023	19,535	5,289	15,789	20,205	60,818
Additions	1,645	396	709	6,858	9,608
Disposals	(782)	(2,103)	-	(458)	(3,343)
At 31 March 2024	20,398	3,582	16,498	26,605	67,083
<i>Accumulated depreciation / amortisation</i>					
At 1 April 2023	5,150	4,104	12,125	7,324	28,703
Depreciation / amortisation charge	1,415	473	1,190	3,253	6,331
Disposals	-	(2,102)	-	-	(2,102)
At 31 March 2024	6,565	2,475	13,315	10,577	32,932
<i>Impairment</i>					
At 1 April 2023	-	-	-	-	-
Reversal of impairment					
At 31 March 2024	-	-	-	-	-
<i>Net book value</i>					
At 31 March 2024	13,833	1,107	3,183	16,028	34,151
At 31 March 2023	14,385	1,185	3,644	12,881	32,115

14. HomeBuy loans

HomeBuy

Under the HomeBuy scheme and the Key Worker Living Initiative, the Trust received social housing grant (SHG) representing a percentage of the open market purchase price of a property in order to advance interest-free loans to a homebuyer. When loans are redeemed the carrying value of the loan is charged to cost of sales and the grant is recycled through the recycled capital grant fund.

MyChoice HomeBuy

Under the MyChoice HomeBuy scheme, the Trust has issued interest-bearing loans representing a percentage of the open market purchase price of the properties. Half of these loans are funded from the Trust's own resources and the other half funded by SHG. When loans are redeemed the carrying value of the loan and the carrying value of our investment is charged to cost of sales and the grant is recycled through the recycled capital grant fund.

	£'000
Opening balance at 1 April 2023	120,255
Reclassification	-
Redemption	(7,053)
Loans previously redeemed	149
Balance at 31 March 2024	113,351

HomeBuy loans have been classified as concessionary loans in line with FRS 102 section 34 as the trust is a PBE and carried at transaction price. HomeBuy loans are receivables to the trust.

15. Other investments

	2024	2023
	£'000	£'000
Bond securities	2,459	2,337
Other investments	2,462	2,276
Bank deposits	3,384	2,983
	8,305	7,596

Other investments are made up of loan related sinking funds of £7,133k (2023: £6,299k), property investment of £1,147k (2023: £1,266k) and a small number of shares valued at £25k (2023: £30k).

16. Stock

Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche. Assessments are made of recoverability using the same criteria described in the housing properties impairment policy above.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

An impairment charge of £6,780k (2022: £Nil) for the trust is included in Work In Progress, Shared ownership for the period under review. The impairment charge is in respect of the planned delivery of 224 shared ownership units.

16. Stock (continued)

The stock figure below includes capitalised interest of £0.5m (2023: £1.4m).

	2024	2023
	£'000	£'000
Work in progress, Shared ownership	33,228	35,868
Completed properties, Shared ownership	10,770	10,325
Impairment on Stock / Land	(8,271)	(1,491)
Land held for sale	3,500	3,500
	39,227	48,202

None of the stock has been pledged as collateral against borrowing by the Trust (2023: £Nil)

17. Debtors

	2024	2023
	£'000	£'000
Due within one year:		
Rental debtors	28,973	25,950
<i>Less: bad debt impairment</i>	(8,110)	(7,827)
Net rental debtors	20,863	18,123
Amounts due from other group companies	2,975	4,751
Amounts due from parent	-	1,513
Intercompany loan due from subsidiary undertaking*	88,200	79,082
Prepayments and accrued income	9,113	7,968
Other debtors	19,661	29,683
	140,812	141,120

*On 30th April 2024, it was agreed that the loan would be extended to 30 September 2025.

Due after more than one year

Staff loans	11	22
	11	22

18. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Debt (Note 22)	35,007	73,477
Trade creditors	16,753	12,022
Amounts due to subsidiary undertakings	6,951	7,295
Amounts owed in respect of housing properties under development	18,245	14,922
Other taxation and social security	2,007	2,004
Other creditors	32,433	32,881
Obligations under finance leases (Note 28)	41	38
Accruals and deferred income	79,806	80,443
Recycled Capital Grant Fund (Note 21)	128,493	119,951
Derivative financial instruments	364	575
Rent and service charge paid in advance	18,500	19,176
Deferred government grant (Note 20)	15,616	5,719
	354,216	368,502

19. Creditors: amounts falling due after one year

	2024	2023
	£'000	£'000
Debt (Note 22)	1,289,078	1,285,611
Amounts due to parent	5,500	-
Corporate bond (Note 22)	500,382	500,212
Derivative financial instruments	11,855	16,942
Obligations under finance leases (Note 28)	382	423
Amounts owed in respect of housing properties under development	6,732	4,453
Recycled Capital Grant Fund (Note 21)	41,185	37,428
Deferred government grant (Note 20)	439,880	375,787
Major repairs grant	-	9,452
Intercompany payable	38	38
	2,295,032	2,230,346

20. Deferred government grant (DGG)

	2024	2023
	£'000	£'000
At 1 April	381,506	353,712
SHG received / (repaid)	73,751	15,183
Utilised on new build	7,267	1,043
Movement in RCGF	(1,882)	(1,222)
WIP Grant SHG	8,228	24,488
Disposed in the year	-	(101)
HomeBuy repaid / recycled on redemptions	(5,896)	(5,878)
Amortised in current year	(7,478)	(5,719)
At 31 March	455,496	381,506
Due in one year	15,616	5,719
Due after one year	439,880	375,787
	455,496	381,506

21. Recycled capital grant fund (RCGF)

	2024	2023
	£'000	£'000
At 1 April	157,379	148,202
Utilised on new build	(7,267)	(1,043)
Utilised on major repairs	(3,025)	(9,951)
Repaid to GLA	-	-
HomeBuy	5,927	5,980
Recycled from DGG	1,882	4,237
Recycled from reserves	6,504	5,210
Grant administration charge	(66)	-
Interest accrued	8,143	3,452
Transfer within group	201	1,292
At 31 March	169,678	157,379
RCGF creditor falling due in one year	128,493	119,951
RCGF creditor falling due after one year	41,185	37,428
	169,678	157,379

We recognise and recycle the use of Recycled Capital Grant in accordance with guidance from Homes and Communities Agency and Greater London Authority

22. Debt analysis

	2024	2023
Loans and corporate bond		
Within one year	35,007	73,477
Between one and two years	128,144	60,457
Between two and five years	220,125	214,576
In more than five years	946,309	1,010,814
	1,329,585	1,359,324
Corporate Bonds		
In more than five years	500,382	499,976
	1,829,967	1,859,300

Security

Loans and Corporate Bonds are predominantly secured by fixed charges on individual properties.

22. Debt analysis (continued)

Terms of repayment and interest rates

The debt is repayable in accordance with lender agreed profiles. 87% of our debt is fixed with rates of interest ranging from 1.88% to 11.3% (2023: 0.3% to 11.3%). Our Corporate Bonds have fixed coupon rates of 1.875% and 4.125%.

The Trust has undrawn loan facilities of £807m (2023: £725m).

Obligations under finance leases are disclosed in Note 28.

Further information on financial instrument is given in Note 30.

We have £350m (2023 £50m) of our bank debt that is linked to Environmental, Social and Governance, (ESG), metrics. These are measured annually against performance on a number of different criteria which form part of the MTVH sustainability strategy.

23. Pensions

The Group participates in two funded schemes, the Metropolitan Thames Valley 2019 Pension Scheme (The MTVH Scheme) and the Nottinghamshire County Council Local Government Pension Scheme (Notts LGPS). The Group also participates in a defined contribution scheme, the MTVH DC Scheme.

Under Defined Benefits Accounting, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

Management's estimates relating to the defined benefit schemes are based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salaries. Variation in these assumptions may significantly impact the defined benefit obligation and annual expense as shown in this note. These assumptions and calculations are prepared by an independent actuary.

With defined contribution pensions schemes the Group does not have further future obligations other than those disclosed in the statement of financial position within Creditors falling due within one year which are paid a month following deductions on each payroll processing.

The MTVH Scheme

The scheme was established on 26 June 2019 and provides benefits that were originally accrued in the Pensions Trust – Social Housing Pension Scheme (SHPS) which were subsequently transferred to the scheme on 4 October 2019. The scheme is closed to new members and is not open to accrual, although some members retain a salary-link on some of their benefits.

The initial results of the latest triennial valuation as at 28 February 2023 have been taken into account in the calculations for the scheme as at 31st March 2024

The Nottinghamshire County Council Pension Fund (Notts LGPS)

The Notts LGPS is a multi-employer defined benefit pension scheme and is accounted for using Defined Benefits Accounting. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position.

23a. The MTVH Scheme

The liabilities in respect of the Scheme at 31 March 2024 have been calculated using the projected unit method and by rolling forward the results of the 28 February 2020 technical provisions using actuarial techniques, allowing for cashflows and interest over the period, and differences between the assumptions used to set the technical provisions and those selected for accounting under FRS 102.

It is important to note that the estimated liability will not reflect all differences in demographic experience since the triennial valuation date from that assumed. However, we are satisfied that this approach should not introduce any material distortions provided that the actual experience has been broadly in line with the assumptions, and that the structure of the liabilities is not materially different from the triennial valuation date.

This method will not produce identical results to those which would be obtained by performing a full valuation at 31 March 2024. However, FRS 102 allows the use of estimates and actuarial techniques to make a reliable estimate of the liabilities recorded under FRS 102. As a result, we believe this to be an acceptable approach.

Under defined benefit accounting the Scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged to operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

The sections below outline the key assumptions underpinning the actuarial valuations, the analysis of the scheme deficit, analysis of the pension obligation and scheme' asset and the subsequent impact to the statement of comprehensive income (SOI) and the other comprehensive income statement (OCI).

Assumptions	MHT	MHT
	2024	2023
Discount Rate	4.80%	4.68%
RPI assumption	3.27%	3.28%
CPI assumption	2.87%	2.88%
Salary Growth	4.00%	3.20%

23a. The MTVH Scheme (continued)

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

	Years
Male (current age 45)	86.9
Male (current age 65)	86.0
Female (current age 45)	89.6
Female (current age 65)	88.5

Net present value of pension liability

	MHT 2024 £'000	MHT 2023 £'000
Fair value of plan assets	115,383	119,359
Present value of defined benefit obligation	(141,044)	(136,796)
Deficit in plan	(25,661)	(17,437)

Reconciliation of opening and closing pension liability

	MHT 2024 £000	MHT 2023 £000
At 1 April	136,796	202,056
Interest expense	6,274	5,243
Actuarial loss / (gain) due to scheme experience	7,195	10,447
Actuarial loss / (gain) due to changes in demographic assumptions	(2,133)	(20)
Actuarial loss / (gain) due to changes in financial assumptions	(1,569)	(75,497)
Benefits paid	(5,519)	(5,433)
At 31 March	141,044	136,796

Reconciliation of opening and closing pension assets

	MHT 2024 £000	MHT 2023 £000
At 1 April	119,359	167,212
Interest income	5,567	4,385
Experience on plan assets excluding interest income	(8,722)	(51,298)
Contributions by the employer	5,084	4,990
Administration expenses	(386)	(497)
Benefits paid	(5,519)	(5,433)
At 31 March	115,383	119,359

Return on plan assets	(2.6%)	(28.1%)
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23a. The MTVH Scheme (continued)**Impact on income & expenditure**

	MHT 2024 £000	MHT 2023 £000
Expenses	386	497
Net interest expense	707	858
	1,093	1,355

Other comprehensive income impact

	MHT 2024 £000	MHT 2023 £000
Return / (loss) on plan assets in excess of interest income	(8,722)	(51,298)
Actuarial (loss) / gain on experience adjustment	(7,195)	(10,447)
Actuarial (loss) / gain on demographic assumptions	2,133	20
Actuarial (loss) / gain on financial assumptions	1,569	75,497
	(12,215)	13,772

Assets analysis

	MHT 2024 £000	MHT 2023 £000
Diversified growth	20,825	11,340
Equity linked LDI	-	31,351
Absolute return	24,075	30,932
Alternative risk	11,279	8,538
Liability driven investment	32,586	31,815
Net current assets	26,618	5,383
Total assets	115,383	119,359

23b. The Nottinghamshire County Council Pension Fund (Notts LGPS)

The Nottinghamshire County Council Pension Fund, which is administered by Nottinghamshire County Council, is a defined benefits scheme based on final pensionable salary, contributions being charged to the income and expenditure account over employees' working lives with the Group. The Contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

The most recent valuation of the whole fund was at 31 March 2022. To assess the value of the Employer's liabilities at 31 March 2024, the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions that comply with FRS 102.

23b. The Nottinghamshire County Council Pension Fund (Notts LGPS) (continued)

Assumptions	2024	2023
Discount rate	4.90%	4.80%
Pension increases	2.90%	2.90%
Salary increases	3.90%	3.90%

Net pension liability

	31 March 2024 £'000	31 March 2023 £'000
Present value of defined benefit obligation	9,149	9,337
Fair value of fund assets (bid value)	8,792	(8,305)
Net liability in statement of financial position	357	1,032

Impact on income and expenditure

	2024 £'000	2023 £'000
Service cost	57	116
Net interest on the defined liability	48	132
Administration expenses	4	4
Total	109	252

Re-measurement in other comprehensive income

	2024 £'000	2023 £'000
Return on fund assets in excess of interest	511	(243)
Other actuarial gains / (losses) on assets	-	15
Change in financial assumptions	128	4,899
Change in demographic assumptions	117	696
Experience gain / (loss) on defined benefit obligation	(50)	(988)
Re-measurement of defined liability	706	4,379

23b. The Nottinghamshire County Council Pension Fund (Notts LGPS) (continued)

Reconciliation of opening and closing assets

	2024	2023
	£'000	£'000
Opening fair value of scheme assets	8,305	8,609
Interest on assets	389	224
Return on assets less interest	511	(243)
Other actuarial gains / (losses)	-	15
Administration expenses	(4)	(4)
Contribution by employer including unfunded benefits	78	136
Contributions by scheme participants	21	20
Estimated total benefits paid (net of transfer in)	(508)	(452)
Fair value of scheme assets at end of period	8,792	8,305

Reconciliation of opening and closing obligations

	2024	2023
	£'000	£'000
Opening defined benefit obligation	9,337	13,904
Service cost	57	116
Interest cost	437	356
Change in financial assumptions	(128)	(4,899)
Change in demographic assumptions	(117)	(696)
Experience (gain) / loss on defined benefit obligation	50	988
Estimated funded benefits paid (net of transfers in)	(508)	(452)
Contributions by scheme participants	21	20
Closing defined benefit obligation	9,149	9,337
Return on plan assets	10.8%	(0.2%)

24. Provision for liabilities

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as finance cost in income and expenditure in the period it arises.

	Re-structure provisions	Provision for Home Loss Allowance	Provision for remedial works	Total
	£'000	£'000	£'000	£'000
Opening balance at 1 April 2023	262	-	-	262
Additions	843	2,390	62,966	66,199
Amounts used	-	-	-	-
Balance at 31 March 2024	1,105	2,390	62,966	66,461

24. Provision for liabilities (continued)

Re-structure provisions: The provision represents restructures approved by management, not yet been actioned

Provision for Home loss allowance: The provision relates to statutory amounts payable to residents in properties that are being decommissioned.

Provision for remedial works: The provision relates to costs in respect of fire safety remediation work required for leaseholder properties.

25. Share capital

	2024	2023
	Number	Number
	£	£
Opening balance	11	11
Shares issued during year	-	1
Shares cancelled during year	-	(1)
Closing balance	11	11

The nominal value of a share is £1.

26. Capital commitments

	2024	2023
	£'000	£'000
Capital expenditure that has been contracted for	344,153	497,714
Capital expenditure that has been authorised by the Board but has not yet been contracted for	196,326	108,678
	540,479	606,392

The Trust expects to finance the above commitments by:

Social housing grant receivable	19,110	42,482
Loan facilities	375,025	505,908
Shared ownership first tranche sales and other trading cash flows	146,344	58,002
	540,479	606,392

The amount contracted for at 31 March 2024 will be funded from cash reserves, borrowings, social housing grant and the proceeds of sales. The Board expects the expenditure it has authorised to be fully financed in this way. Under regulations approved by the Board, appropriate officers and employees may authorise expenditure to certain levels, and such authorised expenditure is included above.

The Trust has a number of financing options available including undrawn loan facilities, private placements and bank loan financing.

27. Contingent assets / liabilities

The Trust receives grant from Homes England and from the Greater London Authority, which is used to fund the acquisition and development of housing properties and their components. The Trust has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2024, the value of grant received in respect of these properties that had not been disposed of was £1,293m (2023: £1,251m).

As the timing of any future disposal is uncertain, no provision has been recognised in the financial statements.

28. Leasing commitments

Leases

The future minimum lease payments are set out below.

The group's future minimum finance lease payments are as follows:

	2024	2023
	£'000	£'000
Within one year	41	38
Between one to five years	195	181
In more than five years	187	241
	423	460

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rentals paid under operating leases are charged to the Statement of Comprehensive Income and Expenditure on the accruals basis.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Trust. All other leases are classified as operating leases.

Where assets are financed by leasing agreements that give rights approximating to ownership they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments (or if lower the fair value of leased asset) and is depreciated in accordance with the Trust's normal policy for that class of assets. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability.

The future minimum operating lease payments are as follows:

28. Leasing commitments (continued)

	2024	2024	2023	2023
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Less than one year	2,611	1,189	2,536	740
Between one to five years	9,602	3,781	9,345	1,447
More than five years	6,260	78	7,836	-
	18,473	5,048	19,717	2,187

The future minimum operating lease receivables are as follows:

	2024	2024	2023	2023
	LCHO	Commercial	LCHO	Commercial
	£'000	£'000	£'000	£'000
Less than one year	41,348	1,631	39,378	1,654
Between one to five years	146,618	5,314	139,631	5,752
More than five years	423,928	5,042	403,727	6,534
	611,894	11,987	582,736	13,940

29. Related parties

The Trust is entitled to the exemption allowed by FRS 102 Section 33.1A in relation to the disclosure of transactions with other companies in the group as it is a wholly owned subsidiary and its results are consolidated in the financial statements of Thames Valley Housing Association Limited.

30. Financial instruments

Under FRS 102 there are three options for accounting for financial instruments and they are: applying the recognition, de-recognition and measurement requirements of IFRS 9 or FRS 102 sections 11 and 12. The Trust elected to apply FRS 102 sections 11 and 12. On intercompany loans and staff loans the Trust has applied FRS 102 section 34 as it is a public benefit entity.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price less impairment. Any losses arising from impairment are recognised in the income statement in other operating expenses. Trade debtors are recognised with the revenue, other debtors are recognised when they become receivable. Creditors are recognised when payment becomes probable.

Loans, investments and short-term deposits

Loans, investments and short-term deposits held by the Trust, meet the criteria for basic financial instruments as set out in FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Trust has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the statement of comprehensive income at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

30. Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents in the Trust's Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

The Trust has also identified some investments, which meet the definition of cash and cash equivalents but are restricted in their use; these investments have been classified as restricted cash equivalents.

Derivative instruments and hedge accounting

The Trust holds floating rate loans which expose the Trust to interest rate risk: to mitigate against this risk the Trust uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Trust has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counterparty credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counterparty credit risk are recognised in income and expenditure. The effectiveness relationships between a loan and a swap are subject to qualitative tests at designation and should not require any further tests thereafter.

Concessionary loans

Concessionary loans are those loans made or received by the Trust that are made:

- To further its public benefit objectives,
- At a rate of interest which is below the prevailing market rate of interest,
- Not to be repayable on demand.

Loans made under HomeBuy are concessionary loans. These loans are measured at the amount advanced at the inception of the loan less amounts received and any provisions for impairment. Any associated grant is recognised as deferred income until the loan is redeemed.

Cash flow hedge (derivative financial instruments)

MHT uses interest rate swaps to reduce exposure to interest rate risk on its debt portfolio. These hedges consist of swaps with a notional value of £139m at 31 March 2024 (2023: £139m) with interest rates ranging between 5.00% and 5.7% (2023: 4.9% and 5.7%) and maturities between 7 and 24 years (2023: 8 and 25 years).

The swaps represent a liability owing to the counterparty if they were to be closed out at their fair value. The fair value of this liability as at 31 March 2024 was £13.5m (2023: £20.1m). This liability is secured with property charged to the counterparty or with cash deposits. As at 31 March 2024 the Trust had £Nil (2023: £Nil) in cash lodged to cover this liability with the remaining balance being covered by credit limits or property pledged.

Any future change in the SONIA and/or RPI forward swap curves will result in a change to the fair value of our derivative financial instruments. An adverse movement in the forward swap curves will result in an increase to the current level of liability. An adverse move would also lead to further cash or property being required to be pledged with the derivative counterparties.

30. Financial instruments (continued)**Restricted cash and cash equivalents**

As at 31 March 2024, £46.8m (2023: £43.9m) of cash is classified as restricted cash and cash equivalents due restrictions and controls on how we spend this cash. Restricted cash includes the Migration Foundation (see Note 33), leaseholder sinking funds and loan related bank accounts and deposits.

Analysis of financial assets and liabilities	2024	2023
Financial liabilities measured at fair value through profit and loss:		
Derivative financial instruments	12,219	17,517

The fair values of all of MTVH's standalone swaps are shown on the statement of comprehensive income at their mid-market Mark to Market ("MTM") value (the "mid-market" value is considered to be a close proxy for the "bid" or "offer" value, as appropriate, which are necessarily more subjective). All curves and market data used in the valuations are sourced from Refinitiv and applied in determining the fair value for each class of derivative instrument as follows:

- Interest rate swaps have been valued using the sterling SONIA swap curve, compounded over 3-month or 6-month periods where relevant. Discounting is on a SONIA swap curve basis
- LPI Swaps have been valued using the RPI swap curve and LPI option prices, and the Sterling SONIA swap curve compounded over 3-month periods. Discounting is also on SONIA swap curve basis.

31. Subsidiaries

The following undertakings are subsidiaries by virtue of either ownership of their share capital or the ability of MHT to control the composition of their Board.

Name of undertaking	Share held	Registered in	Principal activity
Metropolitan Living Limited	100%	England	Property development
Metropolitan Funding Plc	100%	England	Financing vehicle
Metropolitan Development Services Limited	100%	England	Development Services
Metropolitan Home Ownership Limited	100%	England	Dormant
EM Property Services Limited	100%	England	Property maintenance
Time Square Estate Management Company Limited	Limited by guarantee	England	Dormant
Longsdale Limited	Limited by guarantee	England	Dormant
Spiritagen Limited	100%	England	Dormant

MHT provides central management services to its subsidiaries. Charges are allocated as follows:

Department	Allocation basis
Facilities	Headcount
Health and safety	Headcount/Turnover
Finance	Turnover
Information technology	Number of computers
Human resources	Headcount
Procurement	Headcount/Turnover
Communications	Headcount/Turnover
Board	Headcount/Turnover
Executive Team	Headcount/Turnover

The quantum of the 2023/24 charges applied for these services to non-regulated subsidiaries is as follows:

	2024 £'000	2023 £'000
EM Property Service Limited (Metworks)	314	299
Metropolitan Development Services Limited	204	137

MHT has joint regeneration partnerships with the following partner, and the relevant share of ownership is included in the statements:

Joint Regeneration Partnership	Partners	MHP share %
Canalside	The Riverside Group Ltd	50.00%

31. Subsidiaries (continued)

MHT provides central management service to its regeneration partner, on the same allocation basis as it provides to subsidiaries. The amount of charges to the partner is as follows:

	2024	2023
	£'000	£'000
Canalside	493	414

The Trust has also received a loan from Metropolitan Funding Plc (a 100% owned subsidiary). This loan is included within the amounts for Corporate Bond in Note 19.

		1 Apr 2023	Movement	31 Mar 2024
		£'000	£'000	£'000
MF Plc	MHT	256,652	(529)	256,123

At the reporting date MHT had granted a loan to Metropolitan Living Limited (a 100% owned subsidiary).

		1 Apr 2023	Movement	31 Mar 2024
		£'000	£'000	£'000
MHT	MLL	65,525	825	66,350

MHT has also granted a loan to Thames Valley Housing Association Limited (the immediate and ultimate parent undertaking). TVH owed £nil to MHT at the year end.

		1 Apr 2023	Movement	31 Mar 2024
		£'000	£'000	£'000
MHT	TVHA	1,513	(1,513)	-

MHT has also granted a loan to Metropolitan Development Services Limited (MDSL). MDSL owed £21.9m to MHT at the year end.

		1 Apr 2023	Movement	31 Mar 2024
		£'000	£'000	£'000
MHT	MDSL	13,557	8,293	21,850

Thames Valley Housing Association Limited (the immediate and ultimate parent undertaking) has also granted a loan to MHT. MHT owed £5,500 to TVH at the year end.

		1 Apr 2023	Movement	31 Mar 2024
		£'000	£'000	£'000
TVHA	MHT	-	(5,500)	(5,500)

31. Subsidiaries (continued)

MHT was charged £10.0m interest by MF Plc for the intercompany loan (2023: £10.0m).

TVHA paid gift aid of £5m (2023 £6m) to MHT

MDSL paid gift aid of £75k (2023 £20k) to MHT

MLL paid gift aid of £11.5m (2023 £1.5m) to MHT

EMPS paid gift aid of £708K (2023 £1.6m) to MHT

MHT has made the following investment in its subsidiary MF Plc

	2024	2023
	£'000	£'000
Investment in MF Plc - Ordinary shares (50,000 @ £1 each)	50	50

32. Parent undertaking

The immediate and ultimate parent undertaking and controlling party is Thames Valley Housing Association Limited, a registered society within the meaning of the Co-Operative and Community Benefit Societies Act 2014 in England and Wales. Thames Valley Housing Association Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2024.

33. Capital and reserves

The revaluation reserve has been decreased by £10.2m during the year due to disposals (total decreased of £7.5m in 2023 due to disposals).

The movements in Cash Flow Hedge Reserve and Pension Reserve are explained in Note 30 and Note 23.

The restricted reserve is created for the donated fund of the Migration Foundation. The donor specified the use of the fund. The surplus fund is currently invested, and fair value of the investment is accounted for in the restricted reserve.

There has been a upward revaluation of the assets held in respect of the Migration Foundation of £1.8m (2023: downward revaluation £953k). £18.3m (2023: £18.3m) of assets are reported in Cash and cash equivalents, and access to these assets is restricted.

34. Government grants

Government grants included in the Statement of Financial Position:

	2024	2023
	£'000	£'000
Other fixed assets		
Creditors due within one year:		
Recycled Capital Grant Fund	128,493	119,951
Deferred government grant	15,616	5,719
Creditors due after one year:		
Recycled Capital Grant Fund	41,185	37,428
Deferred government grant	439,880	375,787
Reserves:		
Income and expenditure reserve	1,445,185	1,514,813
	<u>2,070,359</u>	<u>2,053,698</u>

35. Reconciliation of net cash flow to movements in debt

	2024	2023
	£'000	£'000
Change in cash	(102,532)	47,799
Cash flow from debt	29,333	(28,229)
Cash flow from finance leases	38	34
Derivative financial instruments	5,298	22,549
Changes in net debt	34,669	(5,646)
Net debt at 1 April	(1,739,252)	(1,737,511)
Net debt at 31 March	(1,807,115)	(1,739,252)

Analysis of net debt

	31 March 2023	Cash flows	Other non-cash changed	31 March 2024
	£'000	£'000	£'000	£'000
Cash in hand and bank	181,920	(99,594)	-	83,326
Restricted cash	(43,894)	(2,938)	-	(46,832)
Total	138,028	(102,532)	-	35,494
Cash flow from debt	(1,859,300)	29,333	-	(1,829,967)
Cash flow from finance leases	(461)	38	-	(423)
Derivative financial instruments	(17,517)	-	5,298	(12,219)
	(1,877,278)	29,371	5,298	(1,842,609)
	(1,739,252)	(73,161)	5,298	(1,807,115)

36. Subsequent events

No subsequent events were identified between 1st April 2024 and the date of signing of these accounts.

37. Fire Safety Remediation Costs

We have agreed with our lenders, where necessary, that the net costs in relation to fire safety remediation works will be excluded from interest cover calculations over the five-year period ending March 2028. This is the time frame where we expect to incur the bulk of the costs required to complete the identified fire safety remediation works.

Our specialist building remediation team are working closely with government to access grant funding available for the works required. They are also negotiating with developers and contractors to maximise recovery of costs we incur for remediating defective works.

The table below separately identifies the costs and incomes related to fire safety remediation incurred in the year.

	2024
	£'000
Included in Operating Surplus (Note 2)	
Costs	(73,335)
Income	846
Net Operating Costs	<u>(72,489)</u>
Included in Capitalised Expenditure (Note 12)	
Costs	(2,791)
Income	-
Net Capitalised Costs	<u>(2,791)</u>
Total Net Fire Safety Remediation Costs	<u><u>(75,280)</u></u>