

Orbit Housing Association Limited

Financial statements

For the year ended 31 March 2022

Co-operative and Community Benefit Society Number 27802R

Regulator of Social Housing Number L4060

Orbit Housing Association Limited

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Orbit Housing Association Limited
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)	
Kerry Bolister	Independent Member	1 March 2015	28 February 2022
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	
Symon Tandooran-Sentain	Independent Member	9 September 2015	
Jake Boomhauer	Resident Member	26 July 2016	
Tonia Mihill	Resident Member	1 November 2017	
Manpreet Dillon	Independent Member	8 October 2021	

Senior Management Team

Director	Role
Paul Richards	Group Customer Services Director (Executive Director)
Simon Cosson	Finance Director Customer and Communities
Anthony Clark	Director of Property Operations
Francis Burrows	Director of Independent Living
Louise Palese	Director of Customer Services
Dan Churton	Director of Commercial and Transformation
Ted Pearce	Director of Strategic Asset Management

Advisors

Independent Auditors	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 was created from the merger of Heart of England Housing Association Limited and Orbit South Housing Association Limited on 31 March 2021. The newly merged entity was renamed Orbit Housing Association. It 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 £68.9 million (2021: £68.4 million). Operating margin excluding property sales has reduced to 30.8% (2021: 31.5%), largely due to higher operating costs. 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.

We have invested in the level of support that we give customers and giving them skills in how to manage their budgets and their tenancy. We continue to support customers through our better days programme and have invested in a new website and new customer portal to improve communication with our customers and give them the ability to review their customer accounts, raise repairs, etc on-line. Continued investment in our procurement team ensures that we drive best value for our customers from our suppliers.

We have invested in our decarbonisation programme through the Government’s Social Housing Decarbonisation Fund (SHDF) in line with our net zero carbon roadmap.

Turnover has increased by £6.7 million to £223.8 million (2020: £217.1 million). Rental income increased by £5.7 million as a result of growth in our property portfolio (delivering over 500 new homes) and due to annual rental increases.

Overall operating costs are £154.6 million an increase of £7 million on the prior year (2021: £147.6 million) arising from higher levels of inflation, salary pressures and investments in property safety to ensure we have the right skills to meet the requirements of the Building Safety Act. In addition we have made investments in services to our customers to ensure that 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 have also improved our lettings process helping to ensure our properties are relet quickly and incurred depreciation charges from new properties coming into management and capital reinvestment in our properties.

Interest payable on loans used to fund the property portfolio has remained broadly static at £44.1 million (2021: £43.4 million). The reduction in other financing costs (£11.4 million) relates to finance restructure costs of £11.9 million incurred in 2021.

Total comprehensive income was £53.6 million (2021: £21.6 million), up by £32 million during 2022. The increase was primarily driven by the surplus on sale of housing properties which increased by £20.6 million (2021: £8.5 million) in line with our densification strategy. As part of this strategy we continued to refine our property portfolio and we successfully completed a stock swap with Midland Heart Group comprising 1,100 homes of which Orbit acquired 526 and 604 transferred to Midland Heart, optimising portfolio density and coverage. In addition, we transferred 180 homes in Elmbridge local authority to PA Housing, generating income of £22.7 million.

Tangible fixed assets rose by £58.6 million (2021: £104 million) with an increase of 47 properties to 38,568 properties owned and managed. This reflects new properties coming into development and disposals through the stock densification strategy and investment in our existing customers’ homes. Total net assets rose by £53.6 million to £434.4 million (2021: £380.8 million).

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

Strategy

In January 2021, we launched our new corporate strategy, Orbit 2025, which sets out what we want to achieve to realise our vision over the next five years. Created in collaboration with and input from colleagues and customers, our corporate strategy clearly outlines our plans to increase our investment in the communities where we work, the homes that we build and manage, the services we offer and the careers of our people. All of which will be delivered in full recognition of the changing legislative landscape whilst ensuring we reduce our impact on the environment and continue our focus on safety and quality standards.

Within our strategy we have set out to:

- Deliver our best customer experience
- Provide significant further investment into our homes and communities
- Maintain our position as a leading UK developer of affordable homes
- Respond to the needs of a diverse and changing population
- Attract, retain and develop the very best people
- Reduce our impact on the environment

Our customer is at the heart of all we do

At the end of the last financial year we launched our new Customer Promise, which sets out what customers should expect from us as their landlord. It puts customers at the heart of everything we do and communicates a clear set of commitments which customers can hold us accountable to, and it helps us to deliver on the requirements of the Social Housing White Paper.

Improving the digital customer experience

Our Customer Promise includes a commitment to being 'easy to deal with'. Whilst our Customer Hub continues to be the first port of call for many, customers who wish to contact us and engage with key information and services away from the telephone now have a choice of other digital platforms. These options are of particular benefit for customers who find person-to-person communication difficult – customers with language, communication or mental health barriers for example.

Engaging with customers

As an early adopter of Together with Tenants, the importance of customer engagement is well established within Orbit. In the face of the pandemic, we saw a shift from face-to-face engagement to more digital means with the launch of our Your Voice customer engagement platform. Whilst we continue to maximise our digital engagement platform, with pandemic restrictions lifting, we have seen a return to more face-to-face engagement and the creation of a more integrated engagement approach.

Creating inclusive communities

Equality, Diversity and Inclusion (EDI) is a major priority within Orbit and intrinsically linked to our mission to lead in building thriving communities. For us, communities cannot thrive unless they are fair and equal to all, irrespective of age, gender, disability, race, caring responsibilities, religion/belief or sexual orientation.

We aim to deliver accessible services and equitable outcomes for all our communities, and we want to ensure more customers are able and want to engage with us, and a diverse range of voices are heard.

To encourage wider engagement with our teams and services, we have introduced evening and weekend activities and created training to support customers with the skills, confidence and knowledge to engage with us. We have produced a range of communications and films to advertise our customer engagement offer and explain how customers can get involved.

Orbit Housing Association Limited Report of the Board

We have also completed equality assessments against all our policies to ensure our services are inclusive, and launched our first LGBTQ+ focus group, providing a safe space for customers to engage with us and other LGBTQ+ customers in their communities.

Supporting our customers and their tenancies

We have seen significant change in the last twelve months, with Brexit, Covid-19, rising fuel costs, changes to the benefit system and an unstable labour market, all increasing affordability pressures for our customers. Consequently, our Better Days programme continues to see a sharp rise in the number of people needing support with mental health issues, finances, food, clothing, and fuel costs.

Underpinning our Customer Promise, our Better Days programme has been developed and commissioned by behavioural insight and marketing specialists, our customers and employees, to create a customer-centred, comprehensive offer, managing very complex and different issues. The premise is to ensure that we understand the day-to-day lives of our customers, including our customer's needs, their barriers to engagement and how to overcome these, and offer services which are available to every customer and designed to support financial inclusion, mental wellbeing, employment and skills and digital support.

Tenancy sustainment

The support we provide to customers through Better Days is an integral part of our Tenancy Sustainment strategy, which focusses on two key aims: creating sustainable communities and empowering customers to fulfil their potential.

Customers who need more intensive support, are referred to our Tenancy Sustainment team, who assess each customer's situation and work with them for three to six months to help with grants and benefits, or coaching.

Focus on energy affordability

As the global economy restarted after the pandemic, limited stocks of natural gas and supply constraints saw energy prices being driven higher and higher as demand outstripped supply.

Through our Better Days programme, we responded quickly to the crisis, ensuring that customers had the support and guidance that they needed. With concerns that the Ukraine crisis could cause further price increases from October and the energy price cap being raised to 54% from 1 April 2022, supporting customers to manage the cost of their rising energy bills will remain a key focus for the coming year.

And whilst we are resolutely behind our commitment to reach net zero carbon within our housing stock by 2050, we are as equally committed to ensuring that the solutions to achieving this remain affordable for our customers.

Supporting our communities to thrive

Our placemaking approach

Fundamental to our aim of creating places to thrive is ensuring that our communities have the right mix of homes, places and infrastructure that together support environmental, economic and social wellbeing.

Our Thriving Communities team, as part of the Better Days programme, work with regional and local level partners, including Local Enterprise Partnerships, Public Health and Local Authorities, to help tackle localised social issues and reduce any disparity in equality in our more disadvantaged communities.

Working across all of our geography we have targeted local activity in six defined placemaking areas (Stratford-upon-Avon, Bexley, Hastings, Newmarket, Thanet and Coventry) to improve the social, environmental and economic prospects of these places.

Orbit Housing Association Limited

Report of the Board

Investment in our existing homes

We are continuously assessing how we can improve our existing homes and deliver a better experience for our customers. During 2020/21, our Property Maintenance teams completed more than 146,000 repairs, while the Property Management team delivered over £400,000 of improvements to our estates. £81.5 million was invested in our existing homes.

Decarbonisation

We continue to invest in the energy efficiency of our homes and have committed to ensuring all our homes are EPC Band C or above by 2030, and are well on our way to achieving that, with 82.19% of our homes now EPC band C or above.

We are also working in partnership with Stratford-on-Avon District Council as part of the Government's Social Housing Decarbonisation Fund (SHDF) Demonstrator, to upgrade 69 properties across the Stratford District. Work is in progress and, following the success to date, we have been awarded a further £1.4 million of fresh funding as part of the Social Housing Decarbonisation Fund (SHDF) Wave 1, extending the Stratford works to a further 66 properties, and providing funding for 70 Orbit properties to be upgraded in partnership with the West Midlands Combined Authority.

Alongside the Government funding, Orbit is investing £4.6 million into the project to help better understand the scale of the challenge ahead and explore the impact of selected sustainable technologies in a retrofit application. This project will generate knowledge and insight, which we can work into our ongoing home improvement programmes and share with the social and new build sectors.

Support for Ukraine

Since the war in Ukraine began, millions of people and their families have been displaced, afraid and uncertain about the future, moving to places many miles away from their home. Most are in urgent need of a temporary home and a welcoming society.

Orbit was founded on the belief that everyone has the right to a place to call home, where they feel safe and are treated fairly. To this day, we proudly provide homes to those with the greatest need, and invest our profits into building thriving communities.

To support those leaving areas of conflict, we are:

Providing vacant properties

Working with Government, we've made 26 properties from our Independent Living and Supported Housing properties available for refugees, including extra care so that older refugees with care needs can access appropriate support. Those moving into these homes will have support from our scheme colleagues, and be able to access all facilities, the Better Days programme and become a part of our community.

Supporting refugees in our communities

We've extended the support we offer our customers to refugees who are living in an Orbit property, whether as the tenant themselves or where our existing customer has offered a spare room. This includes our Better Days programme, which will help them access a tailored package of holistic and trauma informed advice and guidance, and links into Local Authority and NHS support services.

Helping colleagues to help those in need

To support colleagues looking to take a refugee into their home through the Homes for Ukraine Scheme, we've given employees an additional weeks' paid leave and £250 retail vouchers for the employee and refugee to purchase essential home items to make the move as easy as possible. We've also provided them with mental health and financial resilience services through our Better Days programme. Finally, we have fund matched colleague's donations to the Disasters Emergency Committee's Ukraine Humanitarian Appeal, up to a total of £10,000.

GREAT PLACE TO WORK

Our culture

We are proud of our diverse, open and inclusive culture. Our active People agenda works to ensure everything we do is safe and fair, and that our people have an enjoyable and rewarding working experience.

Agile working

We have fostered an agile working culture over many years, which allowed us to quickly implement our agile working programme, WorkSmart, in September 2020. As a result, over 800 colleagues have signed up to the programme and we have continued to become a more flexible and agile organisation.

Creating an inclusive workplace

We are passionate about enabling people to unlock their full potential and take a collaborative to EDI, actively creating the conditions where all colleagues and customers are able to influence change and have a voice that impacts our decisions and service delivery.

Our Equality, Diversity and Inclusion (EDI) focus aims to achieve two key strategic outcomes, namely that:

1. Orbit has an open and inclusive workplace culture, in which the differences that all our people bring to Orbit are valued, and equality of opportunity is advanced for all.
2. We deliver accessible services and equitable outcomes for the diverse communities we serve, with a focus on improving the quality of service experience for all our customers.

Developing our people

Our people remain our most valuable asset and we are committed to providing opportunities for employment and development. Our *Work Inspiration Programme*, which covers graduates, apprentices, internships and work experience, aims to attract, retain and develop entry-level talent throughout the business and to provide high quality opportunities, a talent pipeline and career progression. In addition to our *Work Inspiration Programme*, we offer group-wide training programmes to support and promote professional development for all our employees.

Our Environmental Social Governance Strategy

Orbit has been fully committed to playing its role in tackling climate change for many years. Through our sustainability programme, Orbit Earth, we have already seen significant improvement to our carbon footprint and were an early adopter of the sector's Sustainability Reporting Standard.

Developing this further, in 2021 we launched our Environmental, Social and Governance (ESG) strategy, which provides the business with a formal and measurable structure to deliver its commitment to create a better society, enabling Orbit to deliver improved performance that is consistent with our mission and vision.

Orbit Earth

The environmental pillar of our ESG strategy is Orbit Earth. Under this programme, we will actively enhance our environment, creating and improving places and spaces for communities to thrive. Our objectives are:

- 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.

Orbit Housing Association Limited Report of the Board

Orbit to Zero

We launched our Orbit to Zero net zero carbon roadmap during COP26, making a firm commitment to achieving net zero carbon in our own operations by 2030, and becoming net zero carbon in our customer homes and supply chain before 2050.

In order to reach our net zero target, we have initiated a cross-business Carbon Forum to monitor and manage Orbit's net zero carbon approach. It provides oversight of the delivery of our net zero carbon plan and helps foster a culture of collaboration and innovation, so we are all working towards the same goal.

In the past year, we have reduced our carbon footprint by 6.9% compared to the previous year, with a 33% reduction on our baseline 2018-19 year.

Biodiversity

We are committed to ensuring that the outdoor spaces we care for contain a rich biodiversity, as well as creating a space for our customers to enjoy. Over the course of the year we have continued to invest in our outdoor spaces, with the creation of pocket parks, tree planting and sustainable environmental solutions.

We are also proud to be a founding member of the Green Spaces Advisory Board (GSAB), a pioneering cross industry collaboration of Ground Control and six other leading housing associations: Peabody, Home Group, Notting Hill Genesis, Clarion, Futures Housing Group and Network Homes. GSAB is about making change and so it is a time-limited group working together to produce open-source tools, share best practice relating to green space management, and models for green placemaking, carbon offsetting and biodiversity enhancement to empower the housing sector and the communities it supports on the journey to net zero in a post COVID-19 era.

Partnership with the Wildlife Trust

As part of our objective to enhance our green spaces to improve their quality and biodiversity, we partnered with the Warwickshire Wildlife Trust to look at how we could improve communal outdoor spaces across existing estates, whilst also connecting our customers with nature and encouraging them to enhance biodiversity in their private outdoor spaces.

The first stage of this project saw us work with The Wildlife Trust to undertake detailed habitat surveys of four estates which are representative of our wider portfolio. These detailed habitat surveys were then used to develop an improvement plan to make the communities more biodiverse. Residents then worked alongside colleagues from Orbit and the Warwickshire Wildlife Trust to make improvements to their outdoor spaces, creating a more wildlife-friendly environment for the community to enjoy while also running nature wellbeing activities, including creating willow weaving bird feeders. Engaging with nature will help to enhance our resident's wellbeing with studies showing it supports good mental health and prevents distress.

The improved green spaces will provide food and shelter for nature to thrive and hopefully encourage a number of native species such as birds, insects and small mammals into the local area.

We have also used this analysis to create a 'manual' of categorised Orbit estate habitats with suggested improvements to ensure 30% of the outdoor areas is available for wildlife, which aligns with the Wildlife Trusts 30by30 campaign. Assets such as trees and wildlife corridors, and training for our estate teams to replicate this across our estates is currently in progress.

Waste progress & plans

Our third objective under Orbit Earth is to transition to a circular economy where resources are sourced, produced, used and disposed of sustainably. Supporting this we have create a Waste Action Group which is working to devise a zero waste strategy that will go above and beyond the minimum waste reporting and compliance, to seek out positive circular economy principles that will save money and provide social impact as well as environmental benefits.

Orbit Housing Association Limited

Report of the Board

Each business area in the organisation will take formal responsibility for the waste they produce and will produce their own delivery plan which the Waste Action Group will support. Workshops were hosted at the start of 2022 with colleagues from across Orbit to form ideas for the initial and main actions for these plans.

Cyber Security

Similar to other organisations, Orbit face an ever increasing and evolving threat from cyber criminals and hackers. We continue to strive to embed cyber security in all decision making across the business. We regularly raise awareness across our business through communications and simulated exercises. Over the past year, Orbit has implemented a number of new security capabilities and driven up the security culture across the business. We have invested in multiple layers of security tools and defences which seek to prevent, protect, respond and monitor attacks. We constantly monitor the threat landscape and adopt our security posture learning from other incidents and breaches globally.

Compliance & Risk

Culture of Health & Safety and Compliance

Orbit has a strong culture of health and safety and a rigorous approach to governance, risk and compliance. We are rightly proud of the high standards we have achieved and are proud to have been awarded a prestigious Merit for our commitment to customer and property safety by the British Safety Council in its globally recognised International Safety Awards, as well as receiving a RoSPA Highly Commended in the Public Service & Local Government Industry Sector Health and Safety Award for working hard to ensure our colleagues, customers and contractors are kept as safe as possible.

Supporting Fire Safety

We are proud to remain the only national affordable housing provider to have achieved BS9997, British Standards in Fire risk management systems. In addition to this, our Home Fire Safety app developed in conjunction with Firemark Education – a community interest company – has received more than 500,000 views.

Operating at the forefront of fire safety training, the app provides an augmented reality digital safety tour so our customers can get the very latest fire safety advice at the touch of a button, helping to raise awareness of fire safety with our customers, employees and the general public.

Leaders in Safeguarding

Ensuring our customers are safe is a priority at Orbit and this was recognised with our 'Leaders in Safeguarding' reaccreditation this year, having become the first registered housing provider to do so in 2020/21.

Building Safety Bill

To meet the standards that will be set by the new Building Safety Regime, which will become law by April 2023, we have developed our new Building Safety Strategy.

The overarching principle is to implement a 'standards based' approach for our buildings, where we utilise existing British and International standards to create a unique, comprehensive risk management system, including the Plan, Do, Check, Act model (PDCA), which will be at the heart of the new Building Safety Regulator's regime.

Led by our Building Safety Steering Group and the Property Safety Team, and drawing on internal and external expertise, we have begun to gather our 'Golden Thread' of building information, starting with Becton Place in Erith where our first, innovative retrospective Building Information Modelling (BIM) has been carried out to help us understand its make-up and structure. In addition, we'll be conducting enhanced fire risk assessments, environmental reports and heat scanning to ensure we're ahead of the new building safety requirements.

COVID-19 Response

Our focus on keeping our customers, colleagues and partners safe has been paramount as the COVID-19 pandemic continued.

Orbit's Incident Management team through the incident management framework, a core aspect of the Group's risk management protocols, has demonstrated the organisation's capability to cope with the risks associated with the pandemic and ensured that we are well-placed to manage and mitigate any potential risks for the business.

As the Government restrictions have eased over the year, we have reopened our offices with effective procedures in place to reduce any risk, including rigorous daily cleaning schedules and significantly reduced employment levels to maintain social distancing.

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. More information about going concern is included in the going concern note on page 19.

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



Stephen Howlett
Chair

13 July 2022

Orbit Housing Association Limited Report of the Board

Internal control

The members of the Orbit Group have in place an internal control environment (ICE) framework, which pulls together assurance from a number of sources on a quarterly basis, which feed into the annual statement of internal controls. Orbit's standard assurance providers include the following:

- ✓ Internal audit
- ✓ Health and safety
- ✓ Insurance
- ✓ Personal data management
- ✓ Business resilience
- ✓ Policy environment
- ✓ Compliance returns
- ✓ People Management
- ✓ Procure to pay
- ✓ Risk management

The outcome of the assurance review is as follows:

'Based on the risk and assurance work undertaken 2021/22, 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 the board of Orbit Housing Association Limited.'

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. 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.

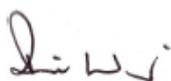
Annual general meeting

The annual general meeting will be held on 20 September 2022.

Independent auditors

KPMG LLP was appointed as the external auditors for the year ended 31 March 2022. A resolution to re-appoint the Group's auditors will be proposed at the Annual General Meeting.

The report of the Board was approved on 13 July 2022 and signed on its behalf by:



Richard Wright
Secretary

Orbit Housing Association Limited

Independent Auditor's Report

Independent auditor's report to Orbit Housing Association Limited

Opinion

We have audited the financial statements of Orbit Housing Association Limited ("the association") for the year ended 31 March 2022 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 2022 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 2019.

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;
- 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:

Orbit Housing Association Limited Independent Auditor's Report

- Enquiring of management, directors and internal audit as to the Group'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 and seldom used 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.

Orbit Housing Association Limited 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 11, 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 www.frc.org.uk/auditorsresponsibilities.

**Orbit Housing Association Limited
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.



Sarah Brown (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
28 July 2022

Orbit Housing Association Limited
Statement of Comprehensive Income

	Note	2022 £m	2021 £m
Turnover	2	223.8	217.1
Cost of sales	2	(0.3)	(1.1)
Operating costs	2	(154.6)	(147.6)
Surplus on sale of housing properties	7	29.1	8.5
Operating surplus	5	98.0	76.9
Interest receivable	8	-	-
Interest payable	9	(44.1)	(43.4)
Other financing costs	9	(0.7)	(12.1)
Surplus before taxation		53.2	21.4
Taxation	10	-	-
Surplus for the year		53.2	21.4
Actuarial gain in respect of pension schemes	31	0.4	0.2
Total comprehensive income		53.6	21.6

All amounts derive from continuing operations.

The accompanying notes form part of these financial statements.

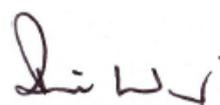
The financial statements on pages 16 to 42 were approved by the Board and signed on its behalf by:



Stephen Howlett
Chair



Helen Gillett
Board Member



Richard Wright
Secretary

13 July 2022

Orbit Housing Association Limited
Statement of Changes in Reserves

	Income & Expenditure Reserve £m	Total Reserves £m
Balance as at 1 April 2020	359.2	359.2
Surplus for the year	21.4	21.4
Actuarial gain on pension liability	0.2	0.2
Balance at 31 March 2021	380.8	380.8
Balance as at 1 April 2021	380.8	380.8
Surplus for the year	53.2	53.2
Actuarial gain on pension liability	0.4	0.4
Balance at 31 March 2022	434.4	434.4

The Income and expenditure reserve includes £25.4 million (2021: £25.3 million) in respect of the net proceeds from the Voluntary Right to Buy pilot that took place in 2020. These proceeds will be reinvested in new properties.

Orbit Housing Association Limited
Statement of Financial Position

	Note	2022 £m	2021 £m
Fixed assets			
Tangible fixed assets	11 & 12	2,366.1	2,307.5
Fixed asset investments	13	2.7	2.6
Investment properties	14	42.5	37.9
		<u>2,411.3</u>	<u>2,348.0</u>
Current assets			
Properties for sale and stocks	15	0.8	-
Trade and other debtors (of which £126.1m > 1 year)	16	149.1	102.4
Cash at bank and in hand		1.4	1.6
		<u>151.3</u>	<u>104.0</u>
Less: creditors: amounts falling due within one year	17	<u>(125.0)</u>	<u>(157.3)</u>
Net current assets / (liabilities)		<u>26.3</u>	<u>(53.3)</u>
Total assets less current liabilities		<u>2,437.6</u>	<u>2,294.7</u>
Creditors: amounts falling due after more than one year	18	<u>(2,001.1)</u>	<u>(1,911.4)</u>
Provisions for liabilities			
Other provisions	20	(0.4)	(0.4)
Pension liabilities	31	(1.7)	(2.1)
Total net assets		<u>434.4</u>	<u>380.8</u>
Reserves			
Income & expenditure reserve		<u>434.4</u>	<u>380.8</u>
Total reserves		<u>434.4</u>	<u>380.8</u>

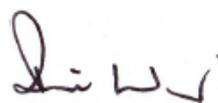
The financial statements on pages 16 to 42 were approved by the Board and signed on its behalf by:



Stephen Howlett
Chair



Helen Gillet
Board Member



Richard Wright
Secretary

13 July 2022

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.

On 31 March 2021 Heart of England Housing Association Limited, an Orbit Group subsidiary, transferred its engagements to Orbit South Housing Association Limited. Orbit South Housing Association Limited then changed its name to Orbit Housing Association 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 2019. As a public benefit entity Orbit Housing Association Limited has applied all paragraphs of FRS 102 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 2022/23 and the group's medium term financial position as detailed in the 30-year business plan, considering the impacts from the coronavirus pandemic and taking account of severe but plausible downsides, such as an economic downturn, political pressures, a perfect storm or worst case zero carbon spend, is of the opinion that the Group and Association have 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 30.

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

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.

Orbit Housing Association Limited

Notes to the Financial Statements

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 straightline basis over the following expected economic useful lives:

Housing property components	Depreciation life
Kitchens	20 years
Bathrooms	30 years
Windows and doors	30 years
Boilers	15 years
PV panels	25 years
Roof	60 years
External wall insulation	36 years
Rewiring	30 years
Structure (rehabilitated)	60 years
Structure (new stock)	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.

Orbit Housing Association Limited

Notes to the Financial Statements

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%

Orbit Housing Association Limited

Notes to the Financial Statements

Computer equipment	17% - 33%
Fixtures, fittings and other equipment	15% - 25%

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 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, together with prior year statements which state last year's revenue and reserves. For funding purposes, surpluses or deficiencies are dealt with as advised by the actuary.

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.

For funding purposes, the actuary has accepted an undertaking from the Operating Association that contributions to clear the deficit will be made over a period beyond the expected service lives of the remaining participating employees in line with other participating employees in the scheme.

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 and it is therefore believed there will be no liability to taxation.

Orbit Housing Association Limited

Notes to the Financial Statements

Property managed by agents

Where the 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.

Loan finance issue costs

These 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.

Loan interest costs

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.

Orbit Housing Association Limited

Notes to the Financial Statements

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

Provisions are made for liabilities where the timing and amount is uncertain. The amounts and timing of cash flows relating to these liabilities are based on management estimates.

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 2022 as published on the Orbit website www.orbit.org.uk.

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

2022	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)	212.3	-	(137.7)	-	74.6
Other social housing activities					
Services to Group members	3.0	-	(3.0)	-	-
Home ownership services	1.9	-	(4.0)	-	(2.1)
Charges for support services	-	-	-	-	-
Other	0.3	-	(5.9)	-	(5.6)
Total	5.2	-	(12.9)	-	(7.7)
Surplus on sale of housing properties (Note 7)	-	-	-	29.1	29.1
Total social housing activities	217.5	-	(150.6)	29.1	96.0
Developments for sale	0.4	(0.3)	-	-	0.1
Non-social housing activities	5.9	-	(4.0)	-	1.9
Total social and non-social housing	223.8	(0.3)	(154.6)	29.1	98.0
<hr/>					
2021	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)	206.5	-	(132.4)	-	74.1
Other social housing activities					
Services to Group members	2.8	-	(2.8)	-	-
Home ownership services	2.0	-	(3.1)	-	(1.1)
Charges for support services	0.1	-	(0.1)	-	-
Other	2.2	-	(7.0)	-	(4.8)
Total	7.1	-	(13.0)	-	(5.9)
Surplus on sale of housing properties (Note 7)	-	-	-	8.5	8.5
Total social housing activities	213.6	-	(145.4)	8.5	76.7
Developments for sale	1.3	(1.1)	-	-	0.2
Non-social housing activities	2.2	-	(2.2)	-	-
Total social and non-social housing	217.1	(1.1)	(147.6)	8.5	76.9

3. Income and expenditure from social housing lettings

	General needs housing £m	Supported housing & housing for older people £m	2022 £m	2021 £m
Income				
Rent receivable net of service charges	165.9	14.8	180.7	175.0
Service charge income	11.2	8.8	20.0	20.1
Amortisation of social housing and other capital grant	9.8	1.6	11.4	11.4
Other income from lettings	-	0.2	0.2	-
	186.9	25.4	212.3	206.5
Expenditure				
Management	(25.2)	(4.7)	(29.9)	(26.4)
Service charge costs	(12.1)	(9.5)	(21.6)	(21.8)
Routine maintenance	(27.4)	(4.8)	(32.2)	(27.8)
Planned maintenance	(14.5)	(1.6)	(16.1)	(20.8)
Bad debts	(0.3)	(0.3)	(0.6)	(0.9)
Depreciation and impairment of housing properties	(33.2)	(4.0)	(37.2)	(34.6)
Other costs	-	(0.1)	(0.1)	(0.1)
Operating costs on social housing lettings	(112.7)	(25.0)	(137.7)	(132.4)
Surplus on social housing lettings	74.2	0.4	74.6	74.1
Void losses	(3.3)	(1.8)	(5.1)	(5.4)

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

	2022	2021
	£m	£m
Operating surplus is arrived at after charging/(crediting)		
Housing properties:		
Depreciation charge	37.2	34.6
Amortisation of social housing grant	(11.4)	(11.4)
Other fixed assets:		
Depreciation of other tangible fixed assets	0.2	0.2
Impairment release	-	-
Operating lease rentals:		
Land and buildings	0.1	0.3
Office equipment and vehicles	0.1	0.1
White goods	0.1	0.1
Auditor's remuneration (excluding VAT)		
Fees payable to the Association's auditor for the audit of the financial statements	0.1	0.1
Fees payable to the Association's auditor for other services	-	-
Total audit services	0.1	0.1
Total non-audit services	-	-

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 (2021: £nil).

Aggregate emoluments paid to or received by directors who are not executive staff members including salaries, honoraria and other benefits:

	2022	2021
	£000	£000
G Richardson (retired 28 February 2021)	0	4
K Bolister (retired 28 February 2022)	7	5
D Butler	6	5
S Tandooran-Sentain	6	5
J Boomhauer	6	5
T Mihil	6	5
E Stent (resigned 03 September 2020)	0	2
J Brennan	6	6
D Glover	6	4
M Dillion (appointed 08 October 2021)	3	0
Total	46	41

Expenses paid during the year to and on behalf of board members amounted to £7,000 (2021: £3,000).

Orbit Housing Association Limited
Notes to the Financial Statements

7. Surplus on sale of fixed assets - housing properties

	Letting £m	Shared Equity £m	VRTB £m	2022 Total £m	2021 Total £m
Disposal proceeds	59.0	-	-	59.0	19.3
Carrying value of fixed assets	(52.3)	-	-	(52.3)	(12.1)
	6.7	-	-	6.7	7.2
Capital grant recycled	1.8	-	-	1.8	2.5
Right to Buy clawback	(0.7)	-	-	(0.7)	(1.2)
Grant abated	21.3	-	-	21.3	-
Surplus on disposal	29.1	-	-	29.1	8.5

This balance includes a surplus of £19.8 million from the sales of properties under our stock densification programme.

8. Interest receivable and other income

	2022 £m	2021 £m
Interest receivable and similar income	-	-

9. Interest payable

	2022 £m	2021 £m
Loans and bank overdrafts	50.9	48.7
Interest payable capitalised on housing properties under construction	(6.4)	(4.9)
Loan premium write-off	(0.4)	(0.4)
	44.1	43.4
Other financing costs:		
Defined benefit pension charge	-	0.1
Loan arrangement fees	0.1	0.1
Finance restructuring costs	0.6	11.9
	0.7	12.1

Interest is capitalised at the weighted average cost of capital.

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. No taxation is anticipated in the year £nil (2021: £nil). 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 2021	2,357.5	200.6	86.4	5.4	2.3	2,652.2
Additions	47.2	83.4	7.7	-	0.8	139.1
Transfer on completion	59.5	(59.5)	-	-	-	-
Transfer to other Group members	(2.9)	-	-	-	-	(2.9)
Disposals	(46.4)	-	(6.0)	-	-	(52.4)
At 31 March 2022	2,414.9	224.5	88.1	5.4	3.1	2,736.0
Less: accumulated depreciation						
At 1 April 2021	(324.3)	-	(19.0)	(0.2)	(0.3)	(343.8)
Eliminated on disposal	9.8	-	1.6	-	-	11.4
Charge for year	(32.3)	-	(3.9)	(0.1)	(0.1)	(36.4)
At 31 March 2022	(346.8)	-	(21.3)	(0.3)	(0.4)	(368.8)
Less: provisions for impairment						
At 1 April 2021	(1.8)	-	-	-	-	(1.8)
At 31 March 2022	(1.8)	-	-	-	-	(1.8)
Net book amount:						
At 31 March 2022	2,066.3	224.5	66.8	5.1	2.7	2,365.4
At 31 March 2021	2,031.4	200.6	67.4	5.2	2.0	2,306.6

Additions to properties during the year include capitalised interest and finance costs of £6.4 million (2021: £4.9 million) and project management fees of £2.7 million (2021: £4.3 million).

Net book value of housing and other properties comprises:

	2022 £m	2021 £m
Freehold and long leasehold land and buildings	2,365.4	2,306.6
Other freehold/leasehold/commercial properties	0.7	0.9
	2,366.1	2,307.5

12. Other fixed assets

	Freehold offices £m	Leasehold offices £m	Commercial premises £m	Furniture, fixtures & Equipment £m	Total £m
Cost					
At 1 April 2021	0.5	3.2	0.6	3.2	7.5
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2022	0.5	3.2	0.6	3.2	7.5
Less:					
Accumulated depreciation					
At 1 April 2021	(0.3)	(1.9)	(0.3)	(3.1)	(5.6)
Charge for year	-	(0.1)	-	(0.1)	(0.2)
Eliminated on disposal	-	-	-	-	-
At 31 March 2022	(0.3)	(2.0)	(0.3)	(3.2)	(5.8)
Less:					
Provisions for impairment					
At 1 April 2021	-	(1.0)	-	-	(1.0)
Charge for year	-	-	-	-	-
At 31 March 2022	-	(1.0)	-	-	(1.0)
Net book amount					
At 31 March 2022	0.2	0.2	0.3	-	0.7
At 31 March 2021	0.2	0.3	0.3	0.1	0.9

13. Fixed asset investments

	2022 £m	2021 £m
Monies deposited for Affordable Housing Finance Plc	2.7	2.6

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. The AHF Bond is secured by a first fixed charge on properties and £284,000 is held in a cash security deposit account to cover the amount below the required security threshold.

Orbit Housing Association Limited
Notes to the Financial Statements

14. Investment properties non-social housing properties held for letting

	2022	2021
	£m	£m
At 1 April 2021	37.9	15.0
Additions during the year	3.1	22.9
Gain in valuation	1.5	-
At 31 March 2022	42.5	37.9

Additions during the year of £3.1m relate to properties at St Anne's Quarter in Norwich (2021: £22.9m).

15. Properties for sale

	2022	2021
	£m	£m
Housing properties converted and available for sale	0.1	-
Housing properties converted and under construction for sale	0.7	-
	0.8	-

16. Debtors

	2022	2021
	£m	£m
Due within one year:		
Rental debtors	5.6	6.0
Less: provision for doubtful debts	(2.0)	(2.3)
	3.6	3.7
Service charges due from Leaseholders	0.3	0.3
Amounts due from Group undertakings	10.3	88.1
Prepayments and accrued income	6.0	3.7
Other debtors	3.6	4.2
Provision for bad debts	(0.8)	(0.6)
	23.0	99.4
Due after more than one year:		
Other debtors	2.9	3.0
Amounts due from Group undertakings	123.2	-
	126.1	3.0
Total	149.1	102.4

Within amounts due from group undertakings shown above there is an inter-company debtor with Orbit Group Limited, the association of £123.2 million which is repayable on demand. Since Orbit Group Limited, the association, is in a net current liability position the Directors have confirmed that the payment will not be demanded within 12 months of the balance sheet date.

Orbit Housing Association Limited
Notes to the Financial Statements

17. Creditors: amounts falling due within one year

	2022	2021
	£m	£m
Housing loans inter-company (Note 22)	14.9	11.3
Amounts due to Group undertakings	67.5	96.8
Other creditors including taxation and social security	6.6	4.3
Accruals and deferred income	17.3	20.2
Rents received in advance	7.1	6.8
Grants received in advance	-	1.1
Recycled Capital Grant Fund (Note 21)	0.3	5.3
Deferred capital grant (Note 19)	11.3	11.5
Total	125.0	157.3

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

	2022	2021
	£m	£m
Housing loans (Note 22)	99.2	99.2
Housing loans inter-company (Note 22)	1,267.2	1,162.3
Deferred capital grant (Note 19)	601.5	622.9
Deferred income for renewals and maintenance contributions	10.1	9.5
Other creditors	1.1	1.1
Recycled Capital Grant Fund (Note 21)	14.6	8.6
Loan premium Affordable Housing Finance Plc	7.4	7.8
Total	2,001.1	1,911.4

Housing loans shown above are net of £0.8m (2021: £0.8m) loan arrangement fees carried forward.

Orbit Housing Association Limited
Notes to the Financial Statements

19. Deferred capital grant

	2022	2021
	£m	£m
At 1 April 2021	634.4	625.9
Grant received in the year	7.7	18.0
Released to income in the year	(11.4)	(11.4)
Elimination of amortisation on disposal	5.5	0.6
Transfer (to) / from RCGF	(1.8)	1.3
Grant abated on disposal	(21.3)	-
Transfer to other Group members	(0.3)	-
At 31 March 2022	612.8	634.4

Analysed as:	2022	2021
	£m	£m
Amounts to be released within one year	11.3	11.5
Amounts to be released in more than one year	601.5	622.9
	612.8	634.4

20. Provisions for liabilities

	As restated at beginning of year £m	Release of provision during year £m	At end of year £m
Water Rates	0.4	-	0.4

The Water Rates provision relates to costs arising from a historic contractual arrangement and will be utilised as required.

Orbit Housing Association Limited
Notes to the Financial Statements

21. Recycled capital grant funds

	Total £m
At 1 April 2021	13.9
Grants recycled	1.8
Utilised in the year	(0.8)
At 31 March 2022	14.9

Amount due for repayment to Homes England

	2022 £m	2021 £m
Within one year	0.3	5.3
After more than one year	14.6	8.6
At 31 March 2022	14.9	13.9

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

22. Housing loans and finance lease obligations

	2022 £m	2021 £m
Due within one year		
Orbit Treasury Limited	14.9	11.3
Due after more than one year		
Orbit Treasury Limited	433.5	328.6
Orbit Capital Plc	833.7	833.7
Affordable Housing Finance Plc	100.0	100.0
	1,367.2	1,262.3
Total	1,382.1	1,273.6

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 Housing Association Limited
Notes to the Financial Statements

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%.

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:

	2022	2021
	£m	£m
In one year or less, on demand	14.9	11.3
Repayable by instalments:		
More than one year but not more than two years	15.0	11.3
In more than two years but not more than five years	44.8	34.0
In more than five years	1,257.4	1,167.0
	1,317.2	1,212.3
Repayable by other than instalments:		
In more than five years	50.0	50.0
Total	1,382.1	1,273.6

Note (b)

The interest rate profile at 31 March 2022 was:

	Total	Variable	Fixed	Weighted	Weighted
	£m	Rate	Rate	Average	Average
		£m	£m	Rate	Term until
				%	Maturity
					Years
Instalment loans	1,332.1	448.4	883.7	3.38%	20
Non-instalment loans	50.0	0.0	50.0	2.89%	22
	1,382.1	448.4	933.7	3.37%	20

23. Called up share capital

	2022	2021
	£	£
Issued and fully paid shares of £1 each		
At 1 April 2021	9	15
Issued	1	-
Surrendered	(1)	(6)
At 31 March 2022	9	9

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

	2022	2021
	£m	£m
Capital expenditure which has been contracted for but has not been provided for in the financial statements	173.9	153.2
Capital expenditure which has authorised under authority from the Orbit Board but has yet to be contracted for	135.0	135.8
	308.9	289.0

The Association expects these commitments to be financed with:

	2022	2021
	£m	£m
Social housing and other grants	51.9	36.3
Surpluses and borrowings	257.0	252.7
	308.9	289.0

25. Contingent liabilities

As at 31 March 2022, there were £37.1 million contingent liabilities within the Association (2021: £34.4 million).

Stock acquisitions previously undertaken include original government grant funding of £37.8 million which has an obligation to be recycled in accordance with the original grant funding terms and conditions.

Contingent liabilities for grant fund recycling have increased during the year from the Midland Heart Housing Group stock acquisition (£2.8 million).

Orbit Housing Association Limited is responsible for the recycling of the grant in the event of the housing properties being disposed.

Orbit Housing Association Limited Notes to the Financial Statements

26. Financial commitments

Operating leases

At 31 March 2022 the Association was committed to making the following minimum future payments in respect of operating leases other than land and buildings:

	2022	2021
	£m	£m
Leases which expire		
Within one year	0.4	0.3
Within two to five years	0.6	0.6
After five years	-	0.1
Total	1.0	1.0

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 2022.

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 £20,000 (2021: £22,000). The outstanding amount owed at 31 March 2022 was £500 (2021: £1,000).

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.

Orbit Housing Association Limited
Notes to the Financial Statements

29. Property portfolio

	2022	2021
	Units	Units
<u>Social</u>		
Social Rent General Needs	24,074	24,332
Affordable Rent	6,016	5,805
Supported Housing:		
Social Rent Supported Housing	3,329	3,514
Affordable Rent Supported Housing	167	116
Care Homes	14	18
Low Cost Home Ownership (LCHO)	246	241
Total Social Housing Units (excluding Leasehold)	33,846	34,026
Leasehold	1,661	1,607
Total Social Housing Units	35,507	35,633
<u>Non-Social</u>		
Market rent	194	191
Private retirement schemes	1,110	1,110
Non-social Leasehold	99	52
Retained Freehold	1,646	1,524
Commercial units	12	11
Total Non-Social Housing Units	3,061	2,888
Total Social and Non-Social Housing Units	38,568	38,521

30. Number of units under development at end of year

	2022	2021
	Number	Number
General Needs	1,502	1,766
Private Market Rent	-	27
Total Social Housing units	1,502	1,793

Orbit Housing Association Limited
Notes to the Financial Statements

31. Pension costs

	2022	2021
	£m	£m
Net deficit at 1 April 2021	(2.1)	(2.3)
Service costs	-	-
Contributions	-	-
Net return on assets less interest on pension scheme liabilities	-	2.2
Actuarial gain / (loss)	0.4	(2.0)
Settlements	-	-
Other finance costs	-	-
Deficit in pension scheme at 31 March 2022	(1.7)	(2.1)

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 £10,000 (2021: £22,000).

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

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 2019. This actuarial valuation was certified on 18 December 2019 and used financial assumptions that comply with FRS102. The Association has a funding surplus of £1,136k at 31 March 2019 compared to a funding surplus of £400k at 31 March 2016.

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

	2022	2021
Rate of increase in salaries	4.30%	3.85%
Rate of increase in pensions in payment and deferred pensions	3.30%	2.85%
Discount rate applied to scheme liabilities	2.60%	2.00%
Inflation assumption – CPI	3.30%	2.85%
Inflation assumption – RPI	N/A	3.25%

The estimate of the duration of the employer liabilities is 18 years.

Orbit Housing Association Limited
Notes to the Financial Statements

Life expectancy from age 65 (years)

		2022	2021
		Number	Number
Retiring today	Males	21.6	21.6
	Females	23.7	23.6
Retiring in 20 years	Males	23.0	22.9
	Females	25.1	25.1

Scheme assets

		2022	2021
		£m	£m
Equities		6.5	6.5
Government bonds		0.1	-
Other bonds		1.4	1.3
Property		1.2	1.1
Other – cash		0.2	0.5
Absolute Return fund		0.7	0.7
Other		-	-
Total fair value of assets		10.1	10.1
Present value of scheme liabilities		(11.8)	(12.2)
Net pension liability		(1.7)	(2.1)

Statement of financial position at 31 March 2022

		2022	2021
		£m	£m
Present value of the defined benefit obligation		11.8	12.2
Fair value if fund assets (bid value)		(10.1)	(10.1)
Deficit		1.7	2.1
Present value of unfunded obligation		-	-
Net defined benefit liability		1.7	2.1

Scheme liabilities

		2022	2021
		£m	£m
Opening defined benefit obligation		12.2	10.2
Service cost		-	-
Interest cost		0.2	0.2
Change in financial assumptions		(0.4)	2.3
Change in demographic assumptions		-	(0.1)
Experience loss/(gain) on defined benefit obligation		-	(0.2)
Estimated benefits paid net of transfers in		(0.2)	(0.2)
Past service costs, including curtailments		-	-
Contributions by scheme participants		-	-
Unfunded pension payments		-	-
Closing defined benefit obligation		11.8	12.2

Reconciliation of opening and closing balances of fair value scheme assets

	2022	2021
	£m	£m
Opening fair value of scheme assets	10.1	8.0
Interest on assets	0.2	0.2
Return on assets less interest	-	2.2
Other actuarial gains	-	-
Administration expenses	-	-
Contribution by employer including funded	-	-
Contributions by scheme participants	-	-
Estimated benefits paid net of transfers in and including unfunded	(0.2)	(0.3)
Fair value of scheme assets at the end of the year	10.1	10.1

Analysis of amounts charged to income and expenditure account

	2022	2021
	£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 £51.5 million (2021: £59.7 million) to Orbit Homes (2020) Ltd for the purchase of housing property assets, £2.7 million (2021: £4.3 million) in project management fees and has an outstanding creditor balance with Orbit Homes (2020) Ltd of £9.4 million (2021: £nil million) and outstanding debtor balance of £nil million (2021: £0.2 million)

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 £19.9 million (2021: £21.5 million) and fees of £3.3 million (2021: £3 million) and has an outstanding debtor balance of £nil (2021: £nil) and creditor balance of £13.2 million (2021: £22.1 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 £25.3 million (2021: £23 million) and fees of £0.6 million (2021: £0.6 million) to Orbit Capital plc and had an outstanding debtor balance of £4.5 million (2021: £1.3 million) and creditor balance of £5.9 million (2021: £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.