Futures Housing Group

Annual report and financial statements

Year ended 31 March 2024

Company registration number: 06293737
Registered with the Regulator of Social Housing, number L4502

Contents:

Board members, executive directors and advisors

Board		Appointed	Resigned
Chair	Mike Stevenson	21 May 2019	
Vice Chair	Mary Daunt	1 April 2023	31 March 2024
	Pauline Davis	1 April 2024	
Other members	Lindsey Williams	23 July 2013	
	Raymond Harding	26 January 2016	
	Mike Stevenson	26 January 2016	
	David Brooks	19 July 2017	18 July 2024
	Timothy Slater	19 July 2017	
	Mary Daunt	22 May 2018	15 May 2024
	Ciara McMillan	6 November 2018	
	Peter Burke	10 August 2020	
	Samantha Veal	8 December 2021	
	Laurice Ponting	1 March 2023	
	Pauline Davis	19 June 2023	
	Jackie Perry	19 June 2023	

Company Secretary

Ian Skipp

Executive directors

Chief Executive	Lindsey Williams (leave date 14 Sept 2024) Tim Mulvenna (start date 15 July 2024)
Group Finance & Resources Director	Ian Skipp
Group Director of Strategic Partnerships & Growth	Ceri Theobald (leave date 31 August 2024)
Group Director of Business Change & Strategy	Nicola Hope

Registered office

Futures House, Building 435, Argosy Road
Castle Donington, DE74 2SA

Registrations

Registered under the *Companies Act 2006*, number 06293737

Regulator of Social Housing, number L4502

External auditor

BDO LLP, Two Snowhill,
Birmingham, B4 6GA

Solicitors

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

Strategic report

The Board of Futures Housing Group Limited presents its report together with the audited financial statements for the year ended 31 March 2024.

Legal status

Futures Housing Group Limited ('the company' or FHG) is a company limited by guarantee (number 06293737) and is registered as a housing provider with the Regulator of Social Housing (RSH) (number L4502). It is the parent entity of Futures Housing Group ('the Group'). The company was incorporated on 26 June 2007 and began trading on 5 November 2007.

FHG provides back office services to its subsidiaries. These include finance, human resources, information technology and procurement. It also provides services in respect of strategic asset management and development.

Subsidiaries

Other members of the Group are:

Futures Homescape Limited (FHL) formed in 2003. Registered provider with the RSH. At 31 March 2024 FHL owned 6,999 housing properties (2023: 6,812) for social or affordable rent, shared ownership and market rent. 2,228 of these homes are supported housing which include a lifeline service (2023: 2,229). It also manages 83 properties on behalf of others (2023: 83).

Futures Homeway Limited (FHW) formed in 2007. Registered provider with the RSH. At 31 March 2024 FHW owned 3,456 housing properties (2023: 3,440) for social or affordable rent, shared ownership and market rent. 886 of these homes are supported housing which include a lifeline service (2023: 886). It also manages 83 properties on behalf of others (2023: 82).

Five Doorways Homes Limited (5D) formed in 2004. Not a registered provider. At 31 March 2024 5D owned 85 housing properties (2023: 85). Ten of these homes are supported housing which include a lifeline service. 5D is a subsidiary of FHL.

Futures Living Limited (FLL) formed in 2015. It acts as a development vehicle for properties for outright sale. FLL is a subsidiary of 5D. FLL has not traded during 2023-24 and is dormant as at 31 March 2024.

Futures Finance Limited (FFL) formed in 2018 and acts as a funding vehicle to on-lend bank loans and other bank credit facilities across the Group.

Futures Treasury Plc (FTP) formed in 2018 and also acts as a funding vehicle to on-lend monies to the housing subsidiaries. The funding within this company is a public bond.

Working in partnership allows the Group to provide the benefits, economies of scale and capacity that a large organisation brings, while allowing each company to retain a strong focus on local delivery.

Employees

The strength of the Group lies in the quality and commitment of its employees. In particular, our ability to meet objectives and commitments to customers efficiently and effectively depends on their contribution. The Group provides information on its objectives, progress and activities through regular briefings and team meetings. The Group is committed to equal opportunities for all its employees.

Customer involvement

The Group actively encourages customer involvement in decision-making by promoting more formal engagement mechanisms. The Boards of the principal operating companies within the Group have established effective reporting arrangements between customers' representative bodies and the Boards which include an Insight Committee.

Value for money statement

1. Introduction

Value for money (VFM) is defined by the Regulator of Social Housing (RSH) and this statement details achievements throughout the year and shows how embedded VFM is throughout the Group and the positive impacts made as a result.

Our vision

This annual report and financial statements presents the outturn of the final year of the Group's corporate plan which ended as at 31 March 2024, the details of which are detailed below. The Group's new corporate plan which operates from April 2024 can be found on our website www.futureshg.co.uk.

Great places **Great services** **Great tomorrows**

Our plan has four corporate objectives:

Customer-centric

- Ensure the safety of our customers and the homes we provide for them.
- Use technology and data to improve our services.
- Involve and engage customers more in what we do.
- Improve customer satisfaction in clearly measurable ways.
- Make it effortless for customers to deal with us – such as through offering better digital systems.
- Help customers who are struggling to stay in their homes by offering more support with work, financial and health problems.

Growth and development

- Create partnerships and relationships to sustain and grow development activity and services across the region.
- Start construction on 1,200 new homes across the East Midlands, aiming to complete 300 a year.
- Offer lots of choices to our customers, including shared ownership, market rent and sale but with a big emphasis on affordable homes such as social rent, affordable rent, shared ownership, Rent-to-Buy.
- Increase the number of land-led and package-deal property development schemes.
- Take on larger, mixed tenure development schemes than we have before through joint ventures and partnerships.
- Test new methods of construction with a view to improving efficiency, costs, and environmental performance.

Sustainability

- Explore ways to make our homes more affordable for our customers.
- Improve public areas that we are responsible for.
- Improve the energy performance of our customers' homes and our organisation as a whole.
- Supporting the local economy.

Culture

- Continue to modernise and transform how we work through digital technologies and continuous improvement.
- Increase automation of services and processes so our teams can focus on looking after our customers.
- Have great systems and good data about our customers to help us be more efficient and get things right first time.
- Look after our workforce, develop talent and ensure our teams feel truly involved in our work.

Underpinning the key objectives are five strategies which have value for money targeted outcomes embedded within them:

Customer	Homes	Growth	Digital	Business change

Our values

VFM outcome-based targets are set and agreed by the Board each year to underpin the four corporate objectives in the corporate strategy. The outcomes are aimed at increasing one or more of economy, efficiency and effectiveness of each service line across the business and back office functions. The overarching aim of the VFM strategy is to have:

Upper quartile performance with costs at no more than median level.

VFM is embedded throughout the culture of FHG and is considered for all decisions. The group has a clear track record of driving cost reduction and improving performance while generating savings for re-investment in both existing stock and towards building new homes.

The performance management framework ensures that internal VFM measures and external performance metrics are monitored and reported regularly to enable the Board to oversee delivery of the corporate objectives and to implement corrective actions where necessary.

- The Co-executive Team meets monthly and reports on performance at a detailed level.
- The Executive Team receives quarterly performance and budget monitoring reports.
- The Board sets and oversees the strategic direction of the Group.
- The Audit & Risk Committee, which acts as VFM champion for the Board, sets the annual VFM strategy that includes VFM targets. The committee also monitors actual performance against measurable targets.

Customers are also part of the scrutiny framework. The Group has an Insight Committee, consisting of Board members and customer representatives. The committee is consulted for key decisions relating to the service provided to customers and also provides a forum for customers to feed back on what works and any desired improvements they seek. These inform Board decisions on areas for investment to help improve effectiveness and shape the Group's strategic direction.

- **Sections 2-7** show the results from the VFM targets set at the beginning of the year and these are in addition to the mandatory RSH VFM metrics. The results have been graded to show whether the target has been met, or not met.
- **Section 8** shows the 2022-23 external benchmarking to compare performance against 15 similarly sized housing providers ranging from 8,800 to 15,000 homes.
- **Section 9** shows RSH VFM metrics, analysing how the Group compares to the sector.
- **Section 10** provides a summary of overall financial performance alongside a forward looking view of the key financial metrics.
- **Section 11** reviews potential future VFM gains achievable through alternative commercial, organisational and delivery structures.
- **Section 12** provides analysis of non-social activity performance.

2. Customer strategy VFM targets

Achieved Not achieved

Customer strategy

To have a clearly defined customer offer delivered through effortless customer experiences.

Aim	VFM targets and outcomes	Full year results
Use our resources and develop and maintain effective partnerships to promote and support tenancy sustainment and maximise the opportunities for employability, health and training and homelessness.	**Economy:** manage customers' tenancies to ensure bad debt write offs are no more than 1.5%.	Bad debt write offs equated to 0.1% of rental income received, due to robust income management and support provided to customers.
	Effectiveness: 240 customers receiving high level intensive planned support per year through tenancy sustainment, money advice and employment advice programmes.	158 customers received high level intensive support provided by the Tenancy Support team during 2023-24. In total the team engaged with 686 customers offering support tailored to their requirements.
Evaluate the impact of our performance using customer focused metrics to ensure that the whole organisation operates in a customer focused way; ensuring that the voice of the customer is heard throughout the organisation.	**Effectiveness:** overall customer satisfaction in the upper quartile compared to industry benchmarks.	Overall satisfaction is 74%, which is in the second quartile compared to benchmarks. Upper quartile target is 77%-100%. Areas of improvement include handling of complaints and a new antisocial behaviour case management process implemented after recent survey feedback.
	Effectiveness: customer satisfaction with our neighbourhoods in the upper quartile compared to industry benchmarks.	Satisfaction with our contribution to neighbourhoods is 61%, which is in the lower quartile compared to benchmarks. Upper quartile target is 69%-100%. Satisfaction with communal areas cleaned and well maintained 63% which is in the third quartile. In response we continue to use the feedback to adapt our services accordingly.

3. Homes strategy VFM targets

Achieved Not achieved

Homes strategy

To ensure our housing stock meets all standards and the needs of our current and future customers.

Aim	VFM targets and outcomes	Full year results
Continued investment to ensure existing stock is maintained at Decent Homes Plus standard.	**Economy, efficiency, effectiveness:** repairs team expansion plan to increase in-house delivery to 50%.	As at 31 March 2024, based on total asset spend (excluding sustainability and fire improvement works), 40% of all work was delivered by the in-house Repairs team. This is lower than the previous year (46%) due to the additional spend on voids (largely delivered by contractors) and due to recruitment challenges in the West Northamptonshire area.
Ensure legal and statutory compliance.	**Efficiency, effectiveness:** homes remain 100% compliant with all statutory and regulatory standards.	As at 31 March 2024 all homes are 100% compliant with the Decent Homes and Regulatory Standards.
	Effectiveness: satisfaction with the safety and quality of our homes in the upper quartile compared to industry benchmarks.	Satisfaction with safety is up 1% to 84%, which is the second quartile compared to benchmarks. Upper quartile target is 85%-100% which is the aim for the organisation to get to.
Optimise investment decisions for existing stock type, geography and future sustainability.	**Economy:** clearly aligned and implemented stock data investment requirements within the 30-year business plan.	Review undertaken annually. Currently 30-year business plan aligns with stock investment (audited by Savills in 2023 and subject to KPMG audit in Q4 2024-25). 2024-25 and 30-year business plan reviewed as part of budget process. The budget provides for all component replacements to ensure decent homes standard is maintained. In addition, £124m has been set aside for EPC works and towards net carbon zero.

Return on assets

The Asset Maximisation team has used this financial data as well as qualitative measures such as the examples shown below, to highlight homes for further review when they become void. Options can include conversion, remodelling or disposal. Asset management is overseen by the Asset Investment Committee.

Sustainability area	Qualitative measures
Income	Rent arrears, SAP (standard assessment procedure) rating and heating type (as an indicator of fuel poverty).
Housing management	Antisocial behaviour (ASB) levels, data from indices of multiple deprivation on levels of crime and distance from managing office.
Demand	Resident satisfaction, turnover rates, access to local facilities and amenities, waiting list and demand, garage availability, open space, development potential and community feeling.

4. Growth strategy VFM targets

Achieved Not achieved

Growth strategy

To identify and facilitate organic and inorganic geographic and service offer growth opportunities.

Aim	VFM targets and outcomes	Full year results
Partnerships and strong voice.	**Effectiveness:** under the 'LIFE' model, have a lead role with three organisations, including two meetings per year.	Meetings took place with West Northamptonshire and Amber Valley. There are limited opportunities to take a leading role in other areas due to our stock size. Regular meetings held with MPs to maintain a good relationship with them and to keep them informed of challenges within the sector.
LIFE (leading, influencing, following, exiting).	**Effectiveness:** demonstrate an improvement in our stakeholders' impression from the perceptions audit to be run by the PR & Communications team.	Stakeholder perception work was not carried out during the corporate plan period due to other competing priorities. We have subsequently reviewed the value of this work which sought opinions from a wide and varied group of stakeholders. The value of this information in shaping services is limited and our focus is now on seeking input from customers and our local authority partners.

5. Development strategy VFM targets

Achieved Not achieved

Development strategy

To identify and facilitate organic growth of our stock and asset base.

Aim	VFM targets and outcomes	Full year results
Maximise delivery of new homes across all tenures within a core East Midlands geography with an increased focus on social and affordable tenures.	**Efficiency, effectiveness:** deliver quality new homes at minimum EPC (energy performance certificate) B.	New build properties are at EPC B and this will continue alongside new recommendations following the introduction of the Futures Homes Standard. Sixteen homes were delivered in 2023-24 rated as EPC A.
	Effectiveness: satisfaction with moving into a new home in the upper quartile compared to industry benchmarks	Overall satisfaction with 'new' homes was 100%. No industry benchmark is available for this metric from the current benchmark company used. Overall, tenants were satisfied with the energy efficiency of the home, communication during the moving in process, and the sign-up process.

6. Digital strategy VFM targets

Achieved | Not achieved

Digital strategy

Enable customers to consume digital services by choice, also applying the culture, processes, business models and technologies of the internet era to respond to partners' and customers' raised expectations.

Aim	VFM targets and outcomes	Full year results	
Efficiency gains.	**Economy:** number of operational hours saved as a result of process automation: 2022-23: 300 hours a month 2023-24: further 50 hours a month.	Achieved	During 2022-23, 402 hours a month were saved as a result of process automation. An additional 56.6 hours were being saved monthly from the beginning of this financial year
Provide effortless customer experiences.	**Effectiveness:** customer satisfaction score for digital services: 2022-23: no more than 10% dissatisfaction 2023-24: no more than 7% dissatisfaction	Not achieved	For the financial year 2022-23 the combined level of dissatisfaction for My Account and Webchat was 13%. Due to lack of volume on survey responses in this period, this has resulted in small sample sizes that do not give meaningful data for us to make significant changes.
More customers choosing to use our digital services rather than other contact routes.	**Economy:** proportion of total customer interactions that are digitally served: 2022-23 30% 2023-24 40%	Achieved	Over the financial year, 55% of total customer interactions were digitally served. (Data taken from My Account active users, chatbot activity and Help Hub).

7. Business change strategy VFM targets

Achieved   Not achieved

Business change strategy

To transform into an agile, adaptive organisation delivering effective, low effort services at the lowest cost to serve.

Aim	VFM targets and outcomes		Full year results
Deliver the transformation plan and embed the principles of systems thinking and continuous improvement.	**Economy, efficiency, effectiveness:** transformation programmes to demonstrate pre and post VFM review of and improvement in cost, efficiency and effectiveness as appropriate.	Achieved	Transformations completed during the year include finance and development improvement programmes. Allocations & lettings transformation has completed the design phase and the Customer Services transformation is in the design phase.
Develop a culture of trust, empowerment, agility, authenticity and accountability.	**Efficiency, effectiveness:** maintain 100% compliance with all mandatory training.	Achieved	The training plan is being delivered to time and budget. 100% of required mandatory training has been delivered and completed.
Grow and nurture talent to support a fit for the future agile workforce.	**Effectiveness:** maintain at least 90% employee engagement score.	Not achieved	The employee engagement score of 85% showed a 7% decrease from March 23 and a ENPS (employee net promoter score) of +58, which is an increase on the previous survey of +9.
	Effectiveness: post completion of Futures House – planned vs actual benefits assessment. Plans for Leabrooks depot to be developed.	Achieved	Post completion review of Futures House has been undertaken and recommendations for future improvements implemented. Leabrooks Depot initial redevelopment completed, phase 2 proposal being put forward.
	Effectiveness: conversion rate of 70% of apprentices and graduates into permanent employment once their course finishes.	Achieved	Graduate conversion rate is currently at 80%, with one graduate having left to pursue an alternative career opportunity. All 20 of our apprentices in the Repairs Academy are enrolled on their respective trade skill apprentice course. Five new construction apprentices have been recruited.
	Effectiveness: maintain the IiP Platinum Standard.	Achieved	Platinum award has been retained.
	Effectiveness, economy: 2.5% of workforce in apprenticeship and graduate trainee positions.	Achieved	The current apprenticeship/graduate ratio to the rest of the organisation is 5.6%. This should grow as more apprentices are recruited.

Additional VFM efficiency targets

These additional measures were added to the measures listed within the corporate plan to ensure that FHG was providing VFM in light of the new economic challenges being experienced around increased inflation costs, the cost of living crisis and sustainability commitments.

	Targets FY 2022-23 £'000	Actual FY 2022-23 £'000	Targets FY 2023-24 £'000	Actual FY 2023-24 £'000
Cost savings from contract negotiations	500 (inflation adjusted)	932	250 (inflation adjusted)	406
Cost savings from insourcing repairs	300	287	300	640
Profit on sale as a result of asset maximisation	100	336	105	305

In line with strong financial management, no assumed savings from the above have been assumed in the budget and business plan. Other economy targets include:

Rent loss from voids to be less than	1.20%	1.10%	1.00%	1.50%
Rent loss from bad debts to be less than	1.50%	1.00%	1.50%	0.10%
Profit on sale from RTB/RTA	287	1,131	331	230
Sustainability (EWI - external wall insulation)	100 EWI	254 EWI	73 EWI	254 EWI

8. External benchmarking to compare internal VFM targets performance with peers

The benchmarking provider is i4H which has provided data on 15 similarly-sized peers. Customer service effectiveness measures have an aim for the upper quartile and cost measures are aimed to be either quartile 1 or 2. Due to the timing of when data is available, the data relates to 2022-23.

Performance indicator	2022-23	Peer median	Quartile
Rent collected, current and former tenants (including arrears b/f)	97.10%	96.93%	1
Current tenant arrears (excluding voids)	1.40%	2.39%	1
Former tenant arrears (excluding voids)	1.50%	1.52%	1
Rent loss due to voids	0.57%	0.61%	1
Average time to complete repairs (days)	10.4	14.15	1
Satisfaction with the last repair (transactional)	91.00%	93.32%	4
Average relet time (days)	30.4	22.45	4
Gas safety certificate percentage	100.00%	100.00%	1
SAP rating	69.96%	72.11	3

Satisfaction with the last repair: Customers are contacted after a completed repair to survey performance. Suggestions and feedback are fed back through the Complaints team to improve the service.

Average relet time: This is higher due to the fact that FHG takes the opportunity to complete significant capital works due in the future when a home becomes void. This is to minimise disruption to the customers at a later date and customer feedback is that they prefer this approach.

SAP (Standard Assessment Procedure) rating: Progress has been made with improving the efficiency of homes and to reappraise all homes over the next five years.

9. Regulator of Social Housing VFM metrics

The table below shows the Group's performance on the VFM metrics specified by the RSH. FHG's 2023-24 results have been graded as green (≥ median), or red (< median) when compared to the 2022-23 global accounts of other housing associations.

Gearing is above the sector median because our net book value of fixed asset values are below the sector average (average £17k per unit, being the initial transfer price plus subsequent major improvement works and after depreciation). A more relevant measure of gearing for the Group is net debt per unit which is significantly lower than the sector average.

The EBITDA MRI metric is lower than average due to the Group accelerating fire compartmentation and sustainability works, however it is likely that the median will have reduced for 2022-23 as the sector overall is seeing an increase in spend.

	Actuals 2020-21	Actuals 2021-22	Actual 2022-23	Actual 2023-24	Target 2024-25	Target 2025-26	Target 2026-27	Target 2027-28	Global accounts 2022-23 (median)
Reinvestment % Efficiency measure	9.0%	9.0%	11.5%	15.2%	14.5%	15.0%	13.9%	11.8%	6.7%
New supply delivered % (Social housing) Effectiveness measure	1.29%	1.7%	1.4%	2.2%	2.8%	2.1%	2.3%	2.2%	1.3%
New supply delivered % (Non-social housing) Effectiveness measure	0.17%	0.07%	0.04%	0.01%	0.11%	0.27%	0.00%	0.00%	0.0%
Gearing % Efficiency measure	81.7%	78.8%	81.2%	73.9%	76.6%	76.6%	76.1%	75.1%	45.0%
EBITDA MRI interest cover Efficiency measure	183%	144.6%	110.4%	123.5%	134.7%	174.6%	147.7%	133.3%	128%

	Actuals 2020-21	Actuals 2021-22	Actual 2022-23	Actual 2023-24	Target 2024-25	Target 2025-26	Target 2026-27	Target 2027-28	Global accounts 2022-23 (median)
Headline social housing CPU* Economy measure	£3,045	£3,700	£4,286	£4,830	£4,849	£4,648	£4,541	£4,538	£4,811
Operating margin % Social housing lettings Efficiency measure	36.7%	32.7%	27.2%	28.2%	31.3%	34.6%	33.4%	33.3%	19.8%
Operating margin Overall Efficiency measure	30.4%	28.8%	26.1%	28.0%	28.8%	32.2%	31.6%	31.8%	18.2%
Return on capital employed	5.15%	3.93%	3.66%	3.86%	4.44%	4.70%	4.03%	3.77%	2.80%

CPU = cost per unit
*inflation adjusted April 2023

A further analysis of headline social housing cost per unit is shown in the table below. We have added in two new measures requested by the regulator for which the comparative figures are not yet available.

Global accounts 2023	Upper quartile CPU £'000's	Median CPU £'000's	Lower quartile CPU £'000's	Actuals 2021-22 £'000's	Actuals 2022-23 £'000's	Actuals 2023-24 £'000's	Target 2023-24 £'000's
Headline social housing CPU	6.13	4.81	4.28	**3.66**	**4.29**	**4.82**	**4.76**
Broken down into:							
Management CPU	1.26	1.15	1.13	**1.29**	**1.34**	**1.27**	**1.29**
Service charge CPU	0.83	0.73	0.63	**0.25**	**0.28**	**0.30**	**0.31**
Maintenance CPU	1.57	1.37	1.26	**0.86**	**0.84**	**0.63**	**0.63**
Major repairs CPU	1.27	1.03	0.73	**1.04**	**1.54**	**2.27**	**2.30**
Other social housing CPU	0.57	0.52	0.48	**0.22**	**0.29**	**0.23**	**0.23**
CEO CPU						**0.02**	
Executive Team CPU						**0.10**	

CPU = cost per unit

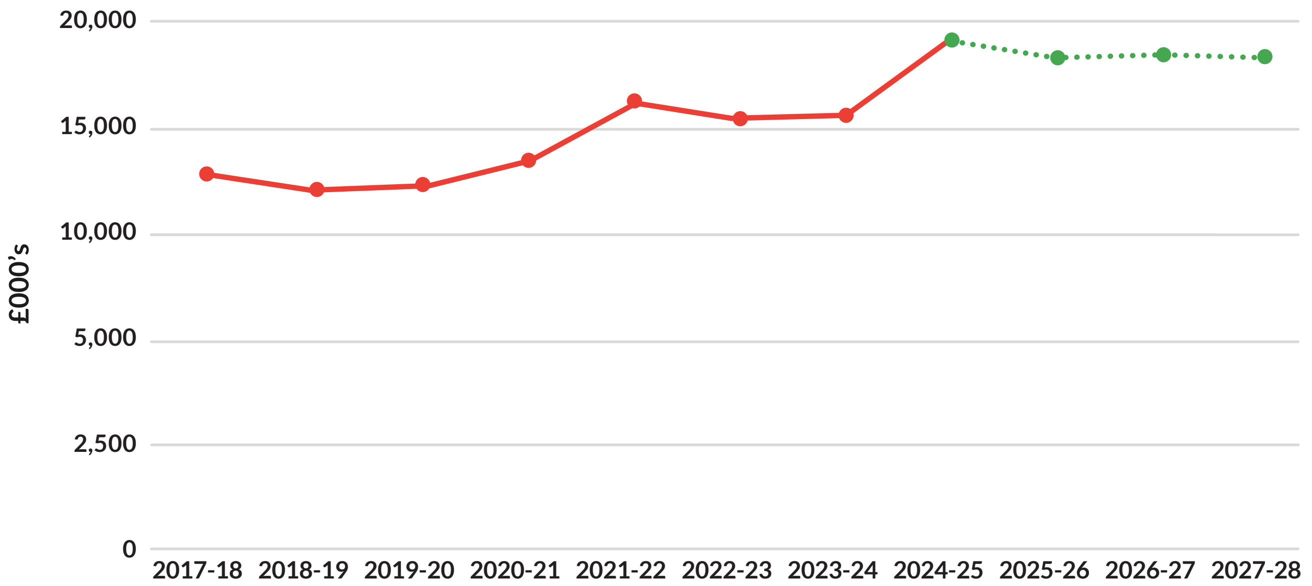
10. Historical financial performance

As shown in the table below, the Group has had significant financial strength over the past five years. Operating profit has been healthy and the Group's asset base has also strengthened, due to diversified activities and an enlarged development programme. All of these factors have helped to generate additional capacity to build new homes and invest into existing homes.

Statement of comprehensive income	31 Mar 2020 £'000	31 Mar 2021 £'000	31 Mar 2022 £'000	31 Mar 2023 £'000	31 Mar 2024 £'000
Total turnover	57,824	62,254	59,687	59,389	64,681
Operating costs (including cost of sales)	(40,381)	(43,304)	(42,559)	(44,385)	(47,385)
Revaluation of investment properties	662	1,035	2,368	684	(2,024)
Surplus on sale of housing properties and other fixed assets	2,915	859	1,538	1,661	263
Operating surplus	**21,020**	**20,844**	**21,034**	**17,349**	**15,535**
Operating profit %	36%	33%	35%	29%	24%
Total comprehensive income for the year	20,397	3,448	18,982	15,588	7,069

Statement of financial position	31 Mar 2020 £'000	31 Mar 2021 £'000	31 Mar 2022 £'000	31 Mar 2023 £'000	31 Mar 2024 £'000
Fixed assets	290,768	314,352	343,126	372,742	418,394
Net current assets	53,258	70,201	131,973	82,531	36,475
Creditors over one year	(296,382)	(333,462)	(405,026)	(369,612)	(362,039)
Total net assets	**47,644**	**51,091**	**70,073**	**85,661**	**92,730**

Forward looking financial performance: core operating costs



Core operating costs are defined as: total operating costs excluding property cost of sales as these costs are controlled within the Group's appraisal parameters framework, increase in bad debt provision as this is non cash, depreciation as this is non cash, services costs as these are recoverable and repairs costs as these fluctuate with volume.

The graph shows that over this period, operating costs are increasing as the Group invests into key strategic projects. Forecast operating costs are expected to ultimately flatline and align with the sector median.

Forward looking financial performance:

	31 March 2024 Actual	31 March 2025 Forecast	31 March 2026 Forecast	31 March 2027 Forecast
EBITDA (£'000) *	25,580	26,424	28,921	30,812
EBITDA as % of interest payable *	331%	294%	298%	294%
Average interest rate % on debt *	3.74%	4.28%	3.65%	3.59%
Groupwide net debt per unit (£'000)	24.8	25.9	27.8	28.8

** Funders' calculation*

The Group's EBITDA is forecasting as growing over the coming years while still being able to continue investing in and developing new homes. The EBITDA as a percentage of interest payable is consistent each year with a slight reduction as the revolving credit facility is being used. All aspects of the financials are effectively managed in line with the treasury policy. Business plans are robust and financially viable with mitigations available to overcome a large number of stress tests.

Loan covenant compliance

Covenant forecasts		2023-24 Actual	2024-25 Forecast	2025-26 Forecast	2026-27 Forecast	2027-28 Forecast
Gearing forecast: Group	NW	58%	58%	56%	50%	52%
Gearing covenant: Group ≤		75%	75%	75%	75%	75%
Internal limit		65%	65%	65%	65%	65%
EBITDA interest cover	NW	331%	294%	298%	294%	268%
EBITDA interest cover covenant ≥		140%	140%	140%	140%	140%
Internal limit		185%	185%	185%	185%	185%

As shown in the table above, the Group's bank loan covenant performance is forecast to comply over the next five years, with significant headroom. This demonstrates the strength of the organisation and the Group has stress tested its business plans and headroom remains strong under a variety of scenarios. During the year the interest cover covenant was changed from EBITDA MRI to EBITDA flat to allow FHG to accelerate asset spend. The Bond has an asset cover covenant which is comfortably above the maximum permitted debt and is not a limiting factor.

11. Potential future VFM gains achievable through alternative commercial, organisational and delivery structure

The Board has reviewed a number of alternative delivery structures to consider potential VFM gains. Plans to combine FHL and FHW did get underway but will no longer be progressed due to the costs to complete not providing VFM to the Group.

Mergers and partnerships

The Board is open to discussions on potential mergers and partnerships if these would benefit FHG, however it is not currently in talks with any other providers as at 31 March 2024.

Treasury management

Due to favourable economic conditions, higher interest loans were repaid during 2023-24.
In addition a revolving credit facility was increased and the bank loan covenant suite changed to EBITDA flat to allow FHG to accelerate capital spend if required.

Repairs Academy

The Repairs Academy has continued to train apprentices alongside the Group's in-house repairs team. It is expected that a higher proportion of work can be completed in-house as the apprentices become qualified and experienced, saving VAT on labour costs and providing the Group with more control to ensure the highest quality of service being provided.

Process automation technology

The automation strategy has continued to drive operational efficiency by automating routine and repetitive processes across the Group. During 2023-24, an additional 57 hours of administrative time per month was automated.

12. Analysis of non-social housing activity performance

The Board has steered the Group towards diversifying its activities over recent years to achieve gains to support the delivery of further social housing. Gains are generated through an increased level of shared ownership sales and market rent properties. The Board has reduced appetite for outright sales and none have been built since 2021-22. Currently none are planned to be built. The inclusion of other social housing sales is for instances when a void property has low demand and or it is poor VFM to repair any structural issues or improve their EPC rating or if the home is difficult to manage due to their remote location. The table below summarises the gains over the past two years and includes a five year future forecast.

Past and future gains	2022-23 £'000's	2023-24 £'000's	2024-25 £'000's	2025-26 £'000's	2026-27 £'000's	2027-28 £'000's
Profit from property sales						
RTB/RTA	1,642	237	303	461	314	321
Shared ownership	121	632	1,654	1,210	667	215
Other social housing	-	305	1,000	1,034	1,065	1,093
	1,763	**1,174**	**2,957**	**2,705**	**2,046**	**1,629**
Profit from diversified activity*						
Outright sales	(10)	-	-	-	-	-
Market rent	1,024	1,097	1,187	1,193	1,223	1,223
	1,014	**1,097**	**1,187**	**1,193**	**1,223**	**1,223**

** profit before loan interest*

As shown in the table above, diversified activities and property sales are contributing to the Group's overall capacity to deliver further social housing and our targets are detailed in section 4 (Growth).

The Board, Audit & Risk Committee and Asset Investment Committee regularly review the risk of diversified activity. The business plans are built in line with the Group's key rules for financial management. This ensures that business plans do not depend on sales receipts to meet existing and future liabilities or to meet loan covenants.

The refinance risks within the Group's business plans are maintained to be at least 24 months in the future and sufficient unencumbered stock exists to raise new debt as required by the business plans.

In addition to these controls, the Group has a £7.5m outright sales exposure cap and sales income should be no more than 25% of total turnover to reduce the risks associated with property market declines. The Board regularly reviews these limits to ensure they are appropriate.

Governance

The Group has a Co-terminous Board, consisting of the boards of FHL, FHW, FHG and 5D. The diagram below shows the governance structure and assurance map.

Co-terminous Board

FHG
FHL
FHW
5D

- Boards and committees terms of reference
- Annual reports and financial statements
- External audit letter
- Policy management framework
- Set risk appetite
- Set corporate plan and monitor delivery
- Regulatory compliance
- Internal audit annual plan
- Monitoring of operating environment
- Annual reports inc. audit & risk, health & safety
- Remuneration, Asset Investment, Insight & Scrutiny
- H&S champion and HSE forum
- Statement of internal control
- Assets and liabilities register
- CEO remuneration

FFL

- Group funding vehicle for bank debt

FTP

- Group funding vehicle for bond debt

Group Audit & Risk Committee

- Strategic risk report
- Internal audit reports
- Annual reports and statements
- Treasury management
- VFM strategy, performance and compliance
- Covenant compliance monitoring
- Fraud update

Asset Investment Committee

- Development reports
- Performance reporting

Insight Committee

- Assessment of consumer standards compliance
- Customer measures
- Assurance on transformation and service change activity

Remuneration Committee

- Policy recommendations
- Salary setting (excl. CEO)
- Salary benchmark reports

A Co-Executive Team consisting of other directors and senior managers across the business supports the Executive Team and Boards. This team meets monthly to drive and scrutinise performance. Strategy steering groups also drive strategy implementation and they meet quarterly.

External environment

Regulator of Social Housing

The RSH is a Government body set up to regulate registered providers of social housing to promote a viable, efficient and well governed social housing sector able to deliver homes that meet a range of needs.

New consumer regulations came into force in April 2024 and FHG has been preparing for this increased focus on evidencing how the Group is prioritising the safety and quality of homes and neighbourhoods and listening to and acting on tenants' views. Part of this is to delve deeper into understanding some of the characteristics of different groups of customers and projects are underway on this front.

Currently all homes are at Decent Homes Plus standard and FHG is awaiting details for updates expected for the new Safety & Quality standard.

Regulatory framework

The regulatory framework for social housing is made up of regulatory standards that are classified as either economic or consumer. In addition there are codes of practice that registered providers need to comply with.

The Group continues to operate to the highest standards and its Boards can demonstrate that they manage the Group under the principles of co-regulation underpinned by a robust governance framework. Following an in-depth assessment in 2023 the Group has continued to maintain the highest G1/V1 regulatory rating.

Government legislation

The new labour Government came into power in July 2024 bringing with it manifesto commitments that may affect FHG. The building of 1.5m new homes over the next Parliament and setting aside of additional funding to improve homes may benefit FHG by way of increased grant rates. Some pledges such as reviewing the Right to Buy discounts and increasing the pace of building safety remediation may reduce the overall surplus however stress tests have been performed and the business plan remains strong in light of these and unknown future challenges.

The *Social Housing Act* went into force in July 2023 and the key impacts are

- The Board has responded to the 'Awaab's Law' consultation and will comply with the final requirements such as starting damp, mould and condensation repairs within seven days and making emergency repairs within 24 hours.
- The Board understands that the RSH now has extended powers when investigating breaches of standards and issuing unlimited fines, for which a stress test for a one-off cost has been included within the latest budget.
- Staff who are required to hold a professional housing management qualification have been identified and their training has begun. This will be provided by Access Training.
- Reporting has started under the new Tenant Satisfaction Measures.
- Additional resources have been set aside within both the Assets and Complaints teams to comply with these new changes.

FHG does not own any higher risk buildings, being properties over 18m in height, as defined in the *Building Safety Act*. In addition, FHG has not found any examples of reinforced autoclaved aerated concrete (RAAC) used within its homes with flat roofs as all have been built outside of the date range when this form of concrete was used (1950s to 1980s) and any taller buildings were built after 2000 so this is not seen as a risk. FHG has prioritised other fire safety measures such as accelerating works to improve fire compartmentation for adjoining homes and installing new fire doors. All new developments comply with the new requirements with a three phase 'gateway' approach to ensure that at the end of each key development stage (planning, construction and handover), all building safety aims are achieved before starting the next stage.

Changes have been made to the Housing Ombudsman Complaint Handling Code to make it easier for customers to complain as well as to raise issues with the ombudsman. FHG has continued with its strong track record of listening to residents through the Insight Committee and investing in more complaints staff to investigate the root causes of problems to improve issues for all. Any maladministration findings or requests for information are shared with the Insight Committee and then with the Board.

Other health and safety

The Group has a comprehensive framework to ensure compliance with statutory responsibilities for fire safety, gas safety, lift safety, Legionella, asbestos and electrical safety, whether stock is owned, managed or leased. The Board oversees the health and safety compliance, as well as there being a health and safety forum and a Repairs & Assets Group.

New Homes Standard

This new legislation is expected to be introduced by 2025 and we expect that there will be a requirement that all new build homes should be future proofed with low carbon heating and leading levels of energy efficiency. Building regulations are likely to be changed to ensure that this can be enforced. The Group has sufficient capacity in its business plans to ensure that all of the new build programme complies with the new regulations and all new properties are built to at least EPC B standard.

Affordable Homes Programme

£171m of grant was awarded to the strategic partnership between FHG, Midland Heart and East Midlands Housing, under the new Affordable Homes Programme. This provided the Group with an additional £21.8m in funding that is being used towards delivering 500 new homes to local and surrounding areas. The new shared ownership model (allowing customers to buy a minimum of 10% equity in their home with Futures being responsible for repairs for the first ten years (up to £500 per annum)) is in place and there are no adverse financial implications to the business plan for these changes.

ESG (environmental, social, governance)

The Group complied with the Streamlined Energy and Carbon Reporting (SECR) regulations, which is reported in these accounts. As well as complying with the SECR regulations, the Group has adopted the Sustainability Reporting Standard for Social Housing.

Rent policy

Due to the high inflation rates the Government capped the permitted rent increase formula to 7% for 2023-24 (previously it was CPI plus 1%) and applied the permitted rent tolerances (being 5% for social rents and 10% for supported housing). This tolerance supports numerous initiatives including money advice, employment and training, digital services, lifelines, tenancy sustainment support services and increased housebuilding and its use was reviewed and approved by the Insight Committee.

Any customers who were not already at full target rent plus tolerance had their rents increased in line with the rent guidelines. A review of affordability to our customers is undertaken each year before any rent increases are proposed to Board.

The Group continues to help customers with a focus on debt prevention and has delivered exceptional bad debt performance by working closely with affected customers before they get into financial difficulties to help them maintain their tenancies

Extreme weather

Extreme weather events are becoming more commonplace and 16 FHG properties were flooded during 2023-24. This was unexpected as this area was not considered a flood risk. Customers were immediately rehoused while their properties were made safe and repaired by the insurance company who also reimbursed all additional costs incurred by FHG such as rent loss. A specific flooding business continuity plan is now in place.

Risk and uncertainties

The main risks that may prevent the Group achieving its objectives are considered and reviewed annually by the Board as part of the corporate planning process. They are also monitored during the year by the Audit & Risk Committee. The risks are assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Group, are included in a corporate risk map, while other risks are included in operational based risk maps. The Group's approach to risk is not intended to eliminate risk but to identify, prioritise and manage key risks to support corporate objectives.

Corporate risks

The key corporate risks are outlined in the following table.

Risk	Current controls and sources of assurance
Increasing arrears/reducing cash receipts. • Loss of income through non-payment of rent and failure of controls to collect rent and support customers. • Leading to reduced funds and increased stress for the customer. • Resulting in potential limitations on the ability of the Group to deliver strategic objectives as detailed in the corporate plan and negative customer experience.	• The Board reviewed the Group's rent and service charge policy in November 2023. • The Co-Executive Team provides tactical oversight through reports to Group Directors. The Board monitors arrears performance quarterly. • The Finance team conducts stress-testing and monitors daily cashflow with quarterly review by the Board and Group Audit & Risk Committee. • Bad debt provision is reviewed through annual budgeting and reflected in the Group's business plan. • Group business plans reflect government policy. • The 2021-22 internal audit programme included review of rent arrears management and welfare reform, outcome ***'significant assurance with minor improvements'.*** • Universal Credit (UC) arrears are forecasted using risk-based approach, all UC customers are risk assessed (High/Medium/Low). • The Co-Executive Team monitors developments in the Government's welfare reform agenda and reports key issues to Group Directors and the Board. • The housing management system (Orchard) includes capacity to record UC-related information and transactions, record UC direct payments (applicable from eight weeks' arrears) and use balance trends, enabling the Group to profile its income collection. • Rent increases have been managed by lifting the charges directly in Orchard therefore reducing the risk of error. Due to a more concise process the risk of new tenancies, voids and terminations being missed is also reduced. *Customer* • The Group's money advice model focuses on financial inclusion and capability. • Digital self-serve and a direct phoneline through to money coaches offers instant solutions, while an intensive support element is available for customers identified as needing longer term assistance. • Proactive contact for all customers making a UC claim supports a preventative approach to changes in customers' circumstances, a key driver for rent arrears. • Strong networking and partnerships with the Department for Work and Pensions (DWP) and Job Centres across the Group where UC is live. The Income team liaises with DWP and uses its 'landlord portal' to maintain visibility around UC payments. • Customers who can seek employment are referred to the employability officer. • The income app enables real-time data capture in the field, reducing preparation time and time engaging with customers.

Risk	Current controls and sources of assurance
Supply chains, materials and resource uncertainties arising from geo-political and economic uncertainty. - Failure of supply chains for skills, materials and resources due to global political and economic uncertainties. - Leading to increased delivery and maintenance costs and delays to acquisition of materials, resources and skilled workers. - Resulting in delays to delivery of the growth strategy and development programme, and a general increase to overall costs.	- The Group Directors and Co-Executive Team monitor supply chain exposure. Key developments are reported to the Board and Group Audit & Risk Committee. - Contract review meetings are held with key suppliers and stakeholders. Frequency is based on risk and value. - Dun & Bradstreet (D&B) alerts are in place to notify of changes to financial standing of suppliers. An escalation process is in place. - Annual supplier audit checks are carried out and include: actual expenditure, company detail check, VAT number check, insurances update, modern slavery statement, SSIP registration, health & safety breaches and notices, D&B status, conflict of interest statement, confidentiality agreement, GDPR compliance statement, sustainability approach and statutory certificates. - The Group operates a supply chain framework for materials with annual price increases linked to CPI. Other supplier price increases can be mitigated using other framework contractors. Risks regarding development supply chains have been highlighted to the Asset Investment Group. - Exchange rate is recorded each quarter and as rate increases are received by suppliers against CPI. - Materials used in elemental works planned maintenance are provided by the Group through its materials supply chain. Travis Perkins (TP) provides more than 90% of materials. TP imports around or approximately 20% of its materials and supplies from the EU. The Group does not currently operate an official materials store. - Contingency and major incident plans are in place. In the event of shortages FHG would reduce services to maintain statutory and regulatory compliance and use available properties to house customers safely. - Standing orders and financial regulations regulate build costs and outright sales prices. Group Directors and the Asset Investment Committee monitor schemes where parameters on costs rise or sales prices will not be met. - Stress testing of business plans has included modelling the impact of economic change. Stress testing forms part of the annual budget setting exercise and a quarterly review of stress tests is conducted and published to the Board. - The ongoing impact of Ukraine conflict is no longer showing a greater impact to Futures as compared to the rest of UK economy. - ICT Category Manager and Procurement and Contract Manager roles have been recruited and are now in post providing specialist procurement knowledge and expertise.
Cyber threat - Lack of digital protection for the Group's information systems. - Leading to data being unprotected against theft, loss, and corruption because of cyber-attack. - Resulting in interruption to services and critical operations, financial costs associated with recovery as well as potential regulatory fines, legal challenge, and reputational damage.	***Governance and education*** - Compliance with the Payment Card Industry Data Security Standard (PCI DSS) and Information Security Management system (ISMS). - ICT acceptable use policy and ICT security policy are in place. - Mandatory annual (and additional optional) online cyber-security training for all employees. Regular awareness campaigns and phishing simulations are carried out throughout the year to support staff to identify potential cyber risks. ***Email protection*** - Mail server (MS Exchange Online and Mimecast) protection. Features include spam filtering, sandboxing, Ironscales, URL protect, OnDMARC, MxToolbox – Email protection arrangements are reviewed quarterly by the ICT team. ***Device protection*** - Sophos Central Intercept X defence programs using AI to identify and prevent attacks, Always on VPN provides secure remote connection to internal network. - Mobile devices use MS EndPoint Manager to apply security measures. All devices are encrypted at 'disk level' and are capable of being located, locked, and wiped remotely. ***Server protection*** - All network servers (physical and virtual) are backed up routinely. Backups are encrypted and replicated to more than one location. Tape backup is used to provide offline backup.

Risk	Current controls and sources of assurance
	• In the event of ransomware (or similar) infecting network, CryptoGuard can roll-back the server data to its unencrypted state. • Antivirus software is in place to identify any malicious software or infection using both signature-based identification of known malware and artificial intelligence (AI) identification based on suspicious activity. ***External threats*** • NextGen firewall technology checks for malicious content and blocks in real-time, Sophos Unified Threat Management (public facing application) and & HSO Network has its own firewall. • Segregated wi-fi for staff and visitors. ***Security information and event management*** • ICT-generated information consolidated into a single system (AlienVault) which analyses the information. Signature matching is used to check activities against known threats. Every internal data packet is inspected by AlienVault on our network.
Economic climate • The macro and micro economic climate may increase pressure on the Group's existing services. • Inability to deliver the Group's strategic objectives detailed in the new corporate plan. • Increases in homelessness resulting in increased reliance on services.	• The Board and Group Audit & Risk Committee monitor a range of key economic metrics quarterly. • Business plans are prepared using 'key rules for effective financial management, as detailed in the budget report approved by the Board. These include having spare facility headroom to cope with potential adverse economic conditions with no dependency on sales income to meet loan covenants and business plan assumptions. • Quarterly stress testing of business plans assesses the impact of adverse economic conditions on loan covenants and ongoing viability. • Contractor financial resilience is assessed for all new suppliers. • Budget and business plan and stress testing resilience plan was approved by the Board on 20 March 2024 and 18 June 2024 respectively. • The Procurement team has been working with lead officers to identify critical contractors and fall back plans have been developed to ensure the Group's supply chain is resilient. • Stress testing forms part of the annual budget setting exercise and a quarterly review of stress tests is conducted and published to the Board.
Major incident • Lack of adequate business continuity and resilience plans to support response and recovery from a crisis or major incident. • Leading to loss of ability to deliver functions critical to the Group and customers. • Resulting in loss of income, damage to reputation or potential harm to customers.	• Regular testing and annual review of business continuity plans (each team has an operational business continuity plan). The annual review is conducted by an external provider as a third line of defence. • The Group's business continuity plans are supported by BisCon (risk and business continuity consultants). • The Group's business continuity policy includes arrangements for a range of different scenarios including pandemic and inclement weather. • The Group has clear links with local authority emergency disaster plans. • The internal audit programme covers business continuity arrangements on a cyclical basis. An assurance rating of 'significant assurance' was provided following the last review in 2020-21. It is included in the audit programme for 2024-25. • The business continuity tactical team leads on incident responses and conducts lessons learned exercises after significant major incidents, with external provider support if appropriate. • BCP workshops for planning our response to power outages is complete. Two scenarios were considered (a regional power outage of half a working day for three days in a week and a national power outage for a full working day of three days a week). Response plans were completed in May 2023. Cyber incident-based training took place in September 2023. • Battery power banks and 4G dongles have been supplied for identified critical services and team members.

Risk	Current controls and sources of assurance
Government policy - Lack of access to funding due to adverse government policy. - Leading to negative impact on the Group's operations and finance. - Resulting in inability to deliver the Group's strategic objectives as detailed in the corporate plan.	- The Co-Executive team monitors developments in government policy, including bidding rounds and Chancellor statements and reports key developments or actions to the Board and Group Directors. - Known and anticipated changes to government policy are incorporated into budgets and business plans which are stress tested, reviewed, and approved by the Board. - Regular reporting to the Board and Group Audit & Risk Committee on actual and expected policy changes, including mitigating actions. - 2021-22 internal audit of budget setting and approval processes – general ledger and budgetary control was given 'substantial' assurance'. - The Group has historically been successful in Homes England grant funding bids and future funding is sought through continuous market engagement. Grant levels are currently increasing, which supports scheme viability and/or options for tenure mix. - Work on tenure diversification continues to progress. This incorporates the Government's expectation of using the Group's asset base to deliver more social housing. - The Board sets the Group's strategic direction to incorporate the ability to be a partner of choice with Homes England. - The Group has responded to the Building a Safer Future: Proposals for Reform of the Building Safety Regulatory System consultation via the National Housing Federation. A paper to Board, Executive and Co-Executive (January 2021) detailed the Group's readiness. This was followed by a specific session with the Insight Committee (April 2021) to give assurance that the Group met the principles set out. A facilitated session with the Co-Executive team (May 2021) outlined key consideration for areas in the Group and actions required. Four further sessions with the Insight Committee (May – August 2021) were held to formulate a customer led action plan to meet the elements set out in the paper. A joint Board and Insight Committee away day (October 2021) led to further recommendations and the Asset Investment Committee noted the Group's response to the White Paper at their meeting (October 2022) before submission. An action plan was then proposed to the Insight Committee (January 2022) and work is now taking place to deliver the plan. - Futures responded to the Government's consultation on the Tenant Satisfaction Measures following internal consultation with customers (My Voice), the Co-Executive team and our customer survey provider IFF. FHG already reports on the vast majority of measures proposed and adjustments were made to enable reporting to start from 01 April 2023.
Resource planning - Lack and loss of skilled and experienced team members and failure to identify skills required to run departments and delivery projects. - Leading to inability of the Group to deliver and maintain home and strategic and business plan objectives. - Resulting in negative impact upon governance and viability rating, negative customer experiences and reputational damage.	- Resource planning is owned by the Co-executive Team and reviewed and discussed quarterly with the Group Directors. Approval for additional resource is sought by submitting a business case to the Group Directors in line with the financial regulations. - The Group's planning approach focuses on planning for specific key business scenarios, such as business growth, impact from the external environment and other internal reviews, to deliver the corporate objectives (eg transformation output). - The annual budget setting process is informed by the resource plan which assesses current and future resource requirements necessary to deliver services to, projects and strategies. As workstreams are progressed, implications for staff resource levels are monitored. - Internal audit reviews comment on resourcing and succession planning matters, where appropriate. Internal audit of HR and recruitment took place in April 2023 – 'significant assurance with minor improvements'. - Reward and recognition is reviewed as part of a triennial benchmarking review. This review helps to ensure that the employee reward remains competitive and key partners are retained. The Group Directors consider report outcomes at meetings before making decisions in accordance with delegated authorities.

Risk	Current controls and sources of assurance
	• The development of a high-level skills matrix sets out the core skills and capabilities for each role and underpins future resource planning. This also ensures that team members have the right skills, and that suitable training and development arrangements are in place. The people services transformation project and ongoing resource planning work will further develop this. • The Group's resource plan has been reviewed by the Co-Executive Team and Group Directors (alongside budgets) to address any additional skills or headcount requirements to subsequently inform the annual budget setting exercise on forecasted resources. The Board approved the 2023-24 budget at their meeting on 20 March 2024. • The Group retained Investors in People Platinum award in April 2024.
Failure to achieve environmental and sustainability targets *Leading to:* • Non-compliance with targets. • The inability to maximise funding opportunities. • The inability to maximise grant funding due to resource and data. • Tensions between appetite to develop over maximising assets. • Inaccurate short- and long-term financial forecasting and business plan stress testing. *Resulting in:* • Regulatory oversight and censure. • Increased borrowing costs and the inability to secure future, additional borrowing and resourcing. • Capacity issues within the business creating increased risk of corporate plan failure. • Negative impact on other business activities.	*Development* Three-tiered approach • **Land only** – we can build to new 2025 building regulations. • **Package deals** – we can influence developers. • Section 106 (50% of our new houses) – we accept what we are given. *Assets* • **Targeting EPC C by 2030:** Savills undertaking review of FHG asset data and will set out options to achieve EPC C by 2030, and net zero carbon by 2050. Full business plan provision has been made for EPC C and substantial provision made for net zero carbon. • Development of disposal programme for poor performing properties and consideration of alternative tenancies such as shared ownership to help in raising capital. *Asset maximisation* • A review of asset maximisation resources and capacity within the Group is underway. • An asset maximisation strategy is in place and identified a suite of short term opportunities for disposal reviewed by Asset Investment Committee. • Compliance with disposal related law and regulation are included on the annual ACS legal checklist. • An internal audit of asset maximisation 'advisory' report was considered by the Audit & Risk Committee in April 2023. *Customers and culture* • Money advice service. • Employability service. • Tenancy Sustainability team – merged with the Income Services team. • The Group's sustainment strategy was approved by the Board on 2 April 2022. Delivery of this strategy is overseen by the sustainability strategy steering group. • The Group's environment, social and governance (ESG) report forms part of the Group's annual report. • On 31 October 2022 the Group adopted the Sustainability Reporting Standard for Social Housing. • Regular Streamline Emission Carbon Reporting reporting to the Asset Investment Committee.

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<tr><th>Risk</th><th>Current controls and sources of assurance</th></tr>
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Development

Inappropriate planning and implementation of staffing and financial resources in relation to development results in:

- Failure to deliver key objectives set in the Group's corporate plan.
- Failure to develop and implement effectively an appropriate control framework to ensure:
  - Robust scheme delivery through effective scrutiny during appraisal processes and programme delivery.
  - Effective scheme project management to prevent, where possible, increased costs, extended programme timescales and adverse impact on quality of homes.

There is no adverse impact on:

- Customer satisfaction
- Reputational risk
- Value for money
- Strategic budgetary issues
- Regulatory interest.

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- The Asset Investment Committee has delegated responsibility for oversight of the Group's development programme and monitoring of delivery and performance across the Group. This includes approving investment and divestment opportunities, considering and approving development scheme proposals, development programme monitoring and risk management and asset management.
- Development parameters are set in the Group's standing orders and financial regulations.
- Development controls are in place including scheme risk assessments and development scheme reporting to the AIC.
- Three-tiered approach in place.
  - **Land only** – we can build to new 2025 building regulations.
  - **Package deals** – we can influence developers.
  - **Section 106 (50% of our new houses)** – we accept what we are given
- Development team structure implemented with appropriate skills and experience.
- Development procedure manual in place.
- Development managers team meetings provide a forum for scheme issues to be raised and discussed.
- Development improvement group managed legacy issues, supported by the Transformation team.

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Data returns

- Failure to provide the Regulator with accurate or complete data.
- Leading to late submissions and increased scrutiny by the Regulator.
- Resulting in potential revision/ decrease in governance and viability ratings, damage to reputation.

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- The Group uses experienced staff to complete data returns.
- Data returns are reviewed and signed off by relevant line managers or executive directors.
- Specific checks and controls actioned by the staff above include:
  - Reading guidance notes and definitions that accompany data returns.
  - Detailed working papers are maintained to support data submissions.
  - Reconciliations between data sources are undertaken and documented.
  - Returns are sense-checked against previous quarters/years.
  - Logic checks are undertaken on system extracted data.
  - Mathematical calculations are checked for accuracy.
  - Seeking legal advice on interpretation of law, regulation or technical application as a third line of defence.
  - The Group Finance & Resources Director undertakes a final review of data returns before submission.
  - The process for collating and validating data returns (SDR) is documented and completion reported to Board.
  - Rent increases are automated using data direct from Orchard. A sample test of rents automatically uplifted by Orchard is carried out.
  - A reconciliation now takes place between the annual data return and the master rents spreadsheet for data quality and accuracy purposes and Orchard to ensure that no inconsistencies are present.
- Refresher training to Customer Services team members on data and data quality.
- Data quality training in place for team members who have a high degree of exposure to personal and sensitive data and information.

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Statistical data return submitted to the Regulator on time with no data validation errors.
RSH fire safety remediation survey completed in September 2023.

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Failure to deliver the corporate plan.
Failure to deliver the corporate plan leading to strategies and objectives not being delivered and targets relating to business growth, digital engagement and sustainability are missed:

Customer experience strategy: Not meeting the needs of our Customers.
Homes strategy: Poor asset management for new and existing homes.
Development strategy: Failure to maximise delivery of new homes.
Growth strategy: Missed opportunities to grow.
Digital strategy: Inability to provide choice as to how customers get in touch.
Business change strategy: The Group fails to adapt and make the best use of resources.
Value for money strategy: Failure to work in the most efficient and effective way.
Sustainability strategy: Maximising assist, development and customers to achieve goals.

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The Board approved the extension of the 2020-23 corporate plan by an additional 12 months to the end of March 2024 in following the impact of Covid-19 and pending the outcome of Project Virtus (proposed merger with bpha and Flagship Group). Revisions were approved to each of the strategies, specifically changes to objectives, key success factors and value for money measures.
Strategy & Projects Working Group is in place to:

Monitor strategic delivery of the corporate plan’s key elements including strategies, and projects.
Ensure that overall risks to each element of the programme(s) are managed.
Champion the programme(s) to internal and external stakeholders and communicate progress.
Authorise financial commitments within the existing financial procedures.
Establish scopes and recommend business cases for strategic projects in advance of budget setting.

Regular strategy reports and updates to Board underpinned by a suite of performance measures.
Following feedback from multiple stakeholders including customers and colleagues, a new corporate plan starting from April 2024 has been launched.

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Effective governance framework and regulatory compliance.

Lack of effective governance framework within the Group including composition, skills and delegation arrangements of boards, committes and team members.
Leading to poor decision making and lack of compliance with Regulator’s economic and consumer standards.
Resulting in inability to deliver corporate plan and increased risk of negative impact to governance and viability ratings.

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Board and all Committees have documented terms of reference and are minuted.
Board recruitment & succession policy in place and appointments are made on a skills basis.
The corporate structure is regularly reviewed, legal advice is obtained on consequences of proposed changes.
There is a periodic review of the Group’s standing orders and financial regulations, including delegations.
The Group undertakes annual self-assessments against each of the Regulatory Standards.
Economic Standard compliance is reported to the Co-Executive, Audit & Risk Committee and Board.
Consumer Standard compliance is reported to the Co-Executive, Insight Committee and Board.
The Governance & Assurance team issues self-assessment templates to relevant officers which require the officers to record and retain supporting evidence and to sign the self-assessments as reviewed and confirmed. The team also undertakes assurance checks by sampling and reviewing evidence.
The Group Audit & Risk Committee annually reviews the VFM strategy and self-assessment against the VfM standard. Comments are recorded in the minutes.

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Risk	Current controls and sources of assurance
	- The Group operates a regulatory standards compliance plan, which is reviewed annually. This plan documents the assurance provided to the Board and includes reporting timelines. - The Group has a robust approach to stress-testing, considering aspects such as the key rules of financial management, external environment risks, corporate risk map and customer health and safety. Both financial and non-financial customer impacts have been assessed as part of the mitigating actions and core principles have been followed around legal and regulatory compliance, protection of customers' health and safety and essential services and retention of community investment where possible. The tests and mitigating actions are repeated quarterly and shared with the Board. - A separate stress test resilience paper detailing the trigger limits for Board intervention is used to ensure mitigation against future risks. - Regulatory standards internal audit delivered in 2020-21 – 'significant assurance'. - In October 2022 Standard & Poor's confirmed the Group had maintained its A+ credit rating. - Internal audit review of governance 2022-23 – 'significant assurance'. - Internal audit review of risk management 2023-24 – 'significant assurance with minor improvements' noted. - Full IDA review in 2023 – retention of the Group's G1/V1 rating.
Health and safety (H&S) - Failure to identify, monitor and control H&S risks (fire, Legionella, electrical, gas, asbestos, and lifting equipment) and workplace related risks such as the HASAWA 1974. - Leading to injury or death of customers and/or team members. - Resulting in regulatory non-compliance, reputational damage, legal challenge, monetary fines, negative impact on governance and viability ratings.	- The Group's health, safety & environment policy which is underpinned by procedures which include statements of intent for specific areas (eg gas, fire, Legionella, asbestos, lone working and other workplace risks). - Health and safety training is mandatory during new starter induction with selected elements subject to periodic training updates. Records of training are maintained through the HR system and SharePoint. - The staff appraisal system is used to identify H&S training needs. - The Board receives a written report at each meeting detailing RIDDORs reportable to the Health and Safety Executive (HSE) and related actions; HSE data on incidents and near misses; data and associated actions in relation to fire, Legionella, electrical, gas, asbestos and lift equipment and incidences of damp, mould and condensation in homes and key findings from other sources of assurance. - The internal audit programme includes gas safety – significant assurance in 2021-22, included on audit programme for 2024-25. - Health and safety incidents are reviewed, assessed and actions are taken to mitigate the risk of repeat failures. These are reported to the Group's health and safety forum along with enhanced FLEGAL reporting. - Quarterly health and safety forums are held with representatives from across the business, with key messages disseminated to staff. Board members are invited to attend and observe the forum. - The Group has maintained ISO 45001 (initial award Oct 2022, surveillance audit Oct 2024) accreditation which relates to meeting the international standard for an occupational health and safety (OHS) management system. These include desk top audits, site visits and interviews. - The occupational health, safety, wellbeing and environment (OHSWE) strategy has been in place since 2022. A strategy steering group (SSG) coordinates and monitors activities. - The Asset Investment Committee oversees building improvement works for buildings of multiple occupancy. - Completion of a best practice five-star occupational health and safety audit, conducted by the British Safety Council, in which the Group achieved the highest rating of five stars in Oct 2023.

Risk	Current controls and sources of assurance
Information governance • Failure to have robust information governance arrangements. • Leading to the inability to efficiently access and use data and information, compromised information, non-compliance with our legal and regulatory obligations. Including GDPR and Data Protection Act 2018, PCI DSS, CCTV Code of Practice 2020, Cyber Essentials+. • Resulting in regulatory interest inefficient processes, data quality issues and working arrangements, financial penalty, reputational damage and business interruption.	• The Group has a lead data protection officer to ensure continued compliance with GDPR across the Group and an information and security manger to lead in developing appropriate information and security data management. • All staff receive mandatory GDPR awareness training as part of their induction and every two years during their employment. • Data quality training in place for team members who have a high degree of exposure to personal and sensitive data and information. • Data protection impact assessments (DPIA) are carried out for all new and amended systems or processes with high privacy risks. • The Group works with external solicitors and advisors who provide legal advice and support. • GDPR risk and progress updates are reported quarterly to the information governance forum (IGF). • The IGF meets regularly to discuss relevant risks and controls around information and data. • Project Halo and its move to business as usual – aimed at improving the confidence in both the quality of the Group's data and how it is governed and secured. • Data protection internal audit completed in October 2022 – 'significant assurance with minor improvements'. • Data correction overview provided to Audit & Risk Committee in September 2023.

Capital structure and treasury policy

The Group's long term funding requirements are forecast through business plans. The business model assumes that debt will increase in the early years to fund the purchase or development of stock and the continued investment in existing stock, after which it will gradually be repaid.

The Group has in place two funding vehicles, FFL to hold bank funding facility of £107m and FTP to hold a £270m public bond. Both FFL and FTP have secured their funding on homes owned by FHL and FHW. These two main funding sources are permitted to be on-lent to FHL and FHW for the purposes of new development. In addition, up to £20m of the loan facility in FFL is permitted to be on-lent to any non RP subsidiary of the Group for commercial activity.

As at 31 March 2024, FFL had £75m undrawn facility (2023: £38.5m). FTP has fully drawn its facility.

An intercompany agreement to allow 5D to lend its surplus cash to FHL, FHW and FHG has been set up, to further the charitable aims of the Group. Work is underway to allow FHL and FHW to lend any surplus cash to one another in order to fund development programmes.

The total available liquidity of the Group as of 31 March 2024 is £122.2m (£47.2m cash and investments plus undrawn facility of £75m). The Group's treasury management policy states that the Group should manage its liquidity risk, (the risk of the Group becoming unable to meet its financial obligations when they fall due), through ensuring that sufficient sources of funding are available. The Group should hold liquid funds, short term funds and medium-term funds for rolling periods of three months, 12 months and 18 months respectively that can be accessed within appropriate timescales.

Liquidity risk is effectively managed as the Group's cash and cash investments can be accessed within seven days and all committed debt facilities can be accessed within two days. The policy also states that the Group should ensure it will not require additional financing to meet its contractually committed obligations within a period of less than 24 months. The Group complies with this requirement in its annual budget business plans and monthly outturn plans. The Group is subject to refinance risk when the existing borrowing facilities expire based on the current development pipeline, but this extends beyond 24 months.

The Group's current fixed to variable debt ratio ensures protection against interest rate increases and complies with the treasury policy which states that a minimum of 70% of debt should be fixed at any time. As at 31 March 2024, 100% of the debt was at a fixed rate.

All of the Group's debt facilities are secured by fixed charges. The Group currently has 3,122 unencumbered properties available to secure new debt as required.

Accounting policies

The Group's principal accounting policies are set out in the notes to the financial statements. There were no significant changes to accounting policies in the current year.

Key estimates and judgements

The significant judgements and estimates made by the Group in preparing the financial statements are set out in the notes to the financial statements. There were no significant changes to key estimates and judgements in the current year.

Payment of creditors

In line with government guidance, the Group's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Complaints

All companies within the Group have a clear and simple complaints policy. The Group has robust procedures to ensure that unresolved complaints are actively monitored and appropriate action taken to address the relevant issues.

Events after the end of the reporting period

We consider that there are no events since the financial year-end that have a significant effect on the financial position of the Group.

Health, safety and environmental policy

The Board is aware of its responsibilities on all matters relating to health and safety. Taking into account the needs of its customers and society at large, FHG will aim to eliminate or reduce to a level as low as reasonably practicable, the health, safety and environmental impacts of its activities; protect the environment and prevent pollution by using a structured risk management approach and the implementation of sustainable procurement practices, targeted carbon emission reduction and a reduction of waste to landfill.

Statement of compliance

In preparing this strategic report, the Board has followed the principles set out in the Housing SORP 2018 (Statement of Recommended Practice for Social Housing Providers).

Futures Housing Group Limited and its subsidiary companies which are registered providers of social housing are required to comply with the Regulatory Standards included in the Regulatory Framework and to certify compliance annually with the Governance and Financial Viability Standard.

During the year the Board has overseen an assessment of compliance with each of the Regulatory Standards. The outcome of the annual assessment was reported through an annual statement of internal control approved by the Board. As a consequence the Board can certify that the Group fully complied with the Governance and Financial Viability Standard for 2023-24 throughout the course of the year and up to the date of signing of the accounts.

Section 172 statement

The directors have had regard to their duties as set out in section 172 of the *Companies Act 2006*. The duty of directors is to act in good faith and to exercise powers diligently so as to promote the success of the company for the benefit its stakeholders. Below are key factors which demonstrate these duties:

i Decision making is fully supported by financial and non-financial information. For those decisions likely to have a significant material impact on the short, medium and long term financial plan of the Group, the potential impact is assessed through financial modelling using robust financial assumptions and subject to stress testing.

Key decisions in this area during the year include:

- Approving the new 2024-27 corporate plan.
- Approval of the 2024-25 budget, business plans and stress tests to enable delivery of the corporate priorities while maintaining sufficient headroom to allow the Group to withstand a multitude of economic pressures.
- Taking advantage of the favourable economic conditions to repay a higher rate loan that was not required in the short term to reduce the interest payable and thus improving compliance with the lenders covenant.
- Approved negotiations with the lender to increase the revolving credit facility and change the covenants to allow acceleration of capital spend.
- Implemented changes to the Development team as identified by ARK Consultancy.
- Amended the treasury policy to increase the amounts FHG could deposit within money market funds to benefit from higher interest receivable.

ii Interests of the Group's employees are protected in several ways including salary benchmarking, pension scheme arrangements and proactive benefit programmes such as health cash plans and private medical insurance. The Group works with external bodies to ensure ongoing compliance with employment legislation and best practice. Employees are consulted regularly and provided with information through employment working groups and the 'Our Futures Voice' forum. The Group invests significantly in training and skills development for all staff across the business. A robust policy framework is also in place, including policies for code of conduct and health and safety. An annual staff engagement survey captures valuable information to inform future activities and results indicate a high response rate and an overall staff engagement score of over 88% which is considered to be strong performance when benchmarked with others. The Group's health and wellbeing strategic plan will continue to focus on both physical and mental wellbeing and currently 73 staff members are Mental Health First Aid trained. Also all line managers have undergone neurodiversity training.

Key decisions in this area during the year include:

- Ensuring that the organisation's values (FACTS) have been fully embedded throughout the organisation.
- The Executive Team presented and explained the new corporate plan to all employees in person.
- Approved a salary increase of 5% for all staff.
- Implemented salary sacrifice schemes for new cars and defined contribution pension contributions to help staff save money through the ongoing cost of living crisis.
- Continued investment in health and wellbeing initiatives for staff that helped retain the Investors in People Platinum standard.

iii Relationships with suppliers are maintained across all departments through contract management processes led by the relevant contract manager and supported by the Procurement team. Relationships with customers are managed through a variety of ways that are set out in the corporate plan.

Key decisions in this area include:

- Creating a category manager role to provide significant cost savings within ICT.
- Exploring new income revenue areas such as rebates from larger contracts, income from excess solar power generation, recycling of scrap metal and refunds for when there is excess stock being held at depots.
- Follows a fair three step process of considering, checking and challenging supplier price increase requests.
- Have a detailed list of alternative suppliers for all higher value and higher risk contracts with which FHG has a direct relationship as a contingency. This was successfully used when FHG's gas servicing contractor unexpectedly went into liquidation during the year meaning that no homes went over their 12 month anniversary date.
- Increased financial due diligence completed for development contractors alongside the regular meetings, site visits and updated risk matrix with a suite of early warning triggers.

iv The impact of the Group's operations on the community are managed effectively through providing mixed tenure housing, estates management services, support services and grounds maintenance services. In addition, the Group's health, safety & environmental policy creates a framework for operating within to ensure that the Group complies with regulation in these areas.

Key decisions in this area include:

- Investment in additional customer facing roles within the Assets and Communities teams to improve the service provided to customers and in line with the Better Housing Review.
- Prioritising all damp, mould and condensation complaints alongside continued scrutiny of health and safety by the Board and Asset Investment Committee with trigger limits for intervention.
- Continued investment into new development programmes to increase housing supply with a view to enhancing the quality of homes delivered to comply with the Future Homes Standard.
- Continued funding for employability initiatives and delivery of apprenticeships.
- Implemented the full suite of Tenant Satisfaction Measures and investing to understand our customers fully.
- Starting all Board meetings with a customer story to ensure that the customer is heard at all levels within FHG.

v The Group strives to maintain a reputation for high standards of business conduct. It carries out an annual assessment of compliance with regulatory standards and has achieved top gradings for governance (G1) and viability (V1) from the regulator year-on-year. In addition the Group assesses compliance with the National Housing Federation's Code of Governance and with all relevant law annually. The Group also has a probity policy, code of conduct for board directors, standing orders and financial regulations, a fraud and financial crimes policy and a whistleblowing policy. All of these ensure that board directors and other staff have a clearly defined framework for conducting company business. Regular internal audits take place to also provide assurance to the Board, through the Audit & Risk Committee, that policies are being complied with.

Key decisions in this area include:

- Continued investment in the Governance team to deliver a tightly governed operating model that serves the needs for high standards of business conduct and for demonstrating how the Group acts fairly between all corporate entities and Boards.
- Reviewing and approving Board skills, competencies, risk appetite and guiding principles.
- New Board members and trainee Board member recruited with an emphasis on equity, diversity and inclusion to maintain the diversity of opinions.

vi The Group has a corporate structure with terms of reference for all corporate entities and Boards to demonstrate the need to act fairly between members of the company. These terms of reference, coupled with the code of governance, ensures that board directors act in the best interest of the companies they serve.

vii As well as complying with the SECR regulations, the Group has enhanced its approach to ESG reporting by adopting the Sustainability Reporting Standard for Social Housing. The Board approved the sustainability strategy and roadmap to net carbon zero.

In approving the strategic report, the Board is also approving the strategic report in its capacity as the Board of the company.

The strategic report was approved by the Board on 2 September 2024 and signed on its behalf by:

Mike Stevenson , Chair of the Board

Report of the Board

Board members and executive directors

The Group's board directors and executive directors and those who served during 2023-24 are set out on page 3. The board directors are drawn from a wide range of backgrounds, bringing together professional, commercial and local experience.

Tim Mulvenna will be replacing Lindsey Williams as the new Chief Executive during 2024-25. He has significant housing experience and is currently the Chief Executive for The Barnet Group which manages Barnet Council's housing stock as well as being responsible for all aspects of homelessness and housing in the borough. He was previously Group Director of Customer Services at L&Q, London's largest housing association.

The Group's executive directors hold no interest in the company's shares or those of the Group's members and act as executives within the authority delegated by the Boards.

The company has insurance policies that indemnify its board directors and executive directors against liability when acting for the company.

Service contracts

The Chief Executive and other executive directors are appointed on permanent contracts. The current Chief Executive's notice period is twelve months and other executive directors' (including the new Chief Executive's) notice periods are six months.

Pensions

The Group's executive directors are members of either the Derbyshire County Council defined benefit pension fund or the Group's defined contribution pension scheme. The company contributes to the schemes on behalf of its employees. The Group's executive directors are entitled to other benefits such as the payment of a car allowance and private medical insurance.

Details of the Group's executive directors' emoluments are included in note 11 to the audited financial statements.

Employment of disabled and / or neurodiverse people

The policies provide that full and fair consideration will be given to disabled applicants for employment and that existing employees who become disabled will have the opportunity to re train and continue in employment.

No unnecessary limitations are placed on the type of work which disabled people can perform and the policies ensure that in appropriate cases, consideration is given to modifications to equipment or premises and to adjustments in working practices. All line managers have received neurodiversity training.

Donations

Futures Housing Group Limited made £3.4k in charitable donations during in the year (2023: £2.1k). The Group made no political donations.

Financial instruments

The Group's treasury policy has rules to effectively manage credit risk, liquidity risk and cash flow risk which has been complied with. These rules include ensuring that during 2023-24 no more that £10m can be held on deposit with a single counterparty and that a minimum of 50% of of financial instruments should be instantly accessible should this be required in an emergency. Treasury performance is reported quarterly to the Group Audit & Risk committee, including analysis on the credit rating of counterparties and the forward looking funding profile. As at the 31 March 2024, 100% of drawn loans are fixed rate to allow the Group to mitigate adverse interest rate movements rather than using derivatives to hedge this risk. (Note the clearing bank does not have a limit in the treasury policy as it is linked to the current account and higher funds are required for development expenditure).

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the strategic report of the Board. The Group has long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with day to day operations. The Group also has a long term business plan which shows that it can service these debt facilities while continuing to comply with lenders' covenants.

The Board is satisfied that the stress testing, which includes single variant stress testing, multi-variant stress testing and determination of tolerance levels alongside mitigating actions, demonstrates sufficient financial strength to conclude that the Group is a going concern. In reaching this decision, the Board has noted that the new business plans meet the key rules for effective financial management, are not reliant on sales income to meet loan covenants and can tolerate sufficient cost pressures/income without creating a covenant breach or needing to secure extra funding over the period under review.

The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of the Group while minimising any adverse impact for customers. This plan has also been considered by the Board in reaching its going concern conclusions. It sets out the point at which the Board would intervene to instigate corrective action that would steer the Group towards compliance with its key rules for financial management. The plan demonstrates the mitigation methods that would provide sufficient immediate cash savings.

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Legal compliance

The Board recognises FHG's responsibility to ensure ongoing legal compliance as a result of the law constantly being updated. It also recognises the RSH's Governance and Financial Viability Standard and the importance of effective governance arrangements to ensure that all of the Group's registered providers of social housing adhere to all relevant law.

To ensure compliance, the Group works with Anthony Collins LLP, to help assess the extent to which it complies with relevant English law. This process involves using a legal compliance checklist, designed to highlight any potential legal non-compliance in relation to the Group's core business. This review is overseen by the Group Audit & Risk Committee and reported to the Board. The review concluded that no significant issues had been identified requiring immediate or significant action to ensure legal compliance.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations within the Group.

The systems of internal control are designed to manage, rather than to eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Group is ongoing, and has been in place throughout the period beginning 1 April 2023 up to the date of approval of the annual report and financial statements.

The Board and Group Audit & Risk Committee receives and considers reports from management on these risk management and control arrangements at meetings throughout the year.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for the Group Audit & Risk Committee, Remuneration Committee, Insight Committee and Asset Investment Committee.
- Clearly defined management responsibilities for identifying, evaluating and controlling of significant risks.
- Robust strategic and business planning processes.
- Quarterly review of the risk map by the Group Audit & Risk Committee.
- Detailed financial budgets and forecasts for subsequent years.
- Formal recruitment, retention, training and development policies.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- A sophisticated approach to treasury management which is subject to external review.
- An ongoing framework of reviews across the Group to ensure quality and best practice is maintained.
- Regular reporting to senior management and to the appropriate committees of key business objectives, targets and outcomes.
- A fraud policy (including whistle blowing and corruption).
- Detailed policies and procedures in each area of the Group's work.

The Board cannot delegate ultimate responsibility for the systems of internal control, but it has delegated authority to the Group Audit & Risk Committee to regularly review the effectiveness of the systems of internal control. The Board receives regular reports from the Group Audit & Risk Committee together with minutes of the Committee's meetings.

The means by which the Group Audit & Risk Committee reviews the effectiveness of the systems of internal control include considering risk reports, internal audit reports, management assurances, the external audit management letter and specialist reviews on areas such as treasury, health and safety and efficiency. The Group Audit & Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group and subsidiaries, together with the annual report of the internal auditor, and has reported its findings to the Board. The Board has in turn conducted its own annual review of the effectiveness of the systems of internal control. The Board concluded that the Group has maintained an effective system of Internal Control for the year ending 31 March 2024.

NHF Code of Governance

The Group has adopted and complies with the NHF Code 2020 as the code of governance for the Group's registered providers in compliance with the requirements of the regulatory Governance and Financial Viability Standard. The FHG Board has determined that Futures Treasury plc, Futures Finance Limited and Futures Living Limited are not required to comply with the Code's provisions on Board size and composition.

Streamlined energy and carbon reporting

The Group is required to comply with the Streamlined Energy and Carbon Reporting (SECR) regulations and the following table and chart show the past two year trend in emissions and energy consumption.

The comparison between SECR year 1 (2022-23) and SECR year 2 (2023-24) shows a slight decrease in scope 1 and 2 emissions.

During the year, FHG installed external wall insulation on 56 properties, cavity wall insulation on 129 properties, draughtproofing in 158 properties and upgraded the loft insulation in 147 properties. It also completed 31 solar PV, 160 LED lighting and 79 Switchee thermostat installations. These energy efficiency programmes were partially funded by the Social Housing Decarbonisation Fund and the Local Authority Delivery grants. These have seen 649 of the more inefficient homes achieve EPC Band C or above, 195 of these through sustainability works throughout the year and 454 due to planned improvement works completed since the previous survey.

In addition, FHG completed 46 window upgrades as part of the component replacement programme.

ESG (environmental, social, governance)

Carbon emissions table

GHG emissions and energy use data for SECR year 2 period 1 April 2023 to 31 March 2024 compared against previous SECR year 1 (2022-23)					
Emission source	**Units**	**SERC year 2 2023-24**	**SERC year 1 2022-23**	**Movement (% diff. to year 1)**	***Guide note:***
Energy consumption for which the organisation is responsible used to calculate emissions:					
Scope 1					
Natural gas used	kWh	456,985	1,383,797	✓ **203%**	1
Vehicle operations	litres	187,531	162,994	✗ **-13%**	2
Biomass boiler	kWh	244,367	287,926	✓ **18%**	3
Scope 2					
Electricity (supplied from National Grid)	kWh	1,191,084	869,795	✗ **-27%**	4
Corresponding emissions from activities for which the company is responsible:					
Scope 1					
Natural gas	tCO2e	84	253	✓ **201%**	5
Vehicle operations	tCO2e	464	393	✗ **-15%**	6
Biomass boiler	tCO2e	3	3	✓ **0%**	7
Scope 2					
Electricity (supplied from National Grid)	tCO2e	247	168	✗ **-32%**	8
Total gross Scope 1 and Scope 2 emissions	**tCO2e**	**798**	**817**	✓ **2%**	**9**
Emissions intensity ratio:					
Annual turnover (corresponding reporting year)		£64,682,000	£59,389,000	✓ **8%**	10
Intensity ration: tCO2e (gross Scope 1 + 2) / £100,000 revenue	tCO2e/ £100,000	1.23	1.38	✓ **12%**	11
Energy consumption for which the organisation has no direct operational control:					
Scope 3					
Emissions from purchase of electricity T&D losses	tCO2e	21	15	✗ **-28%**	12
Emissions from leased assets	tCO2e	27,685	27,381	✗ **-1%**	13
Emissions from vehicles (not owned or controlled by organisation)	tCO2e	85	108	✓ **27%**	14
Total gross Scope 3 emissions	**tCO2e**	**27,791**	**27,504**	✗ **-1%**	**15**
Total gross Scope 1, Scope 2 and Scope 3 emissions	**tCO2e**	**28,589**	**28,321**	✗ **-1%**	**16**
Carbon offset / tCO2e	tCO2e	0	0		17
Total annual net emissions reported tCO2e	**tCO2e**	**28,589**	**28,321**	✗ **-1%**	**18**

✗ *Worse* ✓ *Improvement*

Notes to emissions table:

1. Scope 1 natural gas used = kWh gas consumption used to deliver services and carry out business.
2. Scope 1 vehicle operations = fuel used in FHG owned, operated and controlled vehicles for company business activity. The increase in fuel consumption is due to an expanded van fleet as more repairs are completed internally.
3. Biomass boiler = fuel used by the biomass boiler situated at Stephenson Court.
4. Scope 2 electricity = kWh electricity from the National Grid used to deliver service and carry out business.
5. Scope 1 natural gas carbon emissions based on kWh energy used (item 1).
6. Scope 1 vehicle carbon emissions based on vehicle fuel used (item 2). A late adjustment found this figure had been inflated within the 2021-22 accounts but is now correct within this updated table.
7. Scope 1 biomass boiler emissions based on kWh energy used (item 3).
8. Scope 2 electricity carbon emission based on kWh energy used (item 4).
9. Total scope 1 and 2 emissions.
10. Annual financial turn-over corresponding to reporting year.
11. Intensity ratio = ratio of financial turnover (item 9) to total scope 1 and 2 emissions (item 7), giving indication of the Group's impact on total carbon emissions.
12. Scope 3 electricity carbon emission.
13. Emissions from leased assets, franchises and outsourced activities.
14. Scope 3 vehicle carbon emissions based on vehicle fuel used.
15. Total scope 3 emissions.
16. Total all scope emissions.
17. Carbon off-sets that have been formally verified.
18. Resultant total carbon emissions reported.

As well as complying with the SECR regulations, the Group has enhanced its approach to ESG reporting by adopting the Sustainability Reporting Standard for Social Housing. Sustainability reporting is relevant to the Group's investors and is a key tool to demonstrate the Group's delivery on the *Social Housing (Regulation) Act* expectations, Future Homes Standard and Energy White Paper.

The Group has developed a sustainability strategy and is embedding this throughout the organisation. This roadmap takes account of existing homes, offices, supply chains, and new build homes and includes consideration of energy and resource use, transport and travel, resident engagement, climate risk, biodiversity and responsible resourcing. A gap analysis has been carried out which has included benchmarking against a peer group of 40 housing associations that is intended to highlight the Group's current environmental performance versus aspirational environmentally safe levels of impact.

For existing homes, the average SAP (Standard Assessment Procedure) of properties (currently 70%) is a useful measure that indicates the efficiency level per square metre for heating, hot water, lighting, pumps and fans which are all regulated in terms of emissions they produce. The EPC rating is used also to indicate efficiency; potential fuel poverty risks may arise within homes that have a SAP below 69% and an EPC rating of below C. The roadmap sets out how the Group intends to increase its average SAP rating and achieve a minimum of EPC C in line with government targets. FHG has set aside money within the business plan to get to EPC C by 2030 and has put £100m towards becoming carbon neutral by 2050. All new builds are at least EPC B or above.

For the supply chain, the Group has an enhanced procurement approach which builds in ESG metrics to the tender process. This allows the Group to ensure that it can measure the wider impact of contractors and suppliers on delivery of ESG objectives.

A key part of our carbon footprint relates to the activity of customers. The Group will seek to implement educational and behavioural change programmes that support both carbon reduction and support sustainable tenancies. Training is being rolled out to employees within the business.

Statement of the responsibilities of the Board

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

Company law requires the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable laws) including

FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and company for that period.

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

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- State whether applicable *United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP)*: 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 accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position and enable them to ensure that the financial statements comply with the *Companies Act 2006 the Housing Regeneration Act 2008*, the *Housing Statement of Recommended Practice (2018)* and the *Accounting Direction for Private Registered Providers and Social Housing (April 2022)*. They are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board confirms that:

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

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

Information set out in the strategic report

In accordance with S414C(11) of the *Companies Act*, the company has chosen to include information in respect of its financial risk management objectives and policies, exposure to risk and likely future developments in the business of the company in the strategic report. This information would otherwise be required by Schedule 7 of the *Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008* to be contained in the report of the Board.

External auditor

BDO LLP were re-appointed as auditor at the Board meeting on 31 July 2024.

The report of the Board was approved by the Board on 2 September 2024 and signed on its behalf by:

Mike Stevenson, Chair of the Board

Independent auditor's report to members of Futures Housing Group Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the company's affairs as at 31 March 2024 and of the Group's and the Company's surplus for the year then ended.
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been properly prepared in accordance with the requirements of the *Companies Act 2006*, 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 Futures Housing Group Limited ('the company) and its subsidiaries ('the Group') for the year ended 31 March 2024 which comprise the consolidated statement of comprehensive income, the company statement of comprehensive income, the consolidated and company statement of changes in reserves, the consolidated statement of financial position, the company statement of financial position, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, 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 Group Audit & Risk Committee.

Independence

Following the recommendation of the Group Audit & Risk Committee, we were appointed by the Group Board to audit the financial statements for the year ended 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is six years, covering the years ended 31 March 2019 to 31 March 2024.

We remain independent of the Group and the parent company 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. The non-audit services prohibited by that standard were not provided to the Group or the parent company.

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 Group and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's assessment that supports the directors' conclusions with respect to the disclosures provided around going concern.
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and considered the reasonableness of the range of scenarios included in management's consideration of downside sensitivity analysis.
- We challenged management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions;
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions.
- We assessed the facility and covenant headroom calculations, and
- We reviewed the wording of the going concern disclosures and assessed its consistency with management's forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the parent company'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

Coverage	*100% (2023: 100%) of Group surplus before tax.* *100% (2023: 100%) of Group revenue.* *100% (2023: 100%) of Group total assets.*		
Key audit matters	*The recoverable amount of property developed for sale.*	***2024*** ✓	***2023*** ✓
Materiality	*Group financial statements as a whole* £7,300,000 (2023: £1,150,000) based on 1.5% of total assets (2023: 6.75% of adjusted operating surplus)		

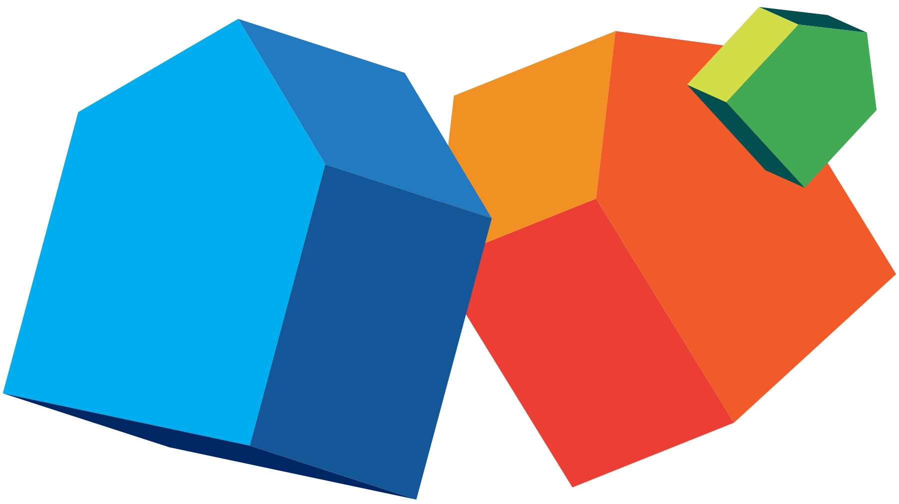
An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group’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.

Audit work on all components was performed by BDO UK, both for the purposes of reporting on the individual financial statements and for group/consolidation purposes. The significant components for group purposes were the parent entity, Futures Homescape Limited, Futures Homeway Limited and Futures Treasury PLC based on their size or risk characteristics.

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
The recoverable amount of property developed for sale. This relates to items included in note 18 of the financial statements. This area also represents a key judgement made by management, as described in Note 3.	Properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £7.55m. For completed properties at the statement of financial position date an assessment is needed of the anticipated selling price. For properties in development at the statement of financial position date, an assessment is needed of both an anticipated selling price and a determination of the expected costs to complete and sell. Due to the volume of properties developed for sale and the level of judgement there is inherent estimation uncertainty for both sales proceeds and costs to complete. We considered there is a significant risk that the carrying amount of properties developed for sale is misstated. We therefore considered this to be a key audit matter.	For the properties developed for sale (both completed and work in progress) we performed the following procedures: For forecast sales price: - Completed units sold after the year end agreed to completion statement. - Completed units not sold after year-end and work in progress, we obtained third party formal valuation of the property and sales prices achieved for similar units in the year. We enquired and considered what management plans are for unsold properties. We considered the length of time the properties have remained unsold. We also considered whether the work in progress has been marketed 'off plan' and whether this suggests any issues with demand. 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 statement of financial position date to the estimated amount at that date. We also assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year. **Key observations:** We noted no material exceptions through performing these procedures.

Our application of materiality

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:

	Group financial statements		Parent company financial statements	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Financial statement materiality				
Materiality	7,300	1,150	380	231
Basis for determining materiality	1.5% of total assets	6.75% of adjusted operating surplus	2% of turnover	1.35% of turnover
Performance materiality	5,110	805	263	162
Basis for determining performance materiality	70% of materiality	70% of materiality	70% of materiality	70% of materiality
Specific materiality				
Specific materiality	1,300	N/A	N/A	N/A
Basis for determining specific materiality	2% of revenue	N/A	N/A	N/A
Specific performance materiality	910	N/A	N/A	N/A
Basis for determining specific performance materiality	70% of materiality	N/A	N/A	N/A

Rationale for the benchmark 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.

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.

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, based on a percentage of between 1% and 91% (2023: 2% and 96%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £60,000 to £6,610,000 (2023: £28,000 to £1,100,000). In the audit of each component, we further applied performance materiality levels of 70% (2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Group Audit & Risk Committee that we would report to them all individual audit differences in excess of £146,000 (2023: £23,000) in relation to financial statement materiality and £26,000 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 annual 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.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the *Companies Act 2006* and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and directors’ report	In our opinion, based on the work undertaken in the course of the audit: • *the information given in the strategic report and the directors’ report (report of the board) for the financial year for which the financial statements are prepared is consistent with the financial statements, and* • *the strategic report and the directors’ report have been prepared in accordance with applicable legal requirements.* In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors’ report.

Matters on which we are required to report by exception.	We have nothing to report in respect of the following matters in relation to which the *Companies Act 2006* requires us to report to you if, in our opinion: - *adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or* - *the company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns, or* - *certain disclosures of directors' remuneration specified by law are not made, or* - *we have not received all the information and explanations we require for our audit.*

Responsibilities of the Board

As explained more fully in the statement of the 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 Group and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 Group and the industry in which it operates
- discussion with management and those charged with governance, and
- obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be *Companies Act 2006*, the *Housing and Regeneration Act 2008* and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Group 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 such laws and regulations to be employment law, Financial Conduct Authority (FCA) regulations, the Regulator of Social Housing's Regulatory Standards, data protection, taxation 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, and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

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 regarding any known or suspected instances of fraud.
- Obtaining an understanding of the Group'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 and internal audit reports for any known or suspected instances of fraud.
- Review of the fraud register 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.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates.

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, and
- A critical review of the consolidation and, in particular, manual or late journals posted at consolidated level, and
- Assessing significant estimates made by management for bias.

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 Company's members, as a body, in accordance with Chapter 3 of Part 16 of the *Companies Act 2006*. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Samantha Lifford

Samantha Lifford (Senior Statutory Aditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham

Date: 4 September 2024

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

Consolidated statement of comprehensive income

For the year ended 31 March 2024

	Note	2024 £'000's	2023 £'000's
Turnover: continuing activities:	4	64,681	59,389
Cost of sales	4	(3,527)	(3,289)
Operating cost	4	(43,858)	(41,096)
Revaluation of investment properties	15	(2,024)	684
Surplus on sale of housing properties	6	237	1,642
Surplus on sale of other fixed assets		26	19
Operating surplus	5	**15,535**	**17,349**
Interest receivable and other income	8	3,063	1,735
Interest payable and similar charges	9	(10,787)	(11,873)
Other financing costs/(income)	10	13	(228)
Surplus before taxation		**7,824**	**6,983**
Taxation	12	(112)	(82)
Surplus for the year		**7,712**	**6,901**
Actuarial (loss)/gain relating to the pension scheme	10	(643)	8,687
Total comprehensive income for the year		**7,069**	**15,588**

The notes on pages 61 to 106 form part of these financial statements

Company statement of comprehensive income

For the year ended 31 March 2024

	Note	2024 £'000's	2023 £'000's
Turnover: continuing activities:	4	**18,928**	**17,189**
Operating costs	4	(18,644)	(17,173)
Operating surplus: continuing activities	5	**284**	**16**
Interest receivable and other income	8	10	2
Interest payable and similar charges	9	(7)	(18)
Surplus before taxation		**287**	**-**
Tax on surplus	12	(112)	(82)
Surplus/(deficit) for the financial year		**175**	**(82)**

The notes on pages 61 to 106 form part of these financial statements

Consolidated and company statement of changes in reserves

For the year ended 31 March 2024

	Group 2024 £'000's	Group 2023 £'000's	Company 2024 £'000's	Company 2023 £'000's
Balance as at 31 March	85,661	70,073	28	110
Surplus/(deficit) for the year	7,712	6,901	175	(82)
Other comprehensive income for the year Actuarial gain (note10)	(643)	8,687	-	-
Balance as at 31 March	**92,730**	**85,661**	**203**	**28**

The notes on pages 61 to 106 form part of these financial statements

Consolidated statement of financial position

As at 31 March 2024

	Note	2024 £'000's	2023 £'000's
Tangible fixed assets			
Housing properties	13	373,814	320,103
Other tangible fixed assets	14	7,738	7,625
Investment properties	15	36,842	44,853
Investment in associate	16	-	151
Investment		-	10
		418,394	**372,742**
Current assets			
Stock	17	276	264
Properties held for sale	18	7,551	6,945
Debtors	19	11,374	10,198
Short term investment		-	17,000
Cash and cash equivalents		47,190	80,595
		66,391	**115,002**
Creditors: amounts falling due within one year	20	29,916	(32,471)
Net current assets		**36,475**	**82,531**
Total assets less current liabilities		**454,869**	**455,273**
Creditors: amounts falling due after more than one year	21	(362,039)	(369,612)
Net pension liability	10	-	-
Deferred tax provision	24	(100)	-
Total net assets		**92,730**	**85,661**
Capital and reserves			
Revenue reserve		92,730	85,661
Total reserves		**92,730**	**85,661**

The notes on pages 61 to 106 form part of these financial statements. These financial statements were approved and authorised for issue by the Board on the 2 September 2024 and signed on its behalf by:

Mike Stevenson
(Chair)

Ray Harding
(Board member)

Company number: 06293737

Company statement of financial position

As at 31 March 2024

	Note	2024 £'000's	2023 £'000's
Tangible fixed assets			
Other tangible fixed assets	14	1,123	1,364
Investment in associates	16	-	151
Investment		50	60
		1,173	**1,575**
Current assets			
Debtors	19	2,106	1,939
Cash at bank and in hand		40	365
		2,146	**2,304**
Creditors: amounts falling due within one year	20	3,016	(3,851)
Net current assets		870	(1,547)
Deferred tax provision	24	(100)	-
Total assets less current liabilities		**203**	**28**
Capital and reserves (non-equity)			
Revenue reserve		203	28
Total reserves		**203**	**28**

The notes on pages 61 to 106 form part of these financial statements. These financial statements were approved and authorised for issue by the Board on the 2 September 2024 and signed on its behalf by:

Mike Stevenson
(Chair)

Ray Harding
(Board member)

Company number: 06293737

Consolidated statement of cash flows

For the year ended 31 March 2024

	Note	2024 £'000's	2023 £'000's
Net cash generated from operating activities	29	**24,101**	**21,366**
Cash flow from investing activities			
Purchase of tangible fixed assets		(53,404)	(38,489)
Proceeds from sale of tangible fixed assets		1,227	2,852
Short term investment		17,000	(6,500)
Grants received		2,307	1,070
Interest received		3,143	1,492
		(29,727)	**(39,575)**
Cash flow from financing activity			
Interest paid		(11,516)	(12,869)
Loan arrangement fees		(387)	-
Repayment of borrowings		(15,876)	(19,835)
		(27,779)	**(32,704)**
Decrease in cash		**(33,405)**	**(50,913)**
Cash and cash equivalents at beginning of the year		80,595	131,508
Cash and cash equivalents at end of the year		**47,190**	**80,595**

The notes on pages 61 to 106 form part of these financial statements.

Notes to the financial statements

1. Legal status

The company is registered under the *Companies Act 2006* and is a registered housing provider.
The registered office is Futures House, Building 435 Argosy Road, East Midlands Airport, Castle Donington, Derbyshire, DE74 2SA.

2. Accounting policies

Basis of accounting

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

Going concern

The financial statements have been prepared on a going concern basis. The Board has reviewed a number of key areas to determine that the Group is a going concern, as set out below:

- Multi-year financial forecasts have been prepared to March 2026 at subsidiary level and at Group level, capturing all operating and capital cashflows of each entity and associated funding cashflows. These cashflows eliminate the 'high risk' cashflows such as grant income and sales income and each of these demonstrate to the Board that cash remains positive over the period under review, being at least 12 months from the date that these accounts are signed, without the need to secure any further funding than what is already in place and secured.
- The Board is satisfied that the stress testing, which includes single variant stress testing, multi-variant stress testing and determination of tolerance levels alongside mitigating actions, demonstrates sufficient financial strength to conclude that the Group is a going concern. In reaching this decision, the Board has noted that the new business plans meet the key rules for effective financial management, are not reliant on sales income to meet loan covenants and can tolerate sufficient cost pressures/income without creating a covenant breach or needing to secure extra funding over the period under review, being at least 12 months from the date that these accounts are signed. The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of the Group whilst minimising any adverse impact for customers.
- The stress testing resilience plan has also been considered by the Board in reaching its going concern conclusions. The plan sets out the point at which the Board would intervene to instigate corrective action that would steer the Group towards compliance with its key rules for financial management. The plan demonstrates the mitigation methods that would provide sufficient immediate cash savings.
- The forecast cash and covenant positions for the Group and its subsidiaries have been considered by the Board in forming its going concern conclusions. The cash positions are considered to be both the forecast cash at bank positions plus the unused secured and in place loan facilities.

- The covenant positions for the Group have been considered and there are no covenant non-compliance forecast in the latest business plans for at least 12 months from these accounts being signed and beyond. In addition, cash break-even point assessments have been reviewed by the Board, at subsidiary level, to obtain comfort that the cash positive cashflows have sufficient robustness within them. This review has highlighted that each subsidiary has a highly robust cash break even position that allows all operating costs to increase by significant amounts before cash turns negative.
- For the reasons mentioned above, the Board considers that FHG is a going concern for the foreseeable future, being a period of at least 12 months from the date of signing these accounts.

Basis of consolidation

The Group accounts consolidate the accounts of the company and all of its subsidiaries at 31 March 2024 in accordance with the principles of accounting as set out in FRS 102.

The company has adopted the following disclosure exemptions available under FRS102:

- The requirement to present a statement of cashflows and related notes.

Public benefit entity

Futures Housing Group Limited is a public benefit entity in accordance with FRS102. The financial statements are presented in sterling (£).

Turnover and revenue recognition

Turnover comprises:

- Rental income receivable in the year.
- Service charges receivable in the year.
- Income from shared ownership first tranche sales.
- Sales of properties built for sale.
- Other services, and
- Revenue grants receivable.

Rental and service charge income is recognised from the date that the property becomes available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Income from shared ownership and other sales is recognised at the point of legal completion of the sale. Other income is recognised on delivery of the services provided at the invoiced value (excluding VAT).

Taxation

The Group is exempt from Corporation Tax on income and gains to the extent that these are derived from the Group's charitable objectives.

The tax expense in the year relates to Group companies that are subject to UK taxation in addition to the non-exempt tax for the parent company.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the comprehensive income statement, except for any changes attributable:

- To items of income or expense recognised as other comprehensive income.
- To an item recognised directly in equity, and
- Directly in equity.

The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits:

- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- Where timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date.

Value Added Tax

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

Interest payable

Interest payable is charged to the statement of comprehensive income in the year. No interest payable is capitalised.

Interest receivable

Interest receivable is credited to the statement of comprehensive income in the year.

Pensions

The Group participates in the Derbyshire County Council Pension Fund, a defined benefit pension scheme managed by Derbyshire County Council, the Northamptonshire County Council Pension Fund, a defined benefit pension scheme managed in partnership by West Northamptonshire County Council and Cambridgeshire County Council, and a defined contribution scheme provided by Scottish Widows.

In relation to the defined benefit schemes, the current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs and income. Actuarial gains and losses are reported in other comprehensive income.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit, adjusted for deferred tax, is presented separately from other assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group.

In relation to the defined contribution scheme, the charges for the year represent the employer contributions payable to the scheme for the accounting period.

Housing managed on behalf of other landlords

The treatment of income and expenditure in respect of housing projects managed on behalf of other agencies depends on whether the Group carries the financial risk.

Where the Group carries the financial risk, all the project's income and expenditure is included in the Group's statement of comprehensive income.

Where the other landlord carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Group.

Housing properties

Housing properties are held for the provision of social housing or to otherwise provide social benefit. Housing properties are properties available for rent and properties subject to shared ownership leases.

Properties are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

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

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Depreciation of housing properties

Freehold land is not depreciated. The Group separately identifies the major components which comprise its housing properties and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties over the following number of years:

	Life in years
Structure	100
Fire safety measures	50
Roof	50
Bathroom	30
Doors	30
Electrical rewires	30
External wall insulation	30
Fascia	30

	Life in years
Soffit	30
Windows	30
Damp proofing	25
Heating distribution system	25
Solar PV	25
Kitchen	20
Biomass system	20
Boiler	12

Internal wall insulation is depreciated over the remaining life of the structure.

Government grants

Government grants include grants receivable from the RSH, local authorities, and other government organisations. Government grants received for housing properties are initially credited to the deferred grant account within long term creditors on the statement of financial position. They are then amortised over the useful life of the housing property structure and, where applicable its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the RSH. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a recycled capital grant fund and included in the statement of financial position in creditors.

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

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

Other grants

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

Impairment

Housing properties are assessed annually for impairment triggers. Where triggers are identified an assessment for impairment is undertaken comparing the cash generating unit's (CGU) carrying amount to its recoverable amount. Where the carrying amount of an CGU is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount in line with the SORP guidelines.

Other tangible fixed assets

Assets are held at historic cost less accumulated depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal estimated useful economic lives used for other assets are:

	Life in years
Freehold depot and other buildings	100
Computers and office equipment	3
Tools and equipment	3
Motor vehicles	3
Furniture, fixtures and fittings	5
Lifeline equipment	5
Staff cars	over the term of the agreement

Leased assets

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

Assets held under finance leases are recognised initially at the fair value (or if lower the present value of the lease payments) at the inception of the lease. The corresponding liability is included in the statement of financial position as a lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated in the same way as owned assets.

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Investment properties

Investment properties consist of 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 year end date, with changes in fair value recognised in the statement of comprehensive income. Fair value is determined annually by appropriately qualified external valuers and 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.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. Management has reviewed the Group's loan agreements and has deemed them to be basic financial instruments.

Financial assets

Financial assets comprise cash at bank and in hand, trade and other debtors and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all individual trade and other debtors and amounts owed by group undertakings, and any subsequent impairment is recognised in the statement of comprehensive income.

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or group of financial assets are impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

Financial liabilities

Financial liabilities comprise trade creditors, accruals and amounts due to group undertakings; these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method.

Investment in subsidiaries

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

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at amortised cost. Bad debt provision on rental income is calculated according to the following policy:

Customer balance (current arrears)	Provision policy
Below £250	0%
£251 to £500	10%
£501 to £1,000	25%
£1,001 to £1,500	50%
Over £1,500	75%
Former customer arrears	100%

Creditors

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

Liquid resources: cash and cash equivalents

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

Short term investments

Short term investments comprise of cash held in deposit accounts with notice periods ranging in excess of three months.

Segment reporting

Reporting of revenue and profit by segment is a requirement of FRS102 and SORP 2018. Management has determined that the Group's segments are housing management and property sales. The segment information is however disclosed in note 4 and therefore no additional segment reporting has been prepared.

3. Significant judgements and estimates

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

1 Impairment

As part of the Group's continuous review of the performance of their assets, management identify any homes or schemes that have indicators of impairment, such as if there are increasing void losses, are affected by policy changes or where the decision has been made to dispose of the properties. When an indicator is identified, analysis is undertaken to compare the carrying value and recoverable amount of the homes and any impairment losses are charged to operating surpluses.

The estimated depreciated replacement cost (DRC), calculated using appropriate construction costs and land prices is compared to the carry value of the asset and where the DRC is lower than the carrying cost an impairment charge is made against the social housing properties.

A review has been carried out on shared ownership homes that are held for sale on the statement of financial position. As at 31 March 2024, there was a total of 24 unsold homes. None exceeded six months old at the year end and 15 were sold subject to contract at values exceeding holding costs. Therefore, we consider no impairment is required.

2 Capitalisation of property development costs

The Group capitalises development expenditure when a scheme is likely to proceed including having adequate budgetary provision. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

3 Cost apportionment of development schemes

Management's estimate of the apportioned cost of individual properties for all tenures is done on a square metre basis.

4 Recoverable amounts on property held for sale

The forecast sale percentage is considered for the stock held for sale and the cost allocated accordingly. A review of the expected sales price, taking into account costs to completion in respect of assets under construction, is also performed and impairment considered. A number of properties held at the year-end have since been sold at expected selling prices which further supports the view that there is no indication of impairment.

5 Staff seconded to FHG

Management believe that a constructive obligation exists in FHG for pension costs for staff seconded from FHL and FHW, who are in the local government pension schemes. As such the cost of pension contributions relating to those staff in year are included in the company statement of comprehensive income. As FHL and FHW remains responsible for their pension obligations the related schemes assets and liabilities are only included in the consolidated statement of financial position, the details disclosed in the notes to the accounts.

6 Recognition of defined benefit surplus

Management's estimate of the defined benefit obligation (DBO) is determined using actuarial valuations using a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. A review has been undertaken of the of the valuation report for 31 March 2024 which calculated a net surplus for both defined benefit schemes that the group participates in. Management has concluded that, in line with FRS102 and the accounting policy, as the Group does not have an unconditional right to recover the asset either in the form of reduced contributions or a refund, the surplus should be capped at £nil.

Estimation uncertainty

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

1 Useful economic lives of assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

2 Investment property valuation

Investment properties are valued annually on 31 March at fair value, which is subject to uncertainty as these are affected by market conditions. The valuation is determined by an independent, professionally qualified valuation by Rupert David & Co Chartered Surveyors and were undertaken in accordance with the Royal Institution of Chartered Surveyors' guidelines.

3 Defined benefit obligation (DBO)

Management's estimate of the DBO is determined using actuarial valuations using a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty and variation in these assumptions may significantly affect the DBO amount and the annual defined benefit expenses (as analysed in Note 10).

4a. Particulars of turnover, cost of sales, operating costs and operating surplus

Group: continuing activities For the year ended 31 March 2024	Turnover 2024 £'000	Cost of sales 2024 £'000	Operating costs 2024 £'000	Operating surplus 2024 £'000
Social housing lettings (see note 4b)	56,077	-	(40,795)	15,282
Other social housing activities				
Management and agency services	44	-	(6)	38
First tranche shared ownership sales	5,649	(3,527)	(1,490)	632
Other	70	-	(2)	68
	5,763	**(3,527)**	**(1,498)**	**738**
Non-social housing activities				
Charges for support services	522	-	(559)	(37)
Properties developed for outright sale	-	-	-	-
Market rents	2,075	-	(978)	1,097
Other	244	-	(28)	216
	2,841	**-**	**(1,565)**	**1,276**
Total	**64,681**	**(3,527)**	**(43,858)**	**17,296**
Revaluation of investment properties				(2,024)
Surplus on sale of housing properties				237
Surplus on sale of other fixed assets				26
				15,535

Company	Turnover 2024 £'000	Cost of sales 2024£'000	Operating costs 2024 £'000	Operating surplus 2024 £'000
Other social housing activities				
Management services	**18,928**	**-**	**(18,644)**	**284**

Group: continuing activities For the year ended 31 March 2023	Turnover 2023 £'000	Cost of sales 2023 £'000	Operating costs 2023 £'000	Operating surplus 2023 £'000
Social housing lettings (see note 4b)	51,951	-	(38,221)	13,730
Other social housing activities				
Management and agency services	118	-	(82)	36
First tranche shared ownership sales	4,565	(3,279)	(1,166)	120
Other	6	-	(78)	(72)
	4,689	**(3,279)**	**(1,326)**	**84**
Non-social housing activities				
Charges for support services	685	-	(611)	74
Sale of properties for outright sale	-	(10)	-	(10)
Market rents	1,923	-	(899)	1,024
Other	141	-	(39)	102
	2,749	(10)	(1,549)	1,190
Total	**59,389**	**(3,289)**	**(41,096)**	**15,004**
Revaluation of investment properties				684
Surplus on sale of housing properties				1,642
Surplus on sale of other fixed assets				19
				17,349

Company	Turnover 2023 £'000	Cost of sales 2023 £'000	Operating costs 2023 £'000	Operating surplus 2023 £'000
Other social housing activities				
Management services	**17,189**	**-**	**(17,173)**	**16**

4b. Particulars of turnover, cost of sales, operating costs and operating surplus

Group: continuing activities For the year ended 31 March 2024	General housing 2024 £'000	Sheltered housing 2024 £'000	Shared ownership 2024 £'000	Total 2024 £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	35,273	16,624	1,632	53,529
Service income	1,415	666	-	2,081
Amortisation of government grants	467	-	-	467
Turnover from social housing lettings	**37,155**	**17,290**	**1,632**	**56,077**
Expenditure on social housing lettings				
Management	(8,696)	(4,668)	(724)	(14,088)
Services	(1,230)	(1,889)	-	(3,119)
Routine maintenance	(3,005)	(1,402)	-	(4,407)
Planned maintenance	(1,396)	(625)	-	(2,021)
Major repairs expenditure	(4,452)	(2,238)	-	(6,690)
Bad debts	(31)	(5)	-	(36)
Depreciation of housing properties	(4,542)	(2,155)	(315)	(7,012)
Depreciation of other fixed assets	(1,908)	(399)	(111)	(2,418)
Accelerated depreciation	(547)	(268)	-	(815)
Other	(128)	(61)	-	(189)
Total expenditure on social housing lettings	**(25,935)**	**(13,710)**	**(1,150)**	**(40,795)**
Operating surplus on social housing lettings	**11,220**	**3,580**	**482**	**15,282**
Void losses	**(580)**	**(260)**	**-**	**(840)**

Group: continuing activities For the year ended 31 March 2023	General housing 2023 £'000	Sheltered housing 2023 £'000	Shared ownership 2023 £'000	Total 2023 £'000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	32,424	15,580	1,385	49,389
Service income	1,334	641	-	1,975
Amortisation of government grants	587	-	-	587
Turnover from social housing lettings	**34,345**	**16,221**	**1,385**	**51,951**
Expenditure on social housing lettings				
Management	(8,219)	(4,590)	(721)	(13,530)
Services	(1,128)	(1,702)	-	(2,830)
Routine maintenance	(4,082)	(1,948)	-	(6,030)
Planned maintenance	(1,614)	(814)	-	(2,428)
Major repairs expenditure	(2,427)	(1,134)	-	(3,561)
Bad debts	(127)	(64)	-	(191)
Depreciation of housing properties	(4,175)	(1,993)	(272)	(6,440)
Depreciation of other fixed assets	(1,884)	(302)	-	(2,186)
Accelerated depreciation	(311)	(146)	-	(457)
Other	(382)	(186)	-	(568)
Total expenditure on social housing lettings	**(24,349)**	**(12,879)**	**(993)**	**(38,221)**
Operating surplus on social housing lettings	**9,996**	**3,342**	**392**	**13,730**
Void losses	**(376)**	**(180)**	**-**	**(556)**

5. Operating surplus

This is arrived at after charging	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Depreciation of housing properties (note 13)	**7,811**	**-**	**6,897**	**-**
Impairment of housing properties (note 13)	**16**	**-**	**-**	**-**
Depreciation of other tangible fixed assets (note 14)	**2,257**	**1,229**	**2,186**	**1,294**
Operating lease rentals				
Buildings	**59**	**-**	**59**	**59**
Auditors' remuneration (excluding irrecoverable VAT)				
Audit of Group financial statements	**197**	**164**	**183**	**153**
For other assurance services	**3**	**3**	**3**	**3**

Audit costs are borne by FHG for all entities with the Group with the exception of FTP and FFL.

6. Surplus on sale of fixed assets: housing properties

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Disposal proceeds	1,227		2,584	-
Carrying value of fixed assets	(990)		(942)	-
	237		**1,642**	**-**
The above numbers include the following for shared ownership staircasing:				
Disposal proceeds	190		341	-
Carrying value of fixed assets	(196)		(236)	-
	(6)		**105**	**-**

7. Accommodation in management
For the year ended 31 March 2024

	Social units	Affordable units	Shared ownership units	Supported sheltered units	Market rent units	Rent to Buy units	Total owned and managed by FHG
Opening stock	5,599	758	473	3,125	269	108	**10,332**
Additions	21	111	79	-	-	16	**227**
Reclassification	4	(3)	-	-	-	-	**1**
Disposals	(22)	-	(2)	(1)	-	-	**(25)**
Closing stock	**5,602**	**866**	**550**	**3,124**	**269**	**124**	**10,535**

	Owned or managed by others units	Managed not owned units	Total owned and managed units
Opening stock	5	165	**10,502**
Additions	-	1	**228**
Reclassification	-	-	**1**
Disposals	-	-	**(25)**
Closing stock	**5**	**166**	**10,706**

8. Interest receivable and other income

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Interest receivable	3,063	10	1,735	2

9. Interest and financing costs: Group

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Loans and bank overdraft	10,787	7	11,873	18

10. Employees

Average monthly number of employees expressed in full time equivalents (calculated based on a standard working week of 37 hours).

FTEs	Group 2024	Company 2024	Group 2023	Company 2023
Administration	175	175	154	154
Development	22	22	20	20
Housing, support and care	208	42	203	47
	405	**239**	**377**	**221**

Employee costs	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Wages and salaries	16,110	10,277	14,388	8,956
Social security costs	1,616	1,083	1,469	946
Pension costs*	1,433	1,441	2,116	1,370
	19,159	**12,801**	**17,973**	**11,272**

All employees of Futures Homescape Limited are members of Derbyshire County Council Pension Fund (DCCPF) and employees of Futures Homeway Limited are members of Northamptonshire County Council Pension Fund (NCCPF). These schemes were closed to new entrants from 1 July 2011; from that date the Group also participates in a scheme administered by Scottish Widows, this is a defined contribution scheme. The Group contributes between 3% and 13.8% dependant on the age of, and contribution made by, the individual employee.

A number of employees of Futures Homescape Limited and Futures Homeway Limited are seconded to Futures Housing Group Limited. On the basis that the constructive obligation rests with Futures Housing Group these costs are separately analysed above. As FHW and FHL remain responsible for their pension obligations no separate analysis of the related schemes' assets or liabilities is reported in the company accounts.

* Pension costs for The Group in 2024 included a credit of £630k (2023: £117k debit) as a result of the annual FRS102 current service costs being lower than actual contributions in the year. Current service costs for employees seconded to Future Housing Group costs are recharged in the year.

Derbyshire County Council Pension Fund

	%p.a.
Investment return	2.3%
Salary increases	3.7%
Pension increases/CARE revaluation	2.7%

Contributions

The company paid contributions at the rate of 33.4% during the year. The cost to the company, of contributions to the scheme in the period, amounted to £1,047,000 (2023: £1,075,000). Members' contributions vary between 5.5% and 11.4% of pensionable pay until 31 March 2024, depending on the circumstances of the employee. Employers' contributions to the DCCPF during the accounting period beginning 1 April 2024 are at a rate of 33.4% and are estimated to be £1,099,350.

Major categories of plan assets as a total of plan assets

	2024 %	2023 %
Equities	68	66
Bonds	22	22
Property	7	8
Cash	3	4

Assumptions

The main financial assumptions used by the actuary were as follows	2024 %	2023 %
Rate of increase in salaries	3.75	3.95
Rate of increase in pensions	2.75	2.95
Discounted rate	4.85	4.75

Mortality assumptions

The post retirement mortality assumptions were based on the Fund's VitaCurves with improvements in-line with the CMI 2020 model and these are used to value the benefit obligation at 31 March as determined by the actuary, for non-pensioners and pensioners.

	2024 number of years	2023 number of years
Current pensioners:		
Males	20.8	21.0
Females	23.8	24.0
Future pensioners:		
Males	21.6	21.8
Females	25.3	25.5

Amounts recognised in the statement of financial position

	2024 £'000	2023 £'000
Present value of funded obligations	(35,613)	(35,658)
Fair value of plan assets	49,053	44,702
Surplus restriction	(13,440)	(9,044)
	-	-
Present value of unfunded obligations	-	-
Net liability	-	-

Amounts recognised in other comprehensive income

	2024 £'000	2023 £'000
Actuarial (loss)/gain in other comprehensive income	(426)	7,081

Analysis of the amount charged to operating surplus

	2024 £'000	2023 £'000
Current service cost	629	1,259
Past service losses	-	58
Total operating charge	**629**	**1,317**

Finance costs

	2024 £'000	2023 £'000
Expected return on pension scheme assets	2,127	1,230
Interest on pension scheme liabilities	(1,688)	(1,413)
Interest on pension scheme liabilities	(430)	-
Net interest charge	**9**	**(183)**

Movement in deficit during the year

	2024 £'000	2023 £'000
Company share of net liabilities at start of period	-	(6,657)
Movement in year:		
Current service cost	(629)	(1,259)
Past service cost	-	(58)
Employer contributions	1,046	1,076
Other finance costs	9	(183)
Actuarial gain	(426)	7,081
Company share of net scheme assets at the end of the year	-	-

Changes in present value of define benefit obligation

	2024 £'000	2023 £'000
Opening defined benefit obligation (including unfunded obligations)	(35,658)	(51,951)
Current service cost	(629)	(1,259)
Past service cost	-	(58)
Interest cost	(1,688)	(1,413)
Contributions by members	(208)	(207)
Actuarial gain	1,486	18,520
Benefits paid	1,084	710
Closing defined benefit obligation (including unfunded obligations)	**(35,613)**	**(35,658)**

Changes in fair value of plan assets

	2024 £'000	2023 £'000
Opening fair value of plan assets	44,702	45,294
Expected return on assets	2,127	1,230
Contributions by members	208	207
Contributions by employer	1,047	1,076
Actuarial gain/(loss)	2,053	(2,395)
Benefits paid	(1,084)	(710)
Fair value of assets at end of year	**49,053**	**44,702**

Northamptonshire County Council Pension Fund

The NCCPF is a multi-employer defined benefit scheme, which is administered in partnership by West Northamptonshire County Council and Cambridgeshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method.

The most recent formal actuarial valuation was completed as at 31 March 2022.

The market value of the scheme's assets at that date was £10.0 million and the level of funding was 95%. The main actuarial assumptions used in the valuation were:

	%p.a.
Investment return	3.0%
Salary increases	3.2%
Benefit increases and CARE revaluation (CPI)	2.7%

Contributions

The company paid contributions at the rate of 43.2% during the year. The cost to the company of contributions to the scheme in the period, amounted to £303,000 (2023: £312,000). Members' contributions vary between 5.5% and 11.4% of pensionable pay until 31 March 2024, depending on the circumstances of the employee. Employers' contributions to the NCCPF during the accounting period beginning 1 April 2024 are at a rate of 43.2% and are estimated to be £318,000.

Major categories of plan assets as a total of plan assets

	2024 %	2023 %
Equities	56	68
Bonds	28	18
Property	13	13
Cash	3	1

Assumptions

The main financial assumptions used by the actuary were as follows:	2024 %	2023 %
Rate of increase in salaries	3.25	3.45
Rate of increase in pensions	2.75	2.95
Discounted rate	4.85	4.75

Mortality assumptions

The post retirement mortality assumptions used to value the benefit obligation at 31 March are:

	2024 number of years	2023 number of years
Current pensioners:		
Males	20.0	20.1
Females	24.1	24.3
Future pensioners:		
Males	22.4	22.6
Females	26.0	26.2

Amounts recognised in the statement of financial position

	2024 £'000	2023 £'000
Present value of funded obligations	(7,735)	(7,752)
Fair value of plan assets	10,814	9,700
Surplus restriction	(3,079)	(1,948)
	-	-
Present value of unfunded obligations	-	-
Net liability	-	-

Amounts recognised in other comprehensive income

	2024 £'000	2023 £'000
Actuarial (loss)/gain in other comprehensive income	(217)	1,606

Analysis of the amount charged to operating surplus

	2024 £'000	2023 £'000
Current service cost/total operating charge	90	188

Analysis of the amount charged to other finance costs

	2024 £'000	2023 £'000
Expected return on pension scheme assets	463	278
Interest on pension scheme liabilities	(366)	(323)
Effect of asset ceiling	(93)	-
Net finance cost	**4**	**(45)**

Movement in deficit during the year

	2024 £'000	2023 £'000
Company share of net liabilities at start of period	-	(1,685)
Movement in year:		
Current service cost	(90)	(188)
Employer contributions	303	312
Other finance costs	4	(45)
Actuarial (loss)/gain	(217)	1,606
Company share of net scheme assets at end of year	**-**	**-**

Changes in present value of defined benefit obligation

	2024 £'000	2023 £'000
Opening defined benefit obligation (including unfunded obligations)	(7,752)	(11,730)
Current service cost	(90)	(188)
Past service cost	-	-
Interest cost	(366)	(323)
Contributions by members	(29)	(26)
Actuarial gains	285	4,314
Past service gain	-	-
Benefits paid	217	201
Closing defined benefit obligation (including unfunded obligations)	**(7,735)**	**(7,752)**

Changes in fair value of plan assets

	2024 £'000	2023 £'000
Opening fair value of plan assets	9,700	10,045
Expected return on assets	463	278
Actuarial gain/(loss)	536	(760)
Contributions by employer	303	312
Contributions by members	29	26
Benefits paid	(217)	(201)
Fair value of assets at end of year	**10,814**	**9,700**

The Local Government Pension Schemes (LGPS) were closed to new entrants from 1 July 2011. From this date the company also participated in a defined contribution scheme administered by Scottish Widows.

11. Board members, executive directors and key management personnel

The Group's Executive Directors are considered to be the key management personnel of the group and company.

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Basic salary	716	716	688	688
Benefits in kind	60	60	57	57
Employer's NIC	98	98	103	103
Pension and pension equivalent contributions	154	154	147	147
	1,028	**1,028**	**995**	**995**

The emoluments of the highest paid executive director (the Group Chief Executive), excluding pension and pension equivalent contributions, were £228,763 (2023: £216,215).

The Chief Executive is a member of the Derbyshire County Council Pension Scheme.

Futures Housing Group Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

The full time equivalent number of staff (including directors) who received emoluments, including pension contributions, in the following ranges:

	2024 £'000	2023 £'000
£60,000 to £70,000	18	13
£70,001 to £80,000	8	7
£80,001 to £90,000	5	4
£90,001 to £100,000	4	4
£100,001 to £110,000	2	2
£110,001 to £120,000	1	2
£120,001 to £130,000	2	-
£130,001 to £140,000	1	1
£140,001 to £150,000	-	1
£150,001 to £160,000	-	-
£160,001 to £170,000	1	-
£170,001 to £180,000	1	-
£180,001 to £190,000	-	1
£190,000 to £200,000	-	-

	2024 £'000	2023 £'000
£200,001 to £210,000	-	-
£210,001 to £220,000	-	-
£220,001 to £230,000	-	-
£230,001 to £240,000	-	1
£240,001 to £250,000	1	-
£250,001 to £260,000	-	-
£260,001 to £270,000	-	-
£270,001 to £280,000	-	-
£280,001 to £290,000	-	-
£290,001 to £300,000	-	-
£300,001 to £310,000	-	1
£310,001 to £320,000	-	-
£320,001 to £330,000	1	-
	45	**37**

Board members' emoluments	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
S Bagshaw	4	4	3	3
J Bemrose	4	4	4	4
D Brooks	9	9	8	8
P Burke	9	9	8	8
D Cribbin	4	4	3	3
M Daunt	14	14	8	8
S Hale	-	-	4	4
R Harding	14	14	13	13
D Hook	4	4	3	3
S Hyde	-	-	13	13
K Larkin	-	-	2	2
E Lock	4	4	3	3
C McMillan	14	14	13	13
J Perry	9	9	3	3
L Ponting	9	9	1	1
T Slater	9	9	8	8
M Stevenson	23	23	21	21
S Veal	14	14	11	11
K Wooding	4	4	3	3
P Davis	7	7	-	-
J Imuere	4	4	-	-
M Goodison	1	1	-	-
G Roberts	1	1	-	-
	161	**161**	**132**	**132**

12. Tax on surplus

Group and company	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Current tax				
UK Corporation Tax on surplus for the year	-	-	-	-
Adjustments in respect of prior period	-	-	-	-
Current tax	**-**	**-**	**-**	**-**
Deferred tax				
Net origination and reversal of timing differences	111	111	(86)	(86)
Adjustments in respect of prior period	1	1	168	168
Effect of rate change on opening balance	-	-	-	-
Total tax charge	**112**	**112**	**82**	**82**

Tax reconciliation	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Surplus on ordinary activities before tax	7,824	287	6,983	-
Charitable activities				
Qualifying charitable donation	(305)	-	(330)	-
Surplus subject to Corporation Tax	**7,519**	**287**	**6,653**	**-**
Theoretical tax at UK Corporation Tax rate 19% rate (2023: 19%)	1,432	-	1,264	-
Theoretical tax at UK Corporation Tax rate 25% (2023: 19%)	72	72	-	-
Income not taxable for tax purposes	(1,432)	-	(1,264)	-
Expenses not deductible for tax purposes	(1)	(1)	-	-
Adjustment in respect of prior periods – deferred tax	1	1	168	168
Fixed asset differences	40	40	(86)	(86)
Total tax charge	**112**	**112**	**82**	**82**

All of the subsidiaries within the group, except for FHG, reported surpluses below the marginal Corporation Tax threshold. As a result, these entities are subject to a Corporation Tax rate of 19% (2023: 19%).

FHG is the only company within the group that achieved a surplus exceeding the marginal tax threshold. FHG has been subjected to a higher Corporation Tax rate of 25% (2023: 19%).

13. Tangible fixed assets: properties

Group	Completed housing properties: shared ownership £'000	Shared ownership properties under construction £'000	Social housing properties held for letting £'000	Social housing properties under construction £'000	Total £'000
Cost					
At 1 April 2023	37,061	6,320	320,832	18,445	**382,658**
Transfer to investment properties	-	440	-	5,133	**5,573**
Additions	1	13,898	3,147	23,200	**40,246**
Capitalised improvements	-	-	16,669	-	**16,669**
Schemes completed	8,595	(8,595)	19,938	(19,938)	-
Disposals	(207)	-	(3,550)	-	**(3,757)**
At 31 March 2024	**45,450**	**12,063**	**357,036**	**26,840**	**441,389**
Depreciation and impairment					
At 1 April 2023	1,666	-	60,711	-	**62,377**
Charged in year	314	-	7,497	-	**7,811**
Released on disposal	(10)	-	(2,797)	-	**(2,807)**
At 31 March 2024	**1,970**	**-**	**65,411**	**-**	**67,381**
Impairment					
At 1 April 2023	-	-	-	178	**178**
Charged in year	-	-	-	16	**16**
At 31 March 2024	**-**	**-**	**-**	**194**	**194**
Net book value					
At 31 March 2024	**43,480**	**12,063**	**291,625**	**26,646**	**373,814**
At 31 March 2023	35,395	6,320	260,121	18,267	**320,103**

Expenditure on works to existing properties: Group	2024 £'000	2023 £'000
Components capitalised	16,669	11,881
Amounts charged to statement of comprehensive income	6,690	3,561
	23,359	**15,442**

Social housing grant: Group	2024 £'000	2023 £'000
Total accumulated grant	**55,078**	**52,492**
Recognised in comprehensive income	7,195	6,726
Held as deferred capital grant	47,883	45,766
	55,078	**52,492**

Housing properties book value, net of depreciation and grants, and depot net book value (notes 13&14) comprises:

Group	2024 £'000	2023 £'000
Freehold land and buildings	374,750	320,328

Housing properties comprise of only freehold land and buildings.

14. Other tangible fixed assets

Group	Freehold depot £'000	Tools and equipment £'000	Furniture, fixtures and fittings £'000	Lifeline equipment £'000	IT and office equipment £'000	Other land and buildings £'000	Vehicles £'000	Salary Sacrifice Vehicles £'000	Total £'000
Cost									
At 1 April 2023	379	429	1,292	1,239	6,223	4,788	2,996	0	**17,346**
Additions	732	90	231	134	787	67	144	186	**2,371**
Disposals	-	(91)	-	-	-	-	(19)	-	**(110)**
At 31 March 2024	1,111	428	1,523	1,373	7,010	4,855	3,121	186	**19,607**
Depreciation									
At 1 April 2023	153	330	800	1,142	4,894	98	2,304	-	**9,721**
Charged in year	22	96	226	70	1,183	41	594	26	**2,258**
Released on disposal	-	(91)	-	-	-	-	(19)	-	**(110)**
At 31 March 2024	175	335	1,026	1,212	6,077	139	2,879	26	**11,869**
Net book value									
At 31 March 2024	936	93	497	161	933	4,716	242	160	**7,738**
At 31 March 2023	226	99	492	97	1,329	4,690	692	-	**7,625**

The net book value of other tangible assets for the group includes an amount of £160,000 (2023 - £Nil) in respect of assets held under finance leases. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

Other tangible fixed assets

Company	Furniture, fixtures and fittings £'000	IT and office equipment £'000	Tools and equipment £'000	Salary sacrifice vehicles £'000	Total £'000
Cost					
At 1 April 2023	173	5,143	3	-	**5,319**
Additions	15	787	-	186	**988**
Disposals	-	-	-	-	**-**
At 31 March 2024	**188**	**5,930**	**3**	**186**	**6,307**
Depreciation					
At 1 April 2023	125	3,829	1	-	**3,955**
Charged in year	27	1,175	1	26	**1,229**
Disposals	-	-	-	-	**-**
At 31 March 2024	**152**	**5,004**	**2**	**26**	**5,184**
Net book value					
At 31 March 2024	**36**	**926**	**1**	**160**	**1,123**
At 31 March 2023	**48**	**1,314**	**2**	**-**	**1,364**

15. Investment properties

	Completed investment properties £'000	Investment properties under construction £'000	Total £'000
Cost			
At 1 April 2023	31,954	6,012	37,966
Additions	25	-	25
Transfer to housing properties	-	(6,012)	(6,012)
Cost at 31 March 2024	**31,979**	**-**	**31,979**
Revaluation/(impairment)			
At 1 April 2023	6,887	-	6,887
In-year revaluation	(2,024)	-	(2,024)
Cost at 31 March 2024	**4,863**	**-**	**4,863**
Carrying value			
At 31 March 2024	**36,842**	**-**	**36,842**
At 1 April 2023	**38,841**	**6,012**	**44,853**

A scheme has been transferred to housing properties during the year to maximise available grant.

Investment properties were valued as at 31 March 2024 at their open market value based on an independent valuation by Rupert David & Co Chartered Surveyors. The valuation was carried out in accordance with the RICS Valuation - Global Standards 2017 and the UK National Supplement (The Red Book). No allowance has been made for the liability of taxation that may arise on disposal as the activity is undertaken in a charitable entitiy and no alteration has been made to reflect the costs of selling. All valuation figures are exclusive of VAT.

If investment properties had been accounted for under historical cost accounting rules, the property would have been measured as follows:

	FHG 2024 £'000	FHG 2023 £'000
Historic cost	30,768	30,742
Accumulated depreciation and impairment	(2,843)	(2,507)
	27,925	**28,235**

16. Group and company

Investment in joint ventures

Cost and net book value	2024 £'000	2023 £'000
At 1 April	151	151
Additions	(151)	-
At 31 March	**151**	**151**

The Group has the following aggregate interests in associated undertakings:

	2024 £'000	2023 £'000
Share of fixed assets	17	16
Share of current assets	531	529
Share of current liabilities	(99)	(139)
Share of net assets	**449**	**406**
Impairment - to show movement in the year	(298)	(255)
Impairment charge in year	(151)	-
Investment	-	**151**

The Group owns 50% of the issued share capital of Three Together Limited, a company incorporated in England and Wales. Its wholly owned subsidiary, Access Training Limited, is a training and apprenticeship provider. The investment has been fully impaired during the year as the company is currently being subsidised with Governance support and the right to interest is also being waived.

17. Stock

Group	2024 £'000	2023 £'000
Raw materials and consumables	276	264

18. Properties held for sale

Group	2024 Completed properties £'000	2024 Land and properties under construction £'000	2024 Total £'000	2023 Completed properties £'000	2023 Land and properties under construction £'000	2023 Total £'000
Shared ownership properties	2,352	5,199	**7,551**	688	6,257	**6,945**
	2,352	5,199	**7,551**	688	6,257	**6,945**

19. Debtors

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Due within one year				
Rent and service charges receivable	1,535	-	1,356	-
Less: provision for bad and doubtful debts - rents	(417)	-	(398)	-
	1,118	**-**	**958**	**-**
Trade debtors	227	97	-	-
Other debtors	278	88	309	37
Grant prepayments	7,599	-	6,472	-
Prepayments and accrued income	2,152	1,621	2,447	1,630
Amounts due from group undertakings	-	300	-	260
Deferred tax (note 24)	-	-	12	12
	11,374	**2,106**	**10,198**	**1,939**

20. Creditors: amounts falling due within one year

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Trade creditors	831	262	819	290
Rent and service charges received in advance	2,875	-	2,952	-
Corporation Tax	-	-	-	-
Other taxation and social security	432	289	360	243
Other creditors	1,259	361	1,302	268
Accruals and deferred income	14,081	803	8,650	859
Amounts owed to group undertakings	-	1,301	-	1,904
Inter-company loan	-	-	-	287
Deferred capital grant (note 22)	687	-	643	-
Right to Buy creditor	751	-	1,869	-
Bank loans (note 25)	9,000	-	15,876	-
	29,916	**3,016**	**32,471**	**3,851**

21. Creditors: amounts falling due after one year

	2024 £'000	2023 £'000
Bank loans and bond finance (note 25)	314,298	324,489
Deferred capital grant (note 22)	47,197	44,926
Recycled capital grant fund (note 23)	544	197
	369,039	**369,612**

Total of group future minimum lease payments under finance leases:

	2024 £'000	2023 £'000
In one year or less, or on demand	39	-
In more than one year but not more than five years	150	-
	189	-

The obligation under finances leases are repayable by equal installments in less than five years. Finance leases relate to vehicles used by the association provided for as part a salary sacrifice arrangement.

22. Deferred capital grant

Group	31 March 2024 £'000	31 March 2023 £'000
At 1 April	45,569	39,066
Grant received in the year	3,111	7,171
Grant transferred to the RCGF (note 23)	(329)	(80)
Released to income in the year	(467)	(588)
	47,884	**45,569**
Social housing grant to be released within one year	687	643
Social housing grant to be released in more than one year	47,131	44,859
Other capital grant to be released in more than one year	66	66
	47,884	**45,569**

23. Recycled capital grant fund

	31 March 2024 £'000	31 March 2022 £'000
At 1 April	197	116
Inputs to RCGF:		
Grant recycled from property disposals	329	80
Interest accrued	18	1
Balance at 31 March	**544**	**197**

24. Provisions for liabilities and charges

Deferred tax	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
At 1 April	12	12	94	94
Amount (charged) to the statement of comprehensive income	(112)	(112)	(82)	(82)
At 31 March	(100)	(100)	12	12
Comprising:				
Fixed asset timing differences	(174)	(174)	(263)	(263)
Losses and other deductions	74	74	275	275
Deferred tax (liability)/asset	**(100)**	**(100)**	**12**	**12**

25. Debt analysis

Group	31 March 2024 £'000	31 March 2023 £'000
Due within one year		
Bank loans	9,000	15,876
Due after more than one year		
Bank loans	22,950	31,949
Bond finance	293,364	294,400
Less: capitalised issue costs	(2,016)	(1,860)
	314,298	**324,489**

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

	31 March 2024 £'000	31 March 2023 £'000
Within one year	9,000	15,876
Between one and two years	-	9,000
Between two and five years	5,949	-
After five years	310,365	317,349
	325,314	**342,225**

The Group fixes the interest rate on a proportion of its borrowings for a specific period of time. The maturity of these arrangements does not lead to a requirement to repay the debt.

The bank loans are secured by a floating charge over the assets of the Group and by fixed charges on individual properties.

Overdraft interest is payable quarterly in arrears at the usual charging dates in March, June, September and December at a rate of 1% above base rate.

On all committed floating rate borrowings interest is payable quarterly at the maturity of the relevant fixture period of one, three or six months and semi-annually if the fixture period is 12 months.

On all fixed rate borrowings interest is payable quarterly or semi-annually in arrears, calculated from the semi-annual fixed rate cost of funds.

The bank and other loans are repaid in instalments at fixed and variable rates of interest ranging from 3.38% to 6.54%. The final instalments fall to be repaid in the period 2025 to 2044.

All loans are in sterling. The majority of loans in the Group are routed through two separate treasury vehicles:

Futures Treasury Plc was set up during 2018-19 as a funding vehicle for the issue of a £200m bond, of which £150m has been drawn on 8 February 2019 via a 25 year 3.375% coupon bond issue at a discount of 0.037%. Monies are lent to associations within the Group.

On 24 June 2020 FTP sold £50m of the retained bond at a coupon of 3.375%. The retained bond was sold at a premium of £16m with a spread of £1.15% above the yield of 0.591%, resulting in an overall rate of 1.741%.

On 24 January 2022 FTP tapped into the existing bond and sold a further £70m at a coupon of 3.375%. The bond was sold at a premium of £12.8m with a spread of 0.956% above the yield of 1.360%, resulting in an overall rate of 2.310%. FTP incurred loan fees of £557k.

The market value of the bond as at 31 March 2024 was £209.2m, derived by an external Bloomberg valuation.

Futures Finance Ltd was also set up during 2018-19 and borrows money on behalf of the Group and on-lends to the individual associations as required. Futures Homescape and Futures Homeway have entered into a fully cross-collateralised structure.

The benefits of setting up the treasury vehicles include streamlined and efficient treasury procedures and strategy.

At 31 March 2024 the Group had undrawn committed loan facilities of £75m (2023: £38.5m).
The Group's weighted average cost of capital is 3.68%.

26. Financial commitments

	Approved and contracted for		Approved and not contracted	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
		Restated		*Restated*
Expenditure on the acquisition/construction of housing properties	53,619	71,009	32,082	18,679
Repairs partnering contracts	-	-	15,681	11,975
Acquisition of other fixed assets	-	-	2,735	2,061
Total	**53,619**	**71,009**	**50,498**	**32,715**
Exisiting cash and borrowings:				
Borrowings	53,619	71,009	32,082	18,679
Operating surpluses	-	-	18,416	14,036
	53,619	**71,009**	**50,498**	**32,715**

The directors have identified that financial commitments of £11,351k in relation to one development was incorrectly classified in the prior year financial statements of Futures Homescape Limited. This was disclosed in 'approved and contracted for' rather than 'approved and not contracted for'. The misclassification has occurred as a result of the cancellation of the contract with the developer in September 2022. The financial commitments note, above, has been amended to reflect this. As a result of this prior period adjustment, there has been no impact on the reported surplus or net assets as at 31 March 2023.

In addition, the directors have identitfied that the financial commitments of £181k disclosed in the prior year financial statements of Futures Living Limited were in fact incurred costs or uncommitted contingency and as such should not have been included within the financial commitments disclosure note. The financial commitments note, above, has been amended to reflect this. As a result of this prior adjustment, there has been no impact on the reported surplus or net assets as at 31 March 2023.

27. Contingent liabilities

FHL has in place a guarantee related to the highways and performance aspects of the development scheme at Welford Road of £532k (2023:£166k). This amount may be retained by West Northamptonshire Council and Anglian Water Services Limited if the works under instruction are not completed to the required standard.

FHL anticipates completing the works satisfactorily, which would result in the expiration of these guarantees.

28. Operating leases

The payments which the Group is committed to make in future years under operating leases are as follows:

Group	2024 £'000	2023 £'000
Land and buildings		
Due to expire: within one year	59	59
Due to expire: one to five years	59	18
Due to expire: more than five years	-	-
	118	**177**
Equipment		
Due to expire: within one year	-	-
Due to expire: one to five years	-	-
	-	**-**

29. Reconciliation of surplus to net cash inflow from operating activities

	2024 £'000	2023 £'000
Surplus for the year	**7,712**	**6,901**
Adjustments for non cash and non operating items:		
Depreciation and impairment of tangible fixed assets	10,245	9,079
Pensions cost less contributions payable	(643)	345
(Increase) in trade and other debtors	(430)	(433)
(Decrease)/Increase in trade and other creditors	(1,183)	305
(Increase) in stock and stock of housing	(618)	(2,036)
Surplus on sale of tangible fixed assets	(263)	(1,661)
Amortisation of government grants	(467)	(588)
Revaluation of investment properties	2,024	(684)
Interest receivable	(3,063)	(1,735)
Interest payable	10,787	11,873
Cash inflow from operating activities	**24,101**	**21,366**
Taxation paid	-	-
Net cash inflow from operating activities	**24,101**	**21,366**

30. Financial assets and liabilities

The Board policy on financial instruments is explained in the board report as are references to financial risks.

Categories of financial assets and financial liabilities	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Financial assets that are debt instruments measured at amortised cost:				
Rental debtors	1,118	-	958	-
Other debtors	227	97	309	37
Amounts due from group undertakings	-	300	-	260
	1,345	**397**	**1,267**	**297**
Financial liabilities measured at amortised cost:				
Trade and other creditors	831	262	819	290
Accruals	14,081	803	8,650	859
Right to Buy creditor	751	-	1,869	-
Loans	325,314	-	342,225	-
Amounts owed to group undertakings	-	1,301	-	1,904
	340,977	**2,366**	**353,563**	**3,053**

Financial assets

Other than short-term debtors the Group had financial assets consisting of short-term money market and cash deposits held in special interest bearing accounts. They are sterling denominated and the interest rate profile at 31 March was:

	Group 2024 £'000	Company 2024 £'000	Group 2023 £'000	Company 2023 £'000
Short-term money market deposits	-	-	17,000	-
Special interest bearing accounts	47,190	45	80,595	365
	47,190	**45**	**97,595**	**365**

The interest rate profile of the Group's loan liabilities at the 31 March 2024 was:

	2024 £'000	2023 £'000
Floating rate	-	12,876
Fixed rate	325,314	329,349
Total (note 25)	**325,314**	**342,225**

The financial liabilities have a weighted average interest rate of 3.68% (2023: 3.68%).
The fixed rate sums are fixed for between one and 20 years.

The debt maturity profile is shown in note 25.

31. Net debt reconciliation

	1 April 2023 £'000	Cash flows £'000	Other non-cash changes £'000	31 March 2024 £'000
Bank loans				
Within one year	(15,876)	15,876	(9,000)	**(9,000)**
Between one and two years	(9,000)	-	9,000	-
Between two and five years	-	-	(5,949)	**(5,949)**
After five years	(22,820)	-	6,193	**(16,627)**
Bond				
After five years	(292,669)	-	947	**(291,722)**
	(340,365)	**15,876**	**1,191**	**(323,298)**
Cash at bank and in hand	80,595	(33,405)	-	**47,190**
Total	**(259,770)**	**(17,529)**	**1,191**	**(276,108)**

32. Related parties

The company has taken advantage of the exemption in FRS 102 from disclosing transactions with its wholly owned subsidiaries.

During the year the company paid £nil (2023: £6k) to Access Training Limited, a company with whom the Group has a beneficial interest, in respect of training.

Transactions with non-regulated Group members

During the year the company received £151k (2023: £144k), from Five Doorways Homes Limited. This is allocated on the basis of units managed. This income is from a non regulated Group member for the provision of central services, such as finance and HR.

The company also has in place a loan from Five Doorways Homes Limited of £287k the loan was repaid in full during the year.

In addition intra-group transactions occurred between other regulated and non regulated Group members during the year:

Futures Homescape Limited has loans in place from Futures Finance Limited of £16.9m and from Futures Treasury PLC of £195.6m. Futures Homeway Limited has loans in place from Futures Finance Limited of £15.0m and Futures Treasury PLC of £98.3m.

Futures Finance Limited has received loan interest from Futures Homescape Limited of £1,544k and from Futures Homeway Limited of £1,025k. Futures Treasury PLC has received loan interest from Futures Homescape Limited of £6,385k and Futures Homeway Limited of £13,189k.

The Group executive directors are considered to be the key management personnel of the company. Disclosures in relation to their remuneration is included in note 11.

33. Interest in subsidiaries

The financial statements consolidate the results of Futures Housing Group Limited with its subsidiaries, (on the basis of control). Futures Homescape Limited, Futures Homeway Limited, Five Doorways Homes Limited, Futures Living Limited (formerly Limehouse Developments Limited), Futures Finance Limited and Futures Treasury PLC. Futures Housing Group Limited is the ultimate parent undertaking. Futures Homescape, Futures Homeway Limited and Five Doorways Homes Limited's primary activity is the letting and development of social housing properties. Futures Greenscape Limited primary activity was the provision of landscape maintenance services, these services were transfered to FHL and FHW from 31 March 2021 and the company is not trading. Futures Living Limited primary activity was the development of homes for outright sale, the cash reserves were transferred to FHL 28 March 2024, the company is not trading. Futures Finance Limited and Futures Treasury PLC's primary activity is to act as onward lenders of funds raised from loan financing and debt capital markets.

Group's registered address:
Futures House, Building 435, Argosy Road, Castle Donington, Derbyshire, DE74 2SA

34. Post statement of financial position events

It is considered that there are no post balance sheet events that require the amounts in the accounts to be adjusted.

Futures Housing Group

Thank you

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Futures Housing Group

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