

PROVIDENCE ROW HOUSING ASSOCIATION

**Report and Financial Statements
For the year ended 31 March 2024**

**The Regulator of Social Housing: Number L0695
Co-operative and Community Benefit Societies
Act 2014: Number 19322R**

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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PROVIDENCE ROW HOUSING ASSOCIATION

EXECUTIVE AND ADVISORS Year ended 31 March 2024

BOARD OF MANAGEMENT

John Giesen (Chair)
Helen New (Vice Chair)
Fahad Abdi
Pippa Fleetwood - Read
Denise Kent
Ed Knox
John Beadle (Appointed Nov 2023)
Babu Bhattacharjee (Appointed March 2024)
Taj Foster (Appointed Nov 2023)
Lynn Vickery (Appointed Nov 2023)
Mo Ali (Resigned Sept 2023)
Andrew Disley (Resigned March 2024)
Nazir Hafezjee (Resigned Sept 2023)
Sue Stevens (Resigned July 2023)

DIRECTORS

Fiona Humphrey BA(Hons), Diploma in Housing, CIHCM
Chief Executive

Karen Stuart BA(Hons), PG Cert in Leadership and
Management: Homelessness and Housing, CIHM
Director of Operations

Layo Salako BA(Hons), MBA, FCCA, CIHM
Director of Finance

SECRETARY AND REGISTERED OFFICE

Fiona Humphrey
15A Kelsey Street
London
E2 6HD

REGISTERED NUMBER

Regulator of Social Housing: Number L0695
Co-operative and Community Benefit Societies Act 2014:
Number 19322R

AUDITOR

Crowe UK LLP
55 Ludgate Hill
London
EC4M 7JW

SOLICITORS

Devonshires Solicitors LLP
30 Finsbury Circus
London
EC2M 7DT

SOLICITORS

Trowers & Hamblins LLP
3 Bunhill Row
London
EC1Y 8YZ

PRINCIPAL BANKER

HSBC Bank plc
Poultry and Princes Street
London
EC2P 2BX

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW

Year ended 31 March 2024

The Board presents their report and the audited financial statements for the year ended 31 March 2024.

PRINCIPAL ACTIVITY

The principal activity of Providence Row Housing Association (PRHA) is the provision of accommodation, ancillary and social care services for single homeless people and others in housing need.

OVERVIEW OF THE BUSINESS

PRHA aims to deliver quality housing solutions while maintaining financial sustainability and achieving operational efficiencies. PRHA made an operating surplus for the year of £1.265 million (2023: £575,000) before net interest charges, a surplus and total comprehensive income for the year of £828k (2023: £1 million) and generated a turnover of £9.842 million (2023: £9.795 million). Turnover increased slightly by £47k (0.48%) indicating stable revenue generation year on year. However operating costs decreased significantly by £643k (6.97%) reflecting improved cost management and operational efficiencies. This led to the doubling of the operating surplus by £690k (120%). This substantial improvement was primarily driven by the significant reduction in operating costs. This was achieved through efficient housing service delivery and strict controls on staffing, particularly by minimising the use of agency staff. The reduction reflects more effective cash management and better operational strategies. Although PRHA's financing costs increased by 11.5% attributed to increased interest rates, PRHA also saw an increase to its interest receivable by 300% because of the higher interest rates.

Despite a strong operating surplus, the overall surplus and total comprehensive income decreased by £172k (17.2%). The decline is mainly due to the adverse change in the valuation of investment property. PRHA's previous head office, 458 Bethnal Green Road, was reclassified last year as an investment property. The property was initially recognised at cost but has been re-measured at fair value. The initial reclassification boosted the results by a £793,000 revaluation gain, but this year we have seen a reduction in the valuation of the investment property by £70,000 to £1,555,000. Low transaction volumes across markets and sectors, the implications of the conflicts in the Middle East and Ukraine, global instability, challenging real estate market conditions, coupled with inflationary pressures and the cost and availability of debt impacting the global economy, has been blamed for the reduction in valuation.

During the year we continued our investment in property assets, in fire safety and building maintenance, spending £403,000 on component replacement and major repairs.

In the year PRHA received contract income, revenue grants and donations from various bodies including the London Borough of Tower Hamlets, the London Borough of Hackney, the Corporation of London, the National Lottery, Tower Hill Trust and the Sisters of Mercy.

PRHA borrows from the banks, mainly at fixed rates of interest, to finance our housing development programme. Total housing loans outstanding were £6.4 million at the year end (2023: £6.8 million).

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

The year under review

This has been a year of contrasts with successes in our work with individuals set against ongoing financial and operational challenges reflecting external economic pressures. The former are explained elsewhere in this report: the hundreds of individuals housed during the year, including those moving directly from the streets into safe secure accommodation, alongside the amazing work of our staff who quite literally in many cases are saving lives and bringing stability and positivity into our residents' lives. This is the work that our Board has reaffirmed as our core purpose this year whilst recognising the increasing difficulty in funding these services for the most vulnerable rough sleepers in particular.

The support needs of our client group continue to escalate and these services are more in demand than ever. The time needed to help people to stabilise their lives has therefore increased, requiring effective multi-agency working to support residents to engage with services and address complex substance misuse and mental health issues (91% of our supported housing residents have complex/high support issues). Many of these residents require at least a couple of years of our support before they are ready to move on to more independent accommodation. Nevertheless 32% of the supported residents within our complex / high support need services moved on in the year. 69% of these moves were planned departures and two of these services sustained a 100% planned move on rate. For some residents there is a need for even longer term support before they can recover from the compound traumas that they have experienced. Nevertheless our staff have built trusting relationships with even the most hard to reach individuals.

We produced a higher than budget surplus despite the national cost of living crisis that continues to impact on most areas of our operations. This was achieved through strict budget controls and a focus on income collection. This is despite the fact that we experienced higher than normal void property losses because of the Dellow decommissioning (see below).

We are acutely aware of the ongoing financial pressures on our residents. We aim to ensure that they receive the advice and support that they need both in relation to rent payment and wider financial pressures.

As a social landlord PRHA has continued to face challenges with the increasing cost of maintaining our properties and by shortages of contractors, specialist consultants and in some cases materials. While we have been able to provide an adequate repairs service and progressed some longer term investment projects, we aim to provide better, more consistent services in the year ahead.

We were also able to complete the long awaited stock condition survey that will provide a new basis for all of our building investment programmes. We have now built this information into our financial projections and the Board has reviewed these. We will use this information alongside our regular building and fire door inspections to ensure that we have accurate data on all of our properties. We are lucky that we do know all of our buildings well and have been inside many of the individual units in the past year.

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

We have been closely monitoring all aspects of building safety including fire prevention and damp, mould and condensation and carrying out any identified remedial works. The Board reviews compliance on all aspects of building safety at every meeting with an annual in depth review by the Risk and Audit Scrutiny Group. The Senior Leadership Team also reviews this weekly. We have improved our data collection and reporting systems to provide assurance on compliance.

As most of our buildings were constructed or fully refurbished in the past 30 years, the majority have good EPC ratings. This and the fact that we have an all-electric vehicle fleet are positive features of our emerging sustainability strategy. We have also progressed the planning of the works that are to be part funded through the Government's Social Housing Decarbonisation Fund. This funding was accessed through our ongoing membership of the North River Alliance consortium.

We also identified 3 underutilised areas in our hostels that could be converted to living accommodation. We expect to be able to let these properties early in the New Year and meet the increasing demand for these.

PRHA has limited exposure to increasing interest rates as most of its borrowing is on a fixed term basis but there was additional expenditure on the variable rate elements.

As a provider of commissioned support services to 263 vulnerable individuals at any one time, we have continued to struggle with the long term impact of underfunding of these services. We have been in frequent contact with the commissioners of these services and some have been responsive to requests for increases to reflect the additional costs in particular of staffing caused by London Living Wage increases. This was welcome news as otherwise these services could have become unviable.

As an employer we have also seen a continuation of the national recruitment shortages affecting many sectors and consequent increased agency staff costs. We have had to be innovative in our recruitment methods and are pleased that a by-product has been a further increase in employment of people who live locally.

As a provider of 24/7 hostel services we are subject to increasing costs across a range of goods and services that we provide to our residents. We have continued to focus on tight controls over expenditure. We aim to ensure that this does not affect services to residents.

As reflected in last year's report we continue to believe (along with others in the sector) that the funding system for supported housing is failing and that this has now reached a critical point. Following years of competitive tendering which has forced contract sums down, combined with the significant additional costs of repairs and voids in hostels, increasing numbers of providers are stepping away from this valuable work. While PRHA remains committed to our core purpose of housing and supporting vulnerable people, we are also having to make tough decisions about bidding for contracts that barely cover costs. The Board is closely monitoring this situation and reviewing financial projections twice a year.

We are also seeing decommissioning of support services across the country as Local Authorities are forced to cut their budgets. We experienced this ourselves this year when the Dellow Centre service was decommissioned. This building was developed over 20 years ago to house 58 Rough sleepers at any one time. The service was a living representation of the

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) **Year ended 31 March 2024**

160 year partnership between PRHA, Providence Row charity (the landlords) and the Sisters of Mercy.

Whilst this was a sad turn of events, the actual process was completed smoothly and on time thanks to the incredible work of our teams and close partnership working with other agencies.

On a positive note, as part of our fundraising strategy we were successful in a bid to the National Lottery for funding for a range of activities for our residents including literacy support and peer support. These services will greatly improve the lives of our residents and provide them with opportunities they would not otherwise be able to access.

We are pleased that our relaunched resident engagement strategy has begun to pay off in terms of increased participation in residents' meetings including those with Board members. A number of new activities and changes to management practice have taken place in the hostels as a result of this.

We view resident complaints as part of our engagement strategy and have continued to focus on improving response timescales and ensuring that learning is captured and acted upon. In 2023/4, 88.2% of complaints were responded to within timescales (up from 51.8% in the previous year). All 6 of the Stage 2 complaints received within 2023/24 were responded to within timescale (100%). As well as the annual self-assessment of complaints handling, accessible reports are distributed to residents and discussed at the Service Users' Advisory Panel.

Governance

The Board has continued to follow its agreed succession strategy to meet the guidance in the NHF Code of Governance. This includes a transitional period to phase out three terms of office while new members are inducted. This provides a balance of continuity and renewal. There was a successful recruitment process for four new Board members who bring a range of skills in HR, finance, resident engagement, social housing and corporate strategy. Along with last years' turnover, this means that 60% of the Board have now been recruited in the past 2 years. The Board is aiming for a period of consolidation while the new members are inducted.

The Board is commencing the process of setting out a new business plan for 2024-2029. It has reaffirmed our corporate objectives to:

- ensure that we provide safe, decent homes for our residents;
- help more people to avoid or survive homelessness and recover from the causes/effects of homelessness;
- develop areas of specialism/expertise for our core resident groups to ensure our services provide the best possible outcomes;
- ensure we listen to our residents and continue to involve them in the running of PRHA;
- celebrate our diversity;
- develop more services that contribute to strengthening the local community especially around employment, training and volunteering for excluded groups;
- diversify our financial base to increase our resilience to changing financial pressures; and

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

- Invest in and develop our assets including staff, housing and partnerships.

During 2023/4 we achieved progress towards all of these corporate objectives:

- We continued to provide housing for 582 households including 89 General needs households and 493 supported housing residents in Tower Hamlets, Hackney and Southwark;
- We provided support services to over 325 individuals with complex, high support needs;
- We started work on the National Lottery funded initiatives including the literacy project. We also continued working with a range of partner agencies on initiatives that are aimed at improving the quality of life for our residents;
- We supported 10 staff (c.10% of the workforce) to develop their leadership potential and enter management roles through mentoring and internal promotions;
- We introduced new staff awards including those for staff who save lives at work;
- We improved complaints handling performance and reviewed and publicised our complaints handling systems and improved performance;
- We completed the stock condition survey work and carried out a number of planned investments;
- We continued to meet targets for gas safety, fire risk assessments and remedial actions;
- We started to collect and report on the Tenant Satisfaction Measures;
- We produced an annual Equalities report and action plan. We also started work on the HouseProud pledge and the Social Housing Anti-Racism Pledge action plans;
- We reviewed all potential risks to the association including financial and strategic risks and implemented mitigation measures where appropriate;
- We improved our cyber resilience, carrying out testing and introducing new security measures.

The year ahead – opportunities and challenges

In 2024-2025 we will consult with the Board, residents, staff and stakeholders on our new strategic plan. We will also continue to focus on our core objectives of providing safe decent homes and good quality support services for vulnerable residents.

We will continue to review financial projections and outturns regularly to ensure that the strategic plan can be implemented effectively. We will also monitor the external risk environment and make adjustments to the plan if necessary.

We will also be responding to the new legislative and regulatory requirements for social landlords. In particular we will be:

- Demonstrating ongoing compliance with the Social Housing Regulation Act 2023 (including Awaab's Law and the Competence and Conduct standard) and with the Regulator of Social Housing's requirements under the new Consumer Standard;
- Meeting the new requirements for complaint self-assessment as outlined in the Housing Ombudsman's complaints handling code 2024 and publishing information on compliance;

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REPORT OF THE BOARD AND STRATGIC REVIEW (Continued)

Year ended 31 March 2024

- Engaging with the requirements of the Supported Housing (Regulatory Oversight) Act 2023 to ensure that our supported housing schemes meet the expected standards; and
- Meeting the requirements of the Building Safety Act & Fire Safety (Regulatory) Order 2005 (amended 2021).

Linked to these we will be:

- Continuing to implement our resident engagement strategy, introducing focus groups for specific policy and other reviews and ensuring that local feedback is escalated internally to influence policy and practice. Also ensuring a focus on communication with residents about building safety.
- Reviewing the required professional qualifications for staff and continuing to develop their opportunities to develop their careers and professional skills through training and mentoring.
- Diversity is a key strength of our organisation and we will be looking to develop further our work on the HouseProud pledge and the Social Housing Anti-Racism Pledge action plan. This includes working with residents and staff to strengthen our responses towards hate crimes/Anti-Social Behaviour (ASB), ensuring that our commitment to the pledges is publicised and ensuring that we promote development opportunities for staff and residents.

In relation to asset management we will be:

- Working with residents to set expectations for an excellent repairs service;
- We will continue to respond to the requirements of the Building Safety Act 2022 and any new legislation;
- Focussing on the fire risk assessment, fire door inspection and building safety programmes;
- Building on the stock condition survey data, to develop a comprehensive database of our properties incorporating this into our financial projections and asset management programmes;
- Auditing all properties not recently inspected by our staff or as part of the stock condition survey;
- Developing a sustainability/carbon reduction strategy and starting the pilot programme funded through the Social Housing Decarbonisation Fund. This will include planning our approach to replacing gas boilers especially for the 50% of our homes where PRHA provides heat networks and to the challenges of retrofitting for Victorian listed buildings. We will also be focussing on improving recycling/waste management;
- Continuing to regularly monitor properties that have experienced past damp and mould issues;
- Developing 3 additional units in our hostels.

In relation to our support services for vulnerable residents provided through adult social care contracts we will be:

- Continuing to engage in a range of active partnerships to ensure that our vulnerable residents receive the statutory services that they require;

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2024

- Continuing to develop services in response to individual and group feedback on "what works" ;
- Engaging in discussions with our commissioners about the sustainability of funding;
- Discussing with the commissioners the escalating support needs of our residents and the implications of this for risk management , support service delivery and for the cost of maintaining those homes;
- Continuing to seek alternative sources of funding for services that complement our core work;
- Continuing to support campaigns by the National Housing Federation and Homeless Link to recognise the value of supported housing and the threat that these services currently face.

Financial results

PRHA demonstrates strong financial management. Our healthy financial reserves built over the years is evidence of our stability. These have allowed us to make significant investments in our housing stock and in the provision of services to our residents. A summary of the results for the year are as follows:

- turnover increased to £9.842 million from £9.795 million in 2023;
- operating surplus increased from £575,000 in 2023 to £1,265,000;
- surplus and total comprehensive income for the year was £828,000 (2023: £1.0 million);
- reserves increased from £11.922 million in 2023 to £12.750 million;
- the net book value of the housing properties totalled £39.3 million (2023: £39.6 million);
- housing loans stood at £6.4million at the end of the financial year a decrease of £382,000 or 5.6%; and
- loan covenants for the loan facilities, primarily determined by interest cover, gearing ratios and asset cover were met throughout the year and at year end.

	2024 £'000	2023 £'000
Turnover	9,842	9,795
Operating costs	(8,577)	(9,220)
Operating surplus	1,265	575
Interest receivable	60	15
Interest and financing costs	(427)	(383)
(Decrease)/Increase in valuation of investment property	(70)	793
Surplus and total comprehensive income for the year	828	1,000

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

	2024 £'000	2023 £'000
Balance sheet		
Housing properties	39,250	39,593
Other property, plant and equipment	1,569	1,570
Investment property	1,555	1,625
Net current assets	2,394	1,898
	<hr/> 44,768	<hr/> 44,686
Creditors: amounts falling due after more than one year	(32,018)	(32,764)
	<hr/> 12,750	<hr/> 11,922
Capital and reserves		
Share capital	-	-
General reserves	12,750	11,922
	<hr/> 12,750	<hr/> 11,922

VALUE FOR MONEY

Our commitment to Value for Money

Achieving Value for Money remains a fundamental business strategic objective for PRHA, ensuring that we provide an efficient and cost-effective service to our residents. This means aiming to achieve high levels of resident satisfaction whilst also contributing to the achievement of wider outcomes for the community and maintaining financial stability. This has been highlighted this year by the pressures of rapidly increasing costs for all areas of our operation. We have responded by ensuring that we are monitoring this carefully and making decisions to control expenditure without damaging the quality of services.

Meeting our strategic objectives

PRHA aims to strike a balance through its Value for Money decision making which takes into account the eight corporate objectives outlined above.

The Board has reaffirmed its commitment to providing accommodation for people who are vulnerable and need ongoing social care/support. This reflects our long history of providing these services to our local communities, the skills of our staff team and the increasing demand for these services. This is subject to ongoing review given the pressures on adult social care funding and rising costs associated with these services. Whilst we have not delivered any new homes this year we have invested in our current stock to meet changing needs and significantly increased fire safety requirements.

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2024

Our Value for Money approach

PRHA aims to deliver a robust Value for Money approach in order to meet its overall strategic objectives, provide good quality services to its residents, remain financially viable and meet the requirements of its commissioners and regulators. It also enables us, as a small housing association, to maintain sustainability and manage risk within an uncertain and challenging external environment. This strategy is embedded in a number of other PRHA strategies and in PRHA's systems, policies and working practices. We aim to deliver our strategy by achieving the following objectives:

- Involving residents in decisions about service provision and scrutiny of services.

The resident engagement strategy has been gaining momentum. The Service Users' Advisory panel is meeting twice a year with Board members and scheme specific residents' groups are active. Our resident-led Maintenance Advisory Panel is visiting schemes to review the standard of cleaning and repair.

Complaints are a key source of feedback from our residents, helping to ensure that the services we provide are delivered efficiently and that action is taken to improve service delivery shortfalls. They form a key strand in our strategy to focus on delivering quality of service to our residents, and also help to identify areas of service delivery which could be made more cost efficient.

Our Complaints Policy was updated in early 2022 and this year's focus has been on improving compliance with timescales and ensuring learning from complaints is integrated into working practice.

- PRHA has a continuing emphasis on comparing performance with other landlords and support providers via the use of benchmarking data. Benchmark data relating to smaller national providers (sourced from the Acuity benchmarking group that PRHA participates with) is shown against PRHA's own performance data in the tables within this report. Given the specialist work that PRHA undertakes it is difficult to get exact comparisons for some areas of activity.
- We reviewed our catering service and made changes to accommodate the rapidly increasing cost of food and labour without increasing charges to residents.
- We also reviewed our property services functions and re-tendered our responsive repairs contract. Although the contract terminated mid-year we were able to continue to provide an adequate repairs service using in-house operatives and new contractors.
- Understanding our costs, managing our assets and our resources efficiently through effective cost controls and monitoring. This has been a close focus throughout the year especially given the escalating cost of both labour and materials especially for our repairs service and fire safety works.
- Ensuring our business plans and departmental/service/staff work plans deliver value for money and quality services and that staff understand the role they can play in delivering value for money.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

- Ensuring that we meet the requirements and standards of our commissioners. This is resource intensive but essential for the fulfilment of contracts.
- Ensuring that we maintain organisational cohesion and positive staff relations despite the loss of the Dellow centre service. We introduced new staff awards and ensured regular staff conferences and other events.
- Challenging how we deliver services and understanding how this relates to quality and cost. The challenge in this case has been to manage costs and at the same time to maintain quality. In particular the rising costs of repairs, staffing, agency and security cover.
- PRHA has seen a significant increase in voids and tenant damage especially in our hostels over the past few years. We have made considerable progress in managing the cost of void repairs and redecoration. We have also managed to reduce the time spent on these repairs.
- PRHA negotiated new fuel contracts just before the outbreak of war in Ukraine. This has provided good value for money not only for PRHA but also for the many residents whose fuel supply we provide.
- By letting out our old offices and moving into smaller premises we have created a source of commercial income from 2023-2024 onwards.

Delivery of our Value for Money Strategy

Financial – We are committed to produce efficiency savings and quality gains which will translate into value for money. Approximately 26.3% of our turnover relates directly to support service contracts and the majority of this is spent directly on the costs of staffing. Income remains fixed under these contracts and is likely to remain fixed or reduce in future years whilst costs are rising due to the commitment to pay the London Living Wage.

The table below showing the metrics is required to be published in accordance with the Regulator of Social Housing (RSH) Value for Money standard. The standard applies to all registered providers, setting out key sector metrics which providers are required to report on. These metrics helps us understand our performance against other social housing providers in our selected peer group.

We are dedicated to delivering and demonstrating Value for Money (VfM) in all we do for our customers and the communities we serve. The Board regularly reviews all of its key performance indicators and establishes strategies for managing its finances and assets as efficiently as possible.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

Regulator of Social Housing – Value for Money (VFM) metrics

Metrics	PRHA March 2023-24	PRHA March 2022-23	RSH Supported Housing Providers 2023
Re-investment %	0.24	0.67	6.30
New supply delivered (Social housing units) %	0.00	0.00	0.70
New supply delivered (Non-social housing units) %	0.00	0.00	0.00
Gearing %	1.84	3.23	12.60
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest cover %	310.42	109.03	187.50
Headline social housing cost per unit £	10,700	9,662	9,220
Operating Margin (Social housing lettings only) %	12.80	4.97	8.40
Operating Margin (Overall) %	12.85	5.87	5.00
Return on capital employed (ROCE)	2.83	1.29	2.10

We have used the Regulator of Social Housing's 2023 data for supported housing providers defined as providers with at least 30% of their owned social units that are classified as supported housing stock. These figures are extracted from the Regulator of Social Housing (RSH) "Value for money metrics and reporting - Annex to Global accounts March 2023", version 1.0 – February 2024. Although this predominantly reflects returns from registered providers owning/managing more than 1,000 homes, it does provide a good comparison for supported housing focussed organisations.

Re-investment % – measures the investment in properties (existing as well as new supply) as a percentage of the net book value of total properties held. Our re-investment percentage outcome of 0.24% compares less favourably against the peer group (RSH supported housing) median as we are not currently developing new stock. Although the sector has seen an increase in the amount reinvested into existing homes and in development and other activity, we have seen a fall in our re-investment percentage on the previous year as majority of our major repair works were expensed to the income statement. We however continue to work in line with our Asset Management Strategy by investing in improvements to our properties over the long term. By consistently investing we are ensuring we meet our strategic objective and comply with legislation. We are focusing on meeting home decency and sustainability targets through our continued work on fire safety, carrying out improvements on void properties, planned maintenance and major repairs.

New supply delivered % – sets out the number of new social housing units acquired or developed in the year as a proportion of our total social housing units. PRHA has not developed or acquired any new properties this year. The key reason for this is the lack of availability of financially viable schemes in our key areas of operation.

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

The higher costs and lower operating margins associated with supported housing mean that the levels of subsidy required and risk associated with new development are generally unsustainable. This is combined with the fact that smaller providers in London find it difficult to develop because of high land and labour costs. Nevertheless the Board continues to appraise potential opportunities and continues to be open to future development.

Gearing % – assesses how much of the assets are funded by debt and the degree of dependence on debt finance. It is often used as a key indicator for the organisations appetite for growth. Our gearing ratio of net debt to the carrying value of housing properties decreased from 3.23% to 1.84%. At 1.84% we are significantly below the RSH supported housing gearing median of 12.60%. PRHA has used loan finance to develop and refurbish properties over the past 16 years whilst staying well within its loan covenants. As we are not currently developing stock for general needs or supported housing, there has not been a need to raise further finance. We continue to pay down our bank loans allowing for gearing to fall, thereby increasing our borrowing capacity for any future developments if our development strategy changes. With our gearing remaining within our funders requirements and with us staying well within our covenant requirements we are able to demonstrate our ability to take on more debt to support the improvements to existing stock quality and to cover ongoing finance costs from operating activities.

Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI)
Interest cover % – is a key indicator for liquidity and investment capacity as it seeks to measure the level of surplus generated compared to interest payable.

The EBITDA MRI ratio measures the ability of an organisation to cover its interest payments from its earnings, adjusted for major repairs. It is a critical indicator of financial health and sustainability. There has been a substantial improvement in the EBITDA MRI Interest cover ratio from 109.3 in 2022-23 to 310.42 in 2023-24. This is significantly higher than the RSH benchmark of 187.5. The RSH benchmark reflecting a deterioration of the interest cover in the sector blamed on the general economic and political environment seen over the past few years. Our improved performance is down to the increase in our operating surplus from £575k to £1.265 million, as we focus on further enhancing our operational efficiencies and revenue management. The ratio highlights our strong financial performance and reflects a positive outlook for future financial growth. The interest cover metric in our loan agreements differs from the RSH measure.

Headline social housing cost per unit – measures the cost per unit of managing and maintaining our social housing stock. We have seen an increase in our headline social housing cost per unit from £9,662 to £10,700 which takes us over the RSH median of £9,220. The 10.7% increase has been partly driven by the increased cost of materials, repairs and maintenance, costs related to fire safety works and service costs. The increase reflects higher than budget inflation and supply challenges. We have also experienced a significant change in the number of our owned and managed property units which has impacted on the per unit cost.

The increased cost is reflected in the RSH sector benchmark which has also seen an increase of 9.8%. Providers in the size band with fewer than 2,500 units have the highest headline cost with around a quarter of those providers being specialist providers.

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REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

Supported housing providers costs tend to run higher than those of general needs providers. In PRHA's case this is because we provide predominantly temporary supported housing with high turnover rates, significant wear and tear and extensive services. We work hard to keep costs down whilst still maintaining the quality of our services. We provide higher levels of housing management in order to ensure that tenancies are sustained and bad debts minimised. Our service charge costs are relatively higher than general needs providers because of the additional services we provide as a supported housing provider. This includes higher staffing and greater security.

Operating margin (social housing lettings only) and (overall) % – measures the profitability of the organisational operating assets before exceptional expenses are taken into account. PRHA's operating margin of 12.80%/12.85% significantly increased against the previous year of 4.97%/5.87%. With strong core revenue streams we have seen higher turnover and lower operating costs resulting in margins better than the RHS benchmark of 8.4%/5.0%.

Return on capital employed (ROCE) % – measures the efficient investment of capital resources by comparing the operating surplus to total assets, less current liabilities. Our ROCE increased to 2.83% from 1.29%, slightly over the RSH median of 2.10%. ROCE is affected by both changes in total asset value and operating surplus. As with operating margins, we have seen a significant improvement in ROCE given that cost performance feeds into the calculation. Our higher operating margins have resulted in the increase in profitability in the total assets position.

Managing Performance

We continue to review our performance and benchmark ourselves against similar sized organisations working in social housing and support services. We also provide performance information to our residents and review it with them.

Our key objectives which measure efficiency and economy in our landlord related activities relate to voids and arrears. Both did not reach their target levels with both voids and arrears performance slightly improving from the year before but not sufficiently to achieve the targets. This was partly due to circumstances outside of PRHA's control (see below).

Both were the subject of close monitoring and regular review by the senior leadership team and relevant departments and there were improvements towards the end of the financial year.

Voids

This year we experienced unusual challenges in relation to voids performance. We made the decision early in the financial year to hold a significant number of voids across our stock to ensure that Dellow residents had properties to move to given the uncertainty of that contract. This proved to be a good decision in human terms as we were able to make offers to all residents who were able to move to less supported accommodation. It did however have a financial impact and it affected our performance figures.

In particular turnover has increased significantly in our supported housing, almost doubling in three years: 140 for 2023-24, 120 in 2022-23, 106 in 2021-22 and 74 in 2020-21.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

This means that the team are having to carry out necessary repairs and redecoration to approximately a third of the supported housing stock every year.

Nevertheless there was a slight improvement over the previous year (6.41% v 7.18%) and the trends going into the new financial year are positive.

Arrears

These showed an improvement on the previous year (9.91% v 10.20%) but remained above the target of 6%. Obviously the cost of living crisis has affected a number of our residents financially, and the housing management team has maintained close contact, assisting with benefits and other financial advice. Strategies are in place to try to recover some of this debt and many residents have signed up for long term arrears repayment plans that are slowly reducing the debt balances. Where residents are not engaging with PRHA staff, there are still delays with the courts in processing possession orders.

There have also been ongoing delays with payment of Housing Benefit with the processes around supported housing having been tightened over the past 2 years. This caused a hiatus in payments sporadically and there are delays with new applications (and therefore our ability to identify and manage any problems in new residents' claims). Given the level of turnover significant resources have been focussed on addressing these delays.

Combined general needs and supported	Target	Performance 2023-24	SPBM 2023 SH	Performance 2022-23	Performance 2021-22
Void levels average	5.45%	6.41%	5.42%	7.18%	5.65%
Current arrears	6.00%	9.91%	4.90%	10.20%	11.04%

The teams are setting internal targets and action plans for improvement and regularly reviewing the arrears position.

Tenant satisfaction

Improved resident satisfaction with our services and positive engagement are absolute priorities for the teams at PRHA. The data shown below is used as part of the VFM review process and improvements are targeted through departmental work plans

There has been a strong focus this year on managing complaints with the given timescales, listening to residents and feeding this into service improvement. Satisfaction with complaints handling has begun to recover this year, rising to 48.7% (after dropping last year to 13.3%). This still, leaves 37% of survey respondents who had made a complaint reporting dissatisfaction and we are aiming to establish why that is the case. We are intending to improve this figure year on year.

Data changes

Reviewing our satisfaction data forms an essential part of ensuring that our services meet the expectations of our residents and this usually includes reviewing trend information from previous surveys and the use of SPBM Smaller Housing Association benchmark data to compare performance with other organisations within the sector.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

However the format of the data has been updated following the move to reporting on the Regulator of Social Housing's Tenant Perception Measures (TPMs) (part of the overall Tenant Satisfaction Measures (TSMs) that all Registered Providers are required to provide). In contrast to the previous survey methods the TPMs introduced a new category of "neither satisfied nor dissatisfied". Therefore there is no direct comparison between the PRHA 2023 Survey figures and the 2024 Survey figures.

Similarly any benchmarking data from last year (this year's information is not yet available) does not provide a true comparison. We have therefore omitted it from this year's tables.

Also the data is more limited this year. In order to provide a clear message to our residents about the TPMs, and to encourage a good response rate, we issued a short survey containing only those 12 TPM questions (with some additional space for residents to provide further comments if they wished). This means that some of the survey questions that we have traditionally reported on in the Annual Report were not present in the survey this year.

We are currently considering a combined survey (TPMs plus PRHA's core strategic survey questions) for next year – so that we can both meet the requirement of the Regulator and focus on additional areas that are also a priority for PRHA's residents.

General needs (GN) and supported housing (SH)	Survey 2024 (TPM format)	Survey 2023 (old format)	Survey 2022 (old format)
Overall satisfaction with services (TP01)	77%	84%	92%
Satisfied that landlord listens to/acts upon tenant's views (TP06)	71%	82%	86%

To reflect these changes a second table is also given below to show the breakdown of the individual TPM questions that include the "neither" values.

Tenant Perception Measures – 2024 Survey - PRHA				
TPM	Question	Satisfied	Neither	Dissatisfied
TP01	Taking everything into account, how satisfied or dissatisfied are you with the service provided by PRHA?	77.0%	13.7%	9.4%
TP06	How satisfied or dissatisfied are you that PRHA listens to your views and acts upon them?	70.8%	16.1%	13.2%

NOTE: The tables above do not show the full set of TPM results, and are focused on the service delivery aspect of Value for Money. The full set of TPM results will be published on our website and in additional reports to stakeholders.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

The outcomes of the 2024 TSM survey will be discussed with residents and recommendations incorporated into the departmental work plans, particularly where performance requires improvement. We will also be investigating further whether the apparent drops in satisfaction reflect real underlying issues or relate to the changes in categories. For instance:

Overall satisfaction

Our 2024 survey shows an overall satisfaction figure (TP01) of 77%. Due to the introduction of a “neither satisfied nor dissatisfied” response value this is no longer directly comparable to the 2023 Survey result (84%) or previous years. However the proportion of residents dissatisfied (9.4%, second table above) is lower than that in our 2023 Survey (16% dissatisfied). We will need to build up trend information again following the change in format in order to start to fully identify where satisfaction has genuinely improved or has fallen.

Repairs Service

Given the limitations of the comparisons, it is encouraging that there are increased reported levels of satisfaction with repairs and maintenance and cleaning services following a dip last year. There were also improvements in performance.

Performance in repairs is one of the most important aspects of our service for residents. This year has presented a wide range of challenges, some internally driven and some external. Contractor performance generally was below target at the beginning of the year when we transferred to new contractors and then they were unable to fulfil the contract. This started to stabilise in the latter part of the year. We have also continued to refocus our in-house operative team on minor repairs and their performance is being monitored separately. This currently shows performance to target timescales is good.

General needs (GN) and supported housing (SH)	Survey 2024 (TPM format)	Survey 2023 (old format)	Survey 2022 (old format)
Satisfaction with repairs and maintenance services (TP02)	75%	63%	77%
Satisfaction with the standard of cleaning (TP10 - “clean & well maintained”)	85%	82%	89%

Tenant Perception Measures – 2024 Survey - PRHA				
TPM	Question	Satisfied	Neither	Dissatisfied
TP02	Has PRHA carried out a repair to your home in the last 12 months? If yes, How satisfied or dissatisfied are you with the overall repairs service from PRHA over the last 12 months?	74.5%	11.2%	14.3%
TP10	Do you live in a building with communal areas, either inside or outside, that PRHA is responsible for maintaining? If yes, How satisfied or dissatisfied are you that PRHA keeps these communal areas clean and well maintained?	84.6%	10.3%	5.1%

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

	Target	Performance 2023-24	Benchmark 2022-23 (SPBM)	Performance 2022-23
Emergency repairs – completed within timescales	100.00%	99.1%	100%	96.0%
Non-emergency repairs – completed within timescales	98.00%	91.3%	95%	N/A

For emergency repairs performance it should be noted that no tenant was left in an unsafe situation. Staff worked closely with residents to ensure that any risk was fully mitigated while parts were on order.

PRHA has also been monitoring building safety closely and ensuring that there are high levels of compliance with gas and fire safety in line with the Building Safety Act requirements. These are reported weekly to senior managers and at every Board meeting.

Teams will focus this year on setting out what an excellent repairs service looks like in consultation with residents.

Community Benefit

In our social care role PRHA works with the most vulnerable residents within our local communities providing not just housing and support but also opportunities to rebuild lives, reduce harm from offending and substance misuse, develop skills and reintegrate with the wider community.

This year, our staff teams have helped 493 supported housing residents to stabilise their lives and address key obstacles to rehousing such as addiction and mental ill health. This in turn benefits our local communities and local public services by addressing health deterioration, anti-social behaviour and crime.

We also provide accommodation for 28 local homeless families at any one time preventing their rehousing to temporary accommodation out of borough, with the resultant disruption this causes to their lives and family/ social connections.

We also work closely with a wide range of local statutory and voluntary agencies to provide strong local partnerships supporting community safety, safeguarding, and community health facilities. We provide premises for Early Years Network Tower Hamlets to provide a nursery and free childcare places for local families.

As a locally based employer, PRHA aims to benefit its local communities. We work closely with local employment agencies/ jobcentres to offer employment and work experience opportunities for local residents.

We also benefit our local economy by engaging contractors and suppliers based locally wherever possible.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

In addition our Grounded Ecotherapy project has worked on a number of projects that improve local open spaces and community gardens involving their residents in their local environment. This year they were successful in attracting funding from Tower Hill Trust to further improve local community spaces.

Recently we have let our old office premises in Bethnal Green to a women backpackers' hostel. Facilitating local tourism is benefitting local businesses especially as the area has yet to experience some of the regeneration that other local areas have in the last decade.

RISK MITIGATION

The Board usually reviews the risk register annually at the Risk and Audit Scrutiny Group, during Awayday discussions and when any risk issues emerge or circumstances change.

These were identified using the matrix below:

Risk calculation matrix						
Codes	0	1	2	3	4	5
L = Likelihood	Zero	V unlikely	Unlikely	Likely	V Likely	Almost Certain
S = Severity	No Injury	Minor	Moderate	Major	Fatal	Catastrophic
RR = Risk Rating	0	0 – 1 Trivial	2- 6 Low	7 – 10 Medium	11 – 15 High	16 – 25 Extreme
Overall Level		Level 3		Level 2	Level 1	

The rating assesses not just the likelihood of these factors occurring but also the severity of the consequences if they do. Each of these areas is broken down into key components and then assigned mitigating actions.

These actions aim to minimise the impact on residents and other stakeholders. This process provides a clear focus on the key risks to control and is an ongoing priority for the Senior Leadership Team.

Our key risk areas before mitigation were:

KEY RISKS SUMMARY	
Level 1	Health and safety
	Loss of business /erosion of operating surplus and central costs
	Income maximisation
	Economic pressures
Level 2	Support services (ability to fulfil contracts within income, risk to residents/staff)
	Staff (recruitment/retention costs)
Level 3	Regulatory compliance and governance including GDPR
	Disaster recovery
	Government policy in relation to funding streams

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) **Year ended 31 March 2024**

Following mitigation only Health and safety remained at level one. There are specific risks relating to fire safety, pandemics and the escalating support needs of our vulnerable residents that cannot be wholly mitigated by PRHA. However the mitigations that are in place are robust: comprehensive systems, procedures and inspections are in place to minimise the risk as much as possible. Building and personal safety are key operational and strategic priorities and are closely monitored by both senior leadership and Board. This is supplemented by staff training and consultation/ information for residents. We also carry out emergency planning /business continuity exercises throughout the year (sometimes in response to real life issues).

The Board agreed that while the 3 other level one risks can be reduced to level 2 risks through mitigation measures they remain subject to several factors largely outside of PRHA's control, in particular global and national economic pressures, the war in Ukraine, continuing cost of living increases, and ongoing post Brexit stabilisation issues, especially in relation to the labour market and the cost of materials. These severe economic challenges have also impacted significantly on adult social care funding and homelessness services. Mitigation includes: increased Board review of financial projections and stress testing /scenario planning, close monitoring of arrears and voids trends and support contract margins, expenditure monitoring and control.

Throughout the year the Senior Leadership Team and Board reviewed the risk register in conjunction with the Business Continuity Plan. The Board also reviews a number of these areas as part of its ongoing monitoring cycles for financial controls and performance, building and fire safety and regulatory compliance. There are also specific reviews around GDPR and cyber security.

COMPLIANCE WITH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

PRHA ensures compliance with the requirements of the Regulator of Social Housing's Governance and Financial Viability Standards through regular review of governance arrangements, risk review and financial planning. The Board considers that PRHA complies with all requirements of the Regulatory Framework.

THE BOARD AND DIRECTORS

The Board and Directors of PRHA are listed on page 2. Each member of the Board holds one fully paid share of £1 in PRHA. The Directors hold no interest in PRHA's share capital.

STATEMENT OF THE BOARD'S RESPONSIBILITIES

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

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

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

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

GOING CONCERN

After reviewing the Annual Budget and Business Plan in March 2024 and financial projections in November 2023 and May 2024, the Board considers that PRHA has adequate resources to continue in operational existence for the foreseeable future. Despite the national economic pressures, PRHA exceeded its budgeted surplus.

Throughout the year, the Board has also reviewed five and 30 year financial projections. These projections include annual outturns, cashflow and stress testing for scenarios relating to inflation, voids and bad debts and adult social care contracts. After factoring into account these possible scenarios, PRHA remains compliant with loan covenants and the Board considers that sufficient funds are in place for the ongoing running of the business. PRHA does not currently have an active development or sales programme with their associated risks.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) **Year ended 31 March 2024**

The Board and Senior Management Team will continue to closely monitor the external environment and review the financial implications of any new events and factors such as the rising cost of living and interest rates. They will also regularly review performance against the budget and stress test any emerging risks.

Given the strength of the balance sheet and cash flow projections the Board believe that, while uncertainty continues to exist, this does not pose a material uncertainty that would cast doubt on PRHA's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

CORPORATE GOVERNANCE

The National Housing Federation's (NHF) "Code of Governance 2020" is intended for the guidance of Registered Providers, so that they can continue to follow the highest standards of governance, accountability and probity while responding to an environment of change and risk.

The Code is the embodiment of the values underlying the voluntary housing movement. The Code aims to assist associations to be competent, accountable, independent and diverse.

The Board has adopted this Code of Governance and has self-assessed itself against the Code. It has set out a plan to ensure ongoing compliance with the requirements. In particular it has adopted a Board succession strategy to address one area where it is not yet compliant (the new requirement for Board terms of office not to exceed six years except in exceptional circumstances). Given the need to balance continuity and stability in governance with this requirement, the Board has agreed to aim to achieve this by the end of 2025 (pending a review of the Board's composition in early 2025). Our Rules also superseded the Code in one area where terms of office include periods of co-option. This now applies to only 2 Board members in their final terms.

Four new members were recruited during the year. The planned recruitment drive has now achieved 60% renewal of members over 2 years with new Board members with specifically identified skills and experience taking over from longer standing ones. The Board is looking for a period of consolidation before any further recruitment (with the exception that a place is being held for a tenant representative if one can be recruited). There has been a focus on ensuring a diverse membership with the collective skills and attributes to govern effectively. An appraisal process for the Chair and Board members was undertaken.

At the end of the previous financial year our auditors, BDO, stood down. We were able to appoint Crowe LLP in time for the start of the new audit planning process. The transition period has gone smoothly.

The other areas are all compliant and the action plan identifies further actions for improvement. The Board will continue discussion of issues such as how to influence culture, how to demonstrate that resident/stakeholder feedback is influencing decision - making and how to gain assurance on the information that is presented to it.

The strategic plan review will include consideration of whether and how active cooperation, collaboration, joint working or partnership with other organisations could enable it to deliver its social purpose and strategies more effectively and economically.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

The Board has also adopted the NHF Code of Conduct 2022. This sets out standards for housing associations and is intended to be used alongside the 2020 Code of Governance. It is for use by individual housing association staff, Board members and certain involved residents, and sets out guidance according to four key themes:

1. acting in the best interest of the housing association and its residents;
2. behaving with integrity;
3. conducting yourself professionally and treating others well; and
4. protecting yourself, others and the environment

STATEMENT ON INTERNAL CONTROLS ASSURANCE

INTERNAL CONTROLS STATEMENT

The Board has overall responsibility for establishing and maintaining the whole system of internal controls and for reviewing its effectiveness.

The Board recognises that no system of internal controls can provide absolute assurance or eliminate all risk. The system of internal controls is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of PRHA's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the PRHA is exposed. This year the Board has carried out a fraud risk assessment exercise and was satisfied with the assurances from senior leadership and evidence that adequate controls are in place.

The process adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the controls framework includes:

- *Identification and evaluation of key risks*

The Board is responsible for overseeing the process of identifying, managing and evaluating risks. It reviews PRHA's risk map and action plan annually (and whenever necessitated by external or internal change). The twice yearly annual Risk and Audit Scrutiny group reviews identify and monitor key risks throughout the year and ensure that the Board is aware of these.

Building and fire safety have been reviewed at every Board meeting to ensure that members have assurance that our homes are safe.

The Board also receives information from a range of sources to gain assurance that risks are being identified and that controls procedures are working. The internal controls framework and risk management process are subject to regular review by The Internal Audit Association, who are employed to provide independent assurance to the Board. Five reviews were carried out during the year (payroll, procurement and contractor

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

payments plus audits on petty cash, rents and residents monies at 2 of our hostels) and all received a "substantial assurance" rating. Other sources of assurance include: the external auditors report, the annual internal controls assurance report, regular performance indicator reporting, reports from external regulators, reports on fire and building safety matters and quality assurance reviews, in particular commissioning team reviews for vulnerable adults' services, Care Quality Commission and Investors in People reviews. In 2022 we retained investors in People Gold standard.

Management responsibility has been clearly defined for the identification, evaluation and controls of significant risks. There is a formal and ongoing process of management review in each area of PRHA's activities.

This process is co-ordinated through a regular reporting framework by the Senior Leadership Team. The Senior Leadership Team regularly consider reports on significant specific risks facing PRHA and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

- *Monitoring and corrective action*

PRHA has instigated a continuous improvement process for strengthening internal controls. This takes the form of an internal controls action plan outlining key controls areas within the six main controls framework areas: Procedures; Regular Internal Auditing; Separation of functions; Monitoring of authorisation and expenditure; Training, induction and supervision of staff and review by the Senior Leadership Team and Management Board. This is monitored by the Senior Leadership Team, the Risk and Audit Scrutiny Group and the Finance Scrutiny Group.

This ensures that corrective action is taken in relation to any significant controls issues, particularly those with a material impact on the financial statements. Work is continuing on maintaining awareness of internal controls at all levels of staff teams.

- *Controls environment and controls procedures*

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial and compliance issues including treasury strategy and all new investment projects. The Board has adopted the National Housing Federation Code of Governance 2020 (see above).

The Board disseminates its requirements to all employees through PRHA's policies with regard to the quality, integrity, culture and ethics of its employees. It is supported by a framework of policies and procedures with which all employees must comply. These cover issues including delegated authority, tendering and procurement, Disclosure and Barring Service checks, treasury management, health and safety, safeguarding, data and asset protection, GDPR, cyber security, whistleblowing and fraud prevention and detection. All new staff are required to acknowledge understanding of key policies during their probationary period.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued) Year ended 31 March 2024

- *Regulator of Social Housing (RSH)*

The Board has responsibility for ensuring that PRHA complies with its regulatory obligations. The RSH generally focuses on the robustness of PRHA's finance and risk strategies and the effectiveness of its corporate governance. PRHA has less than 1,000 properties and therefore is not subject to the same level of scrutiny as larger Registered Providers. Nevertheless the Board has taken the view that the standards constitute good practice which PRHA will continue to aim to comply with. The Board of PRHA are subject to the Regulatory Framework for Social Housing in England 2015 (as updated in 2017, 2023 and 2024).

The Regulator of Social Housing has amended the framework requirements in relation to consumer standards to include the requirements of the Tenant Satisfaction Measures and a new framework for compliance from 1st April 2024. PRHA has been preparing to demonstrate compliance with these throughout the year and is compliant from 1st April 2024. Staff and Board are working to an action plan that will ensure continuing improvement. The Association has a significant commitment to co-regulation – a cornerstone of the new standards- and is working to implement its Resident Engagement strategy action plan. We have been unable to recruit a replacement resident Board member to date so the focus currently is in strengthening resident involvement in our scrutiny panels and at a local level as a basis for fostering further engagement. We have continued to communicate with residents on key issues including complaints feedback and "lessons learnt". There is also regular review with residents of our customer service standards.

One of the other key principles is ensuring fairness and equality of treatment for residents. Again this chimes with our core values, equality and diversity commitments and customer service standards and will be taken forward through the annual equalities report.

Residents are surveyed regularly on key service performance and this along with an improvement plan is fed back to the Board to inform decision making. Residents are also involved in inspection and audit processes across PRHA's activities and in staff recruitment. PRHA has complied with the revised Value for Money standard in the text of these accounts.

- *Information and financial reporting systems*

Financial reporting procedures for PRHA include detailed budgets for the year ahead and forecasts for the subsequent years. These are reviewed and approved by the Board.

Detailed five and 30 year financial projections enable the Board to review and discuss accurate forecasting and scenario planning especially given the particular risks inherent in managing a large number of social care contracts. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

The Board has received the Chief Executive's annual report and has considered any changes needed to maintain the effectiveness of the risk management and controls process.

PROVIDENCE ROW HOUSING ASSOCIATION

REPORT OF THE BOARD AND STRATEGIC REVIEW (Continued)

Year ended 31 March 2024

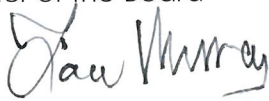
SHAREHOLDING MEMBERSHIP

The shareholding membership consists mainly of current and past Board members, but not any of the senior staff. Each member holds one fully paid share of £1 of PRHA. The holding of shares confers no beneficial entitlement. There are 10 shares in issue.

APPOINTMENT OF AUDITORS

A resolution to reappoint Crowe UK LLP as auditors of PRHA will be put to the Annual General Meeting.

By order of the Board



F. HUMPHREY

Secretary and Chief Executive
25 July 2024

PROVIDENCE ROW HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW HOUSING ASSOCIATION

Opinion

We have audited the financial statements of Providence Row Housing Association (the "Association") for the year ended 31 March 2024 which comprise Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Reserves, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

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

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

PROVIDENCE ROW HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW HOUSING ASSOCIATION (Continued)

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of controls over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on pages 21 to 22, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 Board is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

PROVIDENCE ROW HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW HOUSING ASSOCIATION (Continued)

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.

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

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, building safety, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Risk and Audit Scrutiny Group about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of income recognition and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

PROVIDENCE ROW HOUSING ASSOCIATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROVIDENCE ROW HOUSING ASSOCIATION (Continued)

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

Use of our report

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

Crowe U.K. LLP

Crowe U.K. LLP

Statutory Auditor
55 Ludgate Hill
London
EC4M 7JW

Date: 7 August 2024

PROVIDENCE ROW HOUSING ASSOCIATION

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2024

	Note	2024 £'000	2023 £'000
Turnover	3	9,842	9,795
Operating costs	3	(8,577)	(9,220)
Operating surplus	3/5	1,265	575
Interest receivable		60	15
Interest and financing costs	8	(427)	(383)
(Decrease)/Increase in valuation of investment property	12	(70)	793
Surplus and total comprehensive income for the year		828	1,000

All amounts relate to continuing activities.

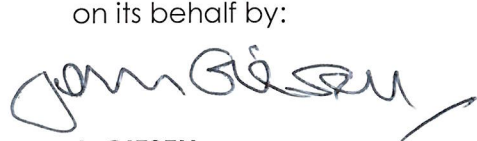
The notes on pages 36 to 57 form part of these financial statements.

PROVIDENCE ROW HOUSING ASSOCIATION

BALANCE SHEET At 31 March 2024

	Note	2024 £'000	2023 £'000
FIXED ASSETS			
Housing Properties	10	39,250	39,593
Other property, plant and equipment	11	1,569	1,570
Investment Property	12	1,555	1,625
		<hr/>	<hr/>
		42,374	42,788
CURRENT ASSETS			
Debtors	13	684	386
Cash and cash equivalents		5,715	5,540
		<hr/>	<hr/>
		6,399	5,926
CREDITORS: amounts falling due within one year	14	(4,005)	(4,028)
		<hr/>	<hr/>
NET CURRENT ASSETS		2,394	1,898
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		44,768	44,686
		<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year	15	(32,018)	(32,764)
		<hr/>	<hr/>
NET ASSETS		12,750	11,922
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Share capital	18	-	-
General reserves		12,750	11,922
		<hr/>	<hr/>
		12,750	11,922
		<hr/>	<hr/>

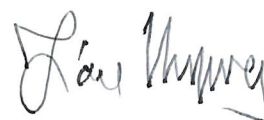
These financial statements were approved and authorised for issue by the Board and signed on its behalf by:



J. GIESEN
Chair



H. NEW
Vice Chair



F. HUMPHREY
Secretary and Chief Executive

Date of approval: 25 July 2024

The notes on pages 36 to 57 form part of these financial statements.

PROVIDENCE ROW HOUSING ASSOCIATION

STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2024

	Share Capital £'000	General Reserves £'000	Total £'000
Balance at 1 April 2022	-	10,922	10,922
Total comprehensive income for the year	-	1,000	1,000
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2023	-	11,922	11,922
Total comprehensive income for the year	-	828	828
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2024	<hr/> - <hr/>	<hr/> 12,750 <hr/>	<hr/> 12,750 <hr/>

The notes on pages 36 to 57 form part of these financial statements

PROVIDENCE ROW HOUSING ASSOCIATION

STATEMENT OF CASH FLOWS

Year ended 31 March 2024

	2024	2023
	£'000	£'000
Cash flows from operating activities		
Surplus for the financial year	828	1,000
Adjustments for:		
Depreciation of fixed assets – housing properties	438	456
Depreciation of fixed assets - other	17	17
Decrease/(Increase) in fair value of investment property	70	(793)
Amortised grant	(359)	(359)
Interest paid and finance costs	427	383
Interest received and income from investments	(60)	(15)
(Increase) in debtors	(298)	(178)
(Decrease)/Increase in creditors	(28)	659
Net cash generated from operating activities	1,035	1,170
Cash flow from investing activities		
Purchase of tangible fixed assets	(111)	(296)
Interest received	60	15
Net cash (used in) investing activities	(51)	(281)
Cash flow from financing activities		
Interest paid	(427)	(383)
Repayment of borrowings	(382)	(378)
Net cash (used in) financing activities	(809)	(761)
Net increase/(decrease) in cash and cash equivalents	175	128
Cash and cash equivalents at beginning of year	5,540	5,412
Cash and cash equivalents at end of year	5,715	5,540

The notes on pages 36 to 57 form part of these financial statements.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS

Year ended 31 March 2024

1 LEGAL STATUS

PRHA is a regulated charitable housing association registered under the Co-operative and Community Benefit Societies Act 2014 (No. 19322R). PRHA is registered with the Regulator of Social Housing as a social landlord (No. L0695) and public benefit entity.

The Registered office address and principal place of business is Providence Row Housing Association, 15A Kelsey Street, London E2 6HD.

2 ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared in accordance with applicable law and UK accounting standards and the Statement of Recommended Practice for Accounting by Registered Social Housing Providers (SORP 2018) under the historic cost convention with the exception of investment properties included at valuation. They also comply with the Accounting Direction for private registered providers of social housing 2022 ("the Direction").

The financial statements are presented in Sterling (£'000).

The principal accounting policies of PRHA are set out below.

Turnover

Turnover represents rental income receivable, fees receivable and grants from local authorities, the Regulator of Social Housing and other agencies.

Turnover is recognised as follows:

- Rental income and service charges receivable after deducting rent and service charge losses from void properties available for letting;
- Revenue grants are recognised in the Statement of Comprehensive Income in the same period as the expenditure to which they relate;
- Capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight line basis over the expected life of the asset which they have funded; and
- Charges for support services funded under adult social care are recognised as receivable based on the contractual agreement with administering authorities.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefits. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses.

Cost includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period and directly attributable administration costs.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Depreciation is calculated on the cost of properties and their major components and is charged on a straight line basis over their expected useful economic lives as shown below. Freehold land is not depreciated.

• Structure	100 years
• Roof and coverings	70 years
• Electrics	40 years
• Bathroom	30 years
• Mechanical systems	30 years
• Windows and Doors	30 years
• Lift	25 years
• Kitchen	20 years
• Boilers	15 years

Where assets are leased the depreciation term is the lower of the periods above or the lease term.

Assets are not depreciated in the year of acquisition/completion.

Capital items having a cost of less than £1,000 are immediately expensed to the Statement of Comprehensive Income.

Other property, plant and equipment and depreciation

Other property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful lives of the assets at the following rates:

Furniture	-	20% per annum on cost
Computer equipment	-	20% per annum on cost

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) **Year ended 31 March 2024**

ACCOUNTING POLICIES (Continued)

Impairment

Annually housing properties are assessed for impairment indicators. For the purposes of impairment assessments, PRHA defines cash generating units as properties. Units and bed spaces are grouped together into properties and treated as cash generating units.

At each statement of financial position date, each property is assessed to determine if there are indicators that the property may be impaired in value; if there are such indicators of impairment, then a comparison of the property's carrying value is made to its recoverable amount.

Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Comprehensive Income; the carrying value is reduced appropriately.

The assessment of the recoverable amount takes account of the service potential of the assets or the present value of future cash flows to be derived from them adjusting for any costs or restrictions. The use of depreciated replacement cost is taken as a suitable measurement model.

Investment properties

Investment properties are accounted for at fair value and changes in value are taken annually to the Statement of Comprehensive Income. Fair value is determined by independent valuers registered with Royal Institute of Chartered Surveyors (RICS), in accordance with RICS Valuation – Professional Standards.

Recycled capital grant fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the Regulator of Social Housing can direct PRHA to recycle capital grants or to make repayments of the recoverable amount. PRHA adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to the Regulator of Social Housing with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Where there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Agencies

The transactions incurred directly by agencies managing the supported housing projects are not consolidated in the financial statements where the related risks and rewards are with the agency.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) **Year ended 31 March 2024**

ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets and liabilities are recognised in the statement of financial position when PRHA becomes a party to the contractual provisions of the instrument.

Trade (including rental) and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank and short-term bank deposits with an original maturity of three months or less.

Interest bearing bank loans which meet the criteria to be classified as basic financial instruments are initially recorded at the value of the cash payable to the bank, which is ordinarily equal to the proceeds, received net of direct issue costs. Subsequent measurement of the bank loans are recorded at the value of the cash payable to the bank. PRHA loans meet the definition of basic financial instruments.

Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

Bad debt provision

The bad debt provision is based on 100% of former tenant rent arrears and between 5% - 100% of current tenant rent arrears. We deem this as reasonable. We will however consider reviewing this policy if we see a considerable rise in rental debtors.

Social housing grant

Social Housing Grant (SHG) is a capital grant made towards the cost of acquiring and/or building additional housing for rent or sale.

SHG is repayable unless formally abated or waived. (See recycled capital grant fund above). On the occurrence of certain relevant events, primarily following the sale of property, the SHG repayable or to be recycled will be restricted to the net proceeds of sale where appropriate. In recognition of this, external lenders seek the subordination of the Regulator of Social Housing's right to recover SHG to their own loans.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)

Year ended 31 March 2024

ACCOUNTING POLICIES (Continued)

Social housing grant (SHG) is receivable from the Regulator of Social Housing and is recognised in income over the expected useful life of the housing property structure and where applicable, its individual components (excluding land) under the accruals model. SHG due from the Regulator of Social Housing or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Going concern

After reviewing the Annual Budget and Business Plan in March 2024 and financial projections in November 2023 and May 2024, the Board considered that PRHA has adequate resources to continue in operational existence for the foreseeable future. Despite the challenges of rising costs, PRHA exceeded its budgeted surplus.

Throughout the year, the Board has also reviewed five and 30 year financial projections. These projections include annual outturns, cashflow and stress testing for scenarios relating to inflation, voids and bad debts and adult social care contracts. After factoring into account these possible scenarios, PRHA remains compliant with loan covenants and the Board considers that sufficient funds are in place for the ongoing running of the business. PRHA does not currently have an active development or sales programme with their associated risks.

The Board and Senior Management Team will continue to closely monitor the external environment and review the financial implications of any new events and factors such as the rising cost of living and interest rates. They will also regularly review performance against the revised budget and stress test any emerging risks.

Given the strength of the balance sheet and cash flow projections the Board believe that, while uncertainty continues to exist, this does not pose a material uncertainty that would cast doubt on PRHA's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the income and expenditure account on the basis of costs of the staff directly engaged on the operations dealt with in these financial statements.

Pension costs

PRHA operates a number of Stakeholders' Pension Schemes where PRHA's liability is limited to the contracted employer's contribution rate.

Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

ACCOUNTING POLICIES (Continued)

Adult social care grant accounting policy

Turnover includes adult social care grant income received from administering authorities, plus support charges to individual tenants. The related expenditure is included in operating cost.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset. The Board members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value – Social Housing (EUV-SH) or depreciated replacement cost.

Other key sources of estimation uncertainty are as follows:

- *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual value are assessed annually and may vary depending on factors such as future market conditions, the remaining life of the asset and the disposal values.

In assessing impairment of assets an estimate of the rebuild cost is applied and depreciation is calculated based on the age of the existing property to arrive at a depreciated replacement cost.

- *Investment properties*

Investment properties are professionally valued annually using a combination of both the market and investment methods of valuation. Market rental values are capitalised at a market capitalisation rate. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself (see note 12).

- *Rental and other trade receivables (debtors)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

- *Revenue recognition around particular contracts – for example, adult social care*

Charges for services provided and adult social care income, are recognised as income when PRHA has provided the service concerned. Grants made as contributions to revenue expenditure are credited to income in the period in which the related expenditure is incurred.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

ACCOUNTING POLICIES (Continued)

- *Bad debt provision*

The trade debtors balances recorded in the statement of financial position comprise a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS year ended 31 March 2024 (Continued)

3 TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS	2024				2023			
	Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000		Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000	
Social housing lettings (Note 4)	9,703	(8,451)	1,252		9,164	(8,709)	455	
Other social housing activities	139	(126)	13		631	(511)	120	
TOTAL	9,842	(8,577)	1,265		9,795	(9,220)	575	

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2024

4 LETTING ACTIVITIES

	Supported Housing £'000	General Needs £'000	Agency Managed £'000	2024 Total £'000
Income				
Rent receivable net of identifiable service charges	2,434	626	-	3,060
Service charge income	2,813	211	-	3,024
Amortised government grants	255	92	12	359
Supported housing	2,584	-	-	2,584
Other	19	2	655	676
Turnover from Social Housing Lettings	8,105	931	667	9,703
Expenditure				
Management	1,297	150	130	1,577
Service charge costs	2,018	167	122	2,307
Routine maintenance	648	169	84	901
Major repairs expenditure	106	190	12	308
Bad debts	207	6	-	213
Depreciation of housing properties	298	119	21	438
Supported housing	2,707	-	-	2,707
Operating expenditure on Social Housing Lettings	7,281	801	369	8,451
Operating surplus on Social Housing Lettings	824	130	298	1,252
Void losses	(403)	(11)	-	(414)

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2024

4 LETTING ACTIVITIES (CONTINUED)

	Supported Housing £'000	General Needs £'000	Agency Managed £'000	2023 Total £'000
Income				
Rent receivable net of identifiable service charges	2,240	607	-	2,847
Service charge income	2,887	208	-	3,095
Amortised government grants	255	92	12	359
Supported housing	2,433	-	-	2,433
Other	31	23	376	430
Turnover from Social Housing Lettings	7,846	930	388	9,164
Expenditure				
Management	1,240	132	66	1,438
Service charge costs	2,238	222	125	2,585
Routine maintenance	636	105	50	791
Major repairs expenditure	277	59	13	349
Bad debts	231	9	-	240
Depreciation of housing properties	311	124	21	456
Supported housing	2,850	-	-	2,850
Operating expenditure on Social Housing Lettings	7,783	651	275	8,709
Operating surplus on Social Housing Lettings	63	279	113	455
Void losses	(446)	(12)	-	(458)

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

5 OPERATING SURPLUS

Is stated after charging:

	2024 £'000	2023 £'000
Depreciation		
- Social housing properties held for lettings	438	451
- Other property, plant and equipment	17	17
- Accelerated depreciation	-	5
	<u>455</u>	<u>473</u>
Auditors' remuneration		
- External – audit services current year (excluding VAT)	<u>42</u>	<u>37</u>

6 DIRECTORS' AND SENIOR EXECUTIVES EMOLUMENTS

The key management personnel are defined as the Board of Management, the Chief Executive and the Executive Management Team. None of the Board members received any emoluments in either year. The Board members, received £2,875 (2023: £2,081) for board expenses during the year.

The total emoluments paid to Directors (who for the purpose of this note include the members of the Board and the executive management team) were as follows:

	2024 £'000	2023 £'000
Gross salary	328	317
Social security costs	39	39
Employer's pension contributions	14	14
	<u>381</u>	<u>370</u>

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

6 DIRECTORS' AND SENIOR EXECUTIVES EMOLUMENTS (CONTINUED)

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was as follows:

	2024 £'000	2023 £'000
Highest paid Director		
Aggregate remuneration (excluding pension)	77	83
Pension contribution	4	4
	<hr/>	<hr/>
Emoluments (including pension contributions and benefits in kind)	81	87
	<hr/>	<hr/>

During the year pension contributions of £3,856 (2023: £4,500) were paid by PRHA for the benefit of the Chief Executive. The Chief Executive is an ordinary member of the scheme. The scheme to which they were paid is the Legal and General Assurance Society Stakeholders Pension.

Salary bandings for all employees earning over £60,000 (including pension)

	2024 No.	2023 No.
£60,000 to £70,000	2	2
£70,001 to £80,000	1	-
£80,001 to £90,000	1	1

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

7 EMPLOYEE INFORMATION

The average number of persons (including the Chief Executive) employed during the year, expressed in full time equivalent members of staff, was 94 (2023: 113).

	2024 £'000	2023 £'000
Staff costs were as follows:		
Wages and salaries	3,062	3,394
Social security costs	300	341
Pension costs (note 19)	94	102
	<u>3,456</u>	<u>3,837</u>

Staff costs of £83,960 (2023: £440,642) were paid to various agencies.

Staff costs include redundancy payments amounting to £138,473 (2023: £47,126).

Full time equivalents are calculated for full time and part time staff based on a standard working week of 35 – 40 hours.

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2024 £'000	2023 £'000
On bank loans	427	383
	<u>427</u>	<u>383</u>

9 TAX

PRHA is a charity within the meaning of Para 1 Schedule 6 Finance Act 2010. Accordingly PRHA is exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

No tax charge arose in the period.

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2024

10 TANGIBLE ASSETS – HOUSING PROPERTIES

	Social housing properties held for letting £'000	
Cost		
At 1 April 2023		47,068
Additions		
- works to existing properties		95
Disposals		
- works to existing properties		(25)
At 31 March 2024		47,138
Depreciation		
At 1 April 2023		7,475
Charge for year		438
Disposals		
- works to existing properties		(25)
At 31 March 2024		7,888
Net book value at 31 March 2024		39,250
Net book value at 31 March 2023		39,593
	2024	2023
	£'000	£'000
Expenditure on works to existing properties		
Amount expensed to the income and expenditure account	308	349
Amounts capitalised in fixed asset housing properties (as above)	95	265
	403	614

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

10 TANGIBLE ASSETS – HOUSING PROPERTIES (CONTINUED)

The net book value of housing properties may be further analysed as:

	2024 £'000	2023 £'000
Freehold	16,249	16,490
Long Leasehold	19,972	20,022
Short Leasehold	3,029	3,081
	<u>39,250</u>	<u>39,593</u>

Impairment

During the year, PRHA has not recognised any impairment loss (2023: £Nil) in respect of social housing properties.

PRHA undertook an impairment loss review as follows:

- determined the level at which the recoverable amount is to be assessed;
- estimated the recoverable amount of the properties;
- calculated the carrying amount of the properties; and
- compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

PRHA calculated the Depreciated Replacement Cost (DRC) of each social housing property with an 11.10 percent rent increase in 2023, using the rebuild costs and land prices depreciated based on the age of the existing property. This was then compared to the carrying amount of each asset.

Properties held for security

PRHA had property with a net book value of £24.9 million pledged as security at 31 March 2024 (2023 £25.1 m).

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2024

11 TANGIBLE ASSETS - OTHER PROPERTY, PLANT AND EQUIPMENT

Cost	Office Buildings £'000	Computer equipment £'000	Furniture and equipment £'000	Total £'000
At 1 April 2023	1,666	285	639	2,590
Additions	-	-	16	16
Disposals	-	-	-	-
At 31 March 2024	1,666	285	655	2,606
Depreciation				
At 1 April 2023	149	285	586	1,020
Charge for year	10	-	7	17
Disposals	-	-	-	-
At 31 March 2024	159	285	593	1,037
Net book value at 31 March 2024	1,507	-	62	1,569
Net book value at 31 March 2023	1,517	-	53	1,570

The net book value of office buildings may be further analysed as:

	2024 £'000	2023 £'000
Freehold	1,507	1,517
	1,507	1,517

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

12 Investment Property

Fair Value	2024 £'000	2023 £'000
At 1 April 2023	1,625	-
Transferred from other properties	-	832
(Decrease)/Increase in fair value	(70)	793
	<hr/>	<hr/>
At 31 March 2024	1,555	1,625
	<hr/>	<hr/>

PRHA currently rents out its former head office on a long term lease. The property is classified as an investment property at 31 March 2024. Initially recognised at cost, the property is now valued at fair value at the balance sheet date. All changes to this value is being recognised through the profit or loss.

The 2024 valuation was performed by Jones Lang Lasalle Limited in accordance with the current RICS valuation – Global Standards, incorporating the IVS and the RICS Valuation – Global Standards – UK National Supplement published by the Royal Institution of Chartered Surveyors (commonly known as the "Red Book").

The valuation approach is a combination of both the market and investment methods of valuation. The market method is utilised to gather relevant rental and investment transactions, while the investment method has been applied to capitalise the initial or anticipated income stream, with adjustments made for the initial voids where appropriate. Additionally the market method has also been used to compare similar commercial opportunities sold with vacant possession by analysing the capital value per square foot (£ psf) in the context of the subject offering.

13 DEBTORS

Amounts receivable within one year:	2024 £'000	2023 £'000
Gross rental debtors	637	662
Less: Provision for bad debts	(636)	(650)
	<hr/>	<hr/>
	1	12
Other debtors and prepayments	683	374
	<hr/>	<hr/>
	684	386
	<hr/>	<hr/>

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)
Year ended 31 March 2024

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£'000	£'000
Bank loans (note 16)	382	378
Rent received in advance	578	591
Trade creditors	546	373
Grants received in advance	96	56
Tax and Social Security	63	74
Accruals and other creditors	1,955	2,171
Deferred capital grant less than 1 year (note 17)	385	385
	<hr/>	<hr/>
	4,005	4,028
	<hr/>	<hr/>

Grants received in advance relate to social housing grants for works to existing properties. Grants received in advance are transferred to deferred capital grants when the asset starts to be depreciated. Grants will then be amortised and released to income in accordance with the amortisation of Government grants policy.

15 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2024	2023
	£'000	£'000
Loans (note 16)	6,055	6,441
Deferred government grant (note 17)	25,963	26,323
	<hr/>	<hr/>
	32,018	32,764
	<hr/>	<hr/>

Loans from Orchardbrook Limited, Cooperative Bank Plc and Lloyds Bank Plc are secured by specific charges on PRHA's housing properties and are repayable at varying dates. The loans bear interest at various rates ranging from 5.24% to 8.75%. (2023: 1.65% to 8.75%).

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

16 LOANS

Instalments are due as follows:

	2024 £'000	2023 £'000
Housing loans repayable by instalments		
Within one year	382	378
Between two and five years	1,581	1,563
Due after five years or more	4,474	4,878
	<u>6,437</u>	<u>6,819</u>

17 DEFERRED GOVERNMENT GRANTS

	2024 £'000	2023 £'000
At 1 April	26,707	27,067
Release to income in the year	(359)	(359)
Grants recognised in the year	-	-
Balance at 31 March	<u>26,348</u>	<u>26,708</u>

	2024 £'000	2023 £'000
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Classified as:

Amounts to be released within one year (note 14)	385	385
Amounts to be released in more than one year	25,963	26,323
	<u>26,348</u>	<u>26,708</u>

18 SHARE CAPITAL

	2024 £	2023 £
At 31 March 2024	<u>10</u>	<u>10</u>

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued)

Year ended 31 March 2023

The share capital consists of 10 shares with a nominal value of £1 each which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid up thereon becomes the property of PRHA. Therefore all shareholdings relate to non-equity interests; there are no equity interests in PRHA.

19 PENSION COSTS

PRHA operates a number of stakeholders' pension schemes where PRHA's liability is limited to the contracted employer's contribution rate.

During the year PRHA made contributions to individuals' personal pension schemes of £94,490 (2023: £101,669) covering 104 employees (2023: 123).

20 LEGISLATIVE PROVISIONS

PRHA is incorporated under the Co-operative and Community Benefit Societies Act 2014, Registration Number 19322R. PRHA is an exempt charity and is registered with the Regulator of Social Housing, Number L0695.

21 UNITS UNDER MANAGEMENT

The number of units of accommodation at 31 March were as follows:

	2023	Disposals	2024
Units of housing stock			
General needs housing			
- social	89	-	89
- affordable	-	-	-
Supported housing	384	58	326
Total social housing units	473	58	415
Total owned and managed	473	-	415
Accommodation managed for others	17	-	17
Total managed accommodation	490	58	432
Units managed by other associations	44	-	44
Total owned and managed accommodation	534	58	476

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

22 RELATED PARTY TRANSACTIONS

There are no related party transactions in the year. The most recent tenant Board member resigned in September 2022. Rent charged in the year, £Nil (2023: £3,498) and the tenant rent arrears in the year, £Nil (2023: £820).

23 CONTINGENT LIABILITIES

PRHA received grant from the Regulator of Social Housing which is used to fund the acquisition and development of housing properties. At 31 March 2024, the value of grant recognised as deferred government grants relating to properties that had not been disposed of was £26.3 million (2023: £26.7 million). (See note 17). In addition grant received have been amortised to the general reserve of £8.8 million (2023: £8.4 million). PRHA has a future obligation to recycle such grant should, in certain circumstances, the relevant properties be disposed of.

24 CAPITAL COMMITMENT

	2024 £'000	2023 £'000
Commitments approved by the Board but not contracted for:		
Construction	97	93
	<u>97</u>	<u>93</u>
	<u><u>97</u></u>	<u><u>93</u></u>
Capital commitments will be funded as follows:		
Social Housing Grant	-	-
Existing reserves	97	93
	<u>97</u>	<u>93</u>
Net Commitment	<u><u>97</u></u>	<u><u>93</u></u>

PROVIDENCE ROW HOUSING ASSOCIATION

NOTES ON THE FINANCIAL STATEMENTS (Continued) Year ended 31 March 2024

25 OPERATING LEASES

PRHA had minimum lease receipts under non-cancellable operating leases as set out below:

	Land and buildings	
	2024	2023
	£'000	£'000
Amounts receivable as Lessor		
Not later than one year	16	16
Later than one year and not later than five years	66	66
Later than five years	225	242
Total	<u>307</u>	<u>324</u>

26 FINANCIAL INSTRUMENTS

Financial assets comprise trade receivables, cash and cash equivalents, measured at historical costs.

Financial liabilities comprise loans payable measured at historical cost as an approximate for amortised cost as the difference between historical cost and amortised cost is not deemed material and trade creditors and other creditors are measured at historical cost.

27 NET DEBT RECONCILIATION

	1 April 2023 £'000	Cashflows £'000	31 March 2024 £'000
Cash at bank and in hand	5,540	175	5,715
Bank overdrafts	-	-	-
Obligations under finance leases	-	-	-
Bank loans	(6,819)	382	(6,437)
Convertible loan	-	-	-
Net Debt	<u>(1,279)</u>	<u>557</u>	<u>(722)</u>

