

Orbit Housing Association Limited

Financial statements

For the year ended 31 March 2024

Co-operative and Community Benefit Society Number 27802R

Regulator of Social Housing Number L4060

Orbit Housing Association Limited

CONTENTS	PAGE
The Board, Executive Officers and Advisors	1
Report of the Board	2
Independent Auditor's Report to the members of Orbit Housing Association Limited	11
Statement of Comprehensive Income	15
Statement of Changes in Reserves	16
Statement of Financial Position	17
Notes to the Financial Statements	18

The Board, Executive Officers and Advisors

Board Members

Name	Position	Appointed	Resigned / Retired
Stephen Howlett	Chair Independent Member	1 November 2018 1 April 2019 (Chair)	
David Butler	Independent Member	1 August 2018	
John Brennan	Resident Member	28 August 2018	
Helen Gillett	Independent Member	1 February 2019	
David Glover	Resident Member	25 September 2019	
Jake Boomhauer	Resident Member	26 July 2016	
Tonia Mihill	Resident Member	1 November 2017	
Manpreet Dillon	Independent Member	8 October 2021	
Guy Stenson	Independent Member	1 August 2022	
Mike Turner	Independent Member	1 August 2022	

Senior Management Team

Director	Role
Trevor Graham	Interim Chief Property Officer
Joe Brownless	Chief Customer Officer
Simon Cosson	Finance Director Customer and Communities
Francis Burrows	Director of Support and Service Development
Louise Palese	Director of Customer Operations
Jeanette Hodges	Strategic Asset Management Director
Charley Gibbons	Director of Customer Experience

Advisors

Independent Auditor	Registered office
KPMG LLP One Snowhill Snow Hill Queensway Birmingham B4 6GH	Garden Court Binley Business Park Harry Weston Road Binley Coventry CV3 2SU

Orbit Housing Association Limited Report of the Board

Orbit Housing Association Limited is part of the Orbit Group (“Orbit”); founded in 1967, we have been investing in the provision of quality homes and services for over fifty years. This report gives some highlights about our work. More detail about the activities of the Group, including our value for money statement, is included in the Orbit Group Annual Report and Financial Statements at www.orbit.org.uk.

Financial Performance

Orbit Housing Association generated operating profits before property sales of £62.6 million (2023: £75.0 million). Operating margin excluding property sales has decreased to 24.1% (2023: 31.0%). We have continued to invest in property safety, bringing in skills to ensure that we can continue to meet increased levels of regulation under the Building Safety Act and to ensure we deliver value for money.

Turnover has increased by £17.4 million to £259.4 million (2023: £242.0 million). Net rental income increased by £18.8 million as a result of growth in our property portfolio and due to annual rental increases.

Overall operating costs are £196.5 million an increase of £29.8 million on the prior year (2023: £166.7 million). It has been a financially challenging year that has seen high levels of inflation, increased volumes and costs of day to day repairs combined with damp mould & condensation (DMC) costs and compensation and disrepair claims. We continue to invest in services to our customers to support them in ensuring they have the right skills to manage their budgets and tenancies, investment in our procurement team to continue to drive value for money, investment in on-line services through a new website and customer portal which give more control and flexibility to customers. We continue to improve our lettings process helping to ensure our properties are relet quickly. We have incurred depreciation charges of £42.7 million (2023: £41.0 million) from new properties coming into management and capital reinvestment in our properties.

Interest payable on loans used to fund new homes has increased by £4.7 million to £53.2 million (2023: £48.5 million).

Total comprehensive income was £14.0 million (2023: £35.7 million), down by £21.7 million during 2024 primarily driven by increased operating costs.

Tangible fixed assets rose by £58.2 million (from £2,510.9 million in 2023 to £2,569.1 million in 2024) with total social housing units owned increasing by 66 properties to 35,977 (2023: 35,911) reflecting the mix of properties sold and new properties brought into management (376). Total net assets rose by £14.0 million to £484.1 million (2023: £470.1 million).

We will continue to invest profits earned this year into repairing and improving our existing properties, in providing better services to customers in our communities and neighbourhoods and in the development of new homes.

Strategy

Over the last 12 months, our message to customers has continued to be that we're here to help. Ongoing cost of living challenges are still impacting our customers and it's been as important as ever to raise awareness of our Better Days programme and the services offered by our tenancy coaches. Communications has been key to ensuring our customers know when our Thriving Communities team is in their community – or where they can find their nearest hub – as well as continuing to refresh and build on our online portal so it's updated with relevant resources and signposts to further support.

Improving our customer journey

Our customers tell us their home is the most important part of their relationship with us. Whilst we work hard to build, maintain and modernise our customer's homes so they have a place that they love, our UKCSI and Tenant Satisfaction Scores tell us that we need to do more to improve their experience with us. We have conducted an independent review to identify key improvements to our customer experience. Customers have shared their current experiences with us and helped us shape our design principles that will be taken forward to create a future customer experience that will be delivered as part of our 2030 Strategy.

Driving engagement

Customer engagement is key to every aspect of our organisation. Acting as an invaluable, critical friend, our Customer Engagement Strategic Committee is part of our governance and ensures the customer voice is heard and represented. It has helped us to deliver meaningful change for our customers, making sure we focus on what customers need and value, rather than what we offer.

Tenant Satisfaction Measures

The new Tenant Satisfaction Measures (TSMs) support our commitment to being more open and transparent with our customers, and ensuring we can drive meaningful change on what matters to them. We remain committed to regularly communicating how we're performing to customers and have launched a new page on our customer hub website, detailing our TSM results and performance metrics.

Complaints

With the heightened scrutiny on the sector coupled with increased waiting times for repairs following supply chain challenges and materials shortages, we have seen an uplift in complaint volumes. The increased volume and complexity of complaints means we have not always met our complaint handling timescales, and we recognise we need to be better. We have undertaken a comprehensive review of our complaints service and worked in partnership with our Customer Complaints Scrutiny Group to design and implement a number of improvements.

Severe Maladministration

Providing our customers with the home they deserve is central to our purpose, and when we get something wrong, we strive to put it right and learn from it. Over the course of the year, we received 16 Severe Maladministrations from the Housing Ombudsman across 9 cases. This was very disappointing and, whilst have been on a long-term journey to improve our services, we recognise we need to improve further. We have fully accepted the findings of the Housing Ombudsman and apologised to all customers affected in these cases and undertaken an independent review to help us make improvements.

The findings from the review present clear trends: handling of complex repairs and customer vulnerabilities, lack of flexibility in supporting customers with complex needs, and poor record keeping. We are committed to doing better with significant investment and new initiatives to improve our customer service and the customer experience and have already taken multiple actions.

Supporting customers day to day

We are committed to improving the long-term prospects of society and bringing our customers security and stability by investing in a range of projects to support the wellbeing of communities, families and individuals. We're focussed on offering customers the right help at the right time to support their tenancies and personal wellbeing and delivering support via our Better Days programme and Tenancy Sustainment Team.

Supporting older people

We are committed to better understanding the needs of older customers so that we can ensure that they continue to feel safe and comfortable in their homes as they age. This year we conducted a piece of research 'Understanding the changing needs of older customers,' which asked more than 800 customers aged over 65 for their views on issues such as their current and future housing needs, awareness and perception of our independent living services, and health and wellbeing. This feedback supports our commitment to invest in our Independent Living schemes and in the aids, adaptations and wider wellbeing support services that enable older customers to continue living happily in their current home if that is their choice.

Supported Housing

We have 700 Supported Housing homes for people who benefit from learning or improving their skills to live as independently as possible. Some of these homes are temporary whilst our support providers equip people with the skills to live independently and others are people's permanent homes, as they will always need some form of care and support. We assist with all tenancy and property-related matters, and commission agents to help our tenants with health needs, daily living skills, community access, everyday budgeting and home management.

Investing in our existing homes

We have continued to invest in our homes through our capital and repairs and maintenance programmes, investing £118.3 million in our homes this year. We have introduced a five-year planned investment programme which enables us to plan and deliver capital investment works in collaboration with our supply chain in a more efficient and effective manner.

Progressing towards Decarbonisation

Following the completion of our Social Housing Decarbonisation Fund Demonstrator project (69 homes) last year, we have now completed energy efficiency upgrades on a further 141 properties in the West Midlands under the Social Housing Decarbonisation Fund (SHDF) Wave 1 and are completing final customer handovers and collecting feedback. We are also well underway with our SHDF Wave 2.1 project to upgrade an additional 212 properties, with 60 properties already completed.

Estates Improvement

Our Property Management Team, in partnership with funding from our Better Days team, has supported a number of low-level scheme-specific improvements that have made big difference to the customers living there. These include:

- The installation of solar powered car park lighting to provide better nighttime visibility.
- The installation of parking bollards to prevent parking on footpaths
- Removal of bin store structures
- The installation of additional dog waste bins

Estates Services Tender

To ensure we're delivering the best possible service for our customers for the best possible price, we review our contracts and specifications at the end of their term to make sure the service charges our customers pay are fair and reasonable. This year we reviewed our communal cleaning and window cleaning services in all regions, as well as our grounds maintenance services in the East and South. During our procurement process, we worked with our engaged customer group and consulted with all affected customers to ensure the new providers provide the best quality service and price.

Property Management Operations Model

We have refreshed our Property Management Operations Model to further embed ourselves within our customers' communities and ensure that our Estate Standards are being met. Taking a proactive management approach with local customer engagement at the forefront will support us in delivering our Customer Commitments and provide assurances that our estates are safe, well-maintained, clean and tidy and sustainable.

Property Operations – Working with Customers

We have continued to work closely with our Property Operations Customer Group to review our Repairs Service, Estate Services, Service Charge, and Property Management. This year they have reviewed, influenced, and approved key policies on topics such as service charges, no access, property improvements, disrepairs, and repairs. They have also helped to shape the scope of our repair's transformation project, with their insight being used to influence the improvements in our service.

Update on damp, mould and condensation

Last year we introduced a number of measures around damp, mould and condensation in an effort to ensure any reported case of damp or mould is responded to as an absolute priority, including classifying it as one of our big seven health and safety risks. This year we have continued to embed these changes. We undertook an Independent review around our response to repairs requests due to reports of damp and mould which offered several recommendations which have now been incorporated into an Assurance Programme, designed to confirm that changes already implemented have been effective, or to ensure any remaining actions are addressed.

Improving turnaround times

We've continued to focus on reducing the duration and number of vacant homes, to more quickly address housing need. We have seen the number of vacant homes reduce from 474 to 348, and our new digital application and assessment processes has enabled us to more quickly work with prospective customers and match them to one of our vacant homes.

Densification strategy progress

We have continued to optimise our geographical footprint to create operational economies of scale that will ensure we can maximise services for customers. Through stock exchanges, swaps and sales we have secured £36 million for further investment; this included the sale of 1,401 units of predominately private retirement leasehold apartments, houses and bungalows to specialist retirement provider ELM Group and 374 Shared Ownership properties (owned by Orbit Group Limited the parent entity) to Legal & General Affordable Homes.

Generating social value

Social value is an impact measurement of the additional benefits our services and products bring from the perspectives of the individuals and communities benefiting from them. This year we generated a social value of £22.4 million. We calculate this using industry recognised social value tools such as the Social Value Bank (HACT) and National TOMS and our resulting social value is independently assessed by HACT. This approach allows us to understand the positive impact we are generating and monitor progress towards our target of delivering £100 million in social value by 2025.

Building an inclusive business

Being fair and equitable to all, irrespective of age, gender, disability, race, caring responsibilities, religion/belief or sexual orientation sits at the core of our purpose. Embracing a diverse and inclusive workplace, where colleagues feel motivated in their work, feel valued, respected and are united in achieving our purpose and mission, not only enables us to unlock our colleague's full potential, but allows us to deliver accessible services and equitable outcomes for the diverse communities we serve.

Sustainability

This year, the Orbit Group published an updated Sustainability Strategy in recognition of the cost-of-living crisis, the impact of climate change on customers and recent world events. This Strategy enables us to build on the earlier steps of our journey, from being an early adopter of the Sustainability Reporting Standard (SRS), to the annual publication of our Sustainability Report, launching our Sustainable Finance Framework.

Our Planet

We are fully conscious of the environmental challenges facing our world and are committed to doing our part to create greener, more sustainable communities. To help us achieve this, our environmental sustainability programme, Orbit Earth, has three objectives:

- Climate action to become net zero carbon
- Enhancement of outdoor spaces to improve the quality of natural resources including biodiversity, land, water and air
- Sustainable consumption to manage resources, materials and products responsibly

Climate action to become net zero carbon

We are committed to following a science-based approach to reduce our direct and indirect greenhouse gas emissions. Against our target to become net zero carbon in our own operations (Scope 1 and 2) by 2030, the Group has reduced the carbon footprint of its operations by 39.7% since we established a baseline in 2018.

Progressing towards 30by30

Volunteers across the organisation planted trees, hedgerows and wildflowers across six of our estates this year as part of our commitment to ensure that 30% of our outdoor spaces support nature's recovery by 2030 in line with the Wildlife Trusts' '30 by 30' campaign as well as the UN Convention's goals on Biological Diversity.

Green Spaces Model

As part of our role on The Green Spaces Advisory Board, we were proud to help launch an innovative new model to provide in-house development and asset management teams with practical steps to achieve Biodiversity Net Gain, maximise return on investment in green assets, and help residents to reap the benefits of reconnection to the natural world.

Providing safe homes

Providing customers with a safe place to call home remains our number one priority and we are proud to be known as a leader and innovator in the building safety space. Through the appointment of our Head of Property Safety and Technology as chair of the National Housing Federation (NHF) Building Safety Group, we're helping to shape the sector's response to the new system of building regulations proposed by the government, and to support housing associations towards a smooth transition into a new regulatory environment.

Establishing a 'golden thread' of information is a key element of the Building Safety Act 2022, which has placed new expectations on landlords to document information about high-rise and high-risk buildings. Our cutting-edge Building Information Model (BIM) project with Parametrix has developed an innovative approach to establishing the golden thread for Orbit. The project has won four national awards and created a best-practice framework for other housing associations to follow.

This year we have created a new building safety customer engagement strategy to ensure customers understand what information is available about building safety, how it can be accessed, what we do to keep buildings safe and how to raise queries about safety issues.

Value for Money

Ensuring Value for Money for our customers and our business is at the heart of our culture and enables us to meet our key strategic targets as set by the Group Board and create operating profits to build thriving communities. Our value for money statement is published within our Group Annual Report and Financial Statements.

Code of Governance

We have adopted the National Housing Federation's (NHF) 2020 Code of Governance as the Code of Governance for our Registered Providers. We comply with the Code of Governance in all material aspects and with the Regulator of Social Housing's Governance and Financial Viability Standard. We have developed our own probity and severance policy, which picks up the key principles of the NHF's Code of Conduct. In addition to this policy, we have our own code of conduct for board members.

Governance and Viability Standard

Orbit complies with the Governance and Viability Standard of the Regulator of Social Housing (RSH). Our governance rating is G1 and our financial viability rating is V2. Our V2 rating reflects our commitment to leverage our asset base to build new homes. Our G1 rating reflects our strong governance framework.

Subsequent events

There are no post balance sheet events.

Going concern

After making enquiries, the Board has a reasonable expectation the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, they have adopted the going concern basis in the financial statements. Please see page 18 for more information on going concern.

Orbit Housing Association Limited
Report of the Board

Risk management

Our overall approach to risk management is based on good practice and our internal control environment is continually reviewed and monitored by the Orbit Audit and Risk Assurance Committee on behalf of the Board. Risk Management is a fundamental element of our Internal Control Environment and Assurance strategy, which feeds into our annual statement of internal controls.

On behalf of the Orbit Housing Association Limited Board

A handwritten signature in black ink, appearing to read 'S. Howlett', is enclosed in a thin yellow rectangular border.

Stephen Howlett
Chair

11 July 2024

Internal control

The statement of internal control provides an opinion to internal and external stakeholders on how effectively Orbit governs its business so as to manage the key risks to the successful delivery of its business and financial plan.

Sources of assurance

A key element of providing this opinion is based upon Orbit's internal control environment (ICE) framework, which combines assurance from a number of sources on a regular basis, supported by the newly introduced process, requiring the Chief Executive to sign off compliance against key controls. This sign off is following assurances from individual Executive Directors. These feed into the annual statement of internal controls.

Orbit's standard assurance activities include the following:

- Risk management and control effectiveness
- Compliance with laws, regulations, policies and procedures
- Contract management
- Health and safety
- Data integrity and security
- Customers
- Governance
- People Management
- Performance
- Financial management

Based on the risk and assurance work undertaken in 2023/24, the overall opinion is that Orbit's internal control (financial and non-financial) environment, supported by risk management and governance arrangements, is operating with sufficient effectiveness to provide reasonable assurance to Executive Management, the Audit and Risk Assurance Committee and Group Board.

The delivery of the assurance programme has identified three areas where improvements plans were put in place to strengthen controls. These being:

- Procurement / contract management
- Delivery of the repair service and embedding a robust learning culture in the complaints process
- Better understanding of the condition of the existing stock.

During the year we have received severe maladministration determinations from the Housing Ombudsman; which will be addressed as part of the 2030 Corporate Strategy; recently approved by the Group Board. The Strategy has a primary focus on improving core services for customers within the first two years. Further details are provided later in this section.

Finally, the recent Tenant Satisfaction Scores (TSMs) have also confirmed that further work is required to improve services to customers.

Housing Ombudsman

As borne out by the internal audit work over the last two years on repairs and complaints the Housing Ombudsman has identified issues with the repairs and complaint handling arrangements. A total of 16 severe maladministrations have been received across 9 cases. The management of the following areas were identified as needing improvement:

- Anti-Social Behaviour
- Management move
- Complaints handling
- Damp and mould
- Vulnerability

Resolving these issues

These issues are being addressed by:

- Delivery of the new 2030 Corporate Strategy underpinned by a robust 'Change Road Map' that requires the redesign of a customer journey and target operating model.
- Implementation of an assurance plan in response to the HO request to undertake an independent review under their powers within Paragraph 54(f).
- Continuing proactive engagement with the HO.

Orbit Housing Association Limited
Report of the Board

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

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of the income and expenditure of the association for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

Annual general meeting

The annual general meeting will be held on 19 September 2024.

Disclosure of Information to Auditors

The Directors who held office at the date of approval of this statement confirm, so far as they are each aware, there is no relevant audit information of which our independent auditors are unaware; and each Director has taken all the steps they ought to have taken as a Director to make them aware of any relevant audit information and to establish that our independent auditors are aware of that information.

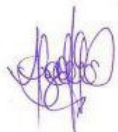
Registered office

Garden Court, Binley Business Park, Harry Weston Road, Binley, Coventry, CV3 2SU.

Independent auditor

KPMG LLP was appointed as the external auditor for the year ended 31 March 2024. A resolution to re-appoint the Group's auditor will be proposed at the Annual General Meeting.

The report of the Board was approved on 11 July 2024 and signed on its behalf by:



Afzal Ismail
Secretary

Independent Auditor's Report

Independent auditor's report to the members of Orbit Housing Association Limited

Opinion

We have audited the financial statements of Orbit Housing Association Limited ("the association") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the association as at 31 March 2024 and of the income and expenditure of the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's Board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease their operations, and as they have concluded that the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Board's conclusions, we considered the inherent risks to the association's business model and analysed how those risks might affect the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Board's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

Independent Auditor's Report

- Enquiring of management, directors and internal audit as to the association's high-level policies and procedures to prevent and detect fraud, including the internal audit function, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board, audit and risk committee and remuneration committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition due to the limited opportunity for management to manipulate revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Association's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Association is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related co-operative & community benefit society legislation), distributable profits legislation, taxation legislation, pensions legislation and specific disclosures required by housing legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the need to include significant provisions. We identified the following areas as those most likely to have such an effect: GDPR, Health and Safety Legislation and Employment and Social Security Legislation, recognising the regulated nature of the Association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Independent Auditor's Report

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board is responsible for the other information, which comprises the Report of the Board. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 10, the association's Board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at

Independent Auditor's Report

The purpose of our audit work and to whom we owe our responsibilities

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



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP

Tollgate

Chandler's Ford

Eastleigh, Hampshire,

SO53 3TG

2 August 2024

Orbit Housing Association Limited**Statement of Comprehensive Income for the year ending 31 March 2024**

		2024	2023
	Note	£m	£m
Turnover	2	259.4	242.0
Cost of sales	2	(0.3)	(0.3)
Operating costs	2	(196.5)	(166.7)
Surplus on sale of housing properties	7	4.6	7.5
Operating surplus	5	67.2	82.5
Interest receivable	8	0.2	0.1
Interest payable	9	(53.2)	(48.5)
Other financing costs	9	(0.1)	(0.1)
Surplus before taxation		14.1	34.0
Taxation	10	(0.1)	-
Surplus for the year		14.0	34.0
Actuarial gain in respect of pension schemes	31	-	3.7
Implementation of asset ceiling		-	(2.0)
Total comprehensive income		14.0	35.7

All amounts derive from continuing operations.

The accompanying notes form part of these financial statements.

The financial statements on pages 15 to 42 were approved by the Board and signed on its behalf by:

Stephen Howlett
Chair

Helen Gillett
Board Member

Afzal Ismail
Secretary

11 July 2024

Orbit Housing Association Limited
Statement of Changes in Reserves for the year ending 31 March 2024

	Income & Expenditure Reserve £m	Total Reserves £m
Balance as at 1 April 2022	434.4	434.4
Surplus for the year	34.0	34.0
Actuarial gain on pension liability	1.7	1.7
Balance at 31 March 2023	470.1	470.1
Balance as at 1 April 2023	470.1	470.1
Surplus for the year	14.0	14.0
Actuarial gain on pension liability	-	-
Balance at 31 March 2024	484.1	484.1

The accompanying notes form part of these financial statements.

The Income & Expenditure reserve includes £23.5 million (2023: £25.4 million) in respect of the net proceeds from the Voluntary Right to Buy (VRTB) pilot that took place in 2020. This will be reinvested in new properties.

At 31 March 2024 £1.9 million of VRTB receipts have been reinvested in building 19 new homes.

Orbit Housing Association Limited
Statement of Financial Position as at 31 March 2024

	Note	2024 £m	2023 £m
Fixed assets			
Tangible fixed assets	11 & 12	2,569.1	2,461.0
Fixed asset investments	13	2.5	5.5
Intangible assets	14	1.7	-
Investment properties	15	44.7	44.4
		2,618.0	2,510.9
Current assets			
Properties for sale and stocks	16	2.3	1.9
Trade and other debtors (of which £3.5m > 1 year 2023: £5.9m)	17	72.1	50.7
Cash at bank and in hand		3.4	1.4
		77.8	54.0
Less: creditors: amounts falling due within one year	18	(140.8)	(118.0)
Net current (liabilities) / assets		(63.0)	(64.0)
Total assets less current liabilities		2,555.0	2,446.9
Creditors: amounts falling due after more than one year	19	(2,070.9)	(1,976.8)
Provisions for liabilities			
Pension liabilities	31	-	-
Total net assets		484.1	470.1
Reserves			
Income & expenditure reserve		484.1	470.1
Total reserves		484.1	470.1

The financial statements on pages 15 to 42 were approved by the Board and signed on its behalf by:

Stephen Howlett
Chair

11 July 2024

Helen Gillet
Board Member

Afzal Ismail
Secretary

1. Principal accounting policies

Legal status

Orbit Housing Association Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a not-for-profit Registered Provider of social housing as defined by the Housing and Regeneration Act 2008. The parent body from the beginning of the year was Orbit Group Limited.

Basis of accounting

The financial statements have been prepared on a going concern basis, under the historical cost basis of accounting in accordance with the Housing SORP 2018, Statement of Recommended Practice for Registered Social Housing Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. As a public benefit entity Orbit Housing Association Limited has applied all paragraphs of FRS102 which relate to public benefit entities in preparing the financial statements. The principal accounting policies, which have been consistently applied unless otherwise stated throughout the year, are set out below.

Going concern

The Board, after reviewing the Association budgets for 2024/25 and the group's medium term financial position as detailed in the 30-year business plan, taking account of severe but plausible downsides, such as an economic downturn, political pressures or a perfect storm, is of the opinion that the Association has adequate resources to continue in business for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

Significant Management Judgements

In the process of applying the Association's accounting policies, management has made certain judgements that have a significant impact on the financial statements. These are detailed below:

Pension liabilities

In determining the valuation of the pension schemes assets and liabilities a number of assumptions are made around factors that are uncertain. These include life expectancy, inflation rate, discount rates and salary and pension inflation rates. The Association is exposed to risk if the actuarial assumptions differ from actual experience and through volatility in the plan assets. More detail is disclosed in note 31.

This year's FRS102 report indicated a net asset position of £2 million (2023: £2 million). Management has continued to apply an asset ceiling of an equal amount to reduce the FRS102 net asset to £nil since, in accordance with FRS102, management does not believe that the entity will recover this surplus.

Impairment

Reviews for impairment of housing properties are carried out on a twice-yearly basis and any impairment in an income generating unit is recognised by a change to the statement of comprehensive income. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use.

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

Impairment reviews are carried out in accordance with Section 14.6 of the statement of recommended practice (SORP), with consideration of the following indicators of impairment:

Orbit Housing Association Limited

Notes to the Financial Statements

- Development issues
- Change in legislation
- Average void time
- Proportion of properties vacant
- Loss made on property of sales
- Schemes being re-developed/demolished

Provision for health and safety and fire safety works

We have a large portfolio of properties and the Group is committed to ensuring continued compliance with health and safety and fire safety standards, including recent legislation and updated regulation. The Group provides for the cost of work related to meeting these standards where a legal or constructive obligation exists and the estimates of such costs can be reliably quantified. The Group does not provide for health and safety or fire safety works which are considered part of the ordinary course of business and form part of our ongoing maintenance programme.

Where there is a legal or constructive obligation to remediate known building defects in specific buildings a provision is calculated using a best estimates derived from detailed cost breakdowns. These cost assessments are regularly reviewed to ensure any provision remains appropriate.

Estimation uncertainty

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

Useful lives of depreciable assets

Management reviews its estimates of the useful lives of depreciated assets at each reporting date based on its expected utility of assets including any components. 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.

Grant amortisation

Grant received for the development of social housing, predominantly Social Housing Grant which is receivable from Homes England, is recognised in the statement of comprehensive income through amortisation over the weighted average estimated useful life of the property's structure and components.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (when active market quotes are not available) and non-financial assets including investment properties. This involves developing estimates and assumptions consistent with how market participants would price the instruments or assets, Management bases its assumption on observational data as far as possible, but this is not always available, in this case management uses the best information available. Estimated fair values may vary from actual prices.

Valuation of investment properties

Our market rented properties, Fordham House in Stratford-Upon-Avon and properties at St Anne's Quarter in Norwich are disclosed as investment properties and valued annually by external valuers. More detail is provided in note 14.

Arrears

Judgement is made around the recoverability of debt and a provision is made based on the age and type of debt. Former arrears are provided in full. Current arrears are provided for based on age.

Group services

The Association has taken advantage of the exemptions available in FRS 102 and has not disclosed transactions with the parent undertaking, Orbit Group Limited as consolidated financial statements are available from the Registered Office.

A range of services are provided to the Association by the parent body Orbit Group Limited, as set out in the intra- group agreement between the two Associations.

With the exception of costs capitalised as development costs, all costs incurred through this agreement are written off to the statement of comprehensive income account in the year in which they are incurred.

Turnover

Turnover represents rental and service charge income receivable, grants from local authorities and Homes England, income from shared ownership first tranche sales, income from properties developed for sale, grant amortisation and other income, all of which arise in the UK.

Properties for sale

Properties developed for outright sale are included in turnover, cost of sales and operating costs. Properties developed for shared ownership sale are divided into first tranche sales and other sales. First tranche sales are included in turnover, cost of sales and operating costs. Subsequent tranches are not included in turnover and cost of sales but are shown as a separate item after the operating surplus in the statement of comprehensive income. All other sales of fixed asset properties are dealt with in this latter way.

Properties developed for outright sale and shared ownership first tranche proportions are included in current assets as they are intended to be sold. Shared ownership subsequent tranche proportions are included in fixed assets.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable net of Value Added Tax and customer discounts and incentives.

Operating costs

Direct employee, administration and operating costs are apportioned to either the statement of comprehensive income or capital schemes on the basis of costs of staff and the extent to which they are directly engaged in the operations concerned.

Housing properties

Housing properties are stated at cost, less accumulated depreciation and impairment provision. Depreciation is charged by component on a straight-line basis over the following expected economic useful lives:

Housing property components	Depreciation life
Kitchens	20 years
Bathrooms	30 years
Windows, doors & door entry systems	10 to 30 years
Boilers	15 years
PV panels	25 years
Roof	30 to 60 years
External wall insulation	36 years
Rewiring	30 years
Lifts	20 years
Structure	100 years

Freehold land is not depreciated. Attributable overheads and profit are included in cost of components.

The useful economic lives of all tangible fixed assets are reviewed annually.

Housing properties in the course of construction are stated at cost and not depreciated and are transferred to completed properties when they are ready for letting. When housing properties are to be transferred to another association, the net costs, after Social Housing Grant are dealt with in current assets.

Shared ownership properties are split proportionately 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 are 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.

Completed properties for outright sale and work in progress are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and attributable overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Works to existing housing properties

Expenditure on housing properties which increases the net rental stream over the life of the property is capitalised. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property. All other costs are classified as maintenance and are charged to the statement of comprehensive income in the year in which the work is undertaken. No depreciation charge is made during the year in which a property comes into management, nor in the year of sale.

Social housing and other grants (SHG)

Social Housing Grant is receivable from Homes England. This is recognised within income through the amortisation of the grant over the useful economic life of the asset as are any other grants received for the development of social housing. Grant is amortised even if there are no related depreciation charges.

Social Housing Grant due from Homes England or received in advance is included as a current asset or liability within the statement of financial position.

Social Housing Grant can be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England. However, Social Housing Grant may have to be repaid if certain conditions are not met and, in that event, is a subordinated unsecured repayable debt. The net Social Housing Grant received and not spent is included in current liabilities, taking into account all properties under construction.

Where SHG is recycled the SHG is credited to a fund that appears as a creditor.

Financial assistance and other government grant receivable under section 19 of the Act or section 333 ZE of the Greater London Authority Act 1999

The total accumulated amount of financial assistance and other government grant received or receivable at the date of the statement of financial position, based upon properties owned at that date. These are disclosed in note 18 of the accounts which shows the extent to which amounts have been recognised in the statement of comprehensive income or are held as deferred income.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised at the group weighted average cost of capital. Administration costs relating to development activities are capitalised only to the extent they are incremental to the development process and directly attributable to bringing the property into its intended use.

Other fixed assets

Other fixed assets are stated at cost, less accumulated depreciation and impairment provision. Depreciation is charged on a straight-line basis over the following expected economic useful lives:

Freehold offices and commercial premises	2% - 4%
Leasehold offices	Over the life of the lease
Motor vehicles	25%
Computer equipment	17% - 33%
Fixtures, fittings and other equipment	15% - 25%

Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Amortisation is charged on a straight-line basis of 4–10 years over the expected economic useful life of the asset.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership, they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the statement of comprehensive income account using the annuity method. Rentals paid under operating leases are charged to the statement of comprehensive income account as and when incurred.

Pension costs

Orbit Housing Association Limited participated in one defined benefit local government pension scheme (LGPS) operated by Kent County Council. The assets of the Kent scheme are held separately from those of the Association in an independently administered fund. The requirements of FRS 102 are fully reflected in the financial statements and associated notes. Note 31 provides a summary of the pension valuation report.

For defined benefit schemes the amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the statement of comprehensive income account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of comprehensive income. The difference between the fair value of the assets held in the defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the Operating Association's statement of financial position as a pension scheme liability. Changes in the defined benefit pension scheme liability arising from factors other than cash contribution by the Association are charged to the statement of comprehensive income account in accordance with applicable accounting standards.

Orbit Housing Association Limited signed a deferred debt agreement with the Scheme Trustees in 2022. The agreement will terminate in 2032. As noted in the management judgements section, an asset ceiling of £2 million has been applied to reduce the net pension asset to £nil in accordance with FRS102 since we do not believe this surplus will be recovered.

Disposals of housing properties

Proceeds from sales are shown net of discounts given under the provisions of the Right to Buy and the Right to Acquire. The cost of properties sold is written off to the statement of comprehensive income and an adjustment is made to write back depreciation charged in prior years.

Value added tax

Orbit Housing Association Limited is party to a Group registration for VAT. All amounts disclosed in the financial statements are inclusive of VAT as appropriate where it is not recoverable.

Taxation

The Association has adopted charitable rules. Liability to tax is therefore restricted to trading income (such as photo voltaic panel revenue).

Loan finance issue costs and loan interest costs

Loan finance issue costs are written off over the life of the related loan. Loans are stated in the statement of financial position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts written off.

The full costs of deferred interest rate and indexation loans are shown in the statement of comprehensive income.

Property managed by agents

Where an Association carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the statement of comprehensive income. Where the agency carries the majority of the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the risk carried by the Association. In both cases, where revenue grants are claimed by the Association, these are included in the statement of comprehensive income.

Investments

These are carried at the lower of cost and net realisable value.

Supporting people income and costs

Supporting people charges are levied as a separate charge and not as part of rent. The income and related costs are therefore shown within other social housing activities.

Service charge sinking funds

Service charge sinking funds are dealt with as creditors.

Liquid resources

Liquid resources comprise bank deposits that are readily convertible into cash and loans to fund the purchase of housing properties.

Disposals of housing properties

Proceeds from sales are shown net of discounts given under the provisions of the Right to Buy and the Right to Acquire. The cost of properties sold is written off to the statement of comprehensive income and an adjustment is made to write back depreciation charged in prior years.

Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost includes land, build costs, applicable overheads and interest. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate. Interest on borrowings incurred during the development period is capitalised.

Deferred income

Revenue received for a specific activity which is to be delivered in the following financial year and rent income receivable for the following year is deferred and shown as deferred income.

Accrued Income

Where goods or services are provided but not yet invoiced, that income is accrued for and shown as accrued income.

Provisions

The Group recognises provisions and liabilities of uncertain timing or amounts. Provisions are made for specific and quantifiable liabilities, where the amounts can be reliably estimated, where there is a legal or constructive obligation that existed at the year end date and where it is probable that we will be required to settle this liability.

Statement of Cash Flows

The Association has taken advantage of the exemptions available in FRS102 in preparing these financial statements, and has not prepared, per the requirements of Section 7, a Statement of Cash Flows. This information is included in the consolidated financial statements of Orbit Group Limited as at 31 March 2024 as published on the Orbit website www.orbit.org.uk.

2. Turnover, cost of sales, operating costs and operating surplus by class of business

2024	Turnover £m	Cost of sales £m	Operating costs £m	Surplus on sale of housing properties £m	Operating surplus/ (deficit) £m
Social housing lettings (Note 3)	245.3	-	(178.8)	-	66.5
Other social housing activities:					
First tranche low-cost home ownership sales	-	-	-	-	-
Other	8.7	-	(14.8)	-	(6.1)
Total	254.0	-	(193.6)	-	60.4
Surplus on sale of housing properties (Note 7)	-	-	-	4.6	4.6
Total social housing activities	254.0	-	(193.6)	4.6	65.0
Activities other than social housing	5.4	(0.3)	(2.9)	-	2.2
Total	259.4	(0.3)	(196.5)	4.6	67.2

2023	Turnover £m	Cost of sales £m	Operating costs £m	Surplus on sale of housing properties £m	Operating surplus/ (deficit) £m
Social housing lettings (Note 3)	227.6	-	(153.3)	-	74.3
Other social housing activities					
First tranche low cost homeownership sales	0.4	(0.3)	-	-	0.1
Other	7.0	-	(10.6)	-	(3.6)
Total	235.0	(0.3)	(163.9)	-	70.8
Surplus on sale of housing properties (Note 7)	-	-	-	7.5	7.5
Total social housing activities	235.0	(0.3)	(163.9)	7.5	78.3
Activities other than social housing	7.0	-	(2.8)	-	4.2
Total	242.0	(0.3)	(166.7)	7.5	82.5

3. Income and expenditure from social housing lettings

	General needs housing £m	Supported housing & housing for older people £m	2024 £m	2023 £m
Income				
Rent receivable net of service charges & voids	191.3	17.9	209.2	190.4
Service charge income	11.7	12.3	24.0	25.0
Amortisation of social housing and other capital grant	10.2	1.7	11.9	11.4
Other grants	0.2	-	0.2	0.6
Other income from lettings	-	-	-	0.2
Turnover from social housing lettings	213.4	31.9	245.3	227.6
Operating expenditure				
Management	(26.9)	(5.3)	(32.2)	(28.7)
Service charge costs	(14.3)	(13.0)	(27.3)	(27.0)
Routine maintenance	(41.5)	(9.7)	(51.2)	(37.1)
Planned maintenance	(20.6)	(3.9)	(24.5)	(20.2)
Bad debts	(0.6)	0.6	-	(1.0)
Depreciation and impairment of housing properties	(38.9)	(4.7)	(43.6)	(39.2)
Other costs	-	-	-	(0.1)
Operating expenditure on social housing lettings	(142.8)	(36.0)	(178.8)	(153.3)
Operating surplus on social housing lettings	70.6	(4.1)	66.5	74.3
Void losses	(2.8)	(1.3)	(4.1)	(5.2)

4. Staff costs

Members of staff and directors that work for Orbit Housing Association Limited are contractually employed by the parent undertaking Orbit Group Limited. Their emoluments are disclosed in the financial statements of that undertaking.

5. Operating surplus

	2024	2023
	£m	£m
Operating surplus is arrived at after charging/(crediting)		
Housing properties:		
Depreciation charge	42.7	41.0
Amortisation of social housing grant	(11.9)	(11.4)
Impairment charge	1.0	-
Release of impairment provision	-	(1.8)
Other fixed assets:		
Depreciation of other tangible fixed assets	0.1	0.3
Release of impairment provision	-	(0.3)
Operating lease rentals:		
Land and buildings	0.2	0.2
Office equipment and vehicles	0.2	0.1
White goods	0.2	0.1
Auditor's remuneration (excluding VAT)		
Fees payable to the Association's auditor for the audit of the financial statements	0.2	0.1
Total audit services	0.2	0.1

6. Board member emoluments

The Directors of the Association are its board members. Certain board members are tenants/leaseholders of the Association. Their tenancies/leases are on normal commercial terms and the members cannot use their position to their advantage. Payments made to board members are shown below. Payments made to the chair of Orbit Housing Association Limited S Howlett and board member H Gillett in their roles as a member of the Orbit board are disclosed in the financial statements of Orbit Group Limited. No compensation was paid to directors for loss of office (2023: £nil).

Aggregate emoluments paid to or received by directors who are not executive staff members including salaries, honoraria, expenses paid, other benefits and employer's national insurance contributions:

	2024	2023
	£000	£000
D Butler	9	7
S Tandooran-Sentain (Retired 08 September 2022)	-	3
J Boomhauer	7	6
T Mihill	6	6
J Brennan	6	6
D Glover	6	6
M Dillon	6	6
G Stenson	7	4
M Turner	7	4
Total	54	48

Expenses paid during the year on behalf of board members amounted to £1,000 (2023: £23,000).

7. Surplus on sale of fixed assets- housing properties

	Letting £m	Shared Equity £m	2024 Total £m	2023 Total £m
Disposal proceeds	14.9	0.3	15.2	15.3
Cost of disposals	(14.4)	(0.2)	(14.6)	(10.4)
	0.5	0.1	0.6	4.9
Capital grant recycled	1.2	-	1.2	1.0
Right to Buy clawback	(0.3)	-	(0.3)	(0.8)
Grant abated	3.1	-	3.1	2.4
Surplus on disposal	4.5	0.1	4.6	7.5

8. Interest receivable and other income

	2024 £m	2023 £m
Interest receivable and similar income	0.2	0.1

9. Interest payable

	2024 £m	2023 £m
Loans and bank overdrafts	58.9	56.2
Interest payable capitalised on housing properties under construction	(5.3)	(7.3)
Loan premium write-off	(0.4)	(0.4)
	53.2	48.5
Other financing costs:		
Defined benefit pension charge	-	-
Loan arrangement fees	0.1	0.1
Finance restructuring costs	-	-
	0.1	0.1

Interest is capitalised at the Group weighted average cost of capital 3.79% for 2024 and 3.68% for 2023.

10. Tax on surplus on ordinary activities

The Association was accepted as a charity for tax purposes by HMRC with effect from 1 April 2008. Liability to tax is therefore restricted to trading income (such as photo voltaic panel revenue).

During the year the Association paid tax of £49k on trading income and expects to pay £23k for the current year. The Board is not aware of any circumstances which will affect the future taxation status of the Association.

11. Housing properties

Cost	Housing properties for letting		Supported Housing	Low cost home ownership	Non-social housing	Total £m
	Complete £m	In Development £m	Complete £m	Complete £m	Complete £m	
At 1 April 2023	2,513.6	243.9	96.4	5.4	3.1	2,862.4
Additions	55.7	96.4	7.7	0.4	-	160.2
Transfer on completion	166.6	(166.6)	-	-	-	-
Disposals	(12.9)	-	(1.8)	(0.1)	-	(14.8)
At 31 March 2024	2,723.0	173.7	102.3	5.7	3.1	3,007.8
Less: accumulated depreciation						
At 1 April 2023	(376.2)	-	(25.2)	(0.3)	(0.4)	(402.1)
Eliminated on disposal	4.3	-	0.4	-	-	4.7
Charge for the year	(36.4)	-	(4.4)	(0.1)	-	(40.9)
At 31 March 2024	(408.3)	-	(29.2)	(0.4)	(0.4)	(438.3)
Less: provisions for impairment						
At 1 April 2023	-	-	-	-	-	-
Charge for the year	(1.0)	-	-	-	-	(1.0)
At 31 March 2024	(1.0)	-	-	-	-	(1.0)
Net book amount:						
At 31 March 2024	2,313.7	173.7	73.1	5.3	2.7	2,568.5
At 31 March 2023	2,137.4	243.9	71.2	5.1	2.7	2,460.3

Additions to properties during the year include capitalised interest and finance costs of £5.3 million (2023: £7.3 million) and project management fees of £3.9 million (2023: £5.2 million).

Net book value of housing and other properties comprises:

	2024 £m	2023 £m
Freehold and long leasehold land and buildings	2,568.5	2,460.3
Other freehold/leasehold/commercial properties	0.6	0.7
	2,569.1	2,461.0

12. Other fixed assets

	Freehold offices £m	Leasehold offices £m	Commercial premises £m	Furniture, fixtures & Equipment £m	Total £m
Cost					
At 1 April 2023	0.3	3.2	0.6	3.4	7.5
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2024	0.3	3.2	0.6	3.4	7.5
Less:					
Accumulated depreciation					
At 1 April 2023	(0.3)	(2.0)	(0.4)	(3.4)	(6.1)
Charge for year	-	(0.1)	-	-	(0.1)
At 31 March 2024	(0.3)	(2.1)	(0.4)	(3.4)	(6.2)
Less:					
Provisions for impairment					
At 1 April 2023	-	(0.7)	-	-	(0.7)
Release of provision	-	-	-	-	-
At 31 March 2024	-	(0.7)	-	-	(0.7)
Net book amount					
At 31 March 2024	-	0.4	0.2	-	0.6
At 31 March 2023	-	0.5	0.2	-	0.7

13. Fixed asset investments

	2024 £m	2023 £m
Monies deposited for Affordable Housing Finance Plc	2.5	5.5

In July 2016, Orbit South Housing Association Limited and Heart of England Housing Association both raised £25 million fixed rate bonds and in December 2016 a further two £25 million fixed rate EIB loans with Affordable Housing Finance Plc (AHF) via The Housing Finance Corporation, a total of £100 million.

It is a condition of the funding that the borrower (now Orbit Housing Association Ltd) shall enter into a Liquidity Reserve Fund Trust deed with the Liquidity Fund Trustee (AHF). An amount equal to twelve months interest be held with AHF in a Liquidity Reserve Fund, which in this case amounts to £2,341,250 and also interest due on this balance of £204,630. The AHF Bond is secured by a first fixed charge on properties.

14. Intangible assets

	Total
	£m
Cost	
At 1 April 2023	-
Additions	1.7
At 31 March 2024	1.7
Amortisation	
At 1 April 2023	-
Charge for the year	-
At 31 March 2024	-
Net book amount	
At 31 March 2024	1.7
At 31 March 2023	-

15. Investment properties non-socialhousing properties held for letting

	2024	2023
	£m	£m
At 1 April 2023	44.4	42.5
Additions during the year	-	-
Gain in valuation	0.3	1.9
At 31 March 2024	44.7	44.4

16. Properties for sale

	2024	2023
	£m	£m
Housing properties converted and under construction for sale	2.3	1.9
	2.3	1.9

17. Debtors

	2024	2023
	£m	£m
Due within one year:		
Rental debtors	6.8	6.0
Less: provision for doubtful debts	(2.0)	(2.2)
	4.8	3.8
Service charges due from Leaseholders	0.4	0.5
Amounts due from Group undertakings	54.1	34.6
Prepayments and accrued income	3.5	2.8
Other debtors	5.9	4.1
Provision for bad debts	(0.1)	(1.0)
	68.6	44.8
Due after more than one year:		
Other debtors	3.5	5.9
	3.5	5.9
Total	72.1	50.7

18. Creditors: amounts falling due within one year

	2024	2023
	£m	£m
Housing loans inter-company (Note 22)	8.5	14.2
Amounts due to Group undertakings	81.4	60.4
Trade Creditors	24.5	9.5
Other creditors including taxation and social security	3.7	7.8
Accruals and deferred income	1.5	6.5
Rents received in advance	7.6	7.9
Recycled Capital Grant Fund (Note 21)	1.7	0.3
Deferred capital grant (Note 20)	11.9	11.4
Total	140.8	118.0

Within amounts due to group undertakings shown above there is an inter-company creditor with Orbit Group Limited (OGL) of £29.7 million which is repayable on demand (2023: £25.2 million). Since Orbit Housing Association is in a net current liability position the Directors of OGL have confirmed their intention that payment will not be requested within 12 months if insufficient funds are available.

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

	2024	2023
	£m	£m
Housing loans (Note 22)	99.3	99.2
Housing loans inter-company (Note 22)	1,328.2	1,246.3
Deferred capital grant (Note 20)	621.4	598.1
Deferred income for renewals and maintenance contributions	11.6	10.6
Other creditors	1.9	1.2
Recycled Capital Grant Fund (Note 21)	1.8	14.3
Loan premium Affordable Housing Finance Plc	6.7	7.1
Total	2,070.9	1,976.8

Housing loans shown above are net of £0.7m (2023: £0.8m) loan arrangement fees carried forward.

20. Deferred capital grant

	2024 £m	2023 £m
At 1 April 2023	609.5	612.8
Grant received and utilised in the year	39.5	10.6
Released to income in the year	(11.9)	(11.4)
Elimination of amortisation on disposal	0.5	1.0
Transfer to RCGF	(1.2)	(1.0)
Grant abated on disposal	(3.1)	(2.4)
Transfer to other Group members	-	(0.1)
At 31 March 2024	633.3	609.5

Analysed as:

	2024 £m	2023 £m
Amounts to be released within one year	11.9	11.4
Amounts to be released in more than one year	621.4	598.1
	633.3	609.5

21. Recycled capital grant funds

	Total £m
At 1 April 2023	14.6
Grants recycled	1.5
Interest accrued	0.7
Utilised in the year	(13.1)
Repayment of grant	(0.2)
At 31 March 2024	3.5

Amount due for repayment to Homes England

	2024 £m	2023 £m
Within one year	1.7	0.3
After more than one year	1.8	14.3
At 31 March 2024	3.5	14.6

The amount utilised in the year related to new developments and purchase of housing assets.

22. Housing loans

	2024	2023
	£m	£m
Due within one year		
Orbit Treasury Limited	8.5	14.2
Due after more than one year		
Orbit Treasury Limited	494.5	412.6
Orbit Capital Plc	833.7	833.7
Affordable Housing Finance Plc	100.0	100.0
	1,428.2	1,346.3
Total	1,436.7	1,360.5

Note (a)

All loans are in sterling. From 28 September 2007 non bond finance in the Group is routed through a separate treasury vehicle and fellow subsidiary of Orbit Group, Orbit Treasury Limited (OTL). All registered providers in the Group have entered into a fully cross-collateralised structure. OTL borrows money on behalf of the Group and on-lends these to the individual operating Associations as required. The Associations, as part of this arrangement, also agree to cover all costs associated with the funding including any associated hedging arrangements such as interest rate swaps. The benefits of setting up the treasury vehicle include streamlined and efficient treasury procedures and strategy. The loan from OTL is secured by fixed charges on individual properties.

Orbit Capital Plc (OCP) is a public limited company incorporated on 22 January 2015. OCP is a wholly owned subsidiary of Orbit Group and was established for the purpose of issuing publicly listed bonds. OCP issued its first bond on 24 March 2015 raising a £250 million 30-year sterling bond (maturity date 24 March 2045) priced at 3.50%. The company arranged its second public bond issue on 7 June 2018 raising £450 million 30-year sterling bond (maturity date 14 June 2048) priced at 3.375% which was used to restructure the groups existing debt portfolio and provide long term funding to support the group strategy. The company issued its third sterling bond on 24 November 2020 for £300 million priced at 2.00% (maturity date 2038) to provide long term funding to support the group strategy.

The Operating Associations entered into guarantees requiring sufficient property assets to be held as security for the bond and guaranteeing future interest payments due on the bond. The proceeds of the bond were loaned by OCP to the Associations and were used by the Associations to repay in part loans previously received from OTL. Interest on the loan from OCP is due half yearly. The loan is repayable on 24 March 2045 (£250m) and 14 June 2048 (£450m) and 24 November 2038.

On the 28 July 2016 the company raised two £25 million fixed rate bonds with Affordable Housing Finance Plc (AHF) via The Housing Finance Corporation. The fixed rate bond issued is repayable on 30 July 2043, with interest payable at a fixed rate of 2.893%. The fixed rate bond issued was paid at a premium resulting in an effective interest rate of 1.989%. In December 2016 two further £25 million fixed rate EIB loan were raised with Affordable Housing Finance Plc via The Housing Finance Corporation. The EIB loans are repayable by instalments starting in July 2027 and mature in July 2046 with interest payable at a fixed rate of 1.702% and 1.877%.

22. Housing Loans (continued)

Housing loans are secured by specific and floating charges on the Association's housing properties and are repayable at varying rates of interest in instalments due as follows:

	2024 £m	2023 £m
In one year or less, on demand	8.5	14.2
Repayable by instalments:		
More than one year but not more than two years	8.5	14.2
In more than two years but not more than five years	30.6	45.2
In more than five years	1,339.1	1,236.9
	1,378.2	1,296.3
Repayable by other than instalments:		
In more than five years	50.0	50.0
Total	1,436.7	1,360.5

Note (b)

The interest rate profile at 31 March 2024 was:

	Total £m	Variable Rate £m	Fixed Rate £m	Weighted Average Rate %	Weighted Average Term until Maturity Years
Instalment loans	1,386.7	503.0	883.7	3.87%	18
Non-instalment loans	50.0	-	50.0	2.89%	20
	1,436.7	503.0	933.7	3.84%	18

23. Called up share capital

	2024	2023
	£	£
Issued and fully paid shares of £1 each		
At 1 April 2023	10	9
Issued	-	2
Surrendered	-	(1)
At 31 March 2024	10	10

The share capital of Orbit Housing Association is raised by the issue of shares with a nominal value of £1 each. The Association's Co-operative and Community Benefit Society status means the maximum shareholding permitted per member is 1 share. There is no authorised share capital and the Orbit Board may issue as many £1 shares as it wishes. However, the Board operates a restricted shareholding policy with all shares currently held by serving, and the parent body. The Association's shares carry no right to interest, dividend or bonus. Shares are not capable of being withdrawn or transferred and cannot be held jointly. Shareholders have the right to attend (or to vote by proxy) at any general, special general or extraordinary general meeting of the Association.

24. Capital commitments

	2024	2023
	£m	£m
Capital expenditure which has been contracted for but has not been provided for in the financial statements	215.3	208.8
Capital expenditure which has authorised under authority from the Orbit Board but has yet to be contracted for	109.0	145.0
	324.3	353.8

The Association expects these commitments to be financed with:

	2024	2023
	£m	£m
Social housing and other grants	52.5	55.0
Surpluses and borrowings	271.8	298.8
	324.3	353.8

25. Contingent liabilities

As at 31 March 2024, there were £36.7 million contingent liabilities within the Association (2023: £37.0 million).

Stock acquisitions previously undertaken include original government grant funding of £37.0 million which has an obligation to be recycled in accordance with the original grant funding terms and conditions. Orbit Housing Association Limited is responsible for the recycling of the grant in the event of the housing properties being disposed.

26. Financial commitments

Operating leases

At 31 March 2024 the Association was committed to making the following minimum future payments in respect of operating leases other than land and buildings:

	2024	2023
	£m	£m
Leases which expire		
Within one year	0.6	0.5
Within two to five years	1.1	0.9
After five years	0.3	0.4
Total	2.0	1.8

27. Ultimate parent entity

The immediate parent undertaking and ultimate parent entity and controlling entity of Orbit Housing Association Limited is Orbit Group Limited, a Co-operative and Community Benefit Society incorporated in the United Kingdom.

Orbit Group Limited is the parent undertaking of the only group of undertakings to consolidate these financial statements at 31 March 2023.

A list of the members of Orbit Group (“Orbit”) is contained within the consolidated financial statements of Orbit Group Limited.

The results of Orbit Housing Association Limited are included in the Group financial statements. The consolidated financial statements of Orbit Group Limited are published on the Orbit website www.orbit.org.uk

28. Related party transactions

A number of the board members are tenants/leaseholders of the Association or Group. Their tenancies/leases are on normal commercial terms and the members cannot use their position to their advantage. In the current year aggregate payments to Orbit totalled £17,000 (2023: £17,000). The board members had paid £1,000 in advance at 31 March 2024 (2023: £1,000).

The Orbit Housing Association board includes a board member who was a non executive director of Ian Williams Limited. During the year Orbit made payments to this company of £0.4 million (2023: £nil).

Orbit Housing Association Limited is a subsidiary of Orbit Group Limited (the parent). Shares are held by serving board members and the parent. Under the Associations rules the parent has the right at any time to appoint or remove any or all of the Members of the Board. On this basis the Association considers itself to be wholly owned and has chosen to take advantage of the exemption not to disclose transactions with group entities as defined by Section 33.1A FRS 102.

Further detail of non-consolidated management arrangements and transactions with non-Regulator of Social Housing regulated group entities are shown at note 32.

29. Property portfolio

	2024	2023
	Units	Units
<u>Social</u>		
Social Rent General Needs	24,186	24,132
Affordable Rent	6,527	6,310
Supported Housing:		
Social Rent Supported Housing	3,315	3,363
Affordable Rent Supported Housing	167	167
Care Homes	14	14
Low Cost Home Ownership (LCHO)	59	249
Total Social Housing Units (excluding Leasehold)	34,268	34,235
Leasehold	1,709	1,676
Total Social Housing Units	35,977	35,911
<u>Non-Social</u>		
Market rent	194	194
Private retirement schemes	-	1,110
Non-social Leasehold	167	164
Retained Freehold	1,986	1,841
Commercial units	12	12
Total Non-Social Housing Units	2,359	3,321
Total Social and Non-Social Housing Units	38,336	39,232
Disclosure note:		
Units owned and / or managed	45,921	46,979
Units managed by others	504	1,763

30. Number of units under development at end of year

	2024	2023
	Number	Number
General Needs	679	748
Total Social Housing units	679	748

31. Pension costs

	2024	2023
	£m	£m
Net deficit at 1 April 2023	-	(1.7)
Service costs	-	-
Contributions	-	0.1
Net return on assets less interest on pension scheme liabilities	-	(0.1)
Actuarial gain	-	3.7
Changes in effect of asset ceiling	-	(2.0)
Deficit in pension scheme at 31 March 2024	-	-

Local Government Pension Scheme – Kent County Council

The Association participates in The Local Government Pension Scheme (LGPS) defined benefit statutory scheme which is administered by Kent County Council (KCC). These figures have been prepared in accordance with Financial Reporting Standard 102 (FRS102).

Total employer contributions paid to the scheme for the year were £9,000 (2023: £51,000).

The estimated impact of the recent McCloud judgement has been recognised as a past service cost.

In the prior year an asset ceiling of £2 million was applied to the net assets of the pension scheme to reduce the net deficit / asset to £nil, in accordance with FRS102, since management does not believe that the surplus reported on the scheme is recoverable. This asset ceiling remains in place for the current year.

Housing Association entered into a Deferred Debt Agreement with KCC in 2022 which expires in 2032.

Triennial actuarial valuation

Triennial actuarial valuations of the LGPS are performed by an independent, professionally qualified actuary. The most recent valuation of KCC's scheme was completed as at 31 March 2022. In accordance with the terms of the Deferred Debt Agreement the Scheme was valued on a projected cessation basis giving rise to an asset position of £0.5 million and a funding level of 105%.

The major financial assumptions used by the actuary in the FRS 102 valuation are:

	2024	2023
Rate of increase in salaries	3.95%	3.90%
Rate of increase in pensions in payment and deferred pensions	2.95%	2.90%
Discount rate applied to scheme liabilities	4.90%	4.80%
Inflation assumption – CPI	2.95%	2.90%
Inflation assumption – RPI	3.30%	3.30%

The estimate of the duration of the employer liabilities is 14 years.

Life expectancy from age 65 (years)

		2024	2023
		Number	Number
Retiring today	Males	20.8	21.1
	Females	23.3	23.5
Retiring in 20 years	Males	22.0	22.3
	Females	24.7	25.0

Scheme assets

		2024	2023
		£m	£m
Equities		5.6	6.3
Government bonds		0.7	0.1
Other bonds		1.4	1.3
Property		0.9	0.9
Other – cash		0.2	0.2
Absolute Return fund		0.5	0.7
Other		0.4	0.3
Total fair value of assets		9.7	9.8
Present value of scheme liabilities		(7.7)	(7.8)
Total asset		2.0	2.0
Implementation of asset ceiling		(2.0)	(2.0)
Net pension asset / (liability)		-	-

Statement of financial position at 31 March 2024

		2024	2023
		£m	£m
Present value of the defined benefit obligation		7.7	7.8
Fair value of fund assets (bid value)		(9.7)	(9.8)
Implementation of asset ceiling		2.0	2.0
Deficit		-	-
Present value of unfunded obligation		-	-
Net defined benefit liability		-	-

Scheme liabilities

		2024	2023
		£m	£m
Opening defined benefit obligation		7.8	11.8
Service cost		-	-
Interest cost		0.4	0.3
Change in financial assumptions		-	(4.0)
Change in demographic assumptions		(0.1)	(0.3)
Experience loss/(gain) on defined benefit obligation		-	0.3
Estimated benefits paid net of transfers in		(0.4)	(0.3)
Closing defined benefit obligation		7.7	7.8

Reconciliation of opening and closing balances of fair value scheme assets

	2024	2023
	£m	£m
Opening fair value of scheme assets	9.8	10.1
Interest on assets	0.4	0.3
Return on assets less interest	(0.1)	(0.1)
Other actuarial gains	-	(0.1)
Estimated benefits paid net of transfers in and including unfunded	(0.4)	(0.4)
Fair value of scheme assets at the end of the year	9.7	9.8

Analysis of amounts charged to statement of comprehensive income

	2024	2023
	£m	£m
Amounts charged to operating costs		
Service costs	-	-
Administration expenses	-	-
	-	-

32. Non-consolidated management arrangements

Orbit Housing Association Limited has entered into arrangements with a number of other organisations in connection with the management of properties. The financial transactions affecting those managing agents are not consolidated where the risk rests with these agents.

During the year the Association has transacted with three fellow group subsidiaries not regulated by the Regulator of Social Housing, Orbit Homes (2020) Ltd, Orbit Treasury Ltd and Orbit Capital plc.

Orbit Homes (2020) Ltd provides design and build services to the Group. During the year the Association made payments totalling £83.3 million (2023: £70.9 million) to Orbit Homes (2020) Ltd for the purchase of housing property assets, £3.9 million (2023: £5.2 million) in project management fees and has an outstanding creditor balance with Orbit Homes (2020) Ltd of £8.4 million (2023: £11.8 million) and outstanding debtor balance of £nil (2023: £nil)

Orbit Treasury Limited and Orbit Capital plc provide a funding on-lending service to Group members.

During the year the Association paid interest costs to Orbit Treasury Limited totalling £24.5 million (2023: £22.9 million) and fees of £3.9 million (2023: £3.8 million) and has an outstanding debtor balance of £nil (2023: £nil) and creditor balance of £17.4 million (2023: £17.5 million). The allocation of these costs is based upon the level of debt required and secured by the housing property held in the Association.

The Association also paid interest costs of £26.3 million (2023: £26.3 million) and fees of £0.7 million (2023: £0.7 million) to Orbit Capital plc and had an outstanding debtor balance of £nil (2023: £nil) and creditor balance of £6.2 million (2023: £5.9 million) with Orbit Capital plc. The allocation of these costs is based upon the level of debt required and secured by the housing properties held by the Association.