CITIZEN

FINANCIAL STATEMENTS

For the year ended 31 March 2023

CITIZEN HOUSING GROUP LIMITED AND ITS SUBSIDIARIES

An exempt charity

Registered Co-operative and Community Benefit Society Number 8181

Regulator of Social Housing Number 5075

**Registered office: 4040 Lakeside,
Solihull Parkway,
Birmingham, B37 7YN**

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HIGHLIGHTS OF 2022/23

£185.0M
TURNOVER

£50.9M
OPERATING SURPLUS

G1/V1
REGULATORY JUDGEMENT 14/12/2022

CUSTOMER SATISFACTION
4.5 OUT OF 5

571
NEW SOCIAL AND AFFORDABLE HOMES DEVELOPED

24.5%
OPERATING MARGIN

CURRENT RENT ARREARS
2.6%

ISO10002
COMPLAINT HANDLING ACCREDITATION

HQN MIST
ACCREDITATION

CUSTOMER CONTACT ASSOCIATION ACCREDITATION

IT SERVICE MANAGEMENT
ISO20000
ACCREDITATION

CYBER ESSENTIALS CERTIFICATION

BOARD, EXECUTIVE DIRECTORS AND ADVISERS

Board

Colin Dennis	Chair
John Creswell	Senior Independent Director
Susan Brooksbank-Taylor	Citizen Board Member
Janice Nichols	Citizen Board Member
Richard Nowell	Citizen Board Member
Kevin Rodgers	Group Chief Executive
Helen Scarrett	Citizen Board Member
Monica Shafaq	Citizen Board Member
Claire Williams	Citizen Board Member

The Group Chief Executive does not hold an interest in the Association's shares.

Executive Directors

Kevin Rodgers	Chief Executive
Nick Byrne	Executive Director – Development
Gary Booth	Chief Financial Officer
Madeleine Nelson	Chief Operating Officer

Membership of the Group Committees in operation at the date of signing of the financial Statements was:

Audit and Risk Committee

Richard Nowell	Chair/Citizen Board Member	
Naomi Dobraszczyc	Independent	(Resigned 31/03/2023)
Philip Ingle	Independent	
Mark Sayer	Independent	
Karthik Srinivas	Independent	
Claire Williams	Citizen Board Member	

Remuneration Committee

John Creswell	Chair / Citizen Board Member
Janice Nichols	Citizen Board Member
Helen Scarrett	Citizen Board Member
Monica Shafaq	Citizen Board Member

BOARD, EXECUTIVE DIRECTORS AND ADVISERS

Customer Assurance Committee

Helen Scarrett	Chair / Citizen Board Member	
Janice Nichols	Citizen Board Member	
Ahmad Ahmad	Independent Committee Member	
Joan Allen	Independent Committee Member	
Emma Brown	Independent Committee Member	
Nikki Genner	Independent Committee Member	(Resigned 01/12/2022)
Chris Maitland	Independent Committee Member	
Chichi Ogbonnaya	Independent Committee Member	
Rosie Pocklington	Independent Committee Member	
Greg Smith	Independent Committee Member	
Caroline Wilson	Independent Committee Member	

Advisers

Statutory auditor

Beever and Struthers

One Express
1 George Leigh Street
Manchester
M4 5DL

Internal auditor

KPMG LLP

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Principal bankers

Barclays Bank plc

PO Box 3333
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GN

Principal solicitors

Towers & Hamlin

3 Bunhill Row
London
EC1Y 8YZ

Anthony Collins

134 Edmund Street
Birmingham
B3 2ES

Taxation advisers

PricewaterhouseCoopers LLP

Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

Registered office

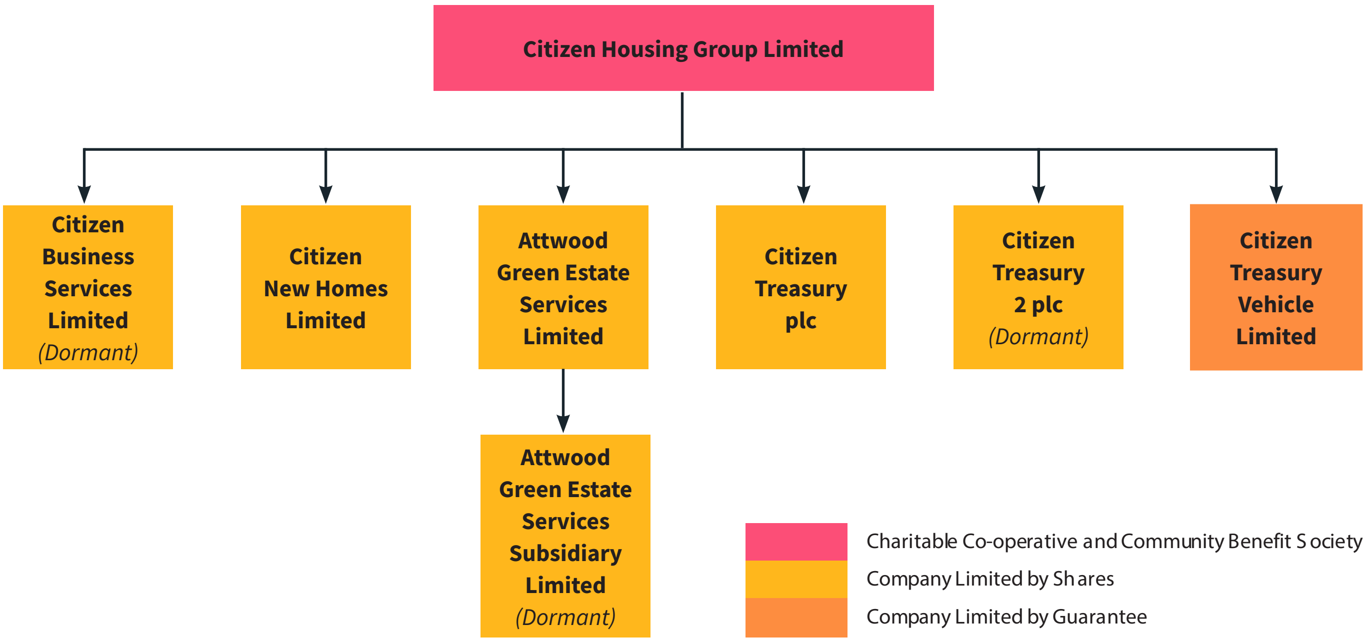
4040 Lakeside
Solihull Parkway
Birmingham
B37 7YN

GROUP OVERVIEW

Citizen Housing Group exists to provide good quality homes in a variety of ways for people who might otherwise be unable to afford them. Our purpose is to provide homes that are a foundation for life. We work to ensure our customers and the other businesses we work with have successful and sustainable relationships with us. This purpose is shared by all of our group members and, increasingly, every part of the Group is working to deliver this purpose in a consistent and unified way.

The Group operates across the West Midlands in Coventry, Birmingham, Solihull and across the counties of Herefordshire and Worcestershire. The majority of the Group's 31,691 properties are general needs rented housing, but the Group also owns and manages a number of retirement living schemes and a small portfolio of supported housing (together with specialist care and support providers). The Group is registered with the Regulator of Social Housing (RSH) and is monitored against the RSH's regulatory framework for social housing. The Group Parent is one of a small number of Homes England Development Partners in the West Midlands and is a member of the Matrix Housing Partnership, led by GreenSquareAccord housing association and made up of Midlands-based housing associations. Matrix was announced as a strategic partner with Homes England in July 2018.

The Group and its subsidiary undertakings throughout the year ended 31 March 2023 is shown in the diagram below:



Purpose and Values

The Citizen brand truly reflects our aspirations and shared sense of social purpose. It is about valuing people and providing a foundation for each person to make the most of life. We believe that being a citizen is a hugely important concept. It means being a part of society, having a stake, having rights and responsibilities and being respected.

Our purpose and values represent who we are and what we want to achieve, and we are passionate about them; they underpin the work that we do and the way that we do it.

Home is where we feel safe. It's where we can be ourselves. It's where we feel really comfortable – where we can recharge our batteries, care for loved ones and make future plans. It's where we grow up and grow old.

There are some fundamental challenges that our customers face, and we want to be an organisation which can help them to deal with these. Homelessness, poor health, overcrowded housing and increasing pressure on household incomes and increases in the cost of living (including significant increases in fuel costs) are just some of the challenges that we want to support our customers to tackle head on.

We want to provide more than just a home; we want to provide a foundation for life.

OUR PURPOSE: TO PROVIDE HOMES THAT ARE A FOUNDATION FOR LIFE

VALUES		
	WE ARE BRAVE We are willing to take on the tough stuff. We challenge ourselves. We don't give up.	**WE ARE HONEST** We take responsibility. We are realistic. People trust us to do what we say we will do.
	WE ARE AMBITIOUS We find solutions. We aren't afraid to try things out. We keep learning and improving.	**WE ARE CITIZENS** We are committed to our people and places. We believe everyone has something to give. We encourage every person to be the best they can be.

Business Strategy

Our updated 2023-2026 business strategy was launched in March 2023. Our purpose has not changed. In this current cost of living challenge, where energy and household costs are at the highest they've been in years, we believe that providing Homes are a Foundation for Life is vital. But we need to make sure that we are focussing on the right things to achieve this in this new social and economic climate.

This strategy is about our people, our staff and customers, where their voices shape what we do for the next three years. We asked staff and customers to tell us what is important to them, what is and isn't working, and what our priorities should be.

Business Strategy (Continued)

We've taken three years of customer perception and transaction surveys giving us over 150,000 responses, and insights from staff workshops, surveys and roadshows to set the priorities of this strategy. The feedback we've received tells us there is a lot to be proud of, but there is still more to do.

Our Business Strategy focusses on the three areas we know we need to invest in to meet our objectives and achieve our vision.

People

Our customers will be front and centre. We will build relationships with our customers based on transparency, fairness and respect, where they can rely on us to deliver the services they need. A key part of this will be the Putting our Citizen's First Programme, which will focus on improving systems, process and procedure and crucially break down barriers to improve how we work across departments.

We will improve how we communicate, making sure it is a two-way street between us and customers, and between teams to ensure we deliver brilliant services. We know we can't achieve this without investing in our staff so we will be looking at what we can do to make sure staff are motivated, trained and rewarded for the work they do.

Homes

Investing in our homes is not just about building new, but about improving what we already have and taking those tough decisions to remove properties that are no longer fit for purpose. At Citizen we're more than just about putting a roof over someone's head, we're a part of the community. Sometimes this means huge investment in regeneration or development, or it could mean ensuring homes are comfortable to live in. This investment benefits the current household, future households, and the community by helping to reduce carbon emissions, improve the look and feel of the area, and most importantly make sure our homes are safe and warm.

Partnerships

We know that we can deliver more if we do it in partnership. We have seen some real successes with grant funding and partnership work over the last strategy and we want to do even more. We also want to use our partnerships to push regional and national decision making to benefit our customers.

Our business strategy acts as a guide for all our activities. It provides a clear linkage that runs from the work of an individual member of staff through to decisions to raise funds on the financial markets. We are committed to monitoring how we perform and making sure that we deliver against the objectives set out in this strategy. This will help us to focus on what is working well and where we need to make improvements.

Progress in respect of the projects that will enable us to meet our business strategy commitments are regularly monitored by both the Senior Leadership Team and the Citizen Board. Our core measures are grouped around the key themes of Customer, People, Compliance and Financial Health, and will help us to make sure we can monitor the impact we have on our customers by understanding how they experience our services and rate us.

Business Strategy (Continued)

Our carefully selected and strategically limited areas of diversification from our primary purpose (e.g. building homes for outright sale) are closely controlled, managed and monitored to ensure that they do not add significantly to the risks faced by our group. The profits that these activities generate are 'profit for purpose', and together with the financial surpluses generated by our asset-owning business, these are reinvested into our homes and communities to fund new developments, improvements to our customers' homes and new and improved systems and services.

Our financial strength and stability, coupled with robust and effective governance, has enabled us to maintain our G1/V1 Regulatory Judgement as confirmed by the RSH on 14 December 2022 in a strapline judgement issued following an annual stability check. In addition, Citizen Housing Group has an A3 (negative) credit rating from Moody's Investor Services, which was downgraded from an A2 (stable) credit rating when Moody's published its latest rating assessment for the Group on 1 February 2023. Moody's credit opinion notes that the A3 (negative) credit opinion reflects the high proportion of turnover coming from social housing lettings, moderate debt levels as well as moderate operating margin and interest coverage ratios. It also incorporates a projected increase in market sale activity. The published Moody's rating reports are available to view at: -

https://www.citizenhousing.org.uk/wp-content/uploads/2023/03/Moodys-Investors-Service-Credit_Opinion-Citizen-Housing-Group-Limited-01Feb2023-PBC_1355356.pdf

Capital structure and treasury policy

Citizen Housing Group contained entities at 31 March 2023 that borrow funds from external parties. The Board recognises that the Group's level of debt makes it important to consider its treasury policy. The treasury function operates within a framework of clearly defined Board-approved policies, procedures and delegated authorities. The fundamental principle underlying the Group's approach is to treat treasury activities as a means of controlling risk rather than for profit generation. This is reinforced in its approach to managing its surplus cash balances, where the Group seeks to maximise returns through a mix of term deposits with traditional, credit-strong, high street names and AAA-rated money market funds and managed cash funds. These investments are made within the parameters of the Group's approved Treasury strategy which places the emphasis firmly on capital preservation.

By the year end, Group borrowings amounted to £704.1m (2022: £713.3m) of which £7.4m falls due to be repaid within the next year:

Maturity	2023 £m	2022 £m
Within one year	7.4	1.9
Between one and two years	1.9	7.6
Between two and five years	58.8	11.3
More than five years	636.0	692.5
	704.1	**713.3**

On 3 December 2012, the group borrowed £160m from the capital markets through Citizen Treasury 2 plc, via a 30-year, 4.625% coupon bond issue. On 20 October 2017, the Group borrowed a further £280m from the capital markets through fellow subsidiary Citizen Treasury plc, via a 31-year, 3.25% coupon -bond issue. During 2020/21, the 2012 bond was transferred from Citizen Treasury 2 plc to Citizen Treasury plc to further enhance the efficiency of the Group treasury structure.

Capital structure and treasury policy (Continued)

On 14 October 2019, the Company entered into a forward purchase agreement with a UK institutional investor for a £100m tap of the 2012 £160m bond. A 12-month deferral period for the issue of the bond and receipt of cash proceeds was included within the forward purchase agreement. The bond prospectus was approved by the Financial Conduct Authority and published in January 2020. The company received the cash proceeds from the bond tap as planned in October 2020.

Citizen Treasury Vehicle Limited was incorporated in September 2017 and on-lends all of its drawn debt to Citizen Housing Group Limited. All future bank/building society debt will be borrowed through Citizen Treasury Vehicle and on-lent to Citizen Housing Group Limited. Financial loan covenants within the Group are based on the Group's financial performance and position which allows the Group to use the strength of the Group's finances to support its Business and Development strategies.

Covenants for bank/building society debt retained within the Group have recently been refreshed and for 2023/24 onwards comprise an EBITDA covenant measuring the Group's financial performance and a Housing Property at Cost covenant measuring the Group's financial position.

Value for Money (VfM)

Our approach to Value for Money

Our approach helps to demonstrate how we maximise the potential of our income and assets whilst maintaining awareness of the financial risks and uncertainties facing our Group. Our approach to optimising VfM means we can maintain our credit rating and increase opportunities to attract funding for new homes and services. To us, VfM is about being effective in how we plan, manage and operate our business within an ever changing operational and financial environment to ensure we make the best use of our resources to provide quality homes.

At Citizen we are committed to demonstrating the three principles of VfM; Economy, Efficiency and Effectiveness. VfM is not an exercise in cost cutting or limiting resources; we believe that VfM is achieved by balancing these key principles when delivering our business objectives.

- **Economy** – we will ensure that the price we pay for services and contracts deliver the best outputs; we therefore procure our services based on quality not just price.
- **Efficiency** – we will maximise our productivity through the outputs (results) we get from our inputs (resources), ensuring we spend money well.
- **Effectiveness** – we will ensure that our spend achieves the desired outcomes and to the standard we expect, demonstrating that we spend our money wisely.

We aim to optimise the potential of our Group with efficient services and make the best use of our income whilst managing our costs.

VfM is driven by our Board which continually reviews the efficiency of our work and ensures that we comply with regulatory requirements. Colleagues are encouraged to innovate to find more efficient ways of providing a better service.

Value for Money (VfM) (Continued)
Our approach to Value for Money (Continued)

To achieve VfM in all we do, we have an integrated approach to:

- **Assets** – we are continually improving our understanding of the performance of our assets to ensure they are well maintained and deliver VfM whilst mitigating risks;
- **Customers** – we involve our customers in our decision making on service improvements to ensure they are continually receiving VfM;
- **Decision making** – all decisions that commit to significant growth in expenditure are approved by Board and supported by cost benefit appraisals;
- **Financial** – our budgets and financial plans reflect our plans to deliver improved services;
- **Governance** – our Board is responsible for agreeing budgets and establishing financial limits and it reviews the efficiency and effectiveness of our work;
- **Performance** – VfM metrics are embedded within our performance framework and are reported monthly as an integral part of our management accounts. We continuously monitor and review our measures and benchmark our performance, including VfM, with our peers;
- **Staff** – we invest in our staff through training and on-going development;
- **Scrutiny** – our Customer Assurance Committee oversees and drives scrutiny across the Group.

VfM Metrics

In April 2018 the RSH introduced a new VfM Standard and accompanying Code of Practice. The specific requirements of the Standard require social housing providers to clearly set out their strategic objectives, which are aligned to the purpose of the organisation. Transparency with our performance is also key and must be understood by our Boards, Committees and stakeholders with targets set accordingly.

In addition to our own performance measures the Standard introduced a set of standard metrics, which we are required to publish annually, together with our comparable performance against our peers. The metrics are intended to enhance the consistency, comparability and transparency of VfM reporting in the sector.

We published our first set of VfM metrics in the 2017/18 financial statements and have continued to do so in all subsequent financial statements. The forecast VfM metrics for the year are reviewed and reported monthly as an integral part of the Group management accounts.

This updated approach to VfM was adopted at Citizen and approved by the Board on 25 March 2019, and reconfirmed annually thereafter. Within our approach, we have committed to achieve a set of key activities that take account of the specific expectations of the Standard and Code of Practice.

VfM is a fundamental guiding principle that is integrated into all ways of working, and into our strategic planning. Targets in relation to the VfM metrics are set annually based on the approved budget for the year, ensuring that they reflect the strategic decisions taken by the Board. The metrics and targets are fully integrated into the Group's performance framework alongside our other measures that monitor value for money and are reported to our Executive and Senior Leadership Teams monthly as part of our management accounts and to the Board and Audit & Risk Committee quarterly.

It is important to understand the context behind each metric's output. Where metrics are related a positive result could either be a high or low number.

Value for Money (VfM) (Continued)
VfM Metrics (Continued)

For example, a lower-geared provider with limited/no new social housing supply could be challenged to stretch its gearing further to deliver more new homes. A lower-geared provider which does deliver new social housing could indicate a very efficient provider using its cash generation to build new homes with limited borrowing.

To understand how our metrics are performing, we not only compare our results year-on-year and against target, but also against our peers. To facilitate meaningful comparison of the Citizen VfM metrics with the global accounts, a comparator peer group has been established comprising the M6 group of housing associations and English LSVTs owning between 14,000 and 40,000 homes. We consider that these RPs demonstrate both an appropriate geographical and operational correlation on which to base our peer comparisons. The members of this peer group comprise: -

- GreenSquareAccord Housing Association Limited (M6)
- Aster Group Limited
- Beyond Housing Limited
- Believe Housing Limited
- Bolton at Home Limited
- Bromford Housing Group Limited (M6)
- ForViva Group Limited
- Gentoo Group Limited
- Incommunities Group Limited
- Jigsaw Homes Group Limited
- Karbon Homes Limited
- Midland Heart Limited (M6)
- Onward Group Limited
- Orbit Group Limited (M6)
- Platform Housing Group Limited (M6)
- Stonewater Limited (M6)
- Thirteen Housing Group Limited
- Together Housing Group Limited
- Torus62 Limited
- Vivid Housing Limited
- Wakefield and District Housing Limited
- Walsall Housing Group Limited (M6)

Table 1 below shows these metrics for the Group for the 2018/19 financial year onwards and the Group's targets for 2023/24 based on the 2023 Board approved Financial Plan update. Table 2 compares our performance relative to that of our selected peer group in 2021/22 as disclosed in the 2021/22 Global Accounts.

Although comparison of the 2022/23 results and the 2023/24 budget with the global accounts is useful, we need to be mindful that our peer comparators will also be going through the process of re-setting budgets for the year ahead, and their actual VfM results for 2022/23 and 2023/24 will impact on the Citizen quartile position for each metric. The historical composition of our group means that at Group level we must account for non-cash adjustments to reflect the fair value of assets at the time the owner joined the Group. These adjustments affect the calculation of the VfM Metrics, and therefore hinder direct comparison with providers who do not have fair value adjustments to account for.

Value for Money (VfM) (Continued)
VfM Metrics (Continued)

Table 1 – Group Metrics

Metric	VfM cost chain	Metric description	Positive indicator (aim to maximise/ minimise)	2018/19 Actual	2019/20 Actual	2020/21 Actual	2021/22 Actual	2022/23 Target	2022/23 Actual	2023/24 Target
1	Efficiency	Reinvestment	Either	5.11%	5.36%	6.12%	6.63%	10.72%	8.94%	12.49%
2a	Effectiveness	New supply (social)	Maximise	1.22%	1.29%	1.61%	1.65%	2.40%	1.94%	2.02%
2b	Effectiveness	New supply (non-social)	Either	0.20%	0.05%	0.16%	0.07%	0.12%	0.09%	0.12%
3	Efficiency	Gearing	Either	44.33%	45.34%	45.78%	45.81%	50.46%	46.80%	50.22%
4	Efficiency	EBITDA (MRI) Interest Cover	Maximise	184.19%	154.53%	196.96%	184.41%	167.61%	128.26%	28.47%
5	Economy	Social Housing Cost per unit	Minimise	£3,327	£3,393	£3,309	£3,356	£3,929	£4,188	£5,709
6a	Efficiency	Operating margin (social housing)	Maximise	26.89%	20.84%	24.88%	26.24%	25.57%	24.26%	24.53%
6b	Efficiency	Operating margin (overall)	Maximise	28.60%	21.84%	24.91%	25.07%	25.63%	24.48%	24.45%
7	Efficiency	Return on capital employed	Maximise	3.76%	3.36%	3.33%	3.36%	3.25%	3.65%	3.22%

Key commentary in respect of movements in these metrics between 2021/22 and 2022/23 and in respect of the 2023/24 targets are shown in Table 3 below.

Value for Money (VfM) (Continued)

Table 2 - VfM Metric Comparisons

Value for Money Metric Comparisons

The table allows comparison of Citizen performance compared to 2020/21 VfM metric results.
A bespoke peer group has been selected based on provider type, stock size and regional competitors.

			LSVT, 15k-40k units incl. GreensquareAccord, Bromford, Midland Heart, Orbit, Platform, Stonewater, WHG								
	Measure	Polarity	Lower Quartile	Median	Upper Quartile	Citizen performance 2021/22	Citizen quartile 2021/22	Citizen performance 2022/23	Citizen quartile 2022/23	Citizen Budget 2023/24	Citizen Quartile 2023/24
Value for Money Metrics	1. Reinvestment	Aim to maximise	5.66%	7.90%	10.02%	6.63%	3	8.94%	2	12.49%	1
	2A. New Supply (Social)	Aim to maximise, however must be set in context with appropriate risk management	0.81%	1.61%	2.30%	1.65%	2	1.94%	2	2.02%	2
	2B. New Supply (Non-Social)	In Accordance with individual business strategies	n.a.	n.a.	n.a.	0.07%	n.a.	0.09%	n.a.	0.12%	n.a.
	3. Gearing	Neutral	n.a.	n.a.	n.a.	45.81%	n.a.	46.80%	n.a.	50.22%	n.a.
	4. EBITDA MRI Interest Rate Cover	Neutral	n.a.	n.a.	n.a.	184.41%	n.a.	128.26%	n.a.	28.47%	n.a.
	5. Headline Social Housing Cost per unit (£000s)	Aim to minimise, however should be considered against outcomes achieved	3.865	3.723	3.356	3.356	2	4.188	4	5.709	4
	6A. Operating Margin (SHL)	Aim to maximise	17.90%	26.24%	30.16%	26.24%	3	24.26%	3	24.53%	3
	6B. Operating Margin (Overall)	Aim to maximise	12.58%	22.40%	26.34%	25.07%	2	24.48%	2	24.45%	2
	7. Return on capital employed (ROCE)	Aim to maximise	2.80%	3.60%	4.03%	3.36%	3	3.65%	2	3.22%	3

Value for Money (VfM) (Continued)

Table 3 - VfM Metric Commentary

Metric	Metric description	Commentary
1	Reinvestment	The increasing size of our development programme has improved our Reinvestment metric for 2022/23 compared to 2021/22, with development spend of £95.8m in 2022/23 compared to £75.6m in 2021/22, although our spend in 2022/23 was less than our target of £130.4m due to slippage in the spend profile of our affordable development programme. However, we still have a smaller development programme than some of our peer comparator organisations, and this is evident from our peer comparisons. Our 2021/22 performance amongst our 2021/22 defined peer group placed us in the third quartile for this metric, and our 2022/23 performance would place us in the second quartile based on this comparison. Our 2023/24 target reflects our increasing social and affordable development programme and would place us in the first quartile compared to our defined peer group results for 2021/22. Over the next few years, our development programme will continue to increase, but our metric is still likely to be lower than some of our peers as we seek to balance investment in new homes with additional expenditure to improve the quality of homes and services that we offer to our existing customers, alongside additional expenditure associated with Safety in the Home.
2a	New supply (social)	Our New Supply Delivered (Social housing units) metric for 2022/23 is higher than 2021/22, but lower than our target for 2022/23. 571 units were completed in 2022/23, compared to a target of 700 units for the year and completion of 474 units in 2021/22. Our 2021/22 performance amongst our defined peer group placed us in the second quartile for this metric, and the number of homes developed in 2022/23 would also place us in the second quartile. Our 2023/24 target reflects our increasing development programme for social and affordable homes and would place us in the second quartile compared to our defined peer group results for 2021/22. As explained above for Metric 1, over the next few years, our development programme will continue to increase, but our metric is still likely to be lower than some of our peers as we seek to balance investment in new homes with additional expenditure to improve the quality of homes and services that we offer to our existing customers, alongside additional expenditure arising from Building Safety legislation.

Value for Money (VfM) (Continued)

Table 3 - VfM Metric Commentary (continued)

Metric	Metric description	Commentary
2b	New supply (non-social)	Our metric for New Supply Delivered (Non-social housing units) for 2022/23 is higher than our 2021/22 results, although slightly lower than the target that we set for 2022/23, reflecting our financial plan and delivery pipelines for building homes for outright sale. Our budgeted/target metric for 2023/24 is higher than the target and actual results for 2022/23 as we grow our ambitions for new supply, particularly through Joint Ventures with development partners, although the lead-in time for delivery of new homes through the JV's is longer than via traditional build schemes. A 2021/22 quartile position amongst our defined peer group is not appropriate for this measure due to the small range in percentages. Compared to the overall scale of our business our build for sale development programme remains relatively small compared to others in our peer group who have an implied higher risk appetite and more aggressive build for sale programme. We are comfortable that our aspirations in this area are compatible with our strategic objectives and the Board's risk appetite.
3	Gearing	Our Gearing metric is higher in 2022/23 compared to 2021/22, reflecting our desire to make use of our financial capacity to build new homes and also the historical nature of our business, which has combined lower geared traditional housing associations with higher geared LSVT's. At 31 March 2022, we had £46.8m of general needs rented and low cost home ownership properties under construction, which have been brought into management during the year and have started to bring cash back into the business by means of rental receipts and the sale of shared ownership initial tranches. Our budgeted/target metric for 2023/24 is lower than both the target and actual results for 2022/23. The impact of historical business combinations makes this a more challenging metric to compare, and needs to be assessed in conjunction with the scale of New Supply Delivered.

Value for Money (VfM) (Continued)

Table 3 - VfM Metric Commentary (Continued)

Metric	Metric description	Commentary
4	EBITDA (MRI) Interest Cover	Our EBITDA MRI Interest Cover metric for 2022/23 is lower than 2021/22 due to an improved cash position and lower loans due to delays in development spend. The 2023/24 target has been set based on the draft 2023/24 Citizen consolidated budget and the forecast balance sheet as at 31 March 2024 predicted by year 1 of the financial plan, and includes significant additional spend to improve the energy efficiency of our homes as we participate in the SHDF Wave 2 programme in partnership with both Matrix and Coventry City Council. Benchmarking performance is not appropriate, as the metric could be construed as positive or negative depending on a number of other factors.
5	Social Housing Cost per unit	Our Headline Social Housing Cost per Unit for 2022/23 is higher than both 2021/22 and our target for 2022/23 due to an impairment charge of £1.7m in respect of our plans to demolish and regenerate 3 of our high rise blocks in Coventry and high levels of capitalised repairs in relation to Wave 1 of the SHDF. Our 2021/22 performance amongst our defined peer group placed us in the second quartile for this metric, and our results for 2022/23 would place us within the fourth quartile. Our 2023/24 target reflects the net impact of changes to revenue and capital repair budgets and additional costs in respect of Safety in the Home, and would still place us in the bottom quartile compared to our defined peer group results for 2021/22.

Value for Money (VfM) (Continued)

Table 3 - VfM Metric Commentary (Continued)

Metric	Metric description	Commentary
6a	Operating margin (social housing)	Our Operating Margin on Social Housing Lettings for 2022/23 is lower than both 2021/22 and our target for 2022/23 reflecting our plans to demolish and regenerate 3 of our high rise blocks in Coventry and high levels of capitalised repairs in relation to Wave 1 of the SHDF. Our margin remains lower than many of our peer group. This is due to a combination of our average rents being lower than many of our peer comparators, the impact of non-cash fair value adjustments required and the Board's decision to focus on our social purpose and make a difference to our customers and communities rather than on increasing margins. Our 2021/22 performance amongst our defined peer group placed us in the third quartile for this metric, and our 2022/23 performance and 2023/24 target would also place us in the third quartile compared to our defined peer group results for 2021/22.
6b	Operating margin (overall)	Our Operating Margin Overall for 2022/23 is lower than both 2021/22 and our target for 2022/23 reflecting our plans to demolish and regenerate 3 of our high rise blocks in Coventry and high levels of capitalised repairs in relation to Wave 1 of the SHDF. This margin includes the impact of Other Social Housing and Non-Social Housing activities, which includes the positive impact of shared ownership initial tranche sales and surplus achieved on our build for sale properties, and compares more favourably than our Operating Margin (Social Housing Lettings) when compared to our peer group. Our 2021/22 performance amongst our defined peer group placed us in the second quartile for this metric, and our 2022/23 performance and 2023/24 target would also place us in the second quartile.
7	Return on capital employed	Our Return on Capital Employed for 2022/23 is higher than both 2021/22 and the target for 2022/23. Our Return on Capital Employed remains lower than the majority of our peer group, primarily due to the high level of investment that we have made since 2012 to improve the quality and energy efficiency of our existing homes and to regenerate some of our more challenging estates and communities, which has increased the cost of total assets less current liabilities on which this metric is calculated.

Value for Money (VfM) (Continued)

Plans for Improvement

Plans for 2022/23	Outcomes Achieved in 2022/23
We will continue to work with the provider of our service charge system to develop the workflows that are needed in order to produce leaseholder actual statements from the system. We will also be streamlining and revising our procedures for the production of leaseholder service charge estimates.	We have been working in partnership with our provider to specify and test the new functionality that is being built into a revised version of the service charge module. We have also restructured our service charge team to provide dedicated resource to concentrate on the provision of leaseholder service charge estimates and actual cost statements.
Through 2022/23, the Information Steering Group (ISG) will continue to strengthen its role in raising awareness of good information management and providing a forum to balance governance and quality. It will also the start to receive regular measurement of information quality as the data project completes work in the assets category to ensure that quality continues to improve. It will also monitor the delivery of the customer category of the data project.	The ISG has met regularly during the year and been effective in providing review and guidance in respect of good information management and performance, and has played a key role in our assessment of cyber risk mitigation and planning.
In 2022/23 we are planning to ramp up delivery within our Housing Operations review, building on the work completed in 2021/22. To do so, we have proposed a new operating model based on a tiered approach to service delivery. This new model will become the focus of further process re-designs that will increase the efficiency and effectiveness of our highest volume processes, freeing up time for our staff to focus on activities that our customers have told us are most important to them, further improving visibility and our responsiveness.	A new operating model has been agreed as a 'Tiered' service model. Technology improvements have been delivered and further enhancements are underway. New processes have been designed for Safeguarding, Emergency Transfers, ASB, Complaints. A business case has been created for the programme, which led to the launch of Putting our Citizen's First as part of the business strategy.

Value for Money (VfM) (Continued)

Plans for Improvement (Continued)

Plans for 2022/23	Outcomes Achieved in 2022/23
2022/23 is planned to continue a range of improvements:	
• The Data project will complete the work within the Assets category and establish clear accountability for improvement work to continue. Work within the Customer category will be completed in order to ensure that we hold to most accurate, appropriate data about our customers in order that we can deliver effective services for them.	The Assets Data project was completed, and the results were reported to ELT, the Audit & Risk Committee and Board. This corrected the data hierarchy within ActiveH, Improved data quality within a set of priority data fields.
• The Compliance project will further improve the efficiency of our processes in order to free up capacity to allow us to focus on the requirements of new building safety legislation.	The Assets Data work was co-ordinated with the Compliance Project, which re-designed processes for the 'Big 6' compliance areas, based on the more accurate data. Staff have access to the more accurate data supporting improved processing and efficiency in many areas of Citizen.
• Improvements to our 'hard' facilities and technology provision will be delivered and Live, Work, Better will be fully rolled out supporting staff to complete their work efficiently.	New equipment has been provided to our customer-facing teams to enable them to undertake more work digitally, saving time spent on paperwork and increasing the amount of time available to spend with the customer.
• Fresh start will deliver a further £750k of investment, continuing to demonstrate the business case for the standard.	During 2022/23, we invested £0.7m to increase the void standard of 242 homes as part of the Fresh Start initiative.
• We are reviewing our asset strategy and investment plan and the new strategy will ensure that we are investing in homes, combatting fuel poverty and preparing homes to meet carbon zero targets.	Our revised 2023/26 Asset Management Strategy was approved by the Board in March 2023. It will fundamentally change our approach to asset management, and will move to replacing components based on age and condition and co-ordinating investment programmes, for example whole scheme improvements for our retirement living schemes.
• Our Customer Service strategy requires fundamental review and building on insight from our customer, the new Strategy will set out how we will achieve improved customer services.	Our new Customer Engagement and Voice Strategy and Customer Experience Strategy were both approved by the Board in March 2023.

Value for Money (VfM) (Continued)

Plans for Improvement (Continued)

Plans for 2023/24

Putting our Citizens First

Our new Putting Our Citizens First programme is underway, and is a two-year transformation programme designed to improve customer experience and perception.

- Complaints will continue to be an area of focus. The Director of Customer Experience is prioritising improvements to complaint handling and involving the business in learning from them to help reduce complaints in the future.
- Damp and mould and the number of disrepair claims will continue to be prioritised. The Director of Asset Management will be reviewing our approach to managing disrepair.
- We will introduce a digital tenancy sign-up process, including some self-serve for customers using MyAccount. This will reduce the amount of administration required, and in doing so free up time to ensure that a thorough pre-tenancy process is completed focussing on identifying the risk and support needs of customers.
- We are reviewing our current relet standard and developing a new flexible standard for our customers, which will utilise our learning from our Fresh Start pilot schemes. This work is underway and is planned to be completed by September 2023.

Telephony

We will continue our softphone rollout and telephony integration to Microsoft Teams to make it easier to communicate with both colleagues and customers.

We will integrate our computer telephony to allow automated screen popping of customer details for all CSC operatives, reducing time spent on calls whilst improving the customer experience.

Service Charges

We are anticipating that the revised service charge module will be implemented during 2023/24, following the update to the latest version of our housing software which contains essential functionality.

The Service Charge Steering Group will be running a pilot project covering 8 of our high rise blocks to confirm the true cost of service provision, review service standards and move towards 100% service cost recovery for both existing and incoming residents.

Performance in the period

Both operational and financial performance during 2022/23 has been closely monitored at Senior Leadership Team (SLT), Executive Leadership Team (ELT) and Board level across the Group. At ELT/SLT level, our monthly ELT and weekly SLT meetings have continued to provide regular internal scrutiny and support the pace of change as we seek to improve and develop our performance in order to be the best that we can be as an organisation and continually develop our customer experience.

The services that we have provided, and a comprehensive range of weekly performance statistics, have been reviewed on a weekly basis by our SLT. We have continued to develop our reporting suite of performance measures to meet the changing regulatory environment and the needs of our business. Additional areas of focus that have been introduced or refined include all aspects of safety in the home, complaints handling, damp and mould and disrepair. We have been pleased that performance in all areas of service delivery remained strong throughout the year, and, overall, we have outperformed our budget for 2022/23.

Our Customer Service Centre (CSC) provides a single point of contact for our customers via one phone number where the majority of calls are answered and dealt with at the point of enquiry, and has continued to transform many of its aspects of delivery over the last year. A new operating model has been agreed as a 'Tiered' service model, to make it easier for customers to contact us, remove duplication of repair calls caused by the same call being logged via different communication channels, and we plan to further enhance the customer experience by expanding the range of self-serve options that we offer on MyAccount. Call handling operates as a blend of remote and office-based working, and the average call waiting time increased from 92 seconds during 2021/22 to 126 seconds in 2022/23. Overall, call volumes have increased by around 7,000 calls, with the main drivers for demand being damp and mould, repairs and maintenance activity.

At the start of 2020/21, we introduced a new Customer Experience Platform to help us understand real-time customer experience and help us to pinpoint the things that we could do better. We started to use this new platform to carry out a range of customer surveys in May 2020, and have reported monthly Customer Satisfaction Transaction Survey (CSAT) scores since that time, made up of aggregated scores from our Customer Relationship Module (CRM) enquiries, online MyAccount enquiries, online repair bookings, gas servicing, gas repair completions, repair completions, lettings completions, new sales completions, grounds maintenance services and cleaning services. We set a target for 2022/23 of achieving 4.42 out of a total score of 5.0, and at the end of the year had met this target and achieved a score of 4.53, based on 55,037 survey responses.

The way that we handle and learn from customer complaints is important to us. For 2022/23, we set a target of 88% to respond to all complaints within our internal timescales, and in March 2023 actually responded to 80.27% of complaints within our targets. To improve the way that we handle complaints we are implementing system and process changes, as well as implementing a new quarterly Complaints Steering Committee focussed on delivering improvements as a result of lessons learnt and other sources of customer intelligence.

Our Information Steering Group monitors areas such as data governance and cyber security on a regular basis. During 2022/23, we have experienced 118 personal data breaches. 116 were low risk, 1 was medium risk and 1 was classed as being high risk. The high risk breach was reported to the ICO in January 2023, and they have advised that they will not be taking any further action. A monitoring target of zero has been introduced to provide a clear expectation to staff regarding adherence. All of our digital devices incorporate end to end encryption, and regular data governance training is provided for our staff.

Performance in the period (Continued)

Cyber attack attempts remain at high levels, although numbers have dropped following a significant increase over the Christmas period. In 2022/23, 3 cyber data breaches have been recorded, all of which were caught quickly and had minimal impact. High risk teams receive regular cyber risk training, and we have a comprehensive programme of penetration testing of our systems and buildings, and carry out internal spearphishing simulation exercises to further test our defences.

The charging and collection of rents and service charges are some of the fundamental basics of our business. It is imperative that we understand the true costs of the services that we deliver, and that we ensure that we are charging appropriately for those services. The continued development of our service charge module as part of our housing management system has helped us to understand and manage both income and costs associated with every rented and leasehold home in our portfolio.

Our annual investment programme for 2022/23 approved by Board (capital and revenue combined) was £30.4m. During the year, a further £0.49m of revenue budget was allocated from our group contingency for environmental monitors and damp and mould surveys. Total spend for the year was £37.6m, which is £6.7m higher than the budget. Revenue spend for the year was on budget, and the additional capital spend reflected the BEIS decarbonisation spend, together with additional spend on decent homes and fire safety works.

During 2022/23, we developed a total of 630 new homes (571 for rental and shared ownership and 59 for outright sale), which was an increase compared to the 515 new homes developed in 2021/22 (474 for rental and shared ownership and 41 for outright sale).

		Actual Performance 2023	Target Performance 2023	Actual Performance 2022
Income Collection	%age of current tenant rent due not paid	2.60%	2.96%	2.63%
Stock Management	%age of rent lost through being vacant	0.65%	0.63%	0.71%
Repairs & Maintenance	%age repair appointments kept	94.60%	98.20%	97.93%
	%age of emergency repairs completed in 24 hours	99.05%	99.0%	98.60%
	%age of non-emergency repairs completed in 12-day target	62.21%	75.00%	72.84%
Safety in the Home	%age of homes with a current gas safety certificate	99.94%	100%	99.97%
	%age of homes with a current/valid EICR	94.96%	100%	#
	%age of Fire Risk Assessments (FRA)due	100%	100%	#
	Number of overdue FRA remedial actions	208	0	#

 # Not reported in 2021/22 as part of our standard performance reporting pack

Performance in the period (Continued)

Despite the challenges that our customers face with the rising cost of living, our income collection performance remains strong, and at the end of the year our current tenant arrears represented 2.60% of the annual rent debit, and were significantly less than both our target of 2.96% and our performance at the end of 2021/22 of 2.63%. In December 2022, our Income Team were awarded the Housing Quality Network (HQN) 'Managing Income Sustaining Tenancies' (MIST) accreditation. MIST assesses how well we manage rent related income streams and looks at the range of activities we deliver beyond collecting rent. This includes supporting new and existing customers to sustain tenancies with our Money Advice Service.

We continue to refine our approach to Universal Credit customers and, in doing so, maximise collection and increase efficiency. During 2022/23, we proactively contacted all customers making a new Universal Credit claim, enabling us to agree a payment plan with the customer and identify any additional support requirements that could be provided by our Money Advice colleagues. Our Money Advice team continue to support our customers to maximise their income and progress their claim for Universal Credit.

At the end of the year, the average arrears of all our current tenants was £526, which equates to 2.66%. Of these, the average arrears for those customers in receipt of Universal Credit was £620, or 2.8%. Our ongoing proactive approach to contact customers helps to minimise the risk of increasing arrears during the current cost of living challenge.

The percentage of rent lost through dwellings being vacant at the end of 2022/23 was 0.65%, which was only slightly worse than our target for the year of 0.63% and better than the rent lost in 2021/22 of 0.71%. During the year, a review of our Tenancy and Licence Management Policy has resulted in up to 25% of our vacant properties now being able to be let outside of nomination agreements, and pilots to implement this are underway.

The percentage of emergency repairs completed in 24 hours in 2022/23 increased from 98.6% in 2021/22 to 99.05% in 2022/23, and was better than our target of 99%. The percentage of routine repairs completed in a 12-day target decreased from 72.84% in 2021/22 to 62.21%, which was below our target of 75%.

Home safety compliance continues to be a key area of focus across the Group, with 100% of buildings having a current/valid fire risk assessment and 100% of communal areas having a current/valid Electrical Installation Condition Report (EICR) and gas safety certificate. We had also completed 100% of our asbestos management re-inspections and our water hygiene risk management inspections, and 98.26% of our lifts had a current/valid Lifting Operations and Lifting Equipment Report(LOLER).

At 31 March 2023, there were 13 properties (0.06%) where the gas appliances had not been serviced within 12 months of the last service date (compared to 8 properties at the end of 2021/22). We continue to make every effort to gain access to these properties. For all current 'non-compliant' properties, we are complying with the HSE guidance on recording and retaining all documentation to evidence communication attempts to gain access and the reasons why access has not been possible. To mitigate the risk from carbon monoxide, monitors have been hand delivered and gifted to each household where customers are refusing access and the property is out of compliance.

During the year, an impairment trigger has been identified in respect of those properties affected by our regeneration plans for parts of the City of Coventry. Other triggers include properties that are void and have been identified as difficult to let, and properties that are vacant pending change of use or where decisions have been made to sell the properties.

The total impact of these reviews is an impairment provision of £1.7m (including fair value adjustments of £0.6m) accounted for during 2022/23 (2021/22 - £0.7m).

Performance in the period (Continued)

Compliance with lenders' loan covenants within the Citizen Housing Group is essential as we seek to grow and develop the Group, and the Group comfortably exceeded its loan covenant requirements in 2022/23.

The table below summarises the year end loan covenant levels for the last 4 years for the borrowing entities within the Group:

Loan covenant	2022/23	2021/22	2020/21	2019/20
EBITDA MRI (Group); must exceed 105%*	156.69%	199.95%	216.44%	188.34%
EBITDA (Group); must exceed 150% **	270.94%	N/A	N/A	N/A
Net Debt per Unit (Group); must not exceed £30,000	£21,999	£21,440	£20,796	£19,558

* The calculation methodology for this covenant differs slightly from the calculation methodology in the VfM Metrics

** This was a new loan covenant introduced during 2022/23

The updated long-term financial plan for the Group demonstrates compliance with lenders' covenants throughout the financial planning period.

Engaging with our customers

Our Customer Assurance Committee meets formally 6 times each year to provide assurance to the Citizen Board that the customer voice is present within our work and is a driving force behind future improvement plans. They are supported by a Customer Scrutiny Panel made up of 8 customers and a Citizens Together virtual panel of 600 customers.

We have introduced a new Customer Voice and Engagement team in October 2022, and have been focused on the development and approval of a new Customer Engagement Strategy and the initial implementation of appropriate structures and governance frameworks to support engagement activity.

During 2022/23 we have: -

- Supported neighbourhood teams with block specific engagement activity and plans for their first community event in May
- Facilitated the delivery of £37k from the Citizen Local Fund to support nine community projects
- Introduced a digital engagement platform to widen engagement opportunities
- Facilitated 2 Customer 'task and finish' groups focused on Repairs and Estate Services
- Continued engagement with our Citizens Together panel – made up of customers who expressed an interest in providing a customer voice
- Introduced a Citizens Together Panel newsletter focused on engagement

We will continue to grow our Citizens Together panel with a target to have 1,000 members by the end of 2023/24. The panel have provided customer voice and insight on our Money Advice services, our Environment and Sustainability strategy and a review of our Tenancy Management policy and documentation.

Engaging with our customers (Continued)

Our Customer Scrutiny Panel have carried out two reviews of our services during 2022/23. The first was looking at whether our relet standard meets customer expectations and the other scrutinised the customer experience of reporting damp and mould. Each review resulted in a numerous recommendations as to how we can improve the service. We have accepted all of their recommendations and have created an implementation plan that will be monitored by the Customer Assurance Committee.

Social and Environmental Returns

In the last year we have made significant progress in developing an environmental strategy and reporting on our Environmental, Social and Governance performance.

Our draft environmental strategy has been consulted upon internally with senior management and externally with a customer panel. It has been reviewed by our ELT and will go for Board approval later this year.

To deliver the Strategy we have identified a number of priorities which will put in place the foundations required to effectively manage our journey to net zero. Key priorities of the strategy are to:-

- Establish an environmental performance baseline against which we can measure our progress
- Raise the performance of our least energy efficient homes
- Improve the accuracy and transparency of our environmental data to enable more informed decision making
- Upskill and empower staff so that they can contribute to delivering environmental improvements
- Integrate environmental management into our operational and business processes
- Collaborate with others to share knowledge and expertise to drive environmental sustainability in the sector.

Work has already started in establishing our baseline environmental performance. Last year we calculated our baseline carbon footprint based on the Streamlined Environment and Carbon reporting guidelines and drafted our first Environment, Social and Governance (ESG) report following the Sustainability Reporting Standard methodology.

We continue to develop our Apprenticeship scheme and have improved the offer to our apprentices by increasing the salary levels across all skill areas. We currently have 14 apprentices training within various areas of our business. We have partnered with Women in Construction to support work experience, career advice and access into maintenance and construction roles, through both apprenticeships and employment.

We have committed to support work experience placements across Citizen, working in partnership with Coventry College, Solihull College and our own job coaches who work with our customers.

We have created a new energy advice animation for our customers, so they are aware of free things they can do to save money during the cost-of-living challenge. It helps to highlight how customers can cut down energy usage for free. The animation features simple and free tips which customers can do around the house to save energy and, in turn, money.

Building Safety

We continue to invest significantly in our homes and communities through a wide ranging scope of works aligned to the Decent Homes Standard and building safety priorities.

The safety of our homes and our residents who live there is of paramount importance to us. We have a dedicated Building Safety Department led by our Director of Building Safety, who is responsible for ensuring that any new requirements arising from the Fire Safety Act and the Building Safety Act are fully implemented.

The new legislation requires significant changes to the way that we work, and the roles and competencies required to ensure compliance with the legislation. The key principles of the Building Safety Act are that all individuals whose work on higher-risk buildings is likely to materially affect safety outcomes, or who work unsupervised on these buildings, should meet the skills, knowledge, experience and behaviours set out in the competence framework. We have a Business Strategy project underway to develop and implement an overarching competence framework, aligned to the new legislation and providing a basis for raising the bar for all individuals, across all our disciplines. In the last year, we have recruited 4 Building Safety Officers to manage our high rise buildings and to provide on-site point of contact for the residents in relation to Building and Fire Safety matters, and have upskilled staff to enable the Fire Safety Team to manage the door check programme that came into force on 23 January 2023 as part of the updated legislation.

Citizen has 38 higher-risk buildings that are 18m or above in height, and will be subject to the more stringent regulatory requirements. All of these blocks have been inspected by our consultant Fire Engineers to identify materials fixed onto their structure (i.e. cladding). The resulting survey information has been uploaded onto the Government DELTA portal so that it is visible to the Department for Levelling Up, Housing and Communities (DLUHC) (i.e. a statement of fact rather than assurance). The West Midlands Fire Service have also completed a full inspection programme on all high risk buildings, which included our blocks over 18m and there are no further actions arising.

We have successfully completed a programme of remediation to 12 Blocks over 18m and one block below 18m where all flammable panels have been replaced. Work continues to procure contracts to remove sundry panels to a further three blocks over 18m as recommended following inspection by the Fire Engineer. The recommendation is to commence works within the next two years and we are well ahead of this schedule with works planned to complete in July 2023. Citizen have successfully implemented the use of a cloud based digital modelling and data collection platform (TwinnedIT), which allows the organisation to store and record critical information relating to their obligation of providing a 'Golden Thread' of information to support Building Safety Cases for each of our buildings over 18m. TwinnedIT gives Citizen a platform for recording all building safety related information and identifying areas where information may not be readily available and is required, and is accessible by both internal and external stakeholders.

Our Investment Programme prioritises building safety works and aims to achieve an EPC C rating across all of our accommodation by 2030. We were successful in securing funding from BEIS to retrofit 141 homes as part of the decarbonisation demonstrator fund and wave 1 of the decarbonisation funding stream. Works to deliver retrofitted homes on these projects are now complete, and have provided valuable insight that we will use for future projects. We were successful with our bids for wave 2 of the decarbonisation funding stream in our partnership with Coventry City Council and the Matrix Partnership. As a result of this, we will be retrofitting a further 2,257 homes to achieve EPC C rating over the next 2 years.

Building Safety (Continued)

In the next 12 months we plan to:

- Review our Asset Management Strategy and standards to align with our aspiration to improve the quality of our existing homes, whilst preparing for our carbon reduction plans.
- Continue with our fire door replacement programme, with approximately 2,000 fire doors planned to be installed during 2023/24
- We have commissioned and will undertake structural surveys of all High Rise buildings that are 7 storeys and above
- We have commissioned and will undertake a full survey and inspection programme of all our blocks (c 1,750) by an independent fire risk assessor.
- Continue the wider organisational response to the Fire Safety Act and the Building Safety Act, including the implications of the new competency standards

Damp and Mould / Disrepair

Following several high profile cases in the public domain where at least one of which resulted in tragic consequences, the impact and management of damp and mould in our properties and the cause and remediation of disrepair claims received from customers continues to be a high propriety for Citizen, and is reviewed by our SLT on a regular basis.

Despite the programme of insulation works underway and our regeneration programmes in Coventry, the build types of some of our older homes mean that they are more prone to suffer from damp and mould. We track damp and mould through weekly reports and a proactive approach is in place, identifying hot-spots and procuring a programme of works to support the responsive service. We are installing 1,000 environmental monitors in our homes that are more prone to damp and mould to provide predictive maintenance data through a web-based portal. As part of our plan to reduce the incidence of damp and mould, we are now also fitting fans as standard when these properties become void.

A comprehensive online damp and mould course has been launched, and hundreds of our staff have already completed the learning to raise awareness.

When we receive a disrepair claim (the majority of which cite damp and mould), works are completed following receipt of a report from an expert surveyor and a specification of the works. We do not pause works pending the determination of the claim, as this would be to the detriment of our customers. The capping of solicitors' fees has been deferred by government and it is likely that the government "making it right" campaign will increase the number of claims that we receive. We are reviewing how we manage disrepair claims and will build on our proactive approach, continuing to identify hotspots and improve communication with our customers.

Investing in our People

A new People Strategy is under development, which will align to the Business Strategy objective to 'be an employer of choice' and will be built around three key themes:

- **Attract** – We will attract a high calibre of applicants by developing a contemporary and competitive employment offer supported by a reward package that is valued by staff.
- **Engage** - Surveys confirm good levels of engagement (in most areas), and maintaining a positive culture and ensuring staff are engaged is critical to the success of Citizen. We will develop an employer brand that captures Citizen's Employee Value Proposition (EVP) making it an Employer of Choice.
- **Grow** – We will embed our Talent Management offer to support staff in their current role, or to progress within Citizen.

These three key themes will drive change, requiring our Human Resources and Learning & Development teams to challenge a range of current working practises from recruitment and selection to our talent management offer.

The rising cost of living impacts our staff as well as our customers, and we recognise the importance of our pay and reward offer in attracting and retaining our people. From 2023/24, we have adopted the Real Living Wage as Citizen's lowest salary offer, to strengthen our offer as an 'employer of choice' for our lowest paid people.

In September 2022, we appointed an independent organisation to support us in carrying out a broad total reward review, which covers Equal Pay, Job Evaluation, pay, benefits and training, which would support Citizen in achieving its goals of achieving a competitive total reward and compensation practice. Phase 1 of the project focussed on our maintenance operations area, and that review is now complete, as is a review of job descriptions and an Equal Pay Audit. Phase 2 of the project will develop a pay framework that works across Citizen.

On 5 April 2023, we launched a new learning management system 'MyLearn' to transform how staff book training courses, view personal development records and complete e-learning. MyLearn is a comprehensive system that holds all Learning and Development requirements in one place and can be accessed at any time through any device. The main benefits of MyLearn include a user-friendly system to book everything including training, e-learning and personal development opportunities. It is easy to see what learning needs to be completed, expiry countdowns and refresher dates. Managers have a new easy-to-read dashboard to oversee their team's mandatory and developmental learning.

At the end of March 2023, 10 out of 14 of our mandatory training modules had met the target of 95% completion by staff, and plans are in place to ensure that all staff are fully compliant as soon as possible. During 2022/23, 9,526 e-learning modules were completed, and 2,701 days of in-person training were delivered, to ensure that our knowledge remains current and that our staff know how to keep themselves, their colleagues and their customers safe. We introduced 7 new e-learning modules and 12 new in-person training courses during the year, covering a wide range of topics such as damp and mould, cyber risk and menopause conversations/champions.

Planning for the future remains a key objective of our People Directorate, and during 2022/23 we recruited another 13 apprentices to train in various areas of our business.

Future Prospects

We continue to work to transform the way that we work to drive consistency and improve our customers' experience, reporting weekly to SLT on feedback from our customer experience platform. We follow up on negative feedback to learn how we can improve our services and experiences for customers. We have an ambition to make better use of our online customer self-service portal, MyAccount.

Our plans to continue our regeneration of some of our most challenging estates and communities are moving ahead, with a regeneration of two areas of Coventry underway with nearly all customers from three of our high rise blocks scheduled for demolition being successfully rehoused. A further regeneration scheme in Coventry was approved by our Board in March 2023. Rehousing of the blocks will commence in June 2023, and should be completed by the Spring of 2025.

In line with one of the three pledges of the Group's Business Strategy, we continue to invest in our homes. Our progression towards a diverse method of construction programme and new technologies continues to move forwards, bringing us closer to the future home standard and aspirations of more energy efficient sustainable homes. We have been running a number of pilots utilising modern methods of construction in line with our business strategy commitment "To deliver extensively more offsite manufactured homes". This coincides with the latest Homes England funding commitments for their strategic partnerships where 25% of homes built under this funding regime are to be delivered utilising modern methods of construction. We have also been working with our contracting partners to deliver 87 new homes in Birmingham (which completed April 2023) utilising a Structural Closed Panel timber frame solution (SIPS).

Citizen have had 2 pilot schemes delivering 25 new homes using modular offsite construction. These homes are A rated and highly energy efficient for our customers alongside being zero carbon ready. This has enabled us to develop the Citizen Future Homes standard specification in line with current Government commitments. We are extending this pilot and seeking approval for 19 new homes utilising a manufactured timber SIP solution incorporating the same high quality new homes standards.

2023/24 will see the delivery of another year of our increased development programme, and the regeneration of key areas in Coventry will pave the way for better housing and improve the existing environment to make it a better place for our customers.

Risk Management and uncertainties facing the Group

Citizen adopts a robust approach to risk management across the Group which is underpinned by our detailed Risk Management Framework, designed to provide effective accountability and responsibility across our Boards, Committees, and senior management teams. Each of our strategic risks are reported and discussed regularly across our governance structures and formally reviewed at least annually and alongside any updated sector risk profile issued by the Regulator of Social Housing to ensure we reflect the wider operating environment as well as internal risks we face as a large housing provider.

Despite significant challenges and the implications of the conflict between Russia and Ukraine, Citizen has been able to continue to improve on our operational performance for the year ending 31 March 2023. The high inflation and increased interest rates that we are currently experiencing are a significant concern for both Citizen and its customers. The rent cap introduced for most tenures for 2023/24 rent increases have helped our customers, but introduced added pressures for our financial planning. We have also continued to monitor the implications of the ongoing conflict between Russia and Ukraine, particularly in respect of its implications for energy supply and prices.

Risk Management and uncertainties facing the Group (continued)

As a Group, we will continue to analyse the local and immediate impacts of these major events, and the detailed implications will continue to be tested through our risk management and financial planning stress testing arrangements. We are confident that our financial plan and robust stress testing scenarios can withstand the likely range of pressures in both the short and medium term.

Citizen continues to appraise the changing regulatory and legislative landscape and gain a better understanding of the overall financial implications relating to building safety works and the implications of the new Building Safety Act, Fire Safety regulations, the revised Decent Homes Standard, Fitness for Human Habitation and Decarbonisation. Our 30-year financial plan has been updated to reflect the need for increased investment, and we have launched our new Business Strategy.

We continue to develop a stronger approach to our engagement of residents. Our Customer Assurance Committee, formed in 2021 monitors progress and compliance with our customer regulatory requirements. The Committee is fully embedded within our governance structure and provides assurance to the Board that we are listening to the voice of the customer. We continue to keep pace with the Regulator of Social Housing's review of consumer regulation and provide regular updates to the Board on our preparedness for the new regime and standards. The Social Housing White Paper and subsequent Social Housing Regulation Bill provide clear messages and insight into the regulator's expectations, which has enabled us to take action to ensure we meet these requirements ahead of the introduction of the new regime in April 2024.

Risk Appetite

Each year the Audit & Risk Committee, in advance of the Board, refreshes its view on risk appetite. The Board owns and sets the appetite and considers relevant views of the Audit & Risk Committee. Despite the annualised exercise, we adopt a dynamic approach to risk appetite during our quarterly risk assessment process, which allows risk owners to make recommendations for the appetite to be reviewed, depending on the controls and mitigations we can reasonably and practically implement to reduce or manage our risk exposure.

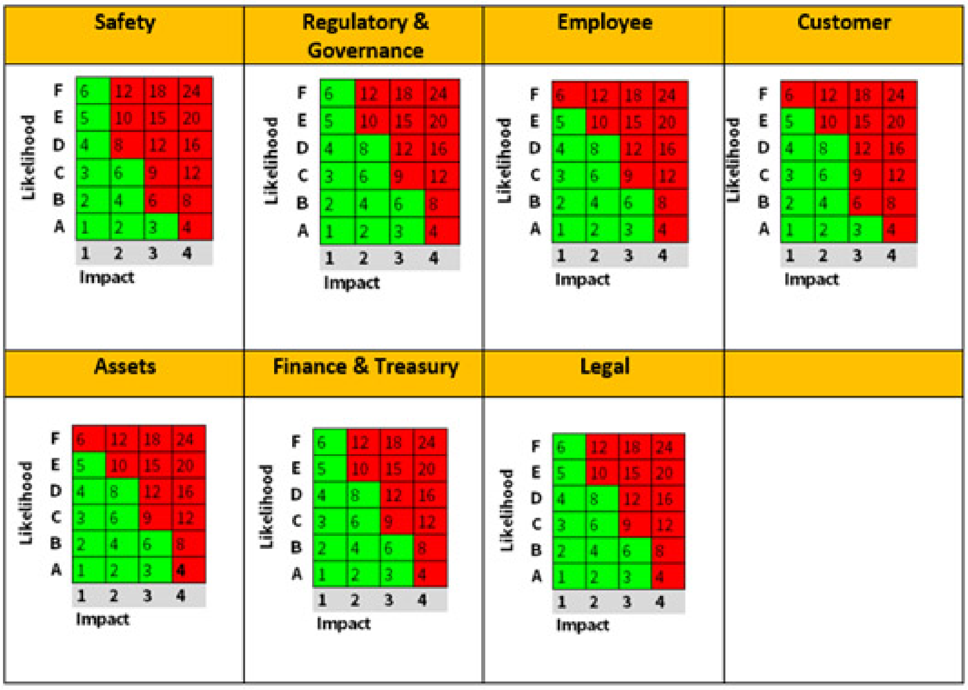
In 2022, the Board revised their approach to setting risk appetite and this is now based on risk impact themes rather than strategic risks. For consistency, these are the same risk impact themes we use in the risk scoring guidance – Regulatory & Governance, Legal, Finance & Treasury, Assets, Safety, Customers and Employees. The Board consider each risk impact theme in its own right and determine their appetite for each by considering the level of acceptable exposure, using the detailed risk scoring guidance to assist them. This translates into our risk scoring matrix which is bespoke for each impact theme to reflect the difference in the Board's appetite. The varying appetites are illustrated in the colour coded 6 x 4 matrices, which can also capture a tolerance zone if the Board have agreed that a tolerance is appropriate for a particular risk impact theme. In the 2022 review of risk appetite the Board chose to not apply a tolerance to any of the strategic risks, communicating a clear directive to the business on where they expect our exposure to be (hence no amber zone in the following risk matrices).

Risk Management and uncertainties facing the Group (continued)
Risk Appetite (Continued)

The appetite for each risk is further illustrated in the colour coded 6 x 4 matrices, which can also capture a tolerance zone if the Board have agreed that a tolerance is appropriate for a particular strategic risk. The matrix assesses the likelihood of a risk crystallising along the vertical axis, and the impact that the crystallisation of the risk would have on the horizontal axis. In the 2022 review of risk appetite the Board chose to not apply a tolerance to any of the strategic risks, communicating a clear directive to the business on where they expect our exposure to be.

Likelihood		Impact	
A	Almost Impossible	1	Negligible
B	Very Low	2	Marginal
C	Low	3	Critical
D	Moderate	4	Catastrophic
E	High		
F	Very High		

2022/23 Risk Appetite by Risk Impact Theme



A mapping exercise has been completed to apply the appetite for each impact theme to the appropriate strategic and operational risks, giving a clear message to risk owners regarding the level of exposure the Board are prepared to accept in relation to specific risks.

Risk Management and uncertainties facing the Group (Continued)

Citizen's Strategic Risks

As part of our Risk Management Framework, the annual review of our strategic risks involves senior management and these are then formally ratified by our Board, following consideration and debate by the Audit & Risk Committee. Our strategic risks are categorised as compound risks; this allows multiple factors or sub risks to be aggregated and managed at a strategic level by the Board, Audit & Risk Committee, and the Executive Leadership Team. Beneath our strategic risks we adopt operational and directorate level risks, the latest assessments of which inform our assessment of exposure at a strategic level.

The most significant change, as a result of the 2022 review, has been to split the previous SR.RR.04 risk into 2 distinct elements: SR.RR.04 now focusses on recruitment, retention and competency; and the new SR.RR.05 focusses on improving our services to create a better customer experience. Splitting the risks this way allows appropriate focus on each element, the separation of controls and clear visibility of mitigating actions in place to address controls gaps/weaknesses. It also provides the opportunity to assess our risk exposure for each element separately, providing enhanced visibility and transparency to the Board and Audit & Risk Committee on these key areas of focus.

This change is driven equally by the rising labour and skills shortages affecting the business and wider UK economy; legal and regulatory requirements on competency in the sector; and the risks associated with failing to respond to customer feedback and adapt our customer facing services, including in response to the latest customer perception survey results.

The detailed horizon scanning exercise, undertaken at least annually by the Risk & Assurance Team, considered the potential impact of a number of internal and external factors, including:

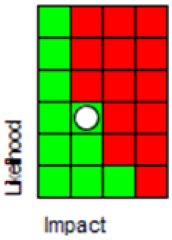
- Regulatory Judgements of other registered providers;
- Changes to legislation, regulation and government policy;
- Political and economic issues and uncertainty;
- Revised Citizen Business Strategy objectives;
- Internal Audit recommendations;
- internal secondary assurance check outcomes;
- emerging risks as defined in our directorate risk registers; and
- the risks described in the RSH 2022 Sector Risk Profile.

Each strategic risk, its appetite (shown in a 6x4 matrix), and our February 2023 risk assessment are tabled below.

Matrix Key: Red outside of appetite and Green within appetite. Please note that no tolerances were applied by the Board during the 2022 appetite review.

Risk Management and uncertainties facing the Group (Continued)
Citizen's Strategic Risks (Continued)

SR01: Failure to ensure that effective mechanisms are in place to ensure the physical safety of our customers and compliance with the associated regulatory and legislative requirements as a landlord and a developer.



Appetite Theme: Safety
Assessment Score: C, 2 Low, Marginal

Latest Assessment & Mitigations (February 2023):

Exposure is now within the Board's risk appetite and specific drivers of this positive movement include achieving a confirmed and validated compliance position on our electrical testing programme; further recruitment to and embedding of our Building Safety & Compliance structure; and implementation of The Compliance Workbook. This assessment also reflects our current compliance position in all of the Big 6 areas, which is well within Citizen's definition of marginal impact for safety related risks.

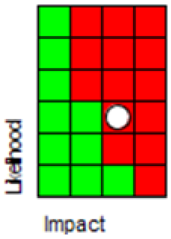
We continue to populate our digital twin system for high rise buildings which facilitates the management of evacuations, emergency plans, Personal Emergency Evacuation Plans (PEEPs) and building information. The West Midlands Fire and Rescue Service (WMFS) have access to the system and have made effective use of it in live emergency situations. Following the review of our Emergency Plan, updates are in progress to ensure that we continue to learn from risk events and improve our processes and documentation in preparation for future emergencies. Supply chain issues and the volatile environment we are operating in continue to impact the availability and costs of materials and the availability of contractors to complete required safety works. Operational risk assessments have confirmed that safety works and programmes continue to be prioritised and are not currently significantly impacted by these issues.

We continue to ensure that we are prepared for changes to legislation. With regard to the Fire Safety Act 2021, we are working to the new standard for FRAs, PAS 9980; resources are now in place to implement and complete the annual fire door inspection programme; and we are working closely with WMFS to ensure that we are in compliance with the information sharing parts of the new Act. With regard to the Building Safety Act 2022, we are ready for registration of all our higher risk buildings (HRBs) with the HSE and have systems and resources in place to develop and submit robust building safety cases for all our HRBs to the new Building Safety Regulator from October 2023. In addition, the Building Safety team is now in place, with the majority of new posts now recruited and in post. This structure now provides sufficient levels of competence across all building safety core areas which will enable us to evidence competence in accordance with the requirements of the Building Safety Act.

Engaging with our customers and understanding their views and concerns with regards to safety is key in mitigating this risk. A dedicated Customer Engagement Business Partner is in place for Building Safety, working closely with the Building Safety Directorate and Neighbourhoods Teams to develop active engagement with our customers, particularly residents living in our higher risk buildings. Customer roadshows were delivered in December 2022 and were well attended and provided valuable insight into the concerns of our customers.

Risk Management and uncertainties facing the Group (Continued)
Citizen's Strategic Risks (Continued)

SR02: Failure to ensure that effective mechanisms are in place to ensure the safety and wellbeing of our staff and compliance with the associated regulatory and legislative requirements as an employer



Appetite Theme: Safety
Assessment Score: C, 3 Low, Critical

Latest Assessment & Mitigations (February 2023):

Current performance in relation to compliance with mandatory safety training is driving our outside of appetite exposure to this risk, together with the need to complete the update of our Health & Safety Policy (detailed arrangements section). It is currently anticipated that completing the final part of the policy updates and improving our compliance position will reduce exposure to almost impossible likelihood.

Our revised safety policy statement and supporting roles and responsibilities have been approved by Board and detailed arrangements are in the process of being updated prior to being presented to ELT for approval, as delegated by the Board.

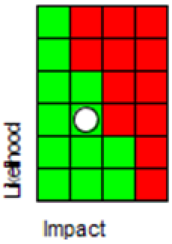
Staff training and awareness is a key part of ensuring employee safety and our suite of mandatory training has been reviewed to ensure the appropriate allocation of modules based on roles and responsibilities. Line managers continue to receive regular notifications regarding training compliance across their team to enable tracking and follow up action.

Staff who are non-compliant or have had training booked and not yet attended have been identified and the Chief Operating Officer will be writing to all SLT members to gain a commitment and assurance that mandatory training will be prioritised to ensure target compliance levels are achieved. The Strategic Health & Safety Committee and operational committees will continue to monitor training compliance and have recommended that managers are reminded of the need to ensure that the mandatory health & safety objective is met before signing off employee annual performance reviews.

We continue to offer a range of support mechanisms and initiatives to promote wellbeing.

Risk Management and uncertainties facing the Group (Continued)
Citizen's Strategic Risks (Continued)

SR03: Inability to operate within regulatory and legislative requirements (non-safety)



Appetite Theme: Regulatory & Governance
Assessment Score: C, 2 Low, Marginal

Latest Assessment & Mitigations (February 2023):

The increasing regulatory expectations around effective communication and engagement with residents and the importance of neighbourhoods and communal areas, combined with the results of our most recent Customer Perception Survey means that an update to our Customer Engagement Strategy is required, including development of a plan to address the specific actionable insight provided by the survey. Whilst this work is key in ensuring that future regulatory expectations are met, it is not anticipated that we will fail to ensure appropriate mechanisms are in place to ensure compliance with current or future regulations, therefore, this risk is assessed as Low likelihood and Marginal impact and is within the Board's risk appetite.

The regulator has recently published its implementation plan for reshaping consumer regulation, with a view to the new standards and regime being in place in April 2024. A series of consultations will take place in the summer to seeks views on specific aspects of the standards including the Consumer Regulation Code of Practice, which will set out further details on the expectations of the consumer standards and updated guidance on how they will use their revised enforcement powers.

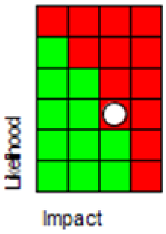
The 12 tenant satisfaction measures (TSMs) that are to be collected through tenant surveys have already been incorporated into the latest Customer Perception Survey, the remaining 10 measures will be collected by the regulator through Registered Providers' management information and as such is being addressed as part of the annual review of KPI measures to ensure these are reflected in the KPI suite for 2023/24.

The management of policy is now centralised into one team giving greater control over embedding and monitoring compliance with the Policy Framework. All required policy MOTs have been completed, which includes ensuring policies comply with the latest legislation and regulations. The policy MOTs will now be rolled out as an annual programme in between full policy reviews at least every 3 years. The Equality Impact Assessment (EIA) template and guidance used in policy reviews has been revised following review by the new EDI Manager. The documents have been tested by policy teams and Directors and shared with the EDI Forum prior to being published and the monitoring of EIA actions is moving into the Pentana system to ensure actions are fully implemented and evidenced.

Ongoing scrutiny through the Information Steering Group (ISG) is helping to ensure compliance with Data Protection regulations. Our breaches remain small, understood and controlled through established monitoring and enforcement processes. There remains a number of ongoing risk actions being managed at an operational level to address the heightened cyber threats including impact on data protection and risk controls in this area remain under constant review.

Risk Management and uncertainties facing the Group (Continued)
Citizen's Strategic Risks (Continued)

SR04: Inability to recruit and retain the competency and expertise required to deliver core services, maintain compliance and deliver business objectives



Appetite Theme: Employee
Assessment Score: C, 3 Low, Critical

Latest Assessment & Mitigations (February 2023):

Despite vacancies remaining high due to the external labour market challenges, we have made significant improvements to our recruitment processes and our performance in relation to job roles filled and successful recruitment campaigns is improving. In addition, we continue to operate controls to ensure appropriate training and qualifications are in place and are utilising resources to maximise performance in priority service areas. This strengthening of our controls in this risk area has resulted in a reduction in the likelihood of this risk materialising from Moderate to Low, however, further reduction to within appetite relies on these changes impacting positively on performance and the completion of the remuneration and reward review. This review is due to complete by 31 March 2024 and the target date to bring this strategic risk within appetite is aligned with those timescales.

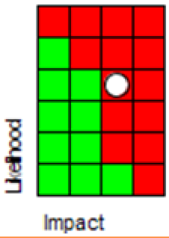
The Talent Management Programme is embedding across the business, providing a structured approach to development and succession planning. Training has been rolled out to all staff and managers and talent management conversations are included within the annual performance reviews currently underway. Risk Mapping of job roles is currently being undertaken by Directors to identify posts which present a high risk of losing skills.

We continue to take action to ensure we have adequate levels of competency in place in key areas and are awaiting the PAS 8763 Competence Requirements for the management of safety in residential buildings to be signed off as completed standards. In the meantime, we are working on the role competency matrix for Building Safety in relation to technical competence, although it is not anticipated that there will be any significant skills gaps based on known requirements due to the highly qualified and competent team in place. The broader whole organisation review of competencies is pending the outcome of the Professionalisation of Housing review and subsequent competency framework, at which appropriate actions will be added to complete a gap analysis and address any areas of weakness.

To address retention we have appointed an independent organisation to support us in carrying out a total reward review that covers Equal Pay, Job Evaluation, pay, benefits and training. We issued a pay and benefits survey to all staff in January 2023 and will use this feedback to inform the benefits review. Work will then take place throughout 2023/24 in relation to wider benchmarking, pay practices, employee engagement and our associated communications plan.

Risk Management and uncertainties facing the Group (Continued)
Citizen's Strategic Risks (Continued)

SR05: Inability to improve our services to create a better customer experience



Appetite Theme: Customer
Assessment Score: D, 3 Low, Moderate, Critical

Latest Assessment & Mitigations (February 2023):

The compound effect of high levels of turnover and vacancies across the organisation has impacted our performance in key customer facing service areas and our latest customer perception results confirmed that our reputation with customers has been affected. Progress has been made to maximise available resource, improve recruitment and retention and develop an organisational wide plan from our Customer Experience Steering Group to address the results of the Customer Perception Survey. In addition, a significant part of our mitigation strategy is the delivery of key projects under our revised Business Strategy and specifically our Putting our Citizens First programme. It is currently anticipated that reducing both likelihood and impact of this risk materialising to within the Board's risk appetite will be achieved by 31 March 2024.

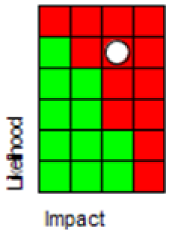
Our revised Business Strategy for 2023-2026 was launched at our staff conference in March 2023. The strategy includes objectives and projects which have been widely consulted on with staff at all levels as well as all committee members. The objectives have evolved using direct and indirect feedback from customers and are focussed on addressing the things they have told us are important to them, and improving on the areas where satisfaction is low or our performance may affect the services we deliver to customers. The next steps include the embedding of the Strategy, and development of a monitoring plan for all of the associated projects so that delivery against our commitments can be regularly communicated to staff and customers as well as to leadership teams, Board and committees. This will include monitoring not just the actions taken, but the impact on customers, staff and other stakeholders.

Our Putting our Citizens First programme is key in the delivery our 2023-2026 Business Strategy. To govern the programme, a standing agenda item has been agreed for ELT and SLT to maintain oversight, a new Steering Group has been convened to meet monthly, including the CFO and COO and aimed at providing direction over delivery. Resources for the programme have been agreed to form a new Programme Delivery Office (PDO) primarily from IT and Transformation and a range of projects are being scoped for delivery over the new business strategy period including the development of a Customer Service Strategy and Customer Communications Strategy.

Relevant programmes and projects will be linked as mitigating actions to this risk following the scoping phase and monitored as part of the quarterly assessments.

Risk Management and uncertainties facing the Group (Continued)
Citizen's Strategic Risks (Continued)

SR06: Failure to effectively manage assets and balance growth ambitions with requirements to invest in existing homes and regeneration



Appetite Theme: Assets
Assessment Score: E, 3 High, Critical

Latest Assessment & Mitigations (February 2023):

The current political and economic climate and subsequent rising inflation, combined with significant increases in the cost of materials and the confirmed rent settlement, means that our ability to achieve our current Business Strategy aspirations and to effectively balance the requirements to invest in existing homes with our growth ambitions has been under increased threat. As a result, the likelihood of this risk materialising is currently maintained outside of the Board's risk appetite at High likelihood and Critical impact.

The review of the Asset Management Strategy to reflect the new investment environment and subsequent updates to our 30-year Asset Investment Plan are both key in determining our mitigation strategy for this risk.

A review of our Stock Condition and AssetPro data has been completed in conjunction with our advisors to ensure that it is providing us with an accurate picture of future investment needs. The following recommendations from this work will be completed by 30 June 2023:

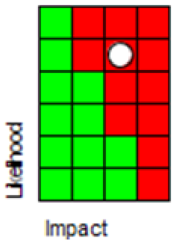
- Alignment of AssetPro data with OpenAccounts
- Validate and cleanse the property and component level data in AssetPro

This review also identified that the majority of our Stock Condition survey data will become more than 5 years old during 2023/24. We have therefore adopted a 5-year cycle of stock condition surveys to gain valuable insight into both the condition of our homes but also any prevailing issues relating to damp and mould across the portfolio. This will identify geographical hotspots where customers report problems and assess the level of work required including particular property archetypes each requiring a different set of interventions. This evidence is compiled for input into our Asset Management Strategy to ensure long term corrective solutions are developed and implemented.

To support our internal teams, we have procured advisors to deliver a range of property and funding services and advice for a period of 4 years. This will include stock condition and investment planning services to support our Asset Management Strategy.

Risk Management and uncertainties facing the Group (Continued)
Citizen's Strategic Risks (Continued)

SR07: Failure to design, implement and operate effective plans, systems and infrastructure which ensure the resiliency of the business, support and enhance service delivery and protect all company assets



Appetite Theme: Regulatory & Governance
Assessment Score: E, 3 High, Critical

Latest Assessment & Mitigations (February 2023):

The likelihood of this risk materialising remains outside the Board's risk appetite, reflecting the current elevated risk of a cyber attack as a result of external influences and a turbulent geopolitical landscape. Considerable work has been completed internally to help continuously strengthen our directive, detective and preventative security controls which thus far have proved effective. Reducing risk exposure to within appetite is dependent on concluding the development of our Cyber Disaster Recovery Plan and reviewing our backup strategies moving forwards to ensure that we have an informed Business Impact Assessment in place and effective corrective controls should an attack prove successful.

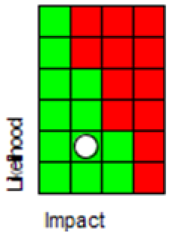
We have developed a Cyber Business Continuity Plan, which has been published in our emergency documents area for easy access. Directorate Service Catalogues are currently being developed which include information on the services at risk, what systems are relied upon and how long we can effectively manage without these before significant impact is felt. The service catalogues will inform the development of instant action packs in the event of a major outage, and a Business Impact Analysis to determine the protection needs of each of our systems.

We continue to role out cyber awareness sessions and work with higher risk teams who are susceptible to being targeted by phishing/social engineering.

Our existing Emergency Plan is being updated including appendices relating to communication, re-housing, repairs support, systems, etc. A competency/skills matrix and training plan are also in development and updated contact details and mechanisms to access these in an emergency have been reviewed and implemented.

Risk Management and uncertainties facing the Group (Continued)
Citizen's Strategic Risks (Continued)

SR08: Inadequate financial planning and controls to ensure effective delivery of core business services and business strategy objectives



Appetite Theme: Finance & Treasury
Assessment Score: B, 2 Very Low, Marginal

Latest Assessment & Mitigations (February 2023):

Risk exposure is maintained within the Board's risk appetite, reflecting the robust financial planning and controls in place as confirmed in our latest Regulatory Judgement undertaken by the Regulator of Social Housing (RSH) resulting in retention of our G1/V1 status.

Whilst the rent cap and unstable political and economic landscape threatened our ability to achieve our Business Plan and our Business Strategy objectives and we are seeing these issues impact our ability to deliver core services and balance our growth ambitions and investment in assets, it is not currently considered that this is impacting our ability to ensure that effective financial planning and controls are in place and therefore exposure is maintained within the Board's risk appetite.

The management of financial performance for both the year to date and the forecast for the financial year is a well-established process and the external audit management letter for the 2021/22 financial statements confirmed that the external auditors had not identified any weaknesses in our financial systems and did not make any recommendations for improvement. Reviewing the forecasts monthly and the use of 'golden rules' or targets provides an early warning system for any significant adverse financial performance. The mitigation factors that we have in place as part of the financial plan stress testing process are designed to prevent severe disruption to the delivery of services.

Moody's downgraded Citizen and several other associations from an A2 rating to A3 in January 2023 reflecting high exposure and lower resilience to weakening economic conditions including high inflation, capped social rent increases, a housing market downturn and higher interest rates.

The financial capability of the organisation is subject to the challenges outlined above which without state support will impact our ability to deliver our growth, regeneration and sustainability and thermal efficiency objectives in the future and our controls remain effective in identifying, modelling and testing the external threats.

Financial performance

The financial statements for the year ended 31 March 2023 reflect the emerging best practice from across the housing sector in respect of the implementation of FRS102 and the Accounting Direction 2022.

The main accounting policies of the Group are set out in Note 1 of the Financial Statements.

Summary	2022/23 SOCI £m	2021/22 SOCI £m	2020/21 SOCI £m
Turnover	185.0	175.0	168.9
Operating Surplus	**50.9**	**48.1**	**46.9**
Surplus from Joint Venture	1.6	-	0.1
Net Interest Payable	(27.9)	(28.6)	(27.0)
Taxation	-	-	-
Surplus/(Deficit)	**24.6**	**19.5**	**20.0**

SOCI = Statement of Comprehensive Income

The overall results for 2022/23 are better than budgeted, primarily due to higher surpluses achieved on shared ownership staircasing and RTB/RTA sales, which have been partially offset by higher depreciation than budgeted as a result of accelerated depreciation on component replacement and an impairment charge of £1.7m in respect of our plans to demolish and redevelop 3 of our high rise blocks of flats.

The Group's operating surplus includes the effect of the fair value housing property depreciation charge to reflect the difference between the fair value of housing property assets when they were brought into the Group and their historical cost values. The fair value charge amounts to £2.0m on depreciation, £0.6m on impairments and £1.2m on housing property disposals.

Summary Statements of Financial Position (SoFP) for the 3 years up to and including 2022/23 for Citizen Housing Group are shown in the table below:

Summary	2022/23 SoFP £m	2021/22 SoFP £m	2020/21 SoFP £m
Total fixed assets	1,418.0	1,324.8	1,268.3
Net current assets	22.0	104.9	144.5
Loans and other long-term creditors	(1,025.5)	(1,041.3)	(1,047.1)
Liability for final salary pension schemes	(5.9)	(59.4)	(77.4)
Reserves	**408.6**	**329.0**	**288.3**

Growth is demonstrated by an increase in the cost of fixed assets due to the delivery of new build programmes across the West Midlands and capital improvements made to our existing homes.

Governance

1. Board Members and Executive Officers

The present Board Members and Executive Officers of the Group are set out on page 2. The Group Chief Executive has held a seat on the Board since July 2016, but does not hold an interest in the Parent Association's shares. The other executive officers have no legal status as directors although they act as Executives within the authority delegated by the Board.

2. Board

The Board Members of the Citizen Board during the year to 31 March 2023 are listed on page 2. The Citizen Board comprises of between 7 and 12 Board Members and is responsible for governing the affairs of the Association who shall be recruited in accordance with the Group's Board Recruitment & Selection Policy. In accordance with the Group's adopted Governance Code the Association's Board as a whole should have or acquire a diverse range of skills, competencies and experience. The Association is required to have regard to the "Group Board Member Skills & Competency Framework" which assists in ensuring there is cohesion of the Group's Boards and Board Members in the way they operate and work with each other. All Board Members undertake an annual self-assessment of their contribution, which is discussed with the Citizen Board Chair during their annual appraisal and an action and training plan is agreed.

3. Delegations

The Board delegates certain governance responsibilities to Group Committees, which have their own Terms of Reference.

The Committees that were in operation at 31 March 2023 were:

- Audit and Risk Committee
- Remuneration Committee
- Customer Assurance Committee

Membership of the Group Committees at the date of signing of the financial statements is detailed on pages 2 and 3.

Day to day management is delegated to an experienced Executive Leadership Team to ensure:

- adherence to relevant legislation;
- the interest of taxpayers and the reputation of the sector are protected;
- the Group operates in accordance with its Rules, Standing Orders, Financial Regulations and other governance documentation and complies with all relevant regulatory requirements.

Public Benefit Entity

As a public benefit entity, Citizen Housing Group Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Statement of compliance

This Strategic Report has been prepared in accordance with the guidelines set out in FRS102 and paragraph 4.7 of the Housing SORP 2018.

The Strategic Report was approved on 7 August 2023 and signed on its behalf by:

Colin Dennis
Chair

Kevin Rodgers
Group Chief Executive

The Board presents its report and audited financial statements for the year ended 31 March 2023.

The Group

The Group is a not-for-profit Group with the vast majority of its properties in Coventry, Birmingham, Solihull and the counties of Herefordshire and Worcestershire. These financial statements cover the year ended 31 March 2023. As at 31 March 2023, the Group owned a number of residential schemes providing 31,691 units of accommodation.

Principal activities

The Group's principal activities are the development and management of social housing. A Strategic Report of the year's activities appears on pages 4 - 42.

Governance Code Compliance

Citizen Housing Group continues to follow best practice with regards to corporate governance and has adopted the NHF's Code of Governance 2020. The Group has undertaken a detailed self-assessment against the code during the year. Citizen Housing Group fully complies with the Code of Governance 2020 at 31 March 2023.

Compliance with Regulatory Standards

In April 2015, the Homes and Communities Agency (now the Regulator of Social Housing) revised its regulatory framework. With effect from March 2016, regulatory compliance with this standard must be reviewed at least annually and compliance certified in annual financial statements.

Citizen Housing Group has reviewed its compliance with all of the regulatory standards both Economic (Governance and Financial Viability, Value for Money and Rent) and Consumer Standards (Tenant Involvement and Empowerment, Home, Tenancy and Neighbourhood and Community) as at March 2023. This comprised a comprehensive self-assessment to provide the Board with an honest picture of how well the Group is performing against regulatory requirements, legislation, and internal key measures.

The self-assessment also includes improvement plans for 2023/24 to further strengthen compliance. It includes a detailed assessment of compliance with all relevant law, which is a requirement of the Governance and Financial Viability Standard.

As a result of this work, the Group has received assurance and is satisfied that all reasonable steps have been taken to ensure compliance with the Governance & Viability Standard in all material aspects during the financial year 2022/23.

As Citizen operates a group structure and the economic standards are regulated at this level, the Parent board has a very important role in directing, challenging and signing-off the self-assessment of compliance with the regulatory standard as part of our business planning and regulatory compliance work. The Parent board has delegated responsibility for supporting the assurance process to the Audit and Risk Committee.

Compliance with Regulatory Standards (Continued)

The self-assessment compliance statement with the Governance and Financial Viability standard will be formally approved and signed-off by the Citizen Board at its meeting in August 2023.

Our plans to address the requirements of the Social Housing Regulation Bill and changes to Consumer Credit regulations are in place, and progress is regularly monitored to ensure that we are on track to achieve compliance in all areas.

Regulatory Judgements

Regulatory judgements rate organisations on how well they meet the Regulator's standards relating to corporate governance - how well the company is run and the Board's awareness of risks to the business and financial management and viability - the company's financial ability to continue to provide affordable homes in the future.

The Regulator of Social Housing completed their annual stability check, and on 14 December 2022 they issued a Strapline Regulatory Judgement confirming that their rating remained unchanged, with a Governance Rating of **G1 (compliant)** – "The provider meets our governance requirements" and a Viability Assessment of **V1 (compliant)** - "The provider meets our viability requirements and has the financial capacity to deal with a wide range of adverse scenarios."

Voluntary Code: Mergers, Group Structures and Partnerships

Citizen signed up to the voluntary code introduced by the National Housing Federation (NHF) in respect of Mergers, Group Structures and Partnerships with effect from 1 April 2016. This voluntary code sits alongside a suite of relevant law, regulatory requirements and other codes supporting excellence in governance in the housing association sector.

The code aims to establish a set of core principles to which any housing associations seeking, or exploring, dialogue in respect of mergers, group structures and partnerships should adhere. It offers a consistent framework to assist board ownership, support decision making, and to embed improved transparency and accountability.

There has not been any merger activity in the years ended 31 March 2022 or 31 March 2023.

Citizen is a member of the West Midlands Housing Association Partnership, which was formed in 2016 to provide a single voice to help the West Midlands Combined Authority and the elected Mayor to deliver on the following key objectives for the region:

- Supporting economic growth
- Boosting housing supply and home ownership
- Improving health and wellbeing

The Partnership is chaired by our Group Chief Executive, Kevin Rodgers.

Directors' and Officers' Liability Insurance

Directors and Officers have been insured throughout the period to indemnify the Association against liability of the officers when acting for the Association.

Going concern

The high inflation and increased interest rates are a significant concern for both Citizen and its customers. The rent cap introduced for some tenures for 2023/24 rent increases have helped our customers, but introduced added pressures for our financial planning. We have also continued to monitor the implications of the ongoing conflict between Russia and Ukraine, particularly in respect of its implications for energy supply and prices.

As a Group, we will continue to analyse the local and immediate impacts of these major events, and the detailed implications will continue to be tested through our risk management and financial planning stress testing arrangements. We are confident that our financial plan and robust stress testing scenarios can withstand the likely range of pressures in both the short and medium term.

Internal controls assurance

The Board acknowledges its ultimate responsibility for ensuring that the Group has in place a system of control that is appropriate to the various business environments in which it operates. Any such system can provide reasonable, but not absolute, assurance against material misstatements or loss and the development of the system is a continuing process. The system of control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group'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 processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and has been in place throughout the period commencing 1 April 2022 up to the date of approval of the report and financial statements. The risk assessments are updated quarterly and are reported to the Board.

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

- Environment and control procedures
- Appropriately qualified staff
- Identification and evaluation of key risks
- Information and financial reporting systems
- Monitoring and corrective action
- Clear policies in place for both employees and Board Members covering key risk areas (e.g. Probity Policy, Conduct Becoming Policy, Anti-Fraud Policy, Anti-Bribery Policy and a Confidential Reporting (Whistleblowing) Policy).

KPMG LLP were appointed as internal auditors for the Group and have delivered the 2022/23 internal audit programme as the fifth and final year of their term of appointment. The KPMG Internal Audit approach complies with best professional practice, in particular, Government Internal Audit Standards and the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

Internal Audit provides an independent and objective assurance and consulting activity that is designed to add value to the Group's operations. It helps the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal controls assurance (Continued)

The internal control framework and the risk management process are subject to regular review by Internal Audit, who advise the Senior Leadership Team and report to the Group's Audit and Risk Committee.

The Group's Audit and Risk Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control processes. The Group's Audit and Risk Committee makes an annual report to the Board. The Board has received this report.

The Group has in place procedures to ensure every incident is recorded on the fraud register, which is reported in detail to the Group's Audit and Risk Committee and these incidents are summarised in the report to the Board on internal controls which is presented each year. During 2022/23 and up to the date of signing the accounts, there have been no incidents recorded in the group fraud register (2021/22: two incidents resulting in a loss of £31k).

The Board confirms that there is an on-going process for identifying and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report and accounts and is regularly reviewed by the Board.

Statement of the responsibilities of the Board for the financial statements

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of the Income and Expenditure for that period of account.

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

- Select suitable policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards 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 is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Statements as to disclosure of information to Auditor

The Board Members who held office at the date of approval of this Report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditor is unaware, and each Board Member has taken all the steps that they ought to have taken as a Board Member to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Auditor

Beever and Struthers were appointed as external auditors to the Group and its subsidiaries for the year ended 31 March 2023.

The report of the Board was approved on 7 August 2023 and signed on its behalf by:

Gary Booth
Secretary

Opinion

We have audited the financial statements of Citizen Housing Group Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2023 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Changes in Reserves, Association Statement of Changes in Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group’s and of the Association’s affairs as at 31 March 2023 and of the Group’s income and expenditure and the Association’s income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 Group and 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 Group’s or 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.

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with 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 Board's Responsibilities set out on page 46, 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 Group's and 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 Group or the Association or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act 2014, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Group’s activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

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

Use of our report

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

Beever and Struthers

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

Date: 31 August 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023	2022
		£m	£m
Turnover	2	185.0	175.0
Operating Expenditure	2	(139.7)	(131.1)
Other income	2	-	-
Surplus on disposal of Fixed Assets	4	5.6	4.2
Operating Surplus	6	**50.9**	**48.1**
Surplus from Joint Venture	15	1.6	-
Interest Receivable	9	2.0	0.7
Interest and Financing Costs	10	(29.9)	(29.3)
Surplus before Tax		**24.6**	**19.5**
Taxation	11	-	-
Surplus for the Year		**24.6**	**19.5**
Actuarial Gain in respect of Pension Schemes	8	55.0	21.2
Total Comprehensive Income for the Year		**79.6**	**40.7**

The consolidated results relate wholly to continuing activities and the notes on pages 59 to 116 form an integral part of these financial statements.

The financial statements on pages 52 to 116 were approved and authorised for issue by the Board on 7 August 2023 and signed on its behalf by:

Colin Dennis
Chair

Kevin Rodgers
Group Chief Executive

Gary Booth
Secretary

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Notes	2023 £m	2022 £m
Turnover	2	180.1	165.4
Operating Expenditure	2	(133.9)	(122.7)
Other income	2	-	-
Surplus on disposal of Fixed Assets	4	5.6	4.2
Operating Surplus	6	**51.8**	**46.9**
Interest Receivable	9	2.8	1.4
Interest and Financing Costs	10	(29.9)	(29.3)
Surplus before Tax		**24.7**	**19.0**
Taxation	11	-	-
Surplus for the Year		**24.7**	**19.0**
Actuarial Gain in respect of Pension Schemes	8	55.0	21.2
Total Comprehensive Income for the Year		**79.7**	**40.2**

The results of the association relate wholly to continuing activities and the notes on pages 59 to 116 form an integral part of these financial statements.

The financial statements on pages 52 to 116 were approved and authorised for issue by the Board on 7 August 2023 and signed on its behalf by:

Colin Dennis
Chair

Kevin Rodgers
Group Chief Executive

Gary Booth
Secretary

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2023 £m	2022 £m
Fixed Assets			
Tangible Fixed Assets	12	1,415.1	1,323.5
Investments:			
HomeBuy Loans Receivable	13	1.3	1.3
Investment in Joint Venture	15	1.6	-
		1,418.0	**1,324.8**
Current Assets			
Stock	16	23.8	28.0
Trade and Other Debtors receivable within one year	17	8.7	7.9
Debtors receivable after more than one year	17	8.9	11.4
Cash and Cash Equivalents	18	44.6	109.6
		86.0	156.9
Less: Creditors: amounts falling due within one year	19	(64.0)	(52.0)
Net Current Assets		**22.0**	**104.9**
Total Assets less Current Liabilities		**1,440.0**	**1,429.7**
Creditors: Amounts falling due after more than one year	20	(1,025.5)	(1,041.3)
Provision for Liabilities - Pension Provision	8	(5.9)	(59.4)
- Other Provisions	21	-	-
Total Net Assets		**408.6**	**329.0**
Reserves			
Income and Expenditure Reserve		408.6	329.0
Total Reserves		**408.6**	**329.0**

The notes on pages 59 to 116 form an integral part of these financial statements.

The financial statements on pages 52 to 116 were approved and authorised for issue by the Board on 7 August 2023 and signed on its behalf by:

Colin Dennis
Chair

Kevin Rodgers
Group Chief Executive

Gary Booth
Secretary

ASSOCIATION STATEMENT OF FINANCIAL POSITION

	Notes	2023 £m	2022 £m
Fixed Assets			
Tangible Fixed Assets	12	1,415.3	1,323.5
Investments:			
HomeBuy Loans Receivable	13	1.3	1.3
Investment in Subsidiaries	14	0.1	0.1
Investment in Joint Venture	15	-	-
		1,416.7	**1,324.9**
Current Assets			
Stock	16	10.4	9.5
Trade and Other Debtors receivable within one year	17	11.9	13.0
Debtors receivable after more than one year	17	21.0	26.9
Cash and Cash Equivalents	18	40.1	103.1
		83.4	152.5
Less: Creditors: amounts falling due within one year	19	(60.7)	(48.3)
Net Current Assets		**22.7**	**104.2**
Total Assets less Current Liabilities		**1,439.4**	**1,429.1**
Creditors: Amounts falling due after more than one year	20	(1,025.5)	(1,041.4)
Provision for Liabilities - Pension Provision	8	(5.9)	(59.4)
- Other Provisions	21	-	-
Total Net Assets		**408.0**	**328.3**
Reserves			
Income and Expenditure Reserve		408.0	328.3
Total Reserves		**408.0**	**328.3**

The notes on pages 59 to 116 form an integral part of these financial statements. -

The financial statements on pages 52 to 116 were approved and authorised for issue by the Board on 7 August 2023 and signed on its behalf by:

Colin Dennis	**Kevin Rodgers**	**Gary Booth**
Chair	**Group Chief Executive**	**Secretary**

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Reserve	Restricted Reserve	Total Controlling Interest	Restricted Fund	Unrestricted Fund
	£m	£m	£m	£m	£m
Balance at 1 April 2021	**288.3**	**-**	**288.3**	**-**	**288.3**
Surplus for the year	19.5	-	19.5	-	19.5
Other Comprehensive Income for the year:					
- Actuarial gain in respect of pension schemes	21.2	-	21.2	-	21.2
Balance at 31 March 2022	**329.0**	**-**	**329.0**	**-**	**329.0**
Surplus for the year	24.6	-	24.6	-	24.6
Other Comprehensive Income for the year:					
- Actuarial gain in respect of pension schemes	55.0	-	55.0	-	55.0
Balance at 31 March 2023	**408.6**	**-**	**408.6**	**-**	**408.6**

The notes on pages 59 to 116 form an integral part of these financial statements.

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Reserve £m	Restricted Reserve £m	Total Controlling Interest £m	Restricted Fund £m	Unrestricted Fund £m
Balance at 1 April 2021	**288.1**	**-**	**288.1**	**-**	**288.1**
Surplus for the year	19.0	-	19.0	-	19.0
Other Comprehensive Income for the year:					
- Actuarial gain in respect of pension schemes	21.2	-	21.2	-	21.2
Balance at 31 March 2022	**328.3**	**-**	**328.3**	**-**	**328.3**
Surplus for the year	24.7	-	24.7	-	24.7
Other Comprehensive Income for the year:					
- Actuarial gain in respect of pension schemes	55.0	-	55.0	-	55.0
Balance at 31 March 2023	**408.0**	**-**	**408.0**	**-**	**408.0**

The notes on pages 59 to 116 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	2023	2022
	£m	£m
Net cash generated from Operating Activities (see below)	**80.5**	**77.5**
Cash flow from investing activities:		
Purchase of tangible fixed assets	(126.9)	(86.3)
Proceeds from sale of tangible fixed assets	13.4	11.0
Payment to Coventry City Council RTB Clawback	(2.3)	(1.7)
Loan advanced to Joint Venture	-	(3.1)
Loan repaid by JV	2.6	-
Grants received	2.9	3.4
Proceeds from redemption of equity loans	0.1	0.1
Interest received	2.0	0.7
	(108.2)	(75.9)
Cash flow from financing activities:		
Interest paid (including loan breakage costs)	(28.2)	(27.9)
New borrowings received	-	-
Repayment of borrowings	(9.1)	(4.0)
	(37.3)	(31.9)
Net change in cash and cash equivalents	**(65.0)**	**(30.3)**
Cash and cash equivalents at beginning of the year	**109.6**	**139.9**
Cash and cash equivalents at end of the year	**44.6**	**109.6**
Cash flow from Operating Activities:		
Surplus for the year	24.6	19.5
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	28.7	24.2
Impairment of tangible fixed assets	1.7	0.7
Amortised grant	(4.3)	(4.2)
Decrease in stock	4.1	7.1
(Increase)/Decrease in trade and other debtors	(0.8)	6.4
Increase/(Decrease) in trade and other creditors	6.3	(1.4)
Pension costs less contributions payable	(0.1)	1.6
Share of surplus in Joint Venture	(1.6)	-
Carrying amount of tangible fixed asset disposals	8.1	6.1
Fair value of gifted assets net of contributions made	(0.6)	-
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed assets	(13.5)	(11.1)
Interest payable (including loan breakage costs)	29.9	29.3
Interest received	(2.0)	(0.7)
Taxation expense	-	-
Cash from Operations	**80.5**	**77.5**
Taxation paid	-	-
Net cash generated from Operating Activities	**80.5**	**77.5**

The notes on pages 59 to 116 form an integral part of these financial statements.

LEGAL STATUS

Citizen Housing Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is: -

4040 Lakeside
Solihull Parkway
Birmingham
B37 7YN

The group comprises the following entities: -

Name	Incorporation	Registered / Non-registered
Attwood Green Estate Services Limited	Companies Act 2006	Non-registered
Attwood Green Estate Services (Subsidiary) Limited	Companies Act 2006	Non-registered
Citizen New Homes Limited	Companies Act 2006	Non-registered
Citizen Business Services Limited	Companies Act 2006	Non-registered
Citizen Treasury plc	Companies Act 2006	Non-registered
Citizen Treasury 2 plc	Companies Act 2006	Non-registered
Citizen Treasury Vehicle Limited	Companies Act 2006	Non-registered

1. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered social housing providers: Housing SORP 2018.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The financial statements are prepared on the historical cost basis of accounting and are presented in sterling £ and rounded to the nearest £0.1 million.

The financial statements have been prepared in compliance with FRS102 (January 2022). In complying with FRS102, the Association meets the definition of a public benefit entity.

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the results of Citizen Housing Group Limited and all of its subsidiary undertakings as at 31 March 2023 (with the exception of Attwood Green Estate Services Limited, which is considered to be immaterial to the results of the group as a whole) using the acquisition method of accounting as required. The results of subsidiary undertakings are included from the date of acquisition, being the date that the Group obtains control.

Going Concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. The Group financial plan has been subjected to a wide range of stress tests. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements: -

- **Development expenditure.** The Group capitalises development expenditure in respect of new developments of social and affordable housing. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- **Categorisation of housing properties**. The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has not identified any investment properties.
- **Impairment**. The Group has identified a cash generating unit (CGU) for impairment assessment purposes at a property scheme level.
- **Provision for bad debts.** The Group provides for bad debts as at 31 March each year based on a percentage scale of current tenant arrears plus 100% of former tenant arrears. The adequacy of the provision methodology is reviewed on an annual basis to ensure that provisions reflect changes in arrears experience and the implications of Welfare Reform.
- **Categorisation of debt**. The Group's debt has been treated as "basic" in accordance with paragraphs 11.8, 11.9 and 11.9A of FRS 102 (January 2022). The Group has some fixed rate loans which have a two-way break clause (i.e. in addition to reasonable compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, reasonable compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate).

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Other key sources of estimation and assumptions:

- **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 values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Pension and other post-employment benefits**. The Group and its subsidiaries participate in four pension schemes: the West Midlands Pension Fund (as an Admitted Body), the Family Housing Association (Birmingham) Limited (1983) Retirement Fund, the Social Housing Pension Scheme (both Defined Benefit and Defined Contribution Schemes) and TPT Retirement Solutions – The Growth Plan.

  For the purposes of the financial statements, the West Midlands Pension Fund, the Social Housing Pension Scheme and the Family Pension Fund are classified as defined benefit schemes for the years ended 31 March 2022 and 31 March 2023.

  The company also participates in the TPT Retirement Solutions – The Growth Plan, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

  The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

  For the West Midlands Pension Fund, the pension scheme liabilities are measured using a projected unit method and discounted at an AA corporate bond rate. The pension scheme assets are valued at market rate. The pension scheme deficit is recognised in full on the Statement of Financial Position. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. An allowance was made for the potential impact of the McCloud & Sargeant judgement in the results provided to the Employer as at 31 March 2020 and therefore was already included in the starting position for the 2020/21 report. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities for the year ended 31 March 2023.

  For the Social Housing Pension Scheme, the actuarial assumptions and other key information used to generate the accounting disclosures for the years ended 31 March 2023 and 31 March 2022 are the default assumptions adopted by The Pensions Trust, apart from the discount rate, which was amended from 4.84% to 4.80%.

  The financial statements only recognise net defined benefit pension assets to the extent that the group are able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Other key sources of estimation and assumptions (Continued)

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

  During the year, our regeneration plans for parts of the City of Coventry have been identified as a trigger for an impairment review of these schemes. Other triggers include properties that are void and have been identified as difficult to let, properties that are vacant pending change of use and properties held for sale.

  Following a trigger for impairment, the housing property-owning members of the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties.

  The value in use calculation is based on a depreciated replacement model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

  Following the assessment of impairment, impairment losses of £1.7m (including fair value adjustments) were identified in the reporting period (2022: £0.7m) which relates to 98 properties with a carrying value of £1.9m (of which £0.9m relates to fair value adjustments).

Business combinations

Acquisitions of other entities in the social housing sector that are in substance a gift to Citizen Housing Group Limited are treated as non-reciprocal transfers where the substance of the transaction is gifting control of one entity to another. These are also known as non-exchange transfers. In this case the fair value of the gifted assets and liabilities are recognised as a gain or loss in the Statement of Comprehensive Income account in the year of the transaction.

Joint Ventures

An entity is treated as a joint venture where a member of the group holds an interest and shares control under a contractual agreement with one or more parties external to the Group.

In the Group accounts, joint ventures are accounted for using the equity method of accounting under which the equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the Group's share of the profit or loss.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Negative Goodwill

Negative Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the assets and liabilities acquired and the fair value of the consideration paid.

Negative goodwill is recognised in the Statement of Comprehensive Income in full in the year in which it is generated.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income, and is recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised from the point at which the property is available to let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements. Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Operating expenditure

Operating expenditure includes the actual costs of repairs and maintenance incurred during the period and the cost of sales relating to first tranche shared ownership sales. Management costs are allocated to revenue accounts on the basis of staff time allocated, except for specific items of expenditure, which are allocated directly.

Support income and costs including Supporting People income and costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Supported housing managed by agencies

Social Housing Grant (SHG) for capital expenditure on supported housing projects is claimed and incorporated within the Statement of Financial Position in line with ownership. The treatment of revenue income and expenditure in respect of supported housing projects depends solely on the agreements with the managing agents and on whether the Group entity carries the financial risk.

Where the Group entity holds the support contract with the Supporting People Administering Authority and carries the financial risk, all of the project's income and expenditure is included in the Statement of Comprehensive Income.

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure included is only that income and expenditure which related solely to the Group entity. Other income and expenditure of projects in this category is excluded from the Statement of Comprehensive Income.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Service Charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Loans

Since 1988 all loans, including bank/building society loans and issued bonds, have been raised from the private sector including banks, building societies, The Housing Finance Corporation Limited and capital markets. All loan interest is accounted for on a basis which reflects the effective periodic rate of interest on the loan. Proceeds of loan stock issued by The Housing Finance Corporation Limited often contain elements of either discount or premium. Loans outstanding on the Statement of Financial Position are shown net of any premiums with the full loan outstanding being reinstated over its life by means of adjustments from the Statement of Comprehensive Income.

Costs of raising finance are set against gross loans received and the loan is then refinanced over its life by means of adjustments from the Statement of Comprehensive Income. Costs of raising finance are deemed to be finance costs of the same nature as interest.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit and loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom (i.e. the country where the company's subsidiaries operate and generate taxable income).

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Value Added Tax

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

Tangible fixed assets and depreciation

Housing property

Housing properties are shown at cost, less accumulated depreciation and impairment. The capitalised cost of developed or purchased housing properties includes the cost of acquiring land and buildings, related development staff salaries and corresponding direct overheads, interest costs on the net capital employed until the date of practical completion, major repairs capitalised and directly attributable professional fees. Following the implementation of the Statement of Recommended Practice (SORP), the cost of housing properties is allocated between land and buildings in line with National Housing Federation valuation matrix.

The Group capitalises major repairs and improvement expenditure on existing housing properties in line with the requirements of the SORP. The cost of capitalised improvements is written off over the expected useful life of the components. Component lives are aligned to the assumed life within the stock condition survey database. Otherwise, such costs are taken as a charge to the Statement of Comprehensive Income in the year in which they are incurred.

The useful economic lives of the properties are:

Housing Properties	-	100 years from date of build
Major Repairs/Improvements	-	over the expected life of the component

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Housing properties in the course of construction and freehold land are stated at cost and are not depreciated. When a component is replaced, the existing component is fully depreciated and written off, and is replaced by the capitalisation of the replacement component as incurred.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Tangible fixed assets and depreciation (Continued)

Housing property (Continued)

The group depreciates freehold housing properties by component on a straight line basis over the UELs of the component categories. The table below shows the asset lives for the separately identified components within the building element of each property.

Component type	Component Life (years)
Structure	100
Retrofit Insulation	50
Watertanks/pumps	50
Roofs	25 - 70
Soffits & Fascias	30
Windows	30 - 40
Doors	30
Bathroom	30
Heating System/Cylinders	20 - 30
Electrics	20 - 30
Lifts	30
Mechanical Heat Recovery Systems	30
Soil & Vent Pipes	50
Door Entry Systems	15
Solar PV Panels	25
Sprinklers	20
Kitchens	20
Boilers	15
Mains Wired Detection Systems	10
Ventilation Extraction Systems	10
Cladding on leasehold buildings	10

The Group depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Other tangible fixed assets

Tangible fixed assets other than housing properties are stated at cost less accumulated depreciation. Depreciation is charged over the expected useful economic life of the asset, at the following annual rates:

Freehold Offices	- 50 to 125 years
Leasehold Office	- over the life of the lease
Computer Equipment	- 3 to 5 years
Fixtures & Fittings	- 4 years
Office Refurbishments	- 12 years

Capitalisation of interest and administration costs

Interest on loans financing the development of new properties is capitalised up to the date of completion of the scheme and only when development activity is in progress. Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Preserved Right to Buy / Right to Acquire

Property sales arise from a Preserved Right to Buy for tenants at the time of Local Authority transfer and a Right to Acquire for tenants since transfer.

Under an agreement with Coventry City Council (CCC) signed in April 2014, the surplus on sale of Right to Buy properties owned at the time of the Large Scale Voluntary Transfer (LSVT) is passed to the Council to fund improvement works to roads and footpaths on our estates. The programme of works will address, as first priority, the roads and footpaths previously considered to be the responsibility of the owning body, but now accepted as the responsibility of CCC, following the "Gulliksen" ruling, and will improve the environment for our residents, improving the standard of minor roads and paths on our estates.

For Right to Acquire sales, the surplus represents the difference between the sales proceeds and carrying value after deduction of grant that is to be recycled via the Recycled Capital Grant Fund. The sale of Right to Buy and Right to Acquire properties is considered to be an integral part of the Group's operating strategy, and turnover and cost of sales relating to the disposals are disclosed within operating surplus in the Statement of Comprehensive Income.

Shared Ownership (Low Cost Home Ownership) properties

All properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset and is held at the lower of cost and net realisable value until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the Statement of Comprehensive Income. Any operating surplus is restricted to the overall surplus which takes account of the Existing Use Value – Social Housing (EUV-SH) of the remaining fixed asset element. The remaining element of the asset is classified as a fixed asset and included in fixed assets in the Statement of Financial Position at cost less any provision for depreciation or impairment.

As shared ownership is considered to be an integral part of the Group's operating strategy, all shared ownership sales (whether initial tranche or subsequent staircasing sales) are disclosed within operating surplus in the Statement of Comprehensive Income.

Unutilised repairs provisions required to be carried in respect of properties sold under the new shared ownership model are held on the Statement of Financial Position as Other Provisions and disclosed in note 21.

Property managed by agents

Where the Group carries the majority of the financial risk on property managed by agents, all of the income and expenditure arising from the property is included in the Statement of Comprehensive Income. Where the agency carries the majority of the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Group. In both cases, the housing assets and associated liabilities are included in the Group's Statement of Financial Position.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments and are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to the Statement of Comprehensive Income over the term of the lease.

HomeBuy

Under these arrangements, the Group receives Social Housing Grant representing between 12½% and 25% of the purchase price in order to advance interest free loans to qualifying homebuyers. The buyer meets the balance of the purchase price from a personal mortgage, an element of which may be interest free for a period, and savings.

In the event that a property is resold, the Group recovers the appropriate proportion of the value of the property at the time of the resale. The grant becomes recyclable when the loans are repaid up to the amount of the original grant and the extent the proceeds permit. The Group is able to retain any surplus proceeds attributable to the share of the value of the property. If there is a fall in the value of the property, the shortfall of proceeds is offset against the recycled grant.

Loans advanced by the Group under these arrangements are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Social Housing Grant received to fund these loans is recognised as deferred income until the loan is redeemed. There are no circumstances in which the Group will suffer any losses.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Stock and properties held for sale

Stock of materials is stated at the lower of cost and net realisable value (being the estimated selling price less costs to complete and sell). Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads. Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in operating expenditure.

Non-government grants and donations

Grants and donations received from non-government sources are recognised under the performance model. If there are no specific performance requirements, the grant or donation is recognised when received or receivable. Where a grant or donation is received with specific performance requirements, it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of Turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is derecognised and recognised as income in the Statement of Comprehensive Income.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, known as the Recycled Capital Grant Fund (RCGF). Where recycled grant is known to be repayable it is shown as a creditor within one year.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Holiday pay accrual

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

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method;
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method;
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method;
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment;

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

The following financial instruments are assessed individually for impairment:

a) All equity instruments regardless of significance; and

b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impairment of Financial Assets (Continued)

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in the Statement of Comprehensive Income immediately.

Segmental Reporting

As Citizen Treasury plc holds debt which is publicly traded, the parent body, Citizen Housing Group Limited, is required to disclose consolidated information about its operating segments in accordance with IFRS 8.

The Chief Operating Decision Maker (CODM) has been identified as the Group Executive Directors.

The Group Executive Directors have identified the operating segments as General Needs & Supported Housing and Shared Ownership, reflecting the way in which the organisation is operated and managed. The Group Executive Directors receive information regarding the financial and operational performance of these segments on a regular basis.

General Needs & Supported Housing incorporates all of our social rented housing provision, including both social rent and affordable rent properties. Income is derived primarily from rent and service charges. Shared Ownership comprises those properties where we have sold a proportion of the equity share to the occupier whilst retaining the remaining equity and the freehold of the property. Income is derived from service charges in respect of the properties and from rent charged on the unsold equity element of the properties.

Analysis of the Statement of Comprehensive Income by segment is provided in note 34 to these financial statements. Our management reporting structure does not require analysis of assets and liabilities by segment, and these are therefore not included in the analysis of segmental reporting.

2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) BY CLASS OF BUSINESS

	GROUP					
	2023			2022		
	Turnover	Operating Costs/ Cost of Sales	Operating Surplus/ (Deficit)	Turnover	Operating Costs/ Cost of Sales	Operating Surplus/ (Deficit)
	£m	£m	£m	£m	£m	£m
Social Housing Lettings (Note 3)	**157.8**	**(119.6)**	**38.2**	**147.8**	**(109.0)**	**38.8**
Other social housing activities:						
First tranche shared ownership sales	14.2	(10.1)	4.1	11.8	(9.1)	2.7
Charges for support services	-	-	-	-	(0.1)	(0.1)
Development services	0.1	(0.4)	(0.3)	0.1	(0.5)	(0.4)
Community regeneration	-	(1.4)	(1.4)	0.6	(1.6)	(1.0)
Management services	0.3	-	0.3	0.3	-	0.3
Fair value of gifted assets net of contributions made	0.6	-	0.6	-	-	-
Other activities	2.3	(0.7)	1.6	1.5	(0.6)	0.9
Activities other than Social Housing Activities:						
Lettings (registered nursing homes)	0.3	(0.3)	-	0.4	(0.4)	-
Leasehold accommodation	2.3	(1.8)	0.5	1.9	(1.9)	-
Build for sale activities	7.1	(5.4)	1.7	10.6	(7.9)	2.7
	185.0	**(139.7)**	**45.3**	**175.0**	**(131.1)**	**43.9**

2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS/(DEFICIT) BY CLASS OF BUSINESS (Continued)

	ASSOCIATION					
	2023			2022		
	Turnover	Operating Costs/ Cost of Sales	Operating Surplus/ (Deficit)	Turnover	Operating Costs/ Cost of Sales	Operating Surplus/ (Deficit)
	£m	£m	£m	£m	£m	£m
Social Housing Lettings (Note 3)	**157.8**	**(119.6)**	**38.2**	**147.8**	**(109.0)**	**38.8**
Other social housing activities:						
First tranche shared ownership sales	14.2	(10.1)	4.1	11.8	(9.1)	2.7
Charges for support services	-	-	-	-	(0.1)	(0.1)
Community regeneration	-	(1.4)	(1.4)	0.6	(1.6)	(1.0)
Management services	0.5	-	0.5	0.6	-	0.6
Fair value of gifted assets net of contributions made	0.6	-	0.6	-	-	-
Gift Aid Receivable	2.0	-	2.0	0.8	-	0.8
Other activities	2.4	(0.7)	1.7	1.5	(0.6)	0.9
Activities other than Social Housing Activities:						
Lettings (registered nursing homes)	0.3	(0.3)	-	0.4	(0.4)	-
Leasehold accommodation	2.3	(1.8)	0.5	1.9	(1.9)	-
	180.1	**(133.9)**	**46.2**	**165.4**	**(122.7)**	**42.7**

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	GROUP & ASSOCIATION				
	General Needs £m	Supported Housing & Housing for Older People £m	Shared Ownership £m	2023 Total £m	2022 Total £m
Rents receivable net of identifiable service charge income and net of voids	126.2	9.2	4.5	139.9	132.4
Service charge income	7.6	2.7	0.6	10.9	10.1
Net rental income	**133.8**	**11.9**	**5.1**	**150.8**	**142.5**
Amortised Government Grants	3.9	0.3	0.1	4.3	4.2
Other Grants	1.5	-	-	1.5	0.1
Other income from Social Housing Lettings	1.1	0.1	-	1.2	1.0
Turnover from Social Housing Lettings	**140.3**	**12.3**	**5.2**	**157.8**	**147.8**
Operating Expenditure:					
Management	(14.8)	(1.3)	(0.6)	(16.7)	(15.6)
Service charge costs	(18.8)	(1.7)	(0.7)	(21.2)	(19.4)
Routine maintenance	(27.9)	(2.5)	-	(30.4)	(29.1)
Planned maintenance	(10.8)	(0.9)	-	(11.7)	(6.0)
Major repairs expenditure	(8.9)	(0.8)	-	(9.7)	(12.2)
Bad debts	(0.6)	(0.1)	-	(0.7)	-
Depreciation on housing properties	(24.4)	(2.1)	(0.8)	(27.3)	(25.8)
Impairment of housing properties	(1.7)	-	-	(1.7)	(0.7)
Property lease charges	(0.1)	-	-	(0.1)	(0.1)
Other costs	(0.1)	-	-	(0.1)	(0.1)
Operating Expenditure on Social Housing Lettings	**(108.1)**	**(9.4)**	**(2.1)**	**(119.6)**	**(109.0)**
Operating surplus on Social Housing Lettings	**32.2**	**2.9**	**3.1**	**38.2**	**38.8**
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(1.0)	-	-	(1.0)	(1.0)

4. SURPLUS ON DISPOSAL OF FIXED ASSETS

	GROUP AND ASSOCIATION	
	2023 £m	2022 £m
Sale of Housing Properties		
Proceeds from disposal	10.0	8.1
Net Book Value of disposals	(3.0)	(2.9)
Transfer to CCC	(2.3)	(1.7)
Transfer to RCGF	(0.5)	(0.5)
Administration costs of disposal	(0.1)	(0.1)
Surplus on Sale of Housing Properties	**4.1**	**2.9**
Sale of Shared Ownership Subsequent Tranches		
Proceeds from disposal	3.5	3.0
Net Book Value of disposals	(1.4)	(1.2)
Transfer to RCGF	(0.5)	(0.5)
Administration costs of disposal	(0.1)	-
Surplus on Sale of Shared Ownership Subsequent Tranches	**1.5**	**1.3**
Surplus on Disposal of Fixed Assets	**5.6**	**4.2**

In April 2014, the Group signed an agreement with Coventry City Council (CCC) to transfer the surplus achieved on Right to Buy sales to CCC to fund improvement works to roads and footpaths on our estates.

5. EMPLOYEE INFORMATION

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	No.	No.	No.	No.
Full Time Equivalents	**1,010**	**988**	**975**	**954**
	2023	**2022**	**2023**	**2022**
	£m	**£m**	**£m**	**£m**
Staff Costs for the Above:				
Wages and Salaries	36.7	33.1	34.8	31.4
Social Security Costs	3.8	3.3	3.6	3.1
Other Pension Costs	5.6	6.6	5.4	6.4
	46.1	**43.0**	**43.8**	**40.9**

The number of full-time equivalents has been calculated on a 37 hour per week basis.

	GROUP		ASSOCIATION	
	2023	2022	2023	2022
	No.	No.	No.	No.
Full Time Equivalents split by remuneration bands of: -				
£60,000 - £69,999	34	35	30	33
£70,000 - £79,999	24	15	18	11
£80,000 - £89,999	7	3	6	2
£90,000 - £99,999	2	9	1	7
£100,000 - £109,999	8	5	6	4
£110,000 - £119,999	1	-	1	-
£120,000 - £129,999	2	1	2	1
£130,000 - £139,999	2	1	2	1
£160,000 - £169,999	2	-	2	-
£170,000 - £179,999	-	-	-	-
£180,000 - £189,999	1	1	1	1
£190,000 - £199,999	1	1	1	1
£200,000 - £209,999	1	-	1	-
£210,000 - £219,999	-	-	-	-
£220,000 - £229,999	-	-	-	-
£230,000 - £239,999	-	-	-	-
£240,000 - £249,999	-	1	-	1
£260,000 - £269,999	1	-	1	-

6. OPERATING SURPLUS

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Operating Surplus is stated after charging				
Depreciation:				
On Fixed Assets other than Housing Properties	1.3	1.3	1.3	1.3
On Housing Properties	27.3	25.8	27.3	25.8
Impairment:				
On Fixed Assets other than Housing Properties	-	-	-	-
On Housing Properties	1.7	0.7	1.7	0.7
Auditor's Remuneration (excluding VAT):				
Audit of the group financial statements	0.1	0.1	0.1	0.1
Audit of subsidiaries	-	-	-	-
Fees payable to the group's auditor and its associates for other services to the group:				
Service charge certification	-	-	-	-
Other group services	-	-	-	-
Operating Lease Payments:				
Motor vehicles	1.5	1.5	1.5	1.5
Office Premises	0.8	0.9	0.8	0.9
Office equipment	0.2	0.2	0.2	0.2
Bad Debts:				
On rents	0.7	-	0.7	-
On service charges	-	-	-	-
On sales ledger debt	-	-	-	-

7. KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel comprise the Board of Management and Executive Officers as set out on page 2.

Remuneration for executive directors for the year ended 31 March:

	GROUP & ASSOCIATION	
	2023 £'000	2022 £'000
Wages and salaries	722	678
Car allowances	40	40
Pension contributions	74	80
Estimated monetary value of non-cash benefits	4	7
	840	**805**

Non-executive Board Member remuneration for the year ended 31 March including salaries, honoraria or other benefits: -

	GROUP		ASSOCIATION	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Colin Dennis	23	21	23	21
Crispin Passmore	-	4	-	4
Richard Nowell	13	10	13	10
Helen Scarrett	13	11	13	11
John Creswell	14	11	14	11
Philip Green	6	5	-	-
Susan Brooksbank-Taylor	13	11	13	11
Janice Nichols	9	8	9	8
Mark Wright	6	5	-	-
Becky Utuka	6	5	-	-
Claire Williams	9	8	9	8
Monica Shafaq	9	8	9	8
David Robertson	6	5	-	-
Total	**127**	**112**	**103**	**92**

7. KEY MANAGEMENT PERSONNEL REMUNERATION (Continued)

Citizen Housing Group's Remuneration Committee is responsible for recommending the remuneration of the Executive Directors and for recommending the annual cost of living increase to be applied to all employees and draws upon representation and skills from all of the Group's shareholders.

The remuneration packages of the Executive Directors are set by taking into account independent professional advice on remuneration levels in the sector, each of the Executive Director's responsibilities and the pay level for comparable positions in the marketplace.

Compensation payable to Directors or past Directors during the period in respect of loss of office of Director amounted to £Nil (2022: £Nil).

Expenses paid during the year to Board and Committee members across the Group amounted to £2k (2022: £Nil). Expenses paid during the year to Association Board members amounted to £2k (2022: £Nil).

Remuneration payable to the highest paid director in relation to the period of account amounted to £264k (2022: £228k) excluding pension contributions.

The Group Chief Executive was an ordinary member of the Social Housing Pension Scheme until 30 November 2021 and no enhanced or special terms applied. For the year ended 31 March 2023, the Group Chief Executive was paid £19k in lieu of pension contributions (31 March 2022: £6k), and these figures are included in the disclosures shown in the table above. The Group does not make any further contributions to an individual pension arrangement for the Group Chief Executive.

8. PENSION COSTS

Membership of the Social Housing Pension Scheme (SHPS) Defined Contribution Scheme is offered to all employees of the Group. Membership of the SHPS Defined Benefit Scheme was closed to new members with effect from 1 December 2017. The group maintained their admitted body status of the West Midlands Pension Fund following transfer from Coventry City Council in 2000 and Birmingham City Council in 1999 respectively. Both schemes are final salary schemes, with the West Midlands Pension Fund becoming a Career Average Revalued Earnings (CARE) scheme from 1 April 2015. We administer the Family Housing Association (Birmingham) Limited (1983) Retirement Fund, a defined benefit scheme the assets of which are held in a managed fund administered by the Phoenix Life Group. Since 31 March 2000, the Family defined benefit scheme has been closed and staff have either become members of a Group Personal Pension Plan (GPPP), operated by Legal & General, or have joined the SHPS scheme.

For the purposes of the financial statements, the West Midlands Pensions Fund, the Social Housing Pension Fund and the Family Housing Association (Birmingham) Limited (1983) Retirement Fund are classified as defined benefit schemes.

The assets of the funds are invested and managed independently of the finances of Citizen Housing Group. Employee contribution rates are fixed, and the employer's contribution rate is assessed in accordance with the advice of an independent and professionally qualified actuary.

The company also participates in the TPT Retirement Solutions – The Growth Plan, a multi-employer scheme. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Fair value of plan assets	175.9	194.5
Present value of defined benefit obligation	(174.2)	(253.1)
Surplus/(Deficit) in Plan	1.7	(58.6)
Unrecognised surplus	(7.6)	(0.8)
Deferred tax	-	-
Net defined benefit liability to be recognised	**(5.9)**	**(59.4)**

THE PENSIONS TRUST – SOCIAL HOUSING PENSION SCHEME

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive. The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

THE PENSIONS TRUST – SOCIAL HOUSING PENSION SCHEME (Continued)

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

The major assumptions used by the actuary are shown below.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Fair value of plan assets	26.2	42.8
Present value of defined benefit obligation	(32.1)	(48.5)
Deficit in Plan	(5.9)	(5.7)
Deferred tax	-	-
Net defined benefit liability to be recognised	**(5.9)**	**(5.7)**

Reconciliation of opening and closing balances of the defined benefit obligation

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Defined benefit obligation at start of the year	48.5	49.6
Current service cost	0.6	1.5
Interest expense	1.3	1.1
Change in financial assumptions	(14.9)	(4.5)
Change in demographic assumptions	(0.1)	(0.7)
Experience (gain)/loss on defined benefit obligation	(1.7)	2.8
Benefits paid	(1.8)	(1.4)
Contributions by scheme participants	0.2	0.1
Defined benefit obligation at end of the year	**32.1**	**48.5**

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

THE PENSIONS TRUST – SOCIAL HOUSING PENSION SCHEME (Continued)

Reconciliation of opening and closing balances of the fair value of plan assets

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Fair value of plan assets at start of the year	42.8	38.5
Interest income	1.2	0.9
Return on assets less interest	(18.6)	2.6
Contributions made by the employer	2.4	2.1
Contributions by fund participants	0.2	0.1
Benefits paid	(1.8)	(1.4)
Fair value of plan assets at end of the year	**26.2**	**42.8**

Defined benefit costs recognised in the Statement of Comprehensive Income

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Recognised within the Surplus for the Year: -		
Service cost	0.6	1.5
Net interest cost	0.2	0.2
Defined benefit costs recognised within the surplus for the year	**0.8**	**1.7**
Recognised within Other Comprehensive Income: -		
Return on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(18.5)	2.6
Change in demographic assumptions	0.1	0.7
Change in financial assumptions	14.9	4.5
Experience gain/(loss) on defined benefit obligation	1.7	(2.8)
Total amount recognised within Other Comprehensive Income – (Loss)/Gain	**(1.8)**	**5.0**

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

THE PENSIONS TRUST – SOCIAL HOUSING PENSION SCHEME (Continued)

Assets

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Global Equity	0.5	8.2
Absolute Return	0.3	1.7
Distressed Opportunities	0.8	1.5
Credit Relative Value	1.0	1.4
Alternative Risk Premia	-	1.4
Emerging Markets Debt	0.1	1.2
Risk Sharing	1.9	1.4
Insurance-Linked Securities	0.7	1.0
Property	1.1	1.2
Infrastructure	3.0	3.0
Private Debt	1.2	1.1
Opportunistic Illiquid Credit	1.1	1.4
High Yield	0.1	0.4
Opportunistic Credit	-	0.2
Cash	0.2	0.2
Corporate Bond Fund	-	2.9
Long Lease Property	0.8	1.1
Secured Income	1.2	1.6
Liability Driven Investment	12.1	11.9
Currency Hedging	-	(0.1)
Net Current Assets	0.1	0.1
Total assets	**26.2**	**42.8**

None of the fair values of the assets shown above include any direct investments in the Association's own financial instruments or any property occupied by, or other assets used by, the Association.

Assumptions

	GROUP & ASSOCIATION	
	2023 % per annum	2022 % per annum
Discount Rate	4.80%	2.79%
Inflation (RPI)	3.17%	3.49%
Inflation (CPI)	2.79%	3.15%
Salary Growth	3.79%	4.15%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

THE PENSIONS TRUST – SOCIAL HOUSING PENSION SCHEME (Continued)

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	GROUP & ASSOCIATION	
	Life expectancy at age 65	
	2023	2022
	Years	Years
Male retiring today	21.0	21.1
Female retiring today	23.4	23.7
Male retiring in 20 years	22.2	22.4
Female retiring in 20 years	24.9	25.2

WEST MIDLANDS PENSION FUND

The Association is able to estimate its share of the underlying assets and liabilities of the West Midlands Pension Fund. The pension contributions for the Association during the year to 31 March 2023 amounted to £3.1m (2022: £3.0m). A full actuarial valuation was carried out as at 31 March 2019 and has been updated to 31 March 2023 by a qualified actuary, independent of the scheme's sponsoring employers, using financial assumptions that comply with FRS102.

The actuary has allowed for the full Guaranteed Minimum Pension (GMP) indexation in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance for full GMP indexation has already been included in the accounting disclosure.

The actuary believes that a further Lloyd's ruling in respect of historical transfers is unlikely to have a significant impact on the pension obligations of a typical employer, and the historic individual member data needed to assess the impact is not readily available. As a result, there has not been any allowance made for this within the calculations at the Accounting Date.

The actuary has allowed for the McCloud judgement in the calculation of the latest funding valuation results. The Employer's funding valuation results are used as the starting point for the accounting roll forward calculations and therefore an allowance is included in the accounting disclosure.

Pension assets are restricted to comply with FRS 102 paragraph 28, and recognise a plan surplus as a defined benefit asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. These criteria were not considered to be met at 31 March 2023 and an asset was therefore not recognised, specifically as the scheme is in a funding deficit, a reduction in future contributions is not available and contributions are not based on the FRS 102 valuation.

The major assumptions used by the actuary are shown below.

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

WEST MIDLANDS PENSION FUND (Continued)

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	GROUP & ASSOCIATION	
	2023 £m	**2022 £m**
Fair value of plan assets	145.3	145.6
Present value of defined benefit obligation	(138.3)	(199.3)
Surplus/(Deficit) in Plan	7.0	(53.7)
Unrecognised surplus	(7.0)	-
Deferred tax	-	-
Net defined benefit asset/(liability) to be recognised	**-**	**(53.7)**

Reconciliation of opening and closing balances of the defined benefit obligation

	GROUP & ASSOCIATION	
	2023 £m	**2022 £m**
Defined benefit obligation at start of the year	199.3	202.0
Current service cost	4.3	4.8
Interest expense	5.4	4.0
Change in financial assumptions	(73.1)	(7.1)
Change in demographic assumptions	(5.3)	(1.2)
Experience loss on defined benefit obligation	11.1	0.4
Benefits paid	(4.0)	(4.3)
Contributions by scheme participants	0.6	0.7
Defined benefit obligation at end of the year	**138.3**	**199.3**

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

WEST MIDLANDS PENSION FUND (Continued)

Reconciliation of opening and closing balances of the fair value of plan assets

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Fair value of plan assets at start of the year	145.6	135.7
Interest income	3.9	2.7
Return on assets less interest	(3.3)	8.5
Contributions made by the employer	2.5	2.3
Contributions by fund participants	0.6	0.7
Benefits paid	(4.0)	(4.3)
Fair value of plan assets at end of the year	**145.3**	**145.6**

Defined benefit costs recognised in the Statement of Comprehensive Income

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Recognised within the Surplus for the Year: -		
Service cost	4.3	4.7
Net interest cost	1.5	1.4
Defined benefit costs recognised within the surplus for the year	**5.8**	**6.1**
Recognised within Other Comprehensive Income: -		
Return on plan assets (excluding amounts included in net interest cost) – (loss)/gain	(3.3)	8.5
Change in demographic assumptions	5.3	1.2
Change in financial assumptions	73.1	7.1
Experience (loss) on defined benefit obligation	(11.1)	(0.4)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	(7.0)	-
Total amount recognised within Other Comprehensive Income – gain	**57.0**	**16.4**

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

WEST MIDLANDS PENSION FUND (Continued)

Assets

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
UK Equities	98.8	97.5
Property	10.2	10.2
UK Government Bonds	31.9	32.0
Cash	4.4	5.9
Total assets	**145.3**	**145.6**

None of the fair values of the assets shown above include any direct investments in the Association's own financial instruments or any property occupied by, or other assets used by, the Association.

Assumptions

	GROUP & ASSOCIATION	
	2023 % per annum	2022 % per annum
Discount Rate	4.75%	2.7%

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65	
	2023 Years	2022 Years
Male retiring today	21.1	21.2
Female retiring today	23.3	23.6
Male retiring in 20 years	21.8	22.9
Female retiring in 20 years	25.3	25.4

The best estimate of contributions to be paid by Group members to the plan for the period commencing 1 April 2023 is £2.52m.

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

FAMILY HOUSING ASSOCIATION (BIRMINGHAM) LIMITED (1983) RETIREMENT FUND

Citizen Housing Group Limited sponsors the Family Housing Association (Birmingham) Limited (1983) Retirement Fund which is a defined benefit arrangement. A full actuarial valuation was carried out at 31 January 2020 and has been updated to 31 March 2023 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The most recent Actuarial Valuation was carried out on 31 January 2020, and showed that over the 3 preceding years the scheme's deficit decreased from approximately £2.59m to the sum of £1.43m. The Trustees have agreed with the employer to make payments of £150,000 per annum, increasing at 3% p.a., payable monthly for a period of 3 years and 7 months from 1 April 2021 to 31 October 2024, as recommended by the Actuary in the valuation. In addition, Pension Protection Fund levy payments, management and administration expenses are payable by the Association as and when they are due.

Pension assets are restricted to comply with FRS 102 paragraph 28, and recognise a plan surplus as a defined benefit asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. These criteria were not considered to be met at 31 March 2022 and 31 March 2023 and an asset was therefore not recognised, specifically as the scheme is in a funding deficit, a reduction in future contributions is not available and contributions are not based on the FRS 102 valuation.

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Fair value of plan assets	4.4	6.1
Present value of defined benefit obligation	(3.8)	(5.3)
Surplus in Plan	0.6	0.8
Unrecognised surplus	(0.6)	(0.8)
Deferred tax	-	-
Net defined benefit liability to be recognised	-	-

Reconciliation of opening and closing balances of the defined benefit obligation

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Defined benefit obligation at start of the year	5.3	6.2
Interest expense	0.1	0.1
Actuarial (gains)	(1.4)	(0.6)
Benefits paid	(0.2)	(0.4)
Defined benefit obligation at end of the year	**3.8**	**5.3**

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

FAMILY HOUSING ASSOCIATION (BIRMINGHAM) LIMITED (1983) RETIREMENT FUND (Continued)

Reconciliation of opening and closing balances of the fair value of plan assets

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Fair value of plan assets at start of the year	6.1	6.3
Interest income	0.2	0.1
Return on plan assets (excluding amounts included in net interest cost) – (loss)	(1.9)	(0.1)
Contributions made by the Association	0.2	0.2
Benefits paid	(0.2)	(0.4)
Fair value of plan assets at end of the year	**4.4**	**6.1**

The actual return on the plan assets for the year ended 31 March 2023 was £1.9m (2022: £70k).

Defined benefit costs recognised in the Statement of Comprehensive Income

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Recognised within the Surplus for the Year: -		
Net interest cost	-	-
Defined benefit costs recognised within the surplus for the year	**-**	**-**
Recognised within Other Comprehensive Income: -		
Return on plan assets (excluding amounts included in net interest cost) – (loss)	(1.9)	(0.1)
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities – gain	1.4	0.6
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	0.3	(0.7)
Total amount recognised within Other Comprehensive Income – (Loss)	**(0.2)**	**(0.2)**

8. PENSION COSTS (Continued)

(a) DEFINED BENEFIT PENSION SCHEMES (Continued)

FAMILY HOUSING ASSOCIATION (BIRMINGHAM) LIMITED (1983) RETIREMENT FUND (Continued)

Assets

	GROUP & ASSOCIATION	
	2023 £m	**2022 £m**
UK Equities	0.7	1.6
UK Government Bonds	3.7	4.4
Cash	-	0.1
Total assets	**4.4**	**6.1**

None of the fair values of the assets shown above include any direct investments in the Association's own financial instruments or any property occupied by, or other assets used by, the Association.

Assumptions

	GROUP & ASSOCIATION	
	2023 % per annum	**2022 % per annum**
Discount Rate	4.8%	2.8%
Allowance for commutation of pension for cash at retirement	No allowance	No allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65	
	2023 Years	**2022 Years**
Male retiring in 2023	21.8	21.8
Female retiring in 2023	23.8	23.8
Male retiring in 2035	23.2	23.2
Female retiring in 2035	25.3	25.3

The best estimate of contributions to be paid by the Association to the plan for the period commencing 1 April 2023 is £160k.

8. PENSION COSTS (Continued)

(b) TPT RETIREMENT SOLUTIONS – THE GROWTH PLAN

Citizen Housing Group Limited participates in the TPT Retirement Solutions – The Growth Plan, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore, it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore, the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions	
From 1 April 2023 to 31 January 2025:	£3,312,000 per annum (payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.94m, liabilities of £926.4m and a deficit of £131.5m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions	
From 1 April 2019 to 30 September 2025:	£11,243,000 per annum (payable monthly and increasing by 3% each year on 1st April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

8. PENSION COSTS (Continued)

(b) TPT RETIREMENT SOLUTIONS – THE GROWTH PLAN (Continued)

ASSUMPTIONS

	31 March 2023 % per annum	31 March 2022 % per annum	31 March 2021 % per annum
Rate of discount	5.52%	2.35%	0.66%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

9. INTEREST RECEIVABLE

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Interest receivable on unlisted investments	2.0	0.7	2.8	1.4
	2.0	**0.7**	**2.8**	**1.4**

10. INTEREST AND FINANCING COSTS

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Defined Benefit pension charge	1.6	1.6
Capitalisation of development interest payable	(1.2)	(1.0)
Bank Loans		
Repayable otherwise than by instalments	3.0	2.0
Repayable by instalments wholly or partly in more than 5 years	25.1	26.0
Other interest	1.4	0.7
	29.9	**29.3**

11. TAXATION

The Parent organisation is a charitable Co-operative and Community Benefit Society and, providing income is derived from its primary purpose, there is no liability for Corporation Tax.

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
UK Corporation Tax				
UK Corporation Tax on surplus for the period	-	-	-	-
Adjustments in respect of previous periods	-	-	-	-
	-	**-**	**-**	**-**
The tax assessed on the surplus on ordinary activities for the period is lower than the standard rate of Corporation Tax in the UK of 19% (2022: 19%)				
Surplus on ordinary activities before tax	**24.6**	**19.5**	**24.7**	**19.0**
Corporation Tax calculated as surplus on activities before tax, multiplied by 19% (2022: 19%)	4.7	3.7	4.7	3.5
Effect of:				
Exempt charitable activities	(4.6)	(3.5)	(4.7)	(3.5)
Qualifying Charitable donations	(0.4)	(0.2)	-	-
Losses brought forward	-	(0.1)	-	-
Share of profit of JV	0.3	0.1	-	-
UK Corporation Tax on surplus for the period	**-**	**-**	**-**	**-**

We are not aware of any circumstances which would materially impact any future tax charges.

12. HOUSING PROPERTIES

	Group									
	HOUSING PROPERTIES					OTHER FIXED ASSETS				
	Social Housing Properties for Letting Completed	Social Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties	Freehold Offices	Short Leasehold Offices	Office Fixtures & Fittings	Computer Equipment	Total Fixed Assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
COST										
At 1 April 2022	**1,501.6**	**34.9**	**110.6**	**11.8**	**1,658.9**	**5.3**	**1.4**	**2.2**	**6.8**	**1,674.6**
Improvement works – existing properties	30.3	-	-	-	30.3	-	-	-	-	30.3
Additions – new developments	1.2	75.0	-	19.6	95.8	-	-	-	-	95.8
Schemes completed – new developments	61.4	(61.4)	19.7	(19.7)	-	-	-	-	-	-
Disposals	(4.7)	-	(2.1)	-	(6.8)	-	-	-	(0.2)	(7.0)
Replaced Components	(5.3)	-	-	-	(5.3)	-	-	-	-	(5.3)
Additions to Other Fixed Assets	-	-	-	-	-	-	-	0.3	1.0	1.3
At 31 March 2023	**1,584.5**	**48.5**	**128.2**	**11.7**	**1,772.9**	**5.3**	**1.4**	**2.5**	**7.6**	**1,789.7**
DEPRECIATION										
At 1 April 2022	**325.9**	**-**	**6.3**	**-**	**332.2**	**1.4**	**0.4**	**1.6**	**5.7**	**341.3**
Charge for the period	26.5	-	0.8	-	27.3	0.1	0.2	0.2	0.8	28.6
Disposals	(1.1)	-	(0.2)	-	(1.3)	-	-	-	(0.2)	(1.5)
Replaced components	(5.3)	-	-	-	(5.3)	-	-	-	-	(5.3)
At 31 March 2023	**346.0**	**-**	**6.9**	**-**	**352.9**	**1.5**	**0.6**	**1.8**	**6.3**	**363.1**

12. HOUSING PROPERTIES (Continued)

	Group									
	HOUSING PROPERTIES					OTHER FIXED ASSETS				
	Social Housing Properties for Letting Completed	Social Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties	Freehold Offices	Short Leasehold Offices	Office Fixtures & Fittings	Computer Equipment	Total Fixed Assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
IMPAIRMENT										
At 1 April 2022	**8.8**	**-**	**-**	**-**	**8.8**	**1.0**	**-**	**-**	**-**	**9.8**
Disposals	-	-	-	-	-	-	-	-	-	-
Charge for the period	1.7	-	-	-	1.7	-	-	-	-	1.7
At 31 March 2023	**10.5**	**-**	**-**	**-**	**10.5**	**1.0**	**-**	**-**	**-**	**11.5**
NET BOOK VALUE										
At 31 March 2023	**1,228.0**	**48.5**	**121.3**	**11.7**	**1,409.5**	**2.8**	**0.8**	**0.7**	**1.3**	**1,415.1**
At 31 March 2022	**1,166.9**	**34.9**	**104.3**	**11.8**	**1,317.9**	**2.9**	**1.0**	**0.6**	**1.1**	**1,323.5**

12. HOUSING PROPERTIES (Continued)

	Association									
	HOUSING PROPERTIES					OTHER FIXED ASSETS				
	Social Housing Properties for Letting Completed	Social Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties	Freehold Offices	Short Leasehold Offices	Office Fixtures & Fittings	Computer Equipment	Total Fixed Assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
COST										
At 1 April 2022	**1,501.6**	**34.9**	**110.6**	**11.8**	**1,658.9**	**5.3**	**1.4**	**2.2**	**6.8**	**1,674.6**
Improvement works – existing properties	30.3	-	-	-	30.3	-	-	-	-	30.3
Additions – new developments	1.2	75.0	-	19.8	96.0	-	-	-	-	96.0
Schemes completed – new developments	61.4	(61.4)	19.7	(19.7)	-	-	-	-	-	-
Disposals	(4.7)	-	(2.1)	-	(6.8)	-	-	-	(0.2)	(7.0)
Replaced Components	(5.3)	-	-	-	(5.3)	-	-	-	-	(5.3)
Additions to Other Fixed Assets	-	-	-	-	-	-	-	0.3	1.0	1.3
At 31 March 2023	**1,584.5**	**48.5**	**128.2**	**11.9**	**1,773.1**	**5.3**	**1.4**	**2.5**	**7.6**	**1,789.9**
DEPRECIATION										
At 1 April 2022	**325.9**	**-**	**6.3**	**-**	**332.2**	**1.4**	**0.4**	**1.6**	**5.7**	**341.3**
Charge for the period	26.5	-	0.8	-	27.3	0.1	0.2	0.2	0.8	28.6
Disposals	(1.1)	-	(0.2)	-	(1.3)	-	-	-	(0.2)	(1.5)
Replaced components	(5.3)	-	-	-	(5.3)	-	-	-	-	(5.3)
At 31 March 2023	**346.0**	**-**	**6.9**	**-**	**352.9**	**1.5**	**0.6**	**1.8**	**6.3**	**363.1**

12. HOUSING PROPERTIES (Continued)

	Association									
	HOUSING PROPERTIES					OTHER FIXED ASSETS				
	Social Housing Properties for Letting Completed	Social Housing Properties for Letting Under Construction	Low Cost Home Ownership Properties Completed	Low Cost Home Ownership Properties Under Construction	Total Housing Properties	Freehold Offices	Short Leasehold Offices	Office Fixtures & Fittings	Computer Equipment	Total Fixed Assets
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
IMPAIRMENT										
At 1 April 2022	**8.8**	**-**	**-**	**-**	**8.8**	**1.0**	**-**	**-**	**-**	**9.8**
Disposals	-	-	-	-	-	-	-	-	-	-
Charge for the period	1.7	-	-	-	1.7	-	-	-	-	1.7
At 31 March 2023	**10.5**	**-**	**-**	**-**	**10.5**	**1.0**	**-**	**-**	**-**	**11.5**
NET BOOK VALUE										
At 31 March 2023	**1,228.0**	**48.5**	**121.3**	**11.9**	**1,409.7**	**2.8**	**0.8**	**0.7**	**1.3**	**1,415.3**
At 31 March 2022	**1,166.9**	**34.9**	**104.3**	**11.8**	**1,317.9**	**2.9**	**1.0**	**0.6**	**1.1**	**1,323.5**

12. HOUSING PROPERTIES (Continued)

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Net Book Value of Land and Buildings comprises: -				
Freehold land and buildings	1,382.0	1,290.5	1,382.2	1,290.5
Long leasehold land and buildings	24.6	24.6	24.6	24.6
Short leasehold land and buildings	6.5	6.7	6.5	6.7
	1,413.1	1,321.8	1,413.3	1,321.8
Total expenditure on works to existing properties:				
Replacement components capitalised	30.3	12.7	30.3	12.7
Amounts charged to Income and Expenditure account	9.7	12.2	9.7	12.2
	40.0	**24.9**	**40.0**	**24.9**

Cumulative interest capitalised during the development period to 31 March 2023 amounted to £10.0m (2022: £8.8m).

There are 22,530 properties charged against debt borrowed by Citizen Housing Group Limited either through a Security Trust or directly with a lender at the reporting date, with a net book value of £523.9m. Asset cover is measured by reference to the properties' Existing Use Value – Social Housing (EUV-SH) and/or Market Value – Subject to Tenancy (MV-STT) as a percentage of the debt outstanding. At the reporting date there was sufficient asset cover in respect of the Group's debt.

Housing properties for letting includes the cost of 2 nursing homes shown under non-social housing activities in Note 2. The cost of these properties is £0.9m, which is part-funded by grants of £0.3m from a regional health authority.

13. HOMEBUY LOANS RECEIVABLE

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
HomeBuy Loans made by the Group: -		
At the start of the year	1.3	1.4
Loans advanced	-	-
Loans repaid	-	(0.1)
At the end of the year	**1.3**	**1.3**
HomeBuy Grants received from Homes England: -		
At the start of the year	1.4	1.5
Grants received	-	-
Grants repaid/recycled	(0.1)	(0.1)
At the end of the year	**1.3**	**1.4**

The grants received are disclosed within Creditors: Amounts falling due in more than one year (see note 20).

14. FIXED ASSET INVESTMENT IN SUBSIDARY UNDERTAKINGS

Citizen Treasury plc, Citizen Treasury 2 plc, Citizen Treasury Vehicle Limited, Citizen Business Services Limited and Citizen New Homes Limited are subsidiary organisations for incorporation into the Consolidated Financial Statements of Citizen Housing Group Limited (the Association) in accordance with the Co-operative and Community Benefit Societies Act 2014.

Citizen Treasury plc and Citizen Treasury 2 plc are non-regulated companies limited by shares and are special purpose vehicles, which are used to secure funding for the Citizen Housing Group. Funding is obtained directly from the capital markets.

Citizen New Homes Limited is a non-regulated company limited by shares. The principal activity of Citizen New Homes Limited is the development of new build properties for outright sale and rental.

	ASSOCIATION	
	2023 £m	2022 £m
COST OF INVESTMENT	0.1	0.1

Details of the Citizen Housing Group Limited subsidiaries at 31 March 2023:

Name	Percentage of share held
Citizen Treasury plc	100%
Citizen Treasury 2 plc	100%
Citizen New Homes Limited	100%

Citizen Housing Group Limited acquired 100% of the 50,000 authorised £1 shares of Citizen Treasury 2 plc on 1 November 2012. It paid £12,500 to acquire the 50,000 shares. The liability to pay the remaining £37,500 is shown as a creditor falling due after more than one year on the Association Statement of Financial Position.

On 1 April 2016, Citizen Housing Group Limited purchased 100% of the issued shares in Citizen New Homes Limited (5,000 x £1 shares) at cost (£5,000).

Citizen Housing Group Limited acquired 100% of the 50,000 authorised £1 shares of Citizen Treasury plc on 29 August 2017. It paid £12,500 to acquire the 50,000 shares. The liability to pay the remaining £37,500 is shown as a creditor falling due after more than one year on the Association Statement of Financial Position.

15. FIXED ASSET INVESTMENT IN JOINT VENTURE UNDERTAKINGS

On 31 March 2017, Citizen New Homes Limited entered into a 50:50 Joint Venture LLP with Wates Construction Limited, called Signature Wates Residential LLP, to develop residential accommodation. The capital contribution paid by each party to the Joint Venture on commencement of the agreement was £1. The principal activity of Signature Wates Residential LLP is the development of new build properties for outright sale.

On 31 January 2021, Citizen New Homes Limited entered into a 50:50 Joint Venture LLP with Vistry Linden Limited, called Lea Castle JV LLP, to develop residential accommodation. The capital contribution paid by each party to the Joint Venture on commencement of the agreement was £1. The principal activity of Lea Castle JV LLP is the development of new build properties for outright sale.

In the Group accounts, joint ventures are accounted for using the equity method of accounting under which the equity investment is initially recognised at the transaction price and is subsequently adjusted to reflect the Group's share of the profit or loss.

	Signature Wates Residential LLP £m	Lea Castle JV LLP £m	Group £m
COST OF INVESTMENT			
At start and end of year	-	-	-
SHARE OF RETAINED PROFITS			
At start of year	-	-	-
Surplus for the year	-	1.6	1.6
At end of year	-	1.6	1.6
NET BOOK VALUE			
At 31 March 2023	-	1.6	1.6
At 31 March 2022	-	-	-

16. STOCK

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Properties held for resale: -				
Shared ownership properties (work in progress)	6.1	7.2	6.1	7.2
Shared ownership properties (completed)	4.3	2.3	4.3	2.3
Build for sale properties (work in progress)	10.2	16.0	-	-
Build for sale properties (completed)	3.2	2.5	-	-
	23.8	**28.0**	**10.4**	**9.5**

17. TRADE AND OTHER DEBTORS

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Amounts receivable within one year				
Rental debtors	5.1	5.4	5.1	5.4
Less: Provision for bad debts	(4.1)	(4.4)	(4.1)	(4.4)
	1.0	**1.0**	**1.0**	**1.0**
Trade debtors	1.6	2.0	0.4	0.2
Prepayments and accrued income	4.5	3.6	4.2	3.6
Other debtors	0.6	1.0	0.1	1.1
Amounts due from subsidiary undertakings	-	-	5.2	6.8
Social Housing Grant receivable	1.0	0.3	1.0	0.3
	8.7	**7.9**	**11.9**	**13.0**
Amounts falling due after one year				
Loan due from Group Undertaking	-	-	20.0	26.0
Other debtors	1.0	0.9	1.0	0.9
Loans to JVs	7.9	10.5	-	-
	17.6	**19.3**	**32.9**	**39.9**

Former tenant rent arrears of £2.7m (2022: £2.5m) are fully provided for and are therefore not included within the rental debtors or provision balances above. Other debtors falling due after one year are interest free equity loans repayable upon sale of the properties to which the loan is charged.

18. CASH AND CASH EQUIVALENTS

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Short-term, highly liquid investments	15.4	50.2	15.4	50.2
Cash at bank	29.2	59.4	24.7	52.9
	44.6	**109.6**	**40.1**	**103.1**

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Housing Loans (See note 22)	7.4	1.9	7.4	1.9
Trade creditors	9.6	8.0	7.3	5.4
Rents received in advance	9.3	8.8	9.3	8.8
Interest Payable	0.7	0.6	8.7	8.5
Other creditors	4.0	3.1	3.9	3.1
Accruals and deferred income	24.2	21.6	15.3	12.6
Deferred capital grant (See note 23)	4.3	4.0	4.3	4.0
Recycled Capital Grant Fund (See note 24)	2.8	3.1	2.8	3.1
Tax and social security	1.7	0.9	1.7	0.9
	64.0	**52.0**	**60.7**	**48.3**

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
HomeBuy Loans (See note 13)	1.3	1.4	1.3	1.4
Housing Loan (See note 22)	696.7	711.4	696.7	711.4
Other Creditors	2.0	1.9	2.0	2.0
Recycled Capital Grant Fund (See note 24)	2.3	2.6	2.3	2.6
Deferred capital grant (See note 23)	323.2	324.0	323.2	324.0
	1,025.5	**1,041.3**	**1,025.5**	**1,041.4**

21. OTHER PROVISIONS

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
New Shared Ownership repairs provision	-	-	-	-
	-	**-**	**-**	**-**

At 31 March 2023, we had sold one property under the new shared ownership model.

22. DEBT ANALYSIS

Loans from banks and building societies are secured by specific charges on the Group's housing properties. The loans accrue interest at varying rates of interest and are repayable in instalments as shown below:

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
Bank/building society loans		
Amounts payable by instalments:		
Repayable within one year	1.9	1.9
Repayable between one and two years	1.9	2.1
Repayable between two and five years	8.8	11.3
Repayable after five years	69.9	74.7
	82.5	**90.0**
Amounts repayable otherwise than by instalments:		
Repayable within one year	5.5	-
Repayable between one and two years	-	5.5
Repayable between two and five years	50.0	-
Repayable after five years	2.5	52.5
	140.5	**148.0**
Finance costs	(1.0)	(0.3)
	139.5	**147.7**
Bond issue 3/12/42 – 4.625% semi-annual coupon		
December 2012 bond issue proceeds	160.0	160.0
Discount on December 2012 issue	(1.2)	(1.2)
Net bond proceeds	**158.8**	**158.8**
Less arrangement fees	(1.2)	(1.2)
	157.6	**157.6**
Bond issue 3/12/42 – 4.625% semi-annual coupon		
December 2012 bond issue proceeds	100.0	100.0
Premium on October 2020 issue	31.5	32.7
Net bond proceeds	**131.5**	**132.7**
Less arrangement fees	(0.4)	(0.5)
	131.1	**132.2**
Bond issue 20/10/48 – 3.25% semi-annual coupon		
October 2017 bond issue proceeds	280.0	280.0
Discount on October 2017 issue	(2.4)	(2.5)
Net bond proceeds	**277.6**	**277.5**
Less arrangement fees	(1.7)	(1.7)
	275.9	**275.8**
	704.1	**713.3**
Less: amount shown in Creditors: amounts falling due within one year (See note 19)	(7.4)	(1.9)
Housing Loans falling due after more than one year (See note 20)	**696.7**	**711.4**

22. DEBT ANALYSIS (Continued)

On 3 December 2012, the Group borrowed £160m from the capital markets through fellow subsidiary Citizen Treasury 2 plc, via a 30 year, 4.625% coupon bond issue. On 20 October 2017, the Group borrowed a further £280m from the capital markets through fellow subsidiary Citizen Treasury plc, via a 30 year, 3.25% coupon bond issue.

On 14 October 2019, the Company entered into a forward purchase agreement with a UK institutional investor for a £100m tap of the 2012 £160m bond. A 12-month deferral period for the issue of the bond and receipt of cash proceeds was included within the forward purchase agreement. The bond prospectus was approved by the Financial Conduct Authority and published in January 2020.

At 31 March 2023, the Group had a combined £175m of agreed borrowing facilities available to draw down. Interest rates range between 1.92% and 15.87%.

23. DEFERRED CAPITAL GRANT

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
At the start of the year	**328.0**	**329.7**
Grant received in the year	2.9	3.4
Transfer from RCGF	1.9	0.6
Disposals	(1.0)	(1.5)
Released to income in the year	(4.3)	(4.2)
At the end of the year	**327.5**	**328.0**
Amount due to be released < 1 year (See note 19)	4.3	4.0
Amount due to be released > 1 year (See note 20)	323.2	324.0
	327.5	**328.0**

24. RECYCLED CAPITAL GRANT FUND (RCGF)

	GROUP & ASSOCIATION	
	2023 £m	**2022 £m**
Opening balance	**5.7**	**5.2**
Inputs:		
Grants recycled	1.1	1.1
Interest accrued	0.2	-
Use/allocation of funds:		
New build	(1.9)	(0.6)
Repayment of funds to Homes England/GLA	-	-
Closing balance	**5.1**	**5.7**
Amounts falling due < 1 year (See note 19)	2.8	3.1
Amounts falling due > 1 year (See note 20)	2.3	2.6
	5.1	**5.7**
Amounts 3 years or older where prepayment may be required	**-**	**-**

All RCGF balances pertain to activities within areas covered by Homes England.

25. SHARE CAPITAL

	GROUP & ASSOCIATION	
	2023 £	**2022 £**
Allotted, issued and fully paid shares of £1 each:		
At 1 April 2022	11	17
Issued in the period	-	-
Cancelled in the period	(2)	(6)
At 31 March 2023	**9**	**11**

The shares provide members with the right to vote at the general meeting, but do not provide any rights to dividends or distribution on winding up.

26. COMMITMENTS

(a) Capital Commitments

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Capital Expenditure, which has been contracted for but has not been provided for in the financial statements	**185.3**	**167.6**	**165.4**	**131.3**
Capital Expenditure, which has been authorised under authority from the Board but has yet to be contracted for	**56.6**	**30.3**	**56.6**	**30.3**
The Group expects these commitments to be contracted within the next year and financed with:				
Proceeds from the sale of properties	16.3	11.1	16.3	11.1
Committed loan facilities	40.3	19.2	40.3	19.2

The contracted amounts above relate to expenditure on new development schemes in the Group's areas of operation which are funded by a combination of rental income, borrowings, and grant from Homes England. There is an element of contracted expenditure in relation to the 2023/24 major works programme, which is funded by a combination of rental income and borrowings.

(b) Operating Lease Commitments

At the end of the year, the Group and Association had commitments of future minimum lease payments under non-cancellable operating leases as follows: -

	GROUP		ASSOCIATION	
	2023 £m	2022 £m	2023 £m	2022 £m
Land and Buildings:				
Not later than one year	0.8	0.8	0.8	0.8
Later than one year and not later than five years	2.9	3.0	2.9	3.0
Later than five years	1.6	2.2	1.6	2.2
Other:				
Not later than one year	0.7	0.7	0.7	0.7
Later than one year and not later than five years	2.6	2.0	2.6	2.0
Later than five years	0.3	-	0.3	-

27. CONTINGENT LIABILITIES

At 31 March 2021, the Group had identified possible fire risk issues with in-fill cladding panels installed on 9 blocks of flats in Birmingham. At 31 March 2023, we have successfully completed a programme of remediation to 12 Blocks over 18m and one block below 18m where all flammable panels have been replaced. Work continues to procure contracts to remove sundry panels to a further three blocks over 18m as recommended following inspection by the Fire Engineer. The recommendation is to commence works within the next two years and we are well ahead of this schedule with works planned to complete in July 2023.

The Group also holds a leasehold interest in Birmingham in an additional 2 blocks (over 18m) requiring remediation works where we are not the freeholder. The management companies of both blocks were successful in making claims against the Building Safety Fund to cover the costs of remediation.

28. GRANT AND FINANCIAL ASSISTANCE

	GROUP & ASSOCIATION	
	2023 £m	2022 £m
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Grant and financial assistance received or receivable	409.2	405.4
Recognised as income in the Statement of Comprehensive Income	(81.7)	(77.4)
Held as deferred capital grant (See note 23)	**327.5**	**328.0**

29. ANALYSIS OF CHANGES IN NET DEBT

	GROUP			
	At Beginning of the Year £m	Cash Flows £m	Non-Cash Movements £m	At End of the Year £m
Cash and Cash Equivalents	109.6	(65.0)	-	44.6
Housing Loans Due in One Year	(1.9)	1.9	(7.4)	(7.4)
Housing Loans Due After One Year	(711.4)	5.7	9.0	(696.7)
	(603.7)	**(57.4)**	**1.6**	**(659.5)**

	ASSOCIATION			
	At Beginning of the Year £m	Cash Flows £m	Non-Cash Movements £m	At End of the Year £m
Cash and Cash Equivalents	103.1	(63.0)	-	40.1
Housing Loans Due in One Year	(1.9)	1.9	(7.4)	(7.4)
Housing Loans Due After One Year	(711.4)	5.7	9.0	(696.7)
	(610.2)	**(55.4)**	**1.6**	**(664.0)**

30. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT

	GROUP & ASSOCIATION				
	2022	Additions	Disposals	Other	2023
Owned and Managed:	No.	No.	No.	No.	No.
Social Housing					
Under development at end of year:					
- General needs housing social rent	380	186	(174)	-	392
- General needs housing affordable rent	368	250	(228)	-	390
- Low cost home ownership	244	229	(163)	-	310
	992	**665**	**(565)**	**-**	**1,092**
Social Housing					
Under management at the end of the year:					
- General needs housing social rent	23,194	174	(75)	44	23,337
- General needs housing affordable rent	2,832	228	(12)	(1)	3,047
- Intermediate market rent housing	193	-	(1)	(2)	190
- Supported housing	484	1	(9)	(28)	448
- Housing for older people	712	-	-	-	712
- Low cost home ownership	1,372	163	(26)	1	1,510
	28,787	**566**	**(123)**	**14**	**29,244**
Non-social Housing					
Nursing and care homes	123	-	-	(6)	117
Non-Social Leased Housing	5	-	-	-	5
Leasehold Schemes for the Elderly	169	-	-	(2)	167
Market Rent	1	-	-	-	1
Retained freeholds and estate charges	2,167	-	-	(10)	2,157
Total Owned and Managed	**31,252**	**566**	**(123)**	**(4)**	**31,691**
Managed on behalf of Others:					
Social Housing					
- General needs housing social rent	36	-	-	-	36
- Supported housing	33	-	-	(33)	-
- Low cost home ownership	10	-	-	-	10
	79	**-**	**-**	**(33)**	**46**
Non-social Housing					
Retained freeholds and estate charges	5	-	-	-	5
Total Managed on behalf of Others	**84**	**-**	**-**	**(33)**	**51**

31. ACCOMMODATION MANAGED BY OTHERS

	GROUP & ASSOCIATION	
	2023 Homes No.	2022 Homes No.
Managed by others at the end of the year:		
Social Housing		
- General needs housing social rent	49	49
- General needs housing affordable rent	-	-
- Housing for older people	-	30
- Supported housing	170	180
- Low cost home ownership	29	29
Non-social Housing		
- Care & Nursing Homes	103	109
	351	**397**

32. RELATED PARTIES

Citizen Housing Group Limited is the Parent entity in the Group and ultimate controlling party. The Group has taken advantage of the exemption available under Section 33 FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

The following are related parties:

- Transactions with key management personnel and their close family, (including compensation paid).
- Related party balances, which are not secured.
- Transactions with registered and non-registered elements of the business
- The Association provides management services, other services and loans to its subsidiaries.

Relationships between registered and non-registered elements of the business

The table below shows where relationships exist between Citizen Housing Group members.

	CHG	CNH	CT	CT2	CTV	CBS	AGES
CHG		✓	✓	✓	✓	✓	✓
CNH	✓						
CT	✓						
CT2	✓						
CTV	✓						
CBS	✓						
AGES	✓						

32. RELATED PARTIES (Continued)

Relationships between registered and non-registered elements of the business (Continued)

Entities in the table are abbreviated as follows and [R] denotes where the entity is a Registered Provider

Citizen Housing Group Limited [R]	**CHG**
Citizen New Homes Limited	**CNH**
Citizen Business Services Limited	**CBS**
Attwood Green Estate Services Limited	**AGES**

Citizen Treasury plc	**CT**
Citizen Treasury 2 plc	**CT2**
Citizen Treasury Vehicle Limited	**CTV**

Transactions with non-registered entities

Citizen Treasury 2 plc, registered in England and Wales, was incorporated as a subsidiary of the Group in October 2014 and issued its first bond on the London Stock Exchange in December 2012. The bond raised £157million (net of issue costs) at a coupon of 4.625% and the proceeds have been on-lent to Citizen Housing Group Limited.

Citizen Treasury plc, registered in England and Wales, was incorporated as a subsidiary of the Group in August 2017 and issued its first bond on the London Stock Exchange in October 2017. The bond raised £275million (net of issue costs) at a coupon of 3.25% and the proceeds have been on-lent and interest costs are recharged to Citizen Housing Group Limited.

Citizen Treasury Vehicle Limited, registered in England and Wales, was incorporated as a subsidiary of the Group in September 2017 and entered into loan agreements with bank and building society lenders on 20 December 2017. The drawn debt has been on-lent and interest costs are recharged to Citizen Housing Group Limited.

Non-registered entity	Recharge	Cost in year £m	Balance at year end £m
Citizen Treasury plc	Loan interest on bond	20.1	572.3
Citizen Treasury Vehicle Limited	Loan interest and other finance costs	3.9	53.3

32. RELATED PARTIES (Continued)

Transactions with non-registered entities (Continued)

Citizen Housing Group Limited provides a £30m loan facility to its trading subsidiary, Citizen New Homes Limited. Financial transactions between Citizen Housing Group Limited and Citizen New Homes Limited consist of loan advances and interest costs and the development of homes for rent.

Non-regulated subsidiary	Transaction	Loans repaid in year £m	Balance at year end £m	Basis of interest charged	Interest Charged in year ended 31 March 2023 £m
Citizen New Homes Limited	Advance of loan facility from Citizen Housing Group Limited	6.0	20.0	3.75% above SONIA	1.3

Non-regulated entity	Recharge	Cost in year £m	Balance at year end £m
Citizen New Homes Limited	Development of affordable and social rented homes for Citizen Housing Group Limited	71.6	3.1

Attwood Green Estate Services Limited (AGES) was established in May 2003 in response to the desire for the major redevelopment in Attwood Green, Birmingham to remain a high quality attractive place to live, not just now but in the future. Currently all services are provided via Citizen Housing Group Limited, bringing the benefits of economies of scale and expertise in estate management in close proximity to the sites that are the responsibility of AGES.

Non-regulated entity	Recharge	Cost in year £m	Balance at year end £m
Attwood Green Estate Services Limited	Provision of services	0.1	0.1

33. FINANCIAL INSTRUMENTS

The Association's financial instruments may be analysed as follows:

		ASSOCIATION	
	Note	2023 £m	2022 £m
Financial assets			
(a) Financial assets measured at fair value through profit and loss			
- Investments at valuation		0.1	0.1
(b) Financial assets that are debt instruments measured at amortised cost			
- Cash and cash equivalents	18	40.1	103.1
- Rental and service charge debtors	17	1.0	1.0
- Trade debtors	17	0.4	0.2
- Loan due from group undertaking	17	20.0	26.0
- Other debtors	17	1.1	2.0
		62.6	132.3
(c) Financial assets that are equity instruments measured at cost less impairment		-	-
Financial liabilities			
(a) Financial liabilities measured at amortised cost			
- Housing Loans	22	(704.1)	(713.3)
- HomeBuy Loans	13	(1.3)	(1.4)
- Trade creditors	19	(7.3)	(5.4)
- Other creditors	19/20	(5.9)	(5.1)
- Accruals	19	(15.3)	(12.6)
- Deferred capital grant	23	(327.5)	(328.0)
- Recycled Capital Grant Fund	24	(5.1)	(5.7)
		(1,066.5)	(1,071.5)
(b) Derivative financial instruments designated as hedges of variable interest rate risk		-	-
(c) Financial liabilities measured at fair value through profit or loss		-	-
(d) Loan commitments measured at cost less impairment		-	-

33. FINANCIAL INSTRUMENTS (Continued)

The Group's financial instruments may be analysed as follows:

	Note	GROUP 2023 £m	GROUP 2022 £m
Financial assets			
(a) Financial assets measured at fair value through profit and loss			
- Investments at valuation		-	-
(b) Financial assets that are debt instruments measured at amortised cost			
- Cash and cash equivalents	18	44.6	109.6
- Rental and service charge debtors	17	1.0	1.0
- Trade debtors	17	1.6	2.0
- Other debtors	17	1.6	1.9
- Loans to Joint Ventures	17	7.9	10.5
		56.7	125.0
(c) Financial assets that are equity instruments measured at cost less impairment		-	-
Financial liabilities			
(a) Financial liabilities measured at amortised cost			
- Housing Loans	22	(704.1)	(713.3)
- HomeBuy Loans	13	(1.3)	(1.4)
- Trade creditors	19	(9.6)	(8.0)
- Other creditors	19/20	(6.0)	(5.0)
- Accruals	19	(24.2)	(21.6)
- Deferred capital grant	23	(327.5)	(328.0)
- Recycled Capital Grant Fund	24	(5.1)	(5.7)
		(1,077.8)	(1,083.0)
(b) Derivative financial instruments designated as hedges of variable interest rate risk		-	-
(c) Financial liabilities measured at fair value through profit or loss		-	-
(d) Loan commitments measured at cost less impairment		-	-

34. SEGMENTAL REPORTING

	GROUP 2023			
	General Needs & Supported Housing £m	Shared Ownership £m	All Other Segments £m	2023 Total £m
Gross Segmental Income	**152.9**	**19.4**	**12.7**	**185.0**
Segmental Operating Surplus	**38.7**	**8.7**	**3.5**	**50.9**
Surplus from Joint Venture	-	-	1.6	1.6
Interest receivable	1.8	0.2	-	2.0
Interest and financing costs	(26.5)	(3.4)	-	(29.9)
Movement in fair value of financial instruments	-	-	-	-
Surplus before Tax	**14.0**	**5.5**	**5.1**	**24.6**
Taxation	-	-	-	-
Surplus for the Year	**14.0**	**5.5**	**5.1**	**24.6**
Depreciation of fixed assets	27.7	0.9	-	28.6
Amortisation of Government Grants	4.2	0.1	-	4.3
Impairment of fixed assets	1.7	-	-	1.7
Additions to fixed assets	106.5	19.6	-	126.1

34. SEGMENTAL REPORTING (Continued)

	GROUP 2022			
	General Needs & Supported Housing £m	Shared Ownership £m	All Other Segments £m	2022 Total £m
Gross Segmental Income	**143.6**	**16.4**	**15.0**	**175.0**
Segmental Operating Surplus	**39.0**	**6.7**	**2.4**	**48.1**
Surplus from Joint Venture	-	-	-	-
Interest receivable	0.6	0.1	-	0.7
Interest and financing costs	(26.3)	(3.0)	-	(29.3)
Movement in fair value of financial instruments	-	-	-	-
Surplus before Tax	**13.3**	**3.8**	**2.4**	**19.5**
Taxation	-	-	-	-
Surplus for the Year	**13.3**	**3.8**	**2.4**	**19.5**
Depreciation of fixed assets	26.3	0.8	-	27.1
Amortisation of Government Grants	4.1	0.1	-	4.2
Impairment of fixed assets	0.7	-	-	0.7
Additions to fixed assets	73.0	15.3	-	88.3

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