

Pickering and Ferens Homes

Report and Financial Statements

31 March 2023

Pickering and Ferens Homes

BOARD OF DIRECTORS

At the date of this report the directors of Pickering and Ferens Homes Trustee Ltd were:

Kate Calvert (Chair)	Co-opted board member
Linda Chambers	Nominated board member
Valerie Crowhurst	Co-opted resident board member
Pam Davies	Co-opted board member
Anna Folwell	Co-opted board member
Rachel Garton	Co-opted board member
Andy Gladwin	Co-opted board member
John Glenton	Co-opted board member
John Holmes	Co-opted resident board member
Catherine Kelly	Co-opted committee member
Christine Mackay	Co-opted board member
Cheryl Payne	Nominated board member
Rupert Pometsey	Co-opted board member

The following changes took place:

Linda Chambers	Appointed on 25 July 2022	Haroldo Herrera-Richmond	resigned on 23 May 2022
Paul Common	retired on 25 July 2023	Catherine Kelly	appointed on 25 July 2023
Pam Davies	appointed on 25 July 2022	Gwen Lunn	resigned on 23 May 2022
Rachel Garton	appointed on 25 July 2022	Cheryl Payne	appointed on 18 May 2023
John Glenton	appointed on 25 July 2023	Rupert Pometsey	appointed on 25 July 2022
John Holliday	resigned on 28 February 2023	Chris Randall	resigned on 18 May 2023
John Holmes	appointed on 25 July 2023	Peter Stones	retired on 25 July 2022

EXECUTIVE TEAM

Claire Warren	Chief Executive
Lish Harris	Business Services Director
Martin Sherman	Technical Services Director (retired on 21 December 2022)
Richard Walker	Home Services Director

EXTERNAL AUDITORS

Beever and Struthers
One Express
1 George Leigh Street
Manchester M4 5DL

INTERNAL AUDITORS

TIAA Ltd
Artillery House
Fort Fareham, Newgate Lane
Fareham PO14 1AH

PRINCIPAL BANKERS

Santander UK plc
6-8 King Edward Street
Hull HU1 3SS

National Westminster Bank plc
34 King Edward Street
Hull HU1 3SS

Barclays Bank plc
(Hull Branch)
Leicester LE87 2BB

LENDERS

Nationwide Building Society
Kings Park Road
Northampton
NN3 6NW

The Housing Finance Corporation Ltd /
Affordable Housing Finance plc
3rd Floor
17 St. Swithin's Lane,
London EC4N 8AL

SOLICITORS

Rollits LLP
Citadel House
58 High Street
Hull HU1 1QE

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

Andrew Jackson LLP
Marina Court
Castle Street
Hull HU1 1TJ

REGISTERED OFFICE

7 Beacon Way
Hull
HU3 4AE

REGULATOR OF SOCIAL HOUSING REGISTERED No.

A4020

PICKERING AND FERENS HOMES TRUSTEE LTD COMPANY No.

13968187

CHARITY COMMISSION REGISTERED No.

1014862

NATIONAL ASSOCIATION OF ALMSHOUSES REGISTERED No.

981

Pickering and Ferens Homes
REPORT OF THE TRUSTEE
for the year ended 31 March 2023

INCORPORATION

Pickering and Ferens Homes is a registered Charity (the Charity), a registered provider with the Regulator of Social Housing, and a member of the National Association of Almshouses.

In March 2022, the Board of Trustees agreed to incorporate Pickering and Ferens Homes Trustee Limited as a trustee company (No. 13968187), and for that company to be appointed as corporate trustee of the Charity by a Charity Commission Scheme. The individual trustees of the Charity are now Directors of the trustee company and operate the Charity through the trustee company with the benefit of limited liability.

DIRECTORS

The Directors during the year are those listed on page 1. The full complement of Directors comprises two nominated Hull City Councillors, two residents, eight co-opted board members and one co-opted committee member.

DIRECTORS INTERESTS

The Directors do not receive any remuneration from the trustee company or the Charity.

THE CHARITABLE TRUST DEED AND ADDITIONAL MATTERS

On 14 March 2022 the Charity Commissioners for England and Wales approved a new Charitable Trust Scheme. This scheme forms the governing document of the Charity. The powers of the corporate trustee are included within the Charitable Trust Scheme. No Directors of the trustee company may have a personal interest in the Charity and all Directors exercise their powers jointly at properly convened meetings.

Beneficiaries of the Charity are “persons who are in need by reason of age, ill health, disability, financial hardship or other disadvantage with priority being given to those who were either born or are resident in the area of benefit”. The objects of the Charity are:-

- a) the provision of temporary or permanent housing accommodation for the beneficiaries, and
- b) such charitable purposes for the benefit of the beneficiaries as the Board of Directors decide, including but not limited to the provision of health and social care and wellbeing activity to improve their quality of life, relief of financial hardship, sickness and poor health amongst them, and the provision of specially designed or adapted housing, and items, services or facilities calculated to relieve their needs.

During the year the Charity refreshed the corporate plan and its strategic ambitions to demonstrate its exemplar status:

- a) To deliver quality services that represent value for money, in the eyes of its customers.
- b) To invest in its homes, so they remain well maintained and a safe place to live.
- c) To increase the sustainability and affordability of its homes - making them more energy efficient and reducing their carbon impact.
- d) To grow, meeting local housing demand, by providing a supply of new homes for older people.
- e) To modernise and deliver services that offer customers choice and recognise differing needs.
- f) To work with partners to deliver health and wellbeing outcomes, particularly with regards to combatting loneliness and isolation, preventing hospital and residential care stays.
- g) Making the Charity’s home a ‘home for life’ wherever possible.
- h) To be a well-managed organisation and to support colleagues to develop their skills and knowledge to deliver the Charity’s ambitions.

The Charity’s strategic review is driven by the following factors:

- A desire to be a local organisation delivering quality nationally recognised exemplar services to older people.
- A commitment to reviewing performance, reducing costs and maintaining quality services so that they are competitive, affordable and achieve value for money as judged by sector comparisons and the Charity’s customers.
- A desire to meet local demand by providing a supply of new housing for older people.
- The opportunity to review and modernise strategic approaches and working practices so that they remain relevant, offer choice and recognise differing needs.
- The opportunity to work with partners to deliver health and wellbeing outcomes particularly with regards to combatting loneliness and isolation and to offer homes as a ‘home for life’ wherever possible.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

- To have an ongoing conversation with our residents to identify how we can add value to our communities and be “more than just a landlord”.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

Our primary objective is to provide quality social housing homes and services which enhances the lives of older people within our communities.

As at 31 March 2023, the Charity was responsible for the management of 1,429 properties. All properties are located within the city of Kingston upon Hull and the East Riding of Yorkshire.

During the year ended 31 March 2023, the Charity -

- Completed the legal and corporate organisational restructure to form a ‘Corporate Trustee’ and to effect incorporation of the Charity, reducing individual liabilities on Board Members and streamlining elements of governance.
- Appointed a new Deputy Chair, Pam Davies.
- Reframed employee pension scheme liabilities by closing our Defined Benefit Scheme.
- Saw the retirement of Martin Sherman, Director of Technical Services, and appointed Unity Housing Association to act as the Charity’s development services agent.
- Successfully evidenced its governance and financial strength through a regulatory stability check where the highest G1/V1 rating was retained.
- Post covid, rebuilt resident engagement structures, including resident scrutiny and the programme of wellbeing activities.
- Commissioned Biscon to undertake a fundamental review of its business continuity framework, assessments and plans.
- Implemented new projects including an enhanced service to residents experiencing bereavement as part of its More Than a Landlord ambitions.
- Continued work with Empathy Consulting to take forward a further phase of leadership and management development coaching programme.
- Undertook an update of the Corporate Plan 2021-24 and accompanying Financial Plan to enable the setting of rents, service charges, capital and revenue budgets, new development targets and property improvement programmes.
- Completed the Ryde Avenue development of 8 new homes which include experimental sustainable infra-red heating systems.
- Undertook a range of capital investment and compliance service related re-procurements to deliver value for money for residents.
- Completed the development of the Orchard Garth scheme, consisting of 29 bungalows and flats.
- Using independent researchers, Acuity, undertook a full resident satisfaction survey, which included Tenant Satisfaction Measures benchmarks and achieved an overall satisfaction score of 95%.
- Completed the roll out programme providing residents with new digitised assistive technology and services, with the only exception being a small number of areas where signal strength requires attention.
- Undertook a review related to the management and service provision within our Retirement Living Plus schemes and the role of Scheme Managers.
- Retained its Customer Service Excellence Award, with areas of outstanding progress and good practice identified.
- Undertook a comprehensive review of policy related to our assistive technology services and accompanying charges.
- Implemented the “Try Before You Apply” sheltered housing project initiative alongside evaluation by Hull University.
- Commissioned Michael Dyson Associates to undertake stock condition work and to validate associated financial assumptions within our long-term plans.
- Continued work to maintain exemplary standards in relation to health and safety compliance.
- Invested circa £125k in communal area enhancements at the Ada Holmes Circle and Malin Lodge Schemes.
- Significantly improved the performance position in relation to void loss, protecting the Charity’s income streams.
- Continued to experience high staff turnover and difficulty recruiting suitable candidates to key posts requiring established levels of skills and experience.
- Agreed and launched its new Resident Health and Wellbeing Strategy.
- Supported by Humber HR, completed a review of the Charity’s employee benefits and contractual terms.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued)

for the year ended 31 March 2023

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS (continued)

- Supported its sustainability roadmap by commencing a partnership programme of funded cavity wall insulation programme with Warm Front to over 200 homes.
- Held strategic workshops to refresh the Charity's key risks and evaluate how these risks could affect the finances through a process of robust stress testing and mitigation planning; and
- Worked with Hull City Council Adult Social Care to develop key initiatives to support their strategic priorities e.g., provision of respite care.
- Completed the sale of its former offices, Silvester House.

As at 31 March 2023 the Charity was also:

- Negotiating a land agreement in relation to 24 new homes at Padstow.
- Completing new capital financing arrangements with Nationwide Building Society.
- Progressing the move to smaller, more energy efficient leased office accommodation at The Beacon.
- Collating insight data from residents to fulfil new regulatory tenant satisfaction measures.
- Onboarding new board members for appointments to the July 2023 Annual General Meeting.
- Completing phase 3 insulation works and internal remodelling to the original, Grade II listed Pickering Crescent Almshouses and upgrading external spaces.
- Planning the communal area modernisation works at Christopher Pickering Lodge.
- Preparing for the implementation of a new Housing and Financial Management system provided by CIVICA.
- Embarking on a new Marketing and Communications partnership with Home Marketing.
- Planning for a full Investors in People reaccreditation assessment in June 2023.
- Researching key land site and development opportunities to deliver the Charity's growth plans; and
- Developing and delivering projects prioritised as part of the "More Than a Landlord" research:
 - Integrated welcome service.
 - Integrated bereavement support service, in partnership with other agencies.
 - Activities programmes, in partnership with other agencies.
 - Warmer homes offer, in partnership with other agencies.
 - An updated Aids and Adaptations service offer

Public Benefit

We have referred to the guidance set out in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning future activities. The Board of Directors consider the Charity's activities reflect our aims and objectives, and that they are designed to provide accessible services that benefit the social housing sector in accordance with our charitable activities.

Pickering and Ferens Homes
REPORT OF THE TRUSTEE (continued)
for the year ended 31 March 2023

BUSINESS AND FINANCIAL REVIEW

	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Comprehensive income - highlights					
Total turnover	9,201	8,304	9,528	8,262	7,731
Operating surplus	1,354	1,286	3,118	2,098	1,462
Interest payable and similar charges	463	477	389	385	382
Surplus for the year	993	923	2,890	1,721	1,153
	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Cash flow - highlights					
Net cash inflow from operating activities	2,232	2,739	3,551	3,004	3,143
	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Financial position - highlights					
Housing property at cost	97,599	95,281	89,860	86,384	85,066
Cash at bank	5,469	6,749	11,054	5,693	4,521
Net current assets	5,670	6,470	11,417	3,784	2,946
Total loans	17,471	18,123	20,394	14,323	15,260
Defined benefit pension (liability) / asset	-	(63)	(1,267)	34	(925)
Net assets	35,943	34,798	32,481	30,821	27,959
	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Statistics					
Units in ownership	1,429	1,392	1,379	1,353	1,306
Operating margin overall	14.72%	15.49%	32.72%	25.39%	18.91%
Operating margin social housing lettings	14.11%	14.74%	20.67%	24.13%	16.58%
Rent lost from voids and bad debts	1.04%	2.02%	1.64%	0.72%	0.84%
Rent arrears (current residents)	1.12%	0.48%	1.23%	1.08%	0.49%
Interest cover (earnings before interest, tax, depreciation, amortisation, major repairs included to net interest payable)	3.96	3.67	9.67	6.4	3.48
Adjusted gearing	15.10%	14.54%	12.64%	12.07%	15.10%

The Charity is pleased to report a net surplus for the year of £993k (2022 £923k). The improvement on net surplus was mainly driven by the profit gained on the sale of the Charity's offices which amounted to £318k less general increases in operating costs. Net surplus was 10.8% (2022: 11.1%) of turnover and the operating margin on social housing lettings was 11.0% (2022: 14.7%). Total loans reduced during the year by £652k following scheduled repayments. Total comprehensive income was not impacted by an actuarial adjustment due to the Charity exiting the East Riding of Yorkshire defined benefit pension scheme (see note 24).

Total turnover increased from £8,304k in 2022 to £9,201k in 2023, an increase of 10.8%, which was predominantly due to the profit on sale of the Charity's offices, rent increases and income generated from new properties completed during the year. Operating expenditure increased from £7,018k to £7,847k in 2023 following increases in management, maintenance and service costs and increases in the depreciation of property and other fixed assets.

The Charity continues to generate a strong net cash flow from operating activities of £2,232k (2022: £2,739k).

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

BUSINESS AND FINANCIAL REVIEW (continued)

Tangible fixed assets stood at £80,410k (2022: £79,118k) an increase of 1.63% predominantly driven by the investment in new and existing homes. The Charity ended the year with cash and short-term investments of £7,023k (2022: £8,290k). The decrease was due to cash being utilised for the development and investment in the Charity's homes. These resources will continue to be used to fund the Charity's operational and development objectives over the next two years.

Interest cover (which measures the extent to which the surplus covers interest payments) was 3.96 at 31 March 2023 (2022: 3.67), and gearing (which measures the level of indebtedness, using the value for money metrics definition for adjusted gearing) increased to 15.10% (2022: 14.54%) following utilisation of cash balances in the year.

VALUE FOR MONEY (VFM)

Introduction

The Charity remains committed to providing high quality services which represent value for money for both its customers and stakeholders. VFM is central to the Charity being able to deliver its mission and strategic ambitions and is about:

- doing the right things and investing in the right physical and human assets at the right price;
- doing things right through economic, efficient, and effective delivery; and
- evaluating success and checking that the right outcomes have been delivered.

Effective management of the Charity's resources enables a healthy generation of surpluses that can be reinvested in both existing and new homes and in services that residents value. Strong financial performance also enables access to new loans at an affordable interest rate to support future development plans.

Linked to its strategic ambitions the Charity has developed the following VFM objectives:

- Involve board members, staff, and residents in understanding costs, how they relate to performance and how the Charity compares with others.
- Assess the return on assets and ensure effective procurement and delivery of alternative models and solutions for poor performing assets.
- Deliver cost effective services to residents, at the right level of quality and with particular emphasis being placed on a range of customer access options, including a digital platform.
- Delivering added value elements to our service that improve resident's health and general well-being including affordable warmth projects.
- Increase development capacity and the supply of new homes.
- Explore all avenues of improving VFM including using partnership working and alternative methods of service delivery.

We recognise that value for money does not have to mean cheapest. There are however many competing demands on the resources available to us for example: development of new homes, investment in our existing homes, achieving net zero carbon targets, complying with building safety regulations, providing a wide range of services to our customers, and investing in local communities. We are not seeking to minimise cost to maximise profit or improve our metrics, for us, Value for Money means using our resources wisely to achieve these ambitions for the benefit of those we serve.

VFM Framework and Communication

The Board meets at least six times a year and as part of the scheduled agenda items, board members receive Performance and Value for Money reports. The Board demonstrates ownership and oversight of VFM activities in the following ways:

- Approval of the Charity's VFM strategy.
- Approval of all business strategies plans and actions that underpin the Charity's approach to creating value.
- Consider the VFM implications of key decisions through standardised board reporting templates, where possible considering the costs and benefits of alternative options.
- Review and agree VFM targets and monitor VFM achievements against targets through half yearly progress reports.
- Proactively championing a culture of VFM outcomes throughout the Charity.
- Give importance to and assess the social value created through the Charity's activities.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

VALUE FOR MONEY (VFM) (continued)

The Charity communicates its VFM achievements to stakeholders in the following ways:

- Through the Report of the Trustee in the annual financial statements, which are also published on its website.
- In its periodic newsletter to residents “People First”.
- Through its Annual Report to residents which is also distributed to partners and funders.
- Through the leadership and management team to staff at management, staff, and team meetings.

Understanding our costs

The code of practice that supports the VFM standard states that registered providers must understand absolute costs, how these have moved over time and how they compare. We are committed to carrying out benchmark analysis against a peer group of registered providers that offer similar services and are similar in size to the Charity. Our peer group is reviewed annually and includes the following organisations: Arawak Walton HA, Arches HA, Ashton Pioneer, Durham Aged Mineworkers HA, Leeds & Yorkshire HA, Nehemiah, and Railway HA. We use the latest data set from Housemark and the Regulator of Social Housing to compare results (currently 2021/22).

Regulator metrics

The table below shows our performance against the metrics set out by the regulator. It also shows the average performance against both our peer group and the sector and sets out our expected outturn and performance targets (VFM Ambitions) for the coming years.

Metric	Backward Look			Current Performance			Forward Look			
	2020-21 PFH Actual	2021-22 PFH Actual	2021-22 Peer Group Average	2022-23 Target	2022-23 Actual	2022-23 Status against Target	2023-24 Year 1	2024-25 Year 2	2025-26 Year 3	VFM Ambition
Reinvestment in Existing Stock and New Build	3.13%	7.29%	4.87%	6.85%	3.53%	☹️	5.66%	5.96%	5.79%	>6%
New Supply Delivered as a Percentage of total stock owned	0.15%	0.93%	0.62%	0.93%	2.59%	😊	0%	1.65%	1.02%	>1%
Adjusted net leverage / Gearing	12.64%	14.54%	31.15%	19.13%	15.10%	😊	16.76%	17.94%	19.52%	<40%
Interest Cover EBITDA (MRI)	967%	346%	237%	313%	321%	😊	377%	428%	348%	>300%
Headline social housing cost per unit	£3,995	£4,707	£3,867	£5,242	£5,126	😊	£5,552	£5,981	£6,264	<£5,250
Operating Margin - Social Housing lettings	20.67%	14.74%	20.52%	10.80%	14.11%	😊	11.18%	11.08%	10.47%	>19%
Operating Margin - Overall	32.72%	15.49%	21.21%	11.54%	11.26%	☹️	12.50%	11.40%	10.79%	>20%
Return on capital employed	3.62%	1.50%	2.70%	1.19%	1.57%	😊	1.10%	1.33%	1.27%	>3%

New Supply (Non-social housing units)

The Charity does not own any non-social housing units, nor does it have plans to acquire or develop any – therefore this metric is 0% and is not shown in the table above.

Pickering and Ferens Homes
REPORT OF THE TRUSTEE (continued)
for the year ended 31 March 2023

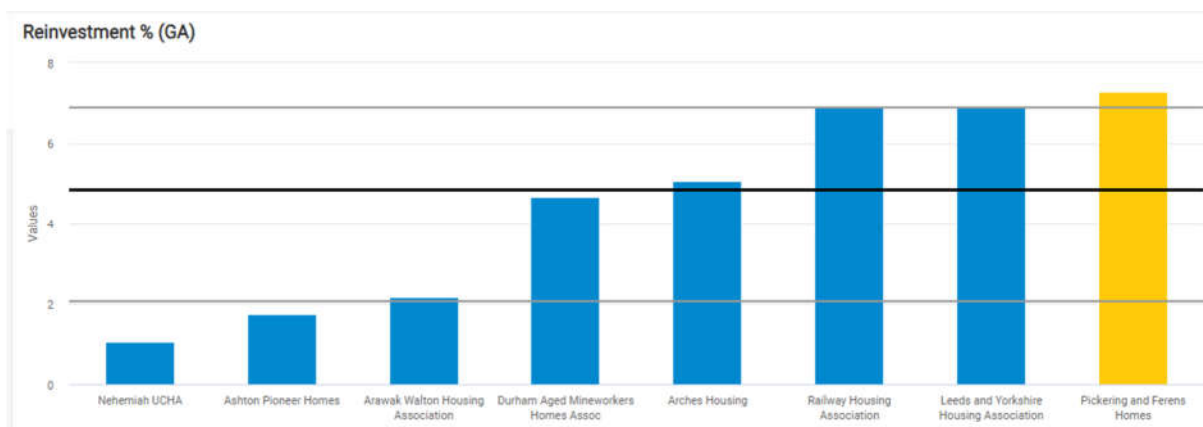
VALUE FOR MONEY (VFM) (continued)

Reinvestment in Existing stock and new build

This metric looks at the investment we have made in properties (existing stock and new supply) as a percentage of the total properties we hold. The higher the percentage, the more investment has been made.

The outturn for this metric has reduced from 7.29% in 2021-22 to 3.53% in the reporting year. This reflects a programme of new development amounting to £1.8m and the investment of over £1m in our existing homes during 2022-23. We expect the level of reinvestment to increase again during 2023-24 as we progress our plans to build more new homes and continue to replace boilers, kitchens and windows at a number of our schemes. Our longer-term strategy is to continue to progress our programme of component replacements in line with our asset strategy and build an average of 15-20 new homes each year.

Housemark Benchmark results for 2022:

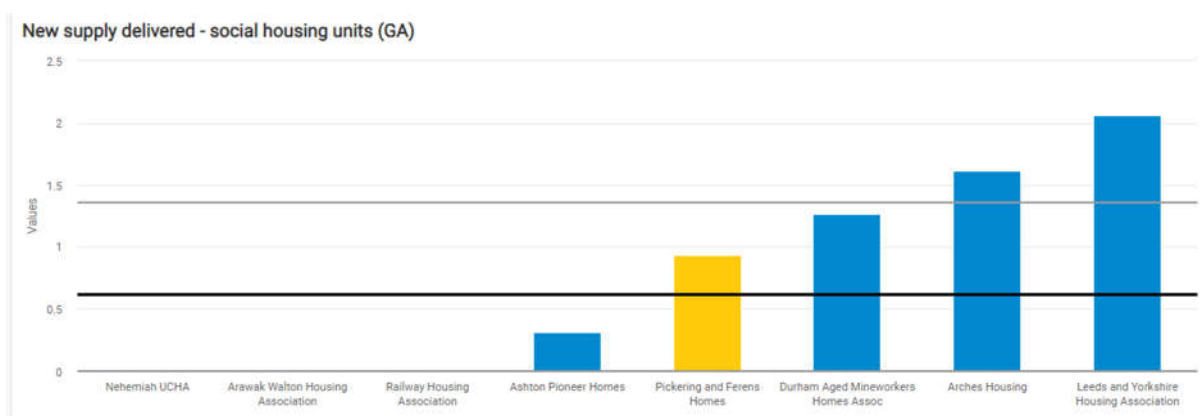


New Supply Delivered

This metric sets out the number of new social housing units that have been constructed (acquired or developed) in the year as a proportion of the total social housing units we owned at the end of the year. The higher the percentage, the greater the number of units added.

In line with our development plans we added 37 new properties to our portfolio of stock during the year. This was an improvement on last year's result following the completion of two new build schemes. We expect this metric to be zero for 2023-24 as we work towards completion of a further 24 units in 2024-25.

Housemark Benchmark results for 2022:



Pickering and Ferens Homes
REPORT OF THE TRUSTEE (continued)
for the year ended 31 March 2023

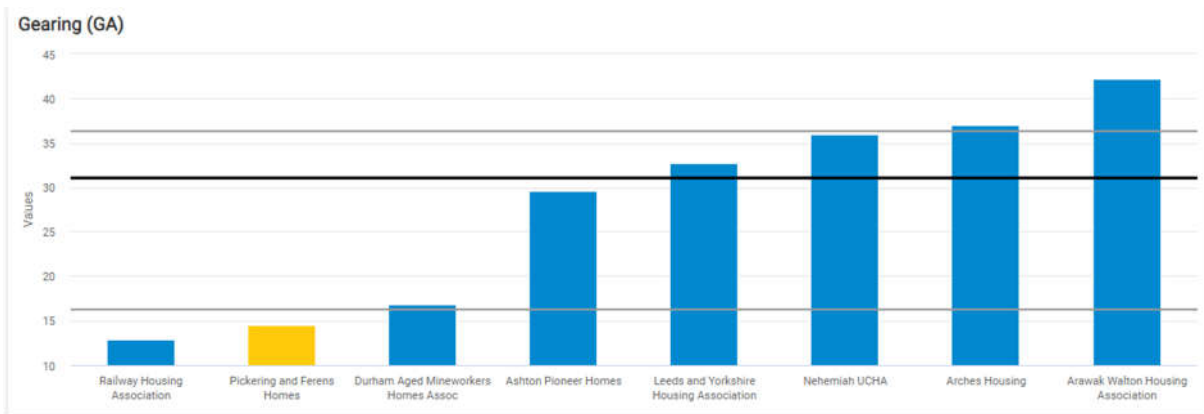
VALUE FOR MONEY (VFM) (continued)

Adjusted Net Leverage / Gearing

This metric assesses how much of our adjusted assets are made up of debt and the extent to which we depend on debt finance. It can be seen as a registered provider's appetite for growth. The lower this percentage the better as a highly geared organisation is more susceptible to economic downturns and is more at risk of financial failure.

The metric increased in 2022-23, but didn't reach the level originally expected, however it remained well below the benchmark average of 31.15% for the year. The 15.10% outturn reflects a reduction in loan balances at the end of the year. We expect further upward movement to circa 20% over the next 3 years however the Charity will continue to remain significantly below the benchmark average and lower than most of our peers.

Housemark Benchmark results for 2022:

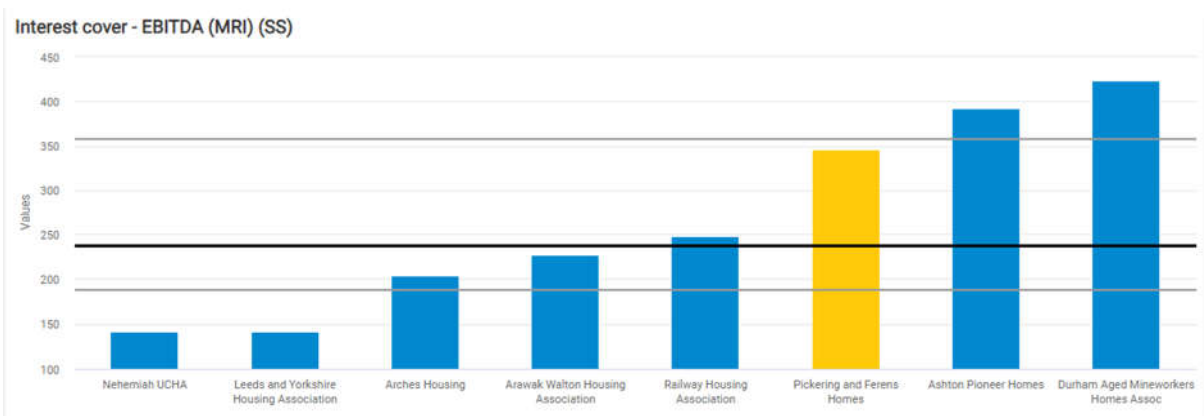


Interest Cover - EBITDA (MRI)

This measures the level of surplus that is generated compared to interest payable. It is a key indicator for liquidity and investment capacity. The higher this percentage is, the better.

This metric was higher than forecast at 321% in 2022-23, a small decrease from the 346% recorded in 2021-22, but significantly higher than the benchmark average of 237%. It is expected to stay around the current level for the next 3 years and continue to perform better than most of our peers.

Housemark Benchmark results for 2022:



Pickering and Ferens Homes
REPORT OF THE TRUSTEE (continued)
for the year ended 31 March 2023

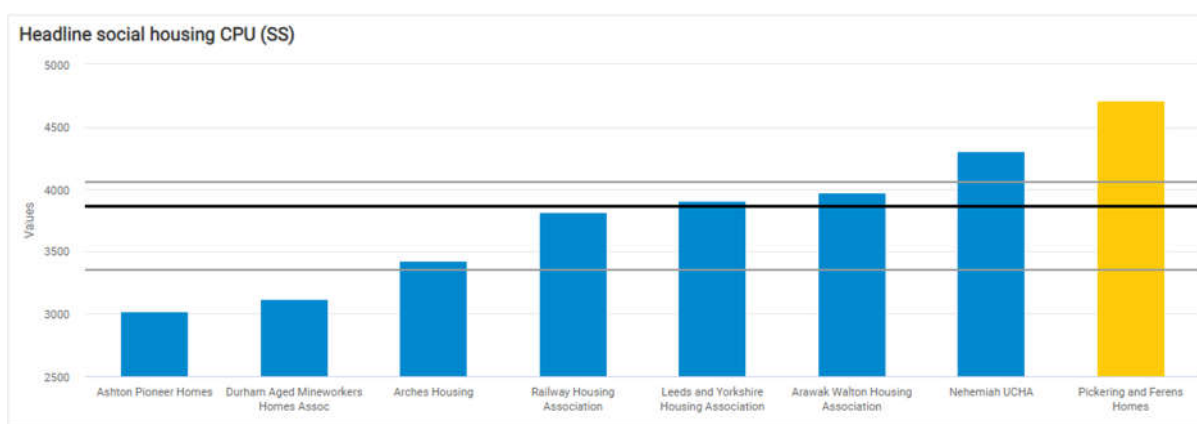
VALUE FOR MONEY (VFM) (continued)

Headline Social Housing cost

This metric assesses the headline social housing cost as defined by the regulator. It takes into account management costs, service charge costs, maintenance and repair costs as a proportion of the total number of units owned.

Continuing increases in management and service costs during the year have meant that there has been a further increase in this metric from the £4,707 reported for 2021-22 to £5,126 in 2022-23. We understand that our commitment to a high-quality repairs and maintenance programme along with the unprecedented high cost of insuring our properties, means that this metric is generally higher compared to our peers. We anticipate that, as a result of this, and continued cost pressures, this metric will increase further in the coming year as we continue to ensure that our residents receive the best quality service.

Housemark Benchmark results for 2022:

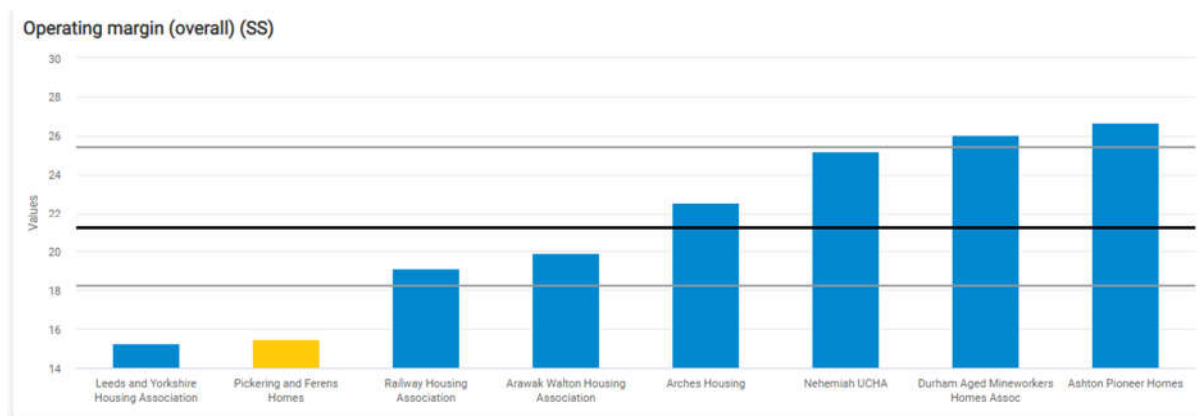


Operating Margin (Overall)

The operating margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.

For 2022-23 the metric has reduced to 11.26% from the 15.49% reported last year. Although our turnover has increased and the surplus is slightly higher than the previous year, the margin has been affected by significant cost increases experienced during the year. The profit on the sale of Silvester House is not included in the operating margin calculation. We forecast this metric to remain low for the next three years but plan to introduce efficiency measures to ensure that our target of > 20% is achieved in this timeframe.

Housemark Benchmark results for 2022:



Pickering and Ferens Homes
REPORT OF THE TRUSTEE (continued)
for the year ended 31 March 2023

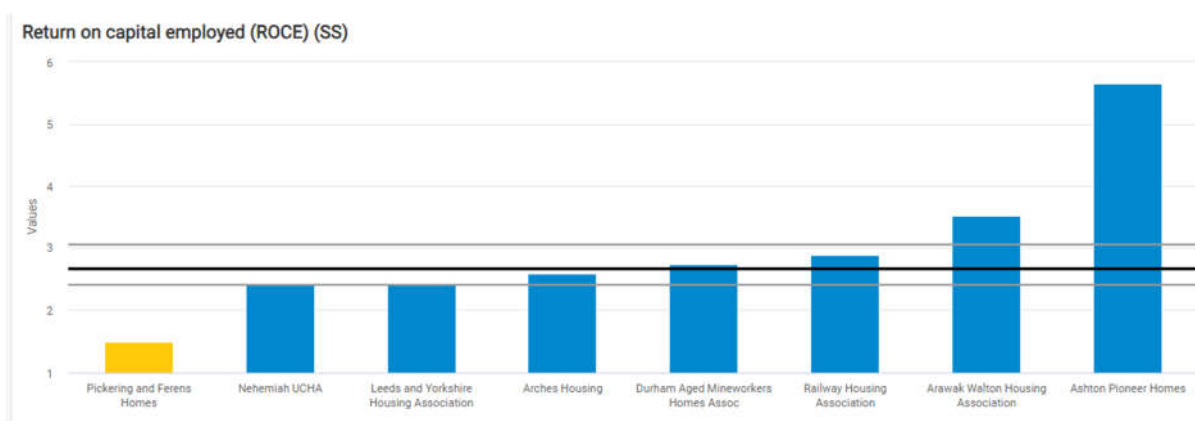
VALUE FOR MONEY (VFM) (continued)

Return on Capital Employed

This metric compares the operating surplus to total assets, less current liabilities. It is a common measure for assessing the efficient investment of capital resources. The higher the percentage, the higher the return and the better the performance.

This metric has seen a small increase on the 1.50% reported last year to 1.57% for 2022-23, as a result of an increased surplus. Although we continue to invest in new properties, surpluses are expected to remain level over the next 3 years, we are forecasting this metric to drop in 2024 and then fluctuate over following years. Work continues on an efficiency plan for current and future years with the intention that it will move the Charity closer to the benchmark average.

Housemark Benchmark results for 2022:



2021-22 Performance Against Strategic Objectives and Local Value for Money Measures

In addition to the Regulatory VFM metrics, we have identified some local VFM measures against each of our strategic objectives.

Strategic Ambition 1

To deliver quality services that represent value for money in the eyes of our customers.

VfM Metric	Measure of:	2022-23 Target	2022-23 Actual	RAG Status	2023-24 Target	Notes
Overall satisfaction with PFH (STAR)	Efficiency	93.00%	95.00%	😊	95%	We maintain a high satisfaction rating. The top quartile performance for our benchmarking group is 88%
% Residents satisfied that service charge provides VfM (STAR)	Efficiency	85.00%	86.00%	😊	86%	Result exceeded target as we aim to deliver the services that resident want.
% Rent Loss through void properties	Efficiency	1.19%	1.15%	😊	1.04%	Performed better than target for the year. Improved performance in 2022-23 equates to ~£63k better performance this year.
Average Re-let time (days)	Efficiency	< 26	18.8	😊	19	Actual performance was significantly better than target for 2022-23. Target for 2023-24 assumes current performance continues.
% Rent Collected	Efficiency	100%	99.08%	😐	100%	Rent collection levels remain positive and fluctuate slightly due to timing of housing benefit payments.
% Current Rent Arrears (Excl. amounts due from Housing benefit)	Efficiency	0.50%	0.47%	😊	0.50%	Our rent arrears levels continue to be amongst the best experienced in the housing sector.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

VALUE FOR MONEY (VfM) (continued)

Strategic Ambition 2

To invest in our homes, so they remain well maintained and a safe place to live.

VfM Metric	Measure of:	2022-23 Target	2022-23 Actual	RAG Status	2023-24 Target	Notes / Rationale
% Emergency Repairs attended in time	Efficiency	>=99%	99.7%	😊	99%	The target was achieved, every emergency is discussed with contractors to learn lessons and assess risk. Targets are updated accordingly.
% Repairs completed in target	Efficiency	99.5%	99.9%	😊	99%	Good performance for the year, which plan to maintain during 2023-24.
% Properties meeting the Decent Homes Standard	Effectiveness	100%	100%	😊	100%	Full compliance achieved
Full compliance with Landlord Health and Safety (Inc Gas Safety)	Effectiveness	100%	100%	😊	100%	Full compliance achieved
% properties with valid Electrical (EICR) certificate	Effectiveness	100%	100%	😊	100%	Full compliance achieved
% properties with a valid Fire Risk Assessments	Effectiveness	100%	100%	😊	100%	Full compliance achieved
% of non-domestic properties with an Asbestos survey	Effectiveness	100%	96%	😐	100%	Slightly below target at year-end due to delay in scheduled reinspection of one property which has now been commissioned.
% Tenant satisfaction with their homes (STAR)	Effectiveness	92%	92%	😊	94%	Top quartile performance in our benchmarking group is 85.92%
% Tenant satisfaction with repairs & maintenance (ongoing)	Effectiveness	90%	91%	😊	92%	Satisfaction in this area increased by 3% in 2022-23.

Strategic Ambition 3

To increase the sustainability and affordability of our homes - making them more energy efficient and reducing our carbon impact

VfM Metric	Measure of:	2022-23 Target	2022-23 Actual	RAG Status	2023-24 Target	Notes / Rationale
Average Energy Rating of All Stock	Efficiency	72.0	71.8	😐	73.0	Based on average SAP ratings
Number of Properties with a EPC rating lower than C	Efficiency	< 500	533	😐	< 500	230 Warmfront Cavity Wall Insulations were completed, however EPCs for these were pending at the end of 2022-23.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

VALUE FOR MONEY (VFM) (continued)

Strategic Ambition 4

To grow, meeting local housing demand, by providing a supply of new homes for older people.

VfM Metric	Measure of:	2022-23 Target	2022-23 Actual	RAG Status	2023-24 Target	Notes / Rationale
Number of new homes completed	Effectiveness	37	37	😊	0	29 properties were completed in Hessle during October 2022, with a further 8 completing at Ryde Avenue in January 2023. Development at Padstow Close will commence in 2023-24 but is not expected to be complete until 2024-25.
% Resident Satisfaction of new build properties	Effectiveness	None	86%	😊	> 95%	A new survey is being developed to capture this information. It will be launched in September 2023 and will provide resident feedback on our latest new build scheme.

Strategic Ambition 5

To modernise and deliver services that offer our customers choice and recognise differing needs.

VfM Metric	Measure of:	2022-23 Target	2022-23 Actual	RAG Status	2023-24 Target	Notes / Rationale
Satisfaction that PFH listens to residents' views and acts upon them (STAR)	Effectiveness	>95%	79%	😐	> 95%	Although we didn't meet our target in the year, top quartile performance for our benchmarking group is 83%. We are increasing engagement with our residents through a number of initiatives and seek to further improve satisfaction levels during 2023-24
% of residents accessing our digital platform	Effectiveness	N/A	N/A	😐	25%	This metric has not been routinely measured this year, however following the implementation of a new digital platform, this will be measured more frequently.

Strategic Ambition 6

To work with partners to deliver health and wellbeing outcome, particularly with regards to combatting loneliness and isolation, preventing hospital and residential care stays. Making a PFH home a 'home for life' wherever possible.

VfM Metric	Measure of:	2022-23 Target	2022-23 Actual	RAG Status	2023-24 Target	Notes / Rationale
% Tenancy Turnover	Effectiveness	8.68%	8.19%	😊	7.22%	Top quartile performance in our benchmarking group is 5.30%.
Resident Loneliness & Isolation Score	Effectiveness	20%	17%	😊	17%	This result has been taken from the Resident Satisfaction Survey carried out in November 2022.
Funding from external sources	Efficiency	£5,000	£9,700	😊	£5,000	£9,700 from Winter Warmth funding to support resident wellbeing during cost of living crisis. Further funding to be explored for 2023-24. We will continue to submit grant applications across all areas to enhance the delivery of social value initiatives during the course of 2023-24.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

VALUE FOR MONEY (VFM) (continued)

Strategic Ambition 7

To be a well-managed organisation and to support our colleagues to have the skills and knowledge to deliver our ambitions

VfM Metric	Measure of:	2022-23 Target	2022-23 Actual	RAG Status	2023-24 Target	Notes / Rationale
Labour turnover	Effectiveness	17.00%	20.69%	☹️	17.00%	The sector (and wider market) is experiencing an increase in overall labour turnover, and this trend is reflected in our turnover rate for 2022-23. We continue to manage the increase in staff turnover (e.g. training and development programmes, coaching and mentoring, improved staff engagement, flexible working arrangements and employee recognition awards); the target for 2023-24 has been set at the same level as 2022-23.
Health and safety breaches	Effectiveness	None	0	☺️	None	Pleased to report that there were no breaches of health and safety.
Governance and viability regulatory rating	Effectiveness	G1 / V1	G1 / V1	☺️	G1 / V1	We continue to maintain top ratings for governance and viability.
Working days lost to sickness (days)	Efficiency	<9 days	7.96	☺️	< 9 days	Sickness levels dropped in 2022-23 and remained below target for the year.

Other VFM headlines for 2022-23

Use local contractors where possible to contribute to local economy (Corporate Ambition 2 & 4)

During 2022-23 we placed 57% of our spend with local suppliers, equating to £5.2m. This provides a re-investment in the local economy of £10m (applying the Local Economy Multiplier). During 2023-24 we will continue to look for opportunities to place more business with local suppliers.

Social value impact of reduced energy bills for customers and continued Feed in Tariff income for the Charity (Corporate Ambition 1)

Increases in the fuel price cap continued during 2022-23 and meant that energy bill costs increased substantially during the year. Through our partnership work with Auditel, we had fixed some prices until the end of 2023 (and in some cases 2024).

We currently have 17 fixed utility contracts, with a total annual cost of around £165k.

- 1 of these was renewed in November 2022 and fixed for 1 year (approx. £23k annual spend - which represents a 460% increase on the expiring fixed contract rates)
- 2 are due to end in September 2023 (current annual spend approx. £70k)
- 1 is due to end in November 2023 (current annual spend approx. £21k)
- 3 are due to end in July 2024 (current annual spend approx. £2k)
- 7 are due to end in August 2024 (current annual spend approx. £5k)
- 9 are due to end in September 2024 (current annual spend approx. £64k)

During 2023-24 we will continue to work with procurement specialists to find best value in the current energy market and ensure that we secure the best deals possible as the above contracts come to an end.

The Charity now has photo voltaic (PV) panels installed at 5 retirement living schemes, 8 blocks of flats, 4 pop-ins and 58 bungalows. During the year these panels generated Feed in Tariff income of £45k, we expect this to increase further in 2023-24 to around £59k.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

VALUE FOR MONEY (VFM) (continued)

Implementation of a new housing and finance management system (Corporate Ambition 5)

We aimed to deliver 70% of the new Civica housing and finance management system by the end of 2022-23 and although the project has fallen behind slightly, we expect to complete the project in the autumn of 2023. Once up and running the new systems will enable us to offer a slicker service to our residents and suppliers as a result of many benefits including: -

- Cloud Based Functionality
- Improved Document Management
- Integration with MS Office
- Ability to Link the customer relationship management system to our telecom system
- Enhanced resident and contractor portal functionality providing self-service tools, including appointment scheduling and document management
- Proactive monitoring of customer accounts
- Ability to automate many of our manual processes.

Our teams have been reviewing processes and have worked closely alongside Civica consultants as part of the system implementation to ensure maximum efficiency is gained when the systems go live in late 2023, and while there has been no saving to date, it is expected that these improvements will drive efficiency gains over the coming years. A full review is scheduled post implementation to identify any longer-term resource needs of the business and whether any further savings can be made.

Silvester House – (Corporate Ambition 7)

Post pandemic the use of our office space changed and the move to hybrid working allowed us to re-consider what we needed from our office facilities. This has generated several VFM opportunities and enabled us to pursue the sale of Silvester House and a move to a smaller leased Hub. This has reduced our liabilities on the existing building and has freed up capital to the amount of £875k to invest in new homes and to bolster the services that we provide.

Following the sale of Silvester House in February 2023 the relocation to the newly renovated Hub followed in April 2023. The move has resulted in additional one off spend of £84k in 2022-23 with a further £59k falling into 2023-24. This expenditure covers legal costs, design and renovation, and removal costs. As a result of the move we expect to realise significant savings over coming years, with reductions in areas such as maintenance and running costs.

“More Than a Landlord” (MTAL) Initiative (Corporate Ambition 6)

Within the 2022-23 budget, a sum of £25k was agreed to support the progression of MTAL projects, and in consultation with residents, we identified and prioritised key areas of work. Each area developed its own ‘mini project’ and timescale. The following areas were the focus, with other projects programmed in for future years:

- Integrated welcome service
- Integrated bereavement support service, in partnership with other agencies – staff attended training to enable an enhanced service offer for our residents.
- Activities programmes, in partnership with other agencies.
- Warmer homes offer, in partnership with other agencies – work was undertaken to introduce new schemes to support residents with concerns about heating costs, including a hardship fund to support residents most in need and hiring out small energy efficient radiators.

A further £25k has been allocated for 2023-24 to enable the project to continue its valuable work in enhancing the services we provide to our residents.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

VALUE FOR MONEY (VFM) (continued)

Our Future Plans

We will continue to look to make Value for Money efficiencies through the following projects during 2023-24:

Maintain use of local contractors (Corporate Ambitions 2 and 4).

We currently place around 57% of our business with local suppliers which (as reported above) has had an estimated impact of over £10m on the local economy. During the coming year, we will look to increase the percentage of our spend with local firms to 60%.

Continue to achieve the best possible deals on utility contract prices and maximise energy grants available (Corporate Ambition 1 and 3)

The impact of increased energy prices will continue to have a significant impact on our residents during the next financial year. By striving to ensure that we regularly review the markets and achieve the best prices, we can prevent costs rising to an unmanageable level. This will give peace of mind to our residents as they will not be burdened with large increases in their service charges.

We will continue to regularly investigate and participate in grant schemes that provide support with improvements to energy systems. This will allow us to offer our residents modern, energy efficient homes and improve our EPC ratings in line with Government requirements.

Implementation of the Civica system and the Customer online portal (Corporate Ambition 5)

We aim to deliver the remainder of the Civica system implementation by the middle of the coming financial year. This will help us take large strides forward in being able to offer a more efficient service to our residents and suppliers.

As part of the completed implementation, we will ensure that use of the customer online portal is maximised to provide more efficient services to our residents. This will involve resident consultation and support to allow them to gain full benefit from the services offered. This will allow an increase in self service facilities for residents that will lead to a reduction in operating costs.

“More Than a Landlord” Initiative (Corporate Ambition 6)

A strategic planning roadmap was agreed in May 2021 and “More than a landlord” (MTAL) research was completed and reported to the Board. We received many suggestions for how we could approach the building of services linked to the report’s 6 key themes of:

- Physical and mental changes
- Life changes
- Health and wellbeing
- Environmental changes
- Digitalisation
- Socialisation

A sum of £25k has again been agreed to support the progression of MTAL projects during 2023-24. Areas that were identified during 2022-23 will continue to be progressed to enhance the services that we offer our residents. New ‘mini projects’ will be undertaken in 2023-24 and beyond, along with continued work and monitoring of the following:

- Integrated welcome service
- Integrated bereavement support service, in partnership with other agencies
- Activities programmes, in partnership with other agencies.
- Warmer homes offer, in partnership with other agencies

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

VALUE FOR MONEY (VFM) (continued)

Social Value

The wide range of services provided by the Charity have an impact on two levels: the benefits to our customers and the benefits to society as a whole. These combined benefits are referred to as the social value of our work. This social value is created through:

- Our properties – we provide safe and secure homes for our residents, where they can gain stability in their later lives.
- Support and advice - the support and advice provided by our staff enhances the independence and quality of life for the people we support.
- Community activities - participation in training, education and volunteering improves the health and wellbeing of our residents.

Our aim is to create sufficient social value from the investment decisions that we make. Although the pandemic impacted on the level of social value activities undertaken, we have delivered and continue to increase some of the activities that we offer our residents - these include:

- Art classes
- Gardening sessions
- Summer Fairs
- Christmas Party
- Links with primary schools and the university
- IT sessions and provision of social kiosks at our schemes
- Let's-Talk sessions
- Financial Inclusion workshops
- Intergenerational events
- Flower arranging
- Development of existing sessions.
- Loan a radiator scheme
- Scheme refurbishments

In terms of the impact created by the Charity, Housing Associations' Charitable Trust (HACT) were commissioned to carry out an independent review of the social value created by the Charity during 2022-23. This included identifying relevant values from the UK Social Value Bank (UKSVB) and understanding what values could be assessed and used in calculating the social value most appropriate for the Charity's projects and activities.

HACT concluded that a total social value of £5.7m was created in the 2022-23 financial year - based on available data for Pickering and Ferens Homes and recommended that PFH reports this as actual social value achieved in the year. An additional £1.8m of social value could have been captured if evidence required via the HACT model had been collected - based on indicative data.

The full HACT social value report for 2022-23 is available to view on the Charity's website.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued)

for the year ended 31 March 2023

FIXED ASSETS

Details of movements in fixed assets are set out in notes 12 and 13 of the financial statements. Housing properties have been depreciated in accordance with the Statement of Recommended Practice - Accounting by Registered Social Housing Providers (SORP 2018).

RENTS, SUPPORT AND SERVICE CHARGES, AND RENT ARREARS

Gross rental income from social housing lettings for the year amounted to £8,500,248 (2022: £7,996,950). The Charity has an established rent policy which aims to charge affordable rents within the guidelines set out by the Regulator of Social Housing. Current rent arrears represent 1.07% of income due (2022: 0.48%). Voids and bad debts represent 1.05% of income due (2022: 2.02%).

RESERVES

It is the Board of Directors intention to retain levels of reserves which allow for the on-going provision of quality housing at affordable rents, provide sufficient funding for investment in future repair and regeneration programmes and enable the Charity to raise new funding and manage risk associated with a large organisation. A budget for the forthcoming year has been set to attain these objectives. Total reserves at 31 March 2023 amounted to £35,943k (2022: £34,798k). Free reserves, i.e. unrestricted funds excluding tangible fixed assets net of grant and other commitments, were -£10,967k (2022: -£11,117k); £80,410k (2022: £79,118k) is represented by fixed assets and can only be realised by their disposal. The loan facilities are secured against the housing property fixed assets.

TREASURY MANAGEMENT

The Charity's treasury operations are managed by the finance team and are subject to policies approved by the Board of Directors, with delegated authorities supplemented by detailed procedures and bank mandates. The Charity's treasury activities are routinely reported to the Board of Directors and are subject to review by the internal auditors. The main financial risks to which the Charity is exposed relate to liquidity and movements in interest rates.

Interest rate risk

The Charity finances its operations through a mixture of retained surpluses and loans from banks and building societies. The Charity borrows at both fixed and variable rates of interest. At the end of the year long term fixed rate debt formed 97.8% (2022: 95.4%) of total borrowing.

Liquidity

Throughout the year the Charity's policy has been to ensure flexibility and continuity of funding through the use of term deposits and borrowings with a range of maturities. All committed capital investment for the next year is covered by cash, investments or current borrowing facilities. Loans have continued to be repaid in accordance with financial agreements, and no breaches of covenants have occurred since the loans were established in 1998.

EMPLOYEES

The Charity believes firmly in equal opportunities, personal development and in on-going training opportunities. The organisation wishes all staff to be trained to their maximum potential. The Charity encourages staff involvement and is committed to ensuring the health, safety and welfare of its entire workforce. On-going training is also provided to the Board of Directors. As at 31 March 2023 the organisation employed 44 members of staff, of which 28 were full-time and 16 were part-time.

DIRECTOR AND OFFICER INDEMNITY INSURANCE

During the year the Charity purchased and maintained liability insurance for its Directors and Officers.

AUDITORS

A resolution to appoint external auditors will be proposed at the Annual General Meeting.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of the approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Charity's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken to be aware of any relevant audit information, and to establish that the auditors are aware of that information.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Trustee is responsible for preparing the Report of the Trustee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Legislation requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the Charity for that period. In preparing those financial statements the Trustee has delegated the preparation of the financial statements to the Business Services Director and required him to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards and the Housing SORP 2018 - Statement of Recommended Practice for Social Housing Providers (SORP 2018); and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee confirms that the financial statements comply with the above requirements. The Trustee is responsible for:

- keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable it to ensure that the financial statements comply with the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2022 and the provisions of the trust deed;
- safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities; and for
- the maintenance and integrity of the Charity and the financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

NHF Code of Governance

The Charity complies with the principal recommendations of the NHF Code of Governance (2020). The ways in which we seek to achieve good governance are outlined below. The Board of Directors formally adopted the NHF Code of Governance at a meeting of the Board of Directors held on 27 September 2021. The Board has reviewed compliance against the Regulator of Social Housing's Regulatory Standards and has devised a plan to support enhancement of compliance activities and assurances. The Charity's Board has determined that it is compliant with all elements of the Regulator's Governance and Viability Standard. In relation to considering future partnerships, the Charity has not adopted the Merger Code but has developed a merger, acquisitions and partnership strategy which is reviewed periodically.

The Board of Directors

The Charity is led by a Board of up to 12 Directors who have collective responsibility for all aspects of the Charity. There are three forms of Director on the Board: two nominees, appointed by Kingston upon Hull City Council; two co-opted Resident Directors appointed by the Directors of the Charity; and eight co-opted independent Directors who are persons, through residence, occupation, employment or otherwise that have a special knowledge of the City of Kingston upon Hull. Independent co-optees are appointed by the Board of Directors of the Charity. The Board meets on a minimum bi-monthly basis and has overall responsibility for every aspect of the affairs and business of the Charity. Its key purpose is to direct and control the Charity's work, to determine strategic direction and policy, to establish and oversee risk and control frameworks and to ensure that the Charity achieves its aims and objectives. The Charity has both a financial and non-financial delegation scheme set out within its Manual of Governance. The Board of Directors does not have capacity to deal with all details of the Charity's business and has therefore delegated several decisions to either Board committees, working groups or to staff. The Committees of the Charity are:

- Governance and Remuneration Committee – its main purpose is to oversee the Charity's governance arrangements and compliance, ensure that an appraisal of the performance of the Chief Executive of the Charity is undertaken on an annual basis and to determine the remuneration of the Chief Executive and annual pay awards for the Charity's staff. The Charity benchmarks all salaries by utilising housing sector salaries and benefits data, peer group comparators and local market information.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)

- Audit and Risk Committee – its overall purpose is to ensure that the Charity identifies and manages risk effectively, to ensure that an effective framework of controls is present and is satisfactorily in place, to ensure that all internal control systems are subject to an effective audit and to oversee the work programme and performance of the internal and external auditors.
- Resident Committee – its overall purpose is to ensure that residents are able to provide their views with regard to the work of the organisation, the services provided and to promote resident engagement.

The Charity works with residents to enable them to deliver a task and finish approach to policy and service scrutiny. Scrutiny is the process where residents can review how the organisation provides services, and challenge and make recommendations on how these services can be improved. The Board and Executive Team consider all reports and recommendations made by the group.

The minutes of committee meetings are forwarded to each ordinary meeting of the full Board of Directors for consideration.

Executive Officers

The Chief Executive and Directors are the senior officers of the Charity from a control perspective. It is their responsibility to ensure that officers of the Charity undertake their duties in accordance with the policies of the Board, to ensure that various operational targets set by the Board are met, to present the Board through the committees with sufficient information to enable the Board to gather assurance and monitor the operation of the policies and to identify the need for new policies or amendments to existing policies and to present proposals to the Board through the committees. The Chief Executive and Management Team can also delegate specific financial and operational matters to other members of the Charity's staff, as they deem appropriate.

INTERNAL CONTROLS ASSURANCE

Scope of Responsibility

The Charity, through its Executive Team, has responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives set by the Board of Directors, whilst safeguarding the Charity's funds and assets. The work of the Executive Team in delivering the control framework is governed through the Board of Directors and the Audit and Risk Committee's delegated responsibilities. In carrying out these responsibilities, the Charity needs to comply with the regulatory requirements of The Charity Commission and Regulator of Social Housing to ensure proper handling and reporting of its funds, emphasising value for money, good practice and high standards of integrity and propriety.

Purpose of the System of Internal Control

The system of internal control is designed to manage rather than eliminate the failure to achieve the Charity's policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the Charity's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. Its effectiveness is reviewed on an annual basis.

Risk and Control Framework

- ***Identification and evaluation of key risks***

The identification of key risks is undertaken through review of key strategic risks at Board strategic away days, each Audit and Risk Committee meeting and an annual committee level review of the operational register. The Executive Team considers the risk environment through periodic team reviews and through subject specific reviews at committee level. Following periodic reviews of the operational risk register, significant risks are transferred to the corporate strategic risk register. The strategic level risk register is submitted to each meeting of the Audit and Risk Committee. The Committee also considers the level of risk appetite and tolerance for each strategic risk and makes appropriate recommendations to the Board.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (Continued)

Leadership to the risk agenda is provided through the Chief Executive and the Chair of the Audit and Risk Committee. The risk matrix is used to inform the Charity's forthcoming internal audit plans and activities. Training and guidance on the risk framework is provided through the Charity's internal audit contract and external providers.

- **Monitoring and corrective action**

There is an on-going process of self-assessment coupled with regular management reporting as described above. The risks are identified and scored in respect of likelihood and impact and changes in scores noted to generate increased focus and activity where necessary. This process also includes the updating of effective controls and mitigating actions. The work is supplemented by regular reviews by internal audit that provide independent assurance to the Board of Directors via its Audit and Risk Committee. The arrangements include a rigorous procedure monitored by the Committee for ensuring that corrective action is taken in relation to any significant control issues.

- **Control environment and control procedures**

The Board of Directors is responsible for the risk and control framework of the organisation. It also delivers leadership and maintains strong governance of the Charity. A statement of internal control is produced and submitted to both the Board and the Audit and Risk Committee each year. The Board considers and approves appropriate policies and procedures which are applicable to Directors and Employees of the organisation such as:

- Standing Orders
- Financial Regulations and Financial Procedure Rules
- Delegated Authorities
- Accountancy Practices
- Treasury Management
- Whistleblowing
- Other items of statutory compliance and best practice in areas including equality, health and safety, employment, anti-fraud and bribery; and data protection.

- **Information and financial reporting systems**

The Charity prepares and approves an annual financial plan which sets out detailed budgets and other financial considerations for the year ahead together with forecasts for subsequent years. Budget monitoring and management accounts are provided to the Board of Directors on a quarterly basis. The Board also reviews key performance and management information to assess progress towards the achievement of its key objectives.

Review of Effectiveness

The Executive Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within teams and reinforced by risk awareness training.

The Executive Team and the Audit and Risk Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit and Risk Committee's role in this area is confined to a high-level review of the arrangements for internal control. At its May 2023 meeting, the Board of Directors carried out the annual assessment for the year ended 31 March 2023 by considering documentation from the Executive Team and internal audit and taking account of events since 31 March 2023.

Based on the advice of the Audit and Risk Committee and Chief Executive, the Board of Directors is of the opinion that the Charity has an adequate and effective framework for governance, risk management and internal control.

Pickering and Ferens Homes

REPORT OF THE TRUSTEE (continued) for the year ended 31 March 2023

Statement of Compliance

The Board of Directors confirms that this report has been prepared in accordance with the principles set out in Para 4.7 of the 2018 SORP for Registered Social Housing Providers.

Governance and Financial Viability

The Board of Directors has reviewed its compliance with the Governance and Financial Viability Standard and confirms that it complies with the requirements of the standard for the year.

Approved by order of the Board of Directors on 25 July 2023, and signed on its behalf by



Kate Calvert
Chair
25 July 2023

Pickering and Ferens Homes
INDEPENDENT AUDITORS' REPORT
to the Trustee of Pickering and Ferens Homes

Opinion

We have audited the financial statements of Pickering and Ferens Homes “the charity” for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cashflows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity’s affairs as at 31 March 2023 and of its incoming resources and application of resources including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Report of the Trustee is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Trustee

As explained more fully in the Statement of the Trustee's Responsibilities in respect of the financial statements set out on page 19, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

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

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

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

- We obtained an understanding of laws, regulations and guidance that affect the charity, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Charities Act 2011, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and trustee meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board has in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board has in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the charity's activities.

Pickering and Ferens Homes

INDEPENDENT AUDITORS' REPORT

to the Trustee of Pickering and Ferens Homes (continued)

- We reviewed financial statements disclosures and supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.



Beever and Struthers Statutory Auditor

Beever and Struthers is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 02 August 2023

Pickering and Ferens Homes
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2023

	<i>Notes</i>	2023 £	2022 £
TURNOVER	3	9,200,669	8,304,397
Operating expenditure	3	(7,846,575)	(7,017,962)
OPERATING SURPLUS	3	1,354,094	1,286,435
Movement in fair value of investments	15	(25,730)	67,976
Income from investments	6	127,636	46,023
Interest payable and similar charges	7	(462,869)	(477,327)
SURPLUS BEFORE TAXATION	8	993,131	923,107
Taxation	11	-	-
SURPLUS FOR THE YEAR		993,131	923,107
OTHER COMPREHENSIVE INCOME / (EXPENDITURE)			
Actuarial gain in respect of pension scheme	24	3,339,000	1,393,000
Effects of closure of pension scheme	24	(3,187,000)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,145,131	2,316,107

The financial statements on pages 26 to 46 were approved and authorised for issue by the Board on 25 July 2023 and were signed on its behalf by:



Kate Calvert
Chair



Andy Gladwin
Director



Claire Warren
Secretary

The notes on pages 30 to 46 form part of these financial statements.

Pickering and Ferens Homes
STATEMENT OF FINANCIAL POSITION
31 March 2023

	Notes	2023 £	2022 £
FIXED ASSETS			
Housing properties	12	79,471,656	78,234,716
Other fixed assets	13	938,728	883,412
		<u>80,410,384</u>	<u>79,118,128</u>
CURRENT ASSETS			
Debtors	14	463,683	330,581
Investments	15	1,554,516	1,540,867
Cash and cash equivalents	16	5,468,533	6,749,477
		<u>7,486,732</u>	<u>8,620,925</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	17	(1,816,871)	(2,150,538)
NET CURRENT ASSETS		<u>5,669,861</u>	<u>6,470,387</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		86,080,245	85,588,515
CREDITORS: amounts falling due after more than one year			
	18	(50,137,549)	(50,727,950)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>35,942,696</u>	<u>34,860,565</u>
Defined benefit pension scheme liability	24	-	(63,000)
TOTAL NET ASSETS		<u><u>35,942,696</u></u>	<u><u>34,797,565</u></u>
RESERVES			
Income and expenditure reserve	20	<u><u>35,942,696</u></u>	<u><u>34,797,565</u></u>

The financial statements on pages 26 to 46 were approved and authorised for issue by the Board on 25 July 2023 and were signed on its behalf by:

 Kate Calvert
Chair

 Andy Gladwin
Director

 Claire Warren
Secretary

Pickering and Ferens Homes
STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2023

	£
Balance as at 1 April 2021	32,481,458
Surplus for the year after tax	923,107
Actuarial gain in respect of pension scheme	1,393,000
Balance at 31 March 2022	<u>34,797,565</u>
Surplus for the year after tax	993,131
Actuarial gain in respect of pension scheme	3,339,000
Effects of closure of pension scheme	(3,187,000)
Balance at 31 March 2023	<u><u>35,942,696</u></u>

The notes on pages 30 to 46 form part of these financial statements.

Pickering and Ferens Homes
STATEMENT OF CASHFLOWS
for the year ended 31 March 2023

	<i>Notes</i>	2023 £	2022 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	25	2,231,594	2,738,610
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition and investment in housing properties		(3,349,344)	(5,055,568)
Purchase of other tangible fixed assets		(791,252)	(285,125)
Grants received		669,610	975,000
Interest received		118,041	43,802
Transfers to current asset investments		(10,541)	(366)
Cash inflow on sale of other fixed assets		875,000	-
NET CASH USED IN INVESTING ACTIVITIES		<u>(2,488,486)</u>	<u>(4,322,257)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(542,173)	(538,955)
Repayment of borrowings		(481,879)	(2,181,682)
NET CASH USED IN FINANCING ACTIVITIES		<u>(1,024,052)</u>	<u>(2,720,637)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(1,280,944)</u>	<u>(4,304,284)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		6,749,477	11,053,761
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u><u>5,468,533</u></u>	<u><u>6,749,477</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash at bank and in hand		2,068,827	2,655,376
Short term deposits		3,399,706	4,094,101
		<u><u>5,468,533</u></u>	<u><u>6,749,477</u></u>

The notes on pages 30 to 46 form part of these financial statements.

1. LEGAL STATUS

Pickering and Ferens Homes (the Charity) is a registered provider with the Regulator of Social Housing, a registered Charity, a member of the National Association of Almshouses and a Public Benefit Entity. The Charity's primary objective is to provide quality social housing homes and services which enhance the lives of older people. The financial statements of the Charity are prepared in accordance with the provisions of the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2022. The Charity is registered in England and Wales, and its principal place of business is: 7 Beacon Way, Hull HU3 4AE.

2. ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP), and under the historical cost convention modified to include certain financial instruments at fair value. The financial statements have also been prepared in accordance with the Housing SORP 2018 - Statement of Recommended Practice for Registered Social Housing Providers (SORP 2018), issued by the National Housing Federation and under the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Directors have determined that it is appropriate to prepare accounts in line with the Housing Statement of Recommended Practice due to the current status and activities of the Charity. The financial statements are presented in £ sterling.

Going concern

The activities of the Charity, together with the factors likely to affect its future development and performance are set out in the Report of the Trustee. The financial position of the Charity, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes. The financial statements have been prepared on a going concern basis after consideration of the future prospects for the Charity and the preparation of long-term financial forecasts and plans which include an assessment of the availability of funding, continued compliance against lenders' covenants and certainty of cash flow from the rental of social housing stock. The Charity has a strong cash position and continues to hold significant unencumbered assets valued at approximately £55.4m (Market Value - Subject to Tenancies). Although the coronavirus (COVID-19) pandemic has had an impact on the business, the key risks for the Charity has been significant increases in property void loss and increases in property insurance costs. The business plan has been stress tested and assessed for any imminent or likely future breach in loan covenants, taking into account radical multi-variant scenarios covering the above risks. Management and Directors have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future and in particular, for a period of at least twelve months after the date on which the report and financial statements are signed. The Charity therefore continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Business combinations

The financial statements comprise the financial statements of the Charity incorporating any organisations acquired during the year. The results of the acquired organisations are included from the effective date of acquisition. Where acquisitions are in substance the gifting control of a business to the Charity, the combination is treated as a non-exchange transaction and the fair value of the gifted assets and liabilities in the transaction is recorded as a gain or loss in the statement of comprehensive income in the year of combination.

Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the period, amortised capital grant, revenue based grants receivable from the local authority, and management charge income from charitable organisations managed by the Charity. Rental and service charge income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met. All other income is recognised on an accruals basis.

Pickering and Ferens Homes

ACCOUNTING POLICIES (continued) for the year ended 31 March 2023

Borrowing costs

All borrowing costs in relation to long-term loans are accounted for over the life of the matched underlying liability and are released to the statement of comprehensive income over the life of the loan.

Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

Value Added Tax

The Charity charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Charity and not recoverable.

Fixed assets

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as completed housing properties on practical completion of construction. The Charity only capitalises expenditure on housing which results in an increase in the net rental income, a reduction in future maintenance costs or a significant extension of the life of a property and/or its components. All other expenditure incurred in respect of general repairs to its housing stock is charged to the statement of comprehensive income in the year in which it is incurred. Freehold land is not depreciated. Depreciation is charged so as to write down the cost of freehold properties other than freehold land to their estimated residual value on a straight-line basis over their estimated useful economic lives. The Charity depreciates freehold housing properties by component at the following annual rates:

Housing Properties 40 – 120 years

Major components:

Roofs	50 years	Doors / Windows / Bathrooms	25 years	Lifts	20 years
Photovoltaic Panels	25 years	Kitchens	20 years	Boilers	15 years

The Charity depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category. Other tangible fixed assets are stated at cost less accumulated depreciation. The Charity depreciates its freehold office (excluding land) by component in the same manner as its housing properties. All other tangible fixed assets are initially measured at cost, net of depreciation and any impairment losses. Depreciation is charged on other tangible fixed assets to write off the cost less residual value over their anticipated economic useful lives which are as follows:

Computer equipment	2-3 years	Furniture and equipment	5-10 years	Housing Software	7-10 years
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Where there is evidence of impairment, assets are written down to their recoverable amount through a charge to the statement of comprehensive income.

Leasing

Leases are treated as operating leases and payments are charged to the statement of comprehensive income on a straight-line basis over the term of the lease. Any incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

Current asset investments

Current asset investments include equities which are held for short term and are valued at fair value on a recognised stock exchange at the reporting date. Upward revaluations are reported in the statement of comprehensive income and credited to the investment revaluation reserve. Diminutions in value are recognised in the statement of comprehensive income until the investment revaluation reserve (see note 20) in respect of that asset no longer exists. Further diminutions in value or impairments of current asset investments are recognised in the statement of comprehensive income.

Current asset investments also include cash and cash equivalents invested for periods of more than 3 months which are not accessible on demand and are held to cover 12 months' interest in respect of the Affordable Housing Finance and The Housing Finance Corporation facilities. Current asset investments are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Pickering and Ferens Homes

ACCOUNTING POLICIES (continued)

for the year ended 31 March 2023

Deposits and liquid resources

Cash and cash equivalents comprise cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Liquid resources are current asset investments that are disposable without curtailing or disrupting the business and are readily convertible into known amounts of cash at or close to their carrying value.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the year end and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement accrued at the end of the period.

Social housing grant

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social housing grant received for items of cost written off in the statement of comprehensive income is included as part of Turnover. Social housing grant, which is received in advance of the total development programme costs, if applicable, is shown as a current liability. Social housing grant must be recycled by registered providers under certain conditions, if a property is sold or if another "relevant event" takes place. In these cases, the social housing grant can be used for projects approved by Homes England. However, the social housing grant may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, grant may be repayable, and, in that event, is subordinated unsecured repayable debt.

Other grants

Grants received in respect of revenue expenditure are credited to the statement of comprehensive income in the same period as the expenditure to which they relate.

Retirement benefits

The Charity operates a defined contribution scheme with Legal and General Assurance Society Ltd which is made available to all employees. The amount charged to the statement of comprehensive income is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments. During the year the Charity also participated in the East Riding Pension Fund, a defined benefit final salary pension scheme managed by the East Riding of Yorkshire Council. On 30 November 2022 the Charity closed this scheme to future accrual and transferred all active members to its defined contribution scheme. The assets of both schemes are invested and managed independently of the finances of the Charity. Pension costs are assessed in accordance with the advice of an independent qualified actuary.

Asset/Liability

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

Gains/Losses

Gains or losses recognised in the statement of comprehensive income:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.
- The effect of settlements on closure of the scheme.

ACCOUNTING POLICIES (continued) for the year ended 31 March 2023

Financial instruments

The Charity has applied the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument, and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Where the arrangement with a debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument. A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the statement of comprehensive income for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the statement of comprehensive income.

In the case of payment arrangements that exist with residents, these are deemed to constitute financing transactions and, if material, are measured at the present value of the future payments discounted at a market rate of interest applicable to similar debt instruments.

Financial liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled. Where the arrangement with a creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment. All loans provided by the Charity's lenders are classed as basic under the requirements of FRS102, and are measured at amortised cost.

Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

a) Development expenditure

The Charity capitalises development expenditure in accordance with the accounting policy described on page 31. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b) Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated economic useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets.

c) Retirement benefits

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Further details are provided in note 24.

d) Impairment of assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the statement of comprehensive income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

Following a trigger for impairment, the Charity estimates the recoverable amount of the asset. Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential (VIU-SP), are recognised as impairment losses in the statement of comprehensive income.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in statement of comprehensive income. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

Pickering and Ferens Homes

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2023

3. TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

	<i>Turnover</i>	<i>Operating Expenditure</i>	<i>Operating Surplus</i>
	£	£	£
31 March 2023			
Social housing lettings (Note 4)	8,817,839	(7,846,575)	971,264
Other social housing activities			
Management charges and other income	64,777	-	64,777
Profit on sale of offices	318,053	-	318,053
	<u>9,200,669</u>	<u>(7,846,575)</u>	<u>1,354,094</u>
31 March 2022			
Social housing lettings (Note 4)	8,231,316	(7,017,962)	1,213,354
Other social housing activities			
Management charges and other income	73,081	-	73,081
	<u>8,304,397</u>	<u>(7,017,962)</u>	<u>1,286,435</u>

4. TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS

			2023	2022
	£	£	£	£
Income				
	General needs housing	Housing for older people	Total	Total
Rent receivable net of identifiable service charges and net of voids	6,331,384	829,763	7,161,147	6,635,320
Service charge income	637,131	618,752	1,255,883	1,208,995
	<u>6,968,515</u>	<u>1,448,515</u>	<u>8,417,030</u>	<u>7,844,315</u>
Amortised government grants	310,626	62,472	373,098	359,754
Other grants	17,456	10,255	27,711	27,247
Turnover from Social Housing Lettings	<u>7,296,597</u>	<u>1,521,242</u>	<u>8,817,839</u>	<u>8,231,316</u>
Operating Expenditure				
Management	2,212,565	317,668	2,530,233	2,457,292
Service charge costs	685,318	703,490	1,388,808	1,246,470
Routine maintenance	930,036	191,163	1,121,199	842,497
Planned maintenance	324,419	38,112	362,531	383,126
Major repairs expenditure	306,160	279,899	586,059	434,906
Bad debts	5,010	691	5,701	8,959
Internal support grants and related costs	-	312	312	380
Depreciation of housing properties	1,395,067	175,223	1,570,290	1,358,307
Lease costs	10,924	-	10,924	3,942
Other costs	263,943	6,575	270,518	282,083
Operating expenditure on social housing lettings	<u>6,133,442</u>	<u>1,713,133</u>	<u>7,846,575</u>	<u>7,017,962</u>
Operating Surplus on Social Housing Lettings	<u>1,163,155</u>	<u>(191,891)</u>	<u>971,264</u>	<u>1,213,354</u>

Total rent receivable net of identifiable service charges includes void loss of £83,218 (2022: £152,635). This amount is rent lost through dwellings being vacant.

Pickering and Ferens Homes**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 March 2023**5. ACCOMMODATION IN MANAGEMENT**

	2023	2022
	No.	No.
Number of units - general needs and housing for older people let at social rent levels		
Housing accommodation	1,429	1,392
Total units in management	<u>1,429</u>	<u>1,392</u>

There were no units in development at 31 March 2023 (2022: 37). During the year there were 37 additions.

6. INCOME FROM INVESTMENTS

	2023	2022
	£	£
Interest on bank deposits	91,016	13,108
Income from listed investments	<u>36,620</u>	<u>32,915</u>
	<u>127,636</u>	<u>46,023</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2023	2022
	£	£
On bank loans repayable wholly or partly after more than five years	432,408	430,757
Defined benefit pension charge	2,000	27,000
Amortisation of issue costs of bank loan	<u>28,461</u>	<u>19,570</u>
	<u>462,869</u>	<u>477,327</u>

The Charity has £547,012 (2022: £536,471) in designated interest-bearing accounts charged in respect of Affordable Housing Finance plc's £10m facility and The Housing Finance Corporation Ltd's £4.5m facility - covering 12 months interest.

8. SURPLUS BEFORE TAXATION

	2023	2022
	£	£
Surplus before taxation is stated after charging / (crediting):		
Depreciation of tangible fixed assets		
- housing properties	1,570,290	1,358,307
- other	173,501	222,447
Auditors' remuneration (excluding VAT):		
- statutory audit	17,655	16,500
- internal audit	9,875	9,480
Operating lease rentals (note 22)		
- buildings	7,358	-
- equipment	3,566	3,942
Amortisation of governments grants	(373,098)	(359,754)

Pickering and Ferens Homes**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 March 2023**9. EMPLOYEES**

The average monthly number of persons employed during the year including the executive team (expressed as full-time equivalents of 37 hours per week) was:

	2023	2022
	No.	No.
Resident and customer services	15	14
Corporate and business services	11	11
Property services	7	7
Scheme Managers and Cleaners	5	6
	<u>38</u>	<u>38</u>

	2023	2022
	£	£
Staff costs (for the above persons) were:		
Wages and salaries	1,409,295	1,259,975
Social security costs	126,035	128,645
Other pension costs and current service cost (note 24)	162,899	277,626
Defined contribution pension cost	91,851	60,150
	<u>1,790,080</u>	<u>1,726,396</u>

	2023	2022
	No.	No.
The full time equivalent number of staff whose remuneration exceeded £60,000 in the period:		
£60,001 to £70,000	1	-
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
£110,001 to £120,000	-	1
£120,001 to £130,000	-	-
£130,001 to £140,000	1	-

10. KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel are defined as non-executive members of the Board, the Chief Executive and the Executive Directors.

	2023	2022
	£	£
Emoluments of the Executive Officers (including the Chief Executive)		
Emoluments	328,461	338,094
Social security costs	42,613	41,552
Pension contributions	47,324	52,305
	<u>418,398</u>	<u>431,951</u>

	2023	2022
	£	£
The emoluments of the Chief Executive, being the highest paid person, were:		
Emoluments	112,188	99,590
Social security costs	14,949	12,504
Pension contributions	19,792	18,850
	<u>146,929</u>	<u>130,944</u>

The Executive Officers are entitled to ordinary membership of the Charity's pension schemes. No special terms or funded individual pension arrangements apply to these posts. Board members serve on a voluntary basis and receive no emoluments in their capacity as board members of the corporate trustee company.

Pickering and Ferens Homes

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2023

11. TAXATION

The Charity is registered for VAT. A large proportion of its income is exempt for VAT purposes which gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and any input tax recovered is deducted from appropriate expenditure. As the Charity only undertakes charitable activities it is therefore generally exempt from liability to taxation on Income and Capital Gains.

12. TANGIBLE FIXED ASSETS - HOUSING PROPERTIES

	<i>Completed housing properties</i> £	<i>Housing properties in the course of construction</i> £	<i>Total</i> £
Cost:			
At 1 April 2022	90,770,433	4,510,449	95,280,882
Additions - construction costs	-	1,753,151	1,753,151
Additions - replacement components	1,054,079	-	1,054,079
Schemes completed	6,263,600	(6,263,600)	-
Disposals (including replaced components)	(489,549)	-	(489,549)
At 31 March 2023	<u>97,598,563</u>	<u>-</u>	<u>97,598,563</u>
Depreciation and impairment:			
At 1 April 2022	17,046,166	-	17,046,166
Charge in the year	1,570,290	-	1,570,290
Released on disposal	(489,549)	-	(489,549)
At 31 March 2023	<u>18,126,907</u>	<u>-</u>	<u>18,126,907</u>
Carrying amount:			
At 31 March 2023	<u>79,471,656</u>	<u>-</u>	<u>79,471,656</u>
At 31 March 2022	<u>73,724,267</u>	<u>4,510,449</u>	<u>78,234,716</u>

The carrying amount of housing properties charged as security is £18,747,510 (2022: £23,534,953)

13. TANGIBLE FIXED ASSETS - OTHER

	<i>Freehold Office</i> £	<i>IT Systems</i> £	<i>Furniture fixtures and fittings</i> £	<i>Total</i> £
Cost:				
At 1 April 2022	1,006,744	491,269	427,350	1,925,362
Additions	-	425,765	365,487	791,252
Disposals	(1,006,744)	(78,418)	(160,411)	(1,245,574)
At 31 March 2023	<u>-</u>	<u>838,615</u>	<u>632,425</u>	<u>1,471,041</u>
Depreciation and impairment:				
At 1 April 2022	433,812	439,757	168,381	1,041,950
Charge in the year	15,985	87,431	70,084	173,501
Released on disposal	(449,797)	(76,450)	(156,891)	(683,139)
At 31 March 2023	<u>-</u>	<u>450,738</u>	<u>81,575</u>	<u>532,312</u>
Carrying amount:				
At 31 March 2023	<u>-</u>	<u>387,878</u>	<u>550,851</u>	<u>938,728</u>
At 31 March 2022	<u>572,932</u>	<u>51,512</u>	<u>258,968</u>	<u>883,412</u>

Pickering and Ferens Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2023

14. DEBTORS	2023	2022
	£	£
Rent arrears	90,909	38,255
Less: provision for bad debts	(9,198)	(5,116)
Net arrears	<u>81,711</u>	<u>33,139</u>
Other debtors	227,154	179,827
Prepayments and accrued income	<u>154,818</u>	<u>117,615</u>
	<u><u>463,683</u></u>	<u><u>330,581</u></u>

15. INVESTMENTS	Listed investments	Unlisted investments	Total
	£	£	£
Cost or valuation			
At 1 April 2022	1,004,396	536,471	1,540,867
Additions	28,838	10,541	39,379
Change in fair value	(25,730)	-	(25,730)
At 31 March 2023	<u>1,007,504</u>	<u>547,012</u>	<u>1,554,516</u>
	£		
Listed investments at cost - 31 March 2023	<u>511,440</u>		
Listed investments at cost - 31 March 2022	<u>487,205</u>		

Investments are held for short term and are valued at fair value on a recognised stock exchange at the reporting date.

16. CASH AND CASH EQUIVALENTS	2023	2022
	£	£
Cash at bank and in hand	2,068,827	2,655,376
Short term deposits	3,399,706	4,094,101
	<u>5,468,533</u>	<u>6,749,477</u>

17. CREDITORS: amounts falling due within one year	2023	2022
	£	£
Loans (Note 18a)	456,818	572,432
Deferred capital grant (Note 18b)	376,843	375,792
Rents and service charges received in advance	184,810	49,071
Accruals and deferred income	48,079	67,065
Trade creditors	730,993	927,999
Other creditors	19,328	158,179
	<u>1,816,871</u>	<u>2,150,538</u>

Pickering and Ferens Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2023

18. CREDITORS: amounts falling after more than one year	2023	2022
	£	£
Loans (Note 18a)	17,014,136	17,550,971
Deferred capital grant (Note 18b)	33,123,413	32,827,952
Other long-term creditors	-	349,027
	<u>50,137,549</u>	<u>50,727,950</u>

18(a). BORROWINGS	2023	2022
	£	£
Loans > 1 year	17,014,136	17,550,971
	<u>17,014,136</u>	<u>17,550,971</u>
Loans	17,257,354	17,732,120
Loan issue costs	(243,218)	(181,149)
	<u>17,014,136</u>	<u>17,550,971</u>

No additional funding was raised during the year. All loans are secured by specific charges on the Charity's housing land and buildings. The Nationwide loan that is due to expire in December 2023 was replaced with a £4m Revolving Credit Facility during April 2023. Such amount may be drawn down, repaid and redrawn during the availability period which is 10 years. The following interest rates have applied to all loans held during the year.

<i>Lender</i>	<i>Type</i>	<i>Rate</i>	<i>Rate Expiry Date</i>	<i>Loan Expiry Date</i>	<i>% of Total Debt at 31 March 2023</i>
Nationwide	Variable	1.17%-4.42%	Dec 2023	Dec 2023	2.03%
AHF plc	Fixed	2.89%	Aug 2043	Aug 2043	58.85%
THFC Ltd	Fixed	5.2%	Oct 2043	Oct 2043	38.90%
Orchardbrook	Fixed	12.25% / 15.25%	Jul 2044 / Mar 2031	Jul 2044 / Mar 2031	0.22%

		2023	2022
		£	£
Bank loans due:	Within 1 year	456,818	572,432
	Between 1-2 years	98,541	465,709
	Between 2-5 years	313,540	331,139
	After 5 years	16,602,055	16,754,123
		<u>17,014,136</u>	<u>17,550,971</u>
	Total	<u>17,470,954</u>	<u>18,123,403</u>

18(b). DEFERRED CAPITAL GRANT	2023	2022
	£	£
At 1 April	33,203,744	33,355,616
Grant received in the year	669,610	207,882
Capital grant released	(373,098)	(359,754)
At 31 March	<u>33,500,256</u>	<u>33,203,744</u>
Amount due to be released < 1 year	376,843	375,792
Amount due to be released > 1 year	33,123,413	32,827,952
	<u>33,500,256</u>	<u>33,203,744</u>

Pickering and Ferens Homes**NOTES TO THE FINANCIAL STATEMENTS (continued)**

for the year ended 31 March 2023

19. FINANCIAL INSTRUMENTS

The carrying amount of the Charity's financial instruments at 31 March were:	2023	2022
	£	£
<i>Instruments measured at fair value</i>		
Investments	1,554,516	1,540,867
Total	<u>1,554,516</u>	<u>1,540,867</u>

20. INCOME AND EXPENDITURE RESERVE

	<i>Investment revaluation reserve</i>	<i>Pension reserve</i>	<i>General reserve</i>	<i>Total</i>
	£	£	£	£
At 1 April 2022	195,300	(63,000)	34,665,265	34,797,565
Surplus from Statement of Comprehensive Income	-	-	1,145,131	1,145,131
Transfer from / (to) general reserves	(25,730)	63,000	(37,270)	-
At 31 March 2023	<u>169,570</u>	<u>-</u>	<u>35,773,126</u>	<u>35,942,696</u>

Historically negative goodwill has arisen on the acquisition of smaller charities. In accordance with the SORP, these transactions are accounted for as non-exchange transactions, and the fair value of the assets and liabilities in the combining entity are treated as a gain or loss to the statement of comprehensive income. The general reserve includes cumulative negative goodwill of £4,579,110 (2022: £4,579,110).

21. CAPITAL COMMITMENTS

	2023	2022
	£	£
Capital expenditure contracted but not provided for in the financial statements	3,959,286	1,361,551
Capital expenditure approved by the Board of Directors but not contracted at the year end	-	-
	<u>3,959,286</u>	<u>1,361,551</u>

The above commitments will be funded from:

Committed loan facilities	-	505,504
Capital grants	1,320,000	620,886
Cash reserves	<u>2,639,286</u>	<u>235,161</u>
	<u>3,959,286</u>	<u>1,361,551</u>

Pickering and Ferens Homes**NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2023****22. OPERATING LEASE COMMITMENTS**

	£	£	2023 £	2022 £
	Buildings	Equipment	Total	Total
The total future minimum lease payments under non-cancellable operating leases are as follows:				
Amounts due:				
Not later than one year	76,178	4,221	80,399	3,222
Later than one year and not later than five years	316,874	10,191	327,065	9,667
Later than five years	137,550	-	137,550	-
	<u>530,602</u>	<u>14,412</u>	<u>545,014</u>	<u>12,889</u>

23. GRANT AND FINANCIAL ASSISTANCE

	<i>Social Housing grants</i> £	<i>Other grants</i> £	2023 £	2022 £
Total accumulated government grant and financial assistance received or receivable at 31 March:	40,034,964	915,000	40,949,964	40,280,354
Recognised as income in Statement of Comprehensive Income	(7,449,708)	-	(7,449,708)	(7,076,610)
Held as deferred capital grant	<u>32,585,256</u>	<u>915,000</u>	<u>33,500,256</u>	<u>33,203,744</u>

24. RETIREMENT BENEFITS

Defined contribution scheme

Defined contribution pension arrangements were put in place during 2015-16 with Legal and General Assurance Society Ltd. During the year these arrangements were available to all employees who were not members of the East Riding Pension Fund (ERPF). On 30 November 2022 the Charity closed its defined benefit pension scheme with the ERPF to future accrual, and transferred all active members to its defined contribution scheme. Employer contribution rates are fixed at 10%, however an enhancement of 8% (to November 2025) or a cash lumpsum of 25% of annual salary was offered to transitioning employees. The assets of the scheme are held separately from those of the Charity, in an independently administered fund.

The charge to the statement of comprehensive income in respect of the defined contribution scheme was £91,851 (2022: £60,150). Included in the figure above are accrued contributions of £1,831 (2022: £829)

Defined benefit scheme

The Charity ceased participation in the ERPF defined benefit scheme on 30 November 2022. Through a business agreement, Hull City Council agreed to subsume all of the Charity's defined benefit pension obligations and assets for all active, deferred and pension members. As a result, the Charity ceased to be an admitted body in the ERPF and requested a cessation valuation under Regulation 64 of the Local Government Pension Scheme Regulations 2013 (as amended and updated). No cessation payment was required to or from the Charity following cessation of its participation in the ERPF scheme. The assets of the scheme were held in separate trustee-administered funds. The contribution rates were 19.9% for the Charity and ranged between 5.5% and 12.5% for employees, depending on salary.

Total contributions in respect of the defined benefit scheme were £105,332 (2022: £161,442) of which employers' contributions totalled £76,484 (2022: £116,387) and employee contributions totalled £28,848 (2022: £45,055).

Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the Fund at 31 March 2019 updated to 30 November 2022 by a qualified independent actuary.

The financial assumptions used are as follows:

	<i>At</i>	<i>At</i>
	<i>30 Nov 2023</i>	<i>31 March 2022</i>
	<i>% per annum</i>	<i>% per annum</i>
Future pension increases	2.9%	2.9%
Inflation assumption (CPI)	2.9%	2.9%
Expected rate of increase in salaries	3.8%	3.8%
Expected return on scheme assets	4.3%	2.0%
Discount rate	4.3%	2.0%

* The salary increase assumption has been set to be consistent with the most recent formal valuation.

Mortality

The post-retirement mortality assumptions are in line with the actuary's Club Vita analysis which was carried out for the formal funding valuation as at 31 March 2019. These are a bespoke set of VitaCurves that are specifically tailored to fit the membership profile of the Fund and are based on the data provided at the last formal valuation. Improvements have been applied that are in line with the Continuous Mortality Investigation (CMI) 2021 model, which assumes that the current rate of longevity improvements has reached a peak and will converge to a long term rate of 1.5% p.a., with improvements declining for the over 90's. The average future life expectancies at retirement age are shown below:

	<i>30 Nov 2023</i>	<i>31 March 2022</i>
Current pensioners - Male	20.8 years	20.8 years
Future pensioners - Male	22.0 years	22.0 years
Current pensioners - Female	23.5 years	23.5 years
Future pensioners - Female	25.3 years	25.3 years

Pickering and Ferens Homes**NOTES TO THE FINANCIAL STATEMENTS (continued)**
for the year ended 31 March 2023**24. RETIREMENT BENEFITS**
(continued)**Commutation**

An allowance is included for future retirements to elect to take 60% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax free cash for post-April 2008 service.

Analysis of amounts charged to the Statement of Comprehensive Income

	2023 £'000	2022 £'000
Current service cost	(163)	(278)
Net interest on the net defined benefit pension liability	(2)	(27)
	<u>(165)</u>	<u>(305)</u>
Amounts recognised in Other Comprehensive Income		
Effect of settlements	(3,187)	-
Actuarial gain	3,339	1,393
	<u>152</u>	<u>1,393</u>

Actual return on scheme assets was (£227,000) (2022: £771,000).

At 30 November 2022 outstanding contributions amounted to £- (2022: £-).

Amounts recognised in the Statement of Financial Position

The amounts included in the statement of financial position arising from the Charity's obligations in respect of the defined benefit scheme are as follows:

	2023 £'000	2022 £'000
Present value of defined benefit obligations	-	(9,394)
Fair value of scheme assets	-	9,331
Total obligations recognised	<u>-</u>	<u>(63)</u>

Movement in liability during the year

	2023 £'000	2022 £'000
Liability in scheme at 1 April	(63)	(1,267)
Service costs	(163)	(278)
Employer contributions	76	116
Net return on assets	(2)	(27)
Effect of settlements	(3,187)	-
Remeasurements	3,339	1,393
Liability in scheme at 31 March	<u>-</u>	<u>(63)</u>

Changes in scheme assets and obligations

	2023 £'000	2022 £'000
Changes in the present value of the defined benefit obligation:		
Defined benefit obligation at 1 April	9,394	9,814
Service costs	163	278
Interest cost	170	198
Employee contributions	29	45
Effect of settlements	(6,364)	-
Remeasurements	(3,280)	(793)
Benefits paid	(112)	(148)
Defined benefit obligation at 31 March	<u>-</u>	<u>9,394</u>

Pickering and Ferens Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2023

24. RETIREMENT BENEFITS (continued)

	2023 £'000	2022 £'000
Changes in the fair value of scheme assets:		
Assets at 1 April	9,331	8,547
Return on scheme assets	168	171
Employer contributions	76	116
Employee contributions	29	45
Effect of settlements	(9,551)	-
Remeasurements	59	600
Benefits paid	(112)	(148)
Scheme assets at 31 March	<u>-</u>	<u>9,331</u>

The Charity's share of the scheme assets were:

	2023 £'000	2022 £'000
Equity instruments	-	6,812
Debt instruments	-	1,586
Property	-	840
Other assets	-	93
Total market value of assets	<u>-</u>	<u>9,331</u>

25. NET CASH GENERATED FROM OPERATING ACTIVITIES

	2023 £	2022 £
Surplus for the year	993,131	923,107
Adjustments for:		
Depreciation	1,743,791	1,580,757
Amortisation of government grants	(373,098)	(359,754)
Defined benefit pension schemes	89,000	189,000
Gain on sale of other fixed assets	(318,053)	-
Interest received	(127,636)	(46,023)
Interest payable	462,869	477,327
Amortisation of discounted interest on loan issue costs	110,121	107,864
Operating cash flows before movements in working capital	<u>2,580,125</u>	<u>2,872,278</u>
(Increase) / decrease in debtors	(157,087)	249,610
Decrease in creditors	(191,444)	(383,278)
Cash generated from operations	<u>2,231,594</u>	<u>2,738,610</u>

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2022 £	Cashflow £	Other changes £	At 31 March 2023 £
Cash at bank and in hand	2,655,376	(576,008)	(10,541)	2,068,827
Bank and other loans	(18,324,122)	481,879	110,122	(17,732,121)
Refinance costs	200,720	88,908	(28,461)	261,167
Short-term deposits	4,094,101	(694,395)	-	3,399,706
Current Asset Investments	536,471	-	10,541	547,012
	<u>(10,837,454)</u>	<u>(699,616)</u>	<u>81,661</u>	<u>(11,455,409)</u>

Pickering and Ferens Homes

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 March 2023

27. RELATED PARTY TRANSACTIONS

During the year Linda Chambers, Haroldo Herrera-Richmond, Gwen Lunn, Cheryl Payne and Chris Randall served as nominated board members by Kingston upon Hull City Council. All transactions with the Council are made at arm's length and on normal commercial terms.

John Holliday served as a resident board member during the year. Resident board members of the Charity occupy properties on normal commercial terms.

Transactions and balances outstanding at 31 March are as follows:	2023	2022
	£	£
Rent and service charges during the year	5,876	11,223
Balances owed to the Charity at 31 March	-	-
Balances owed to residents at 31 March	-	-

Details of the Key management personnel's remuneration are disclosed in note 10.

No one party / person has over-all control.