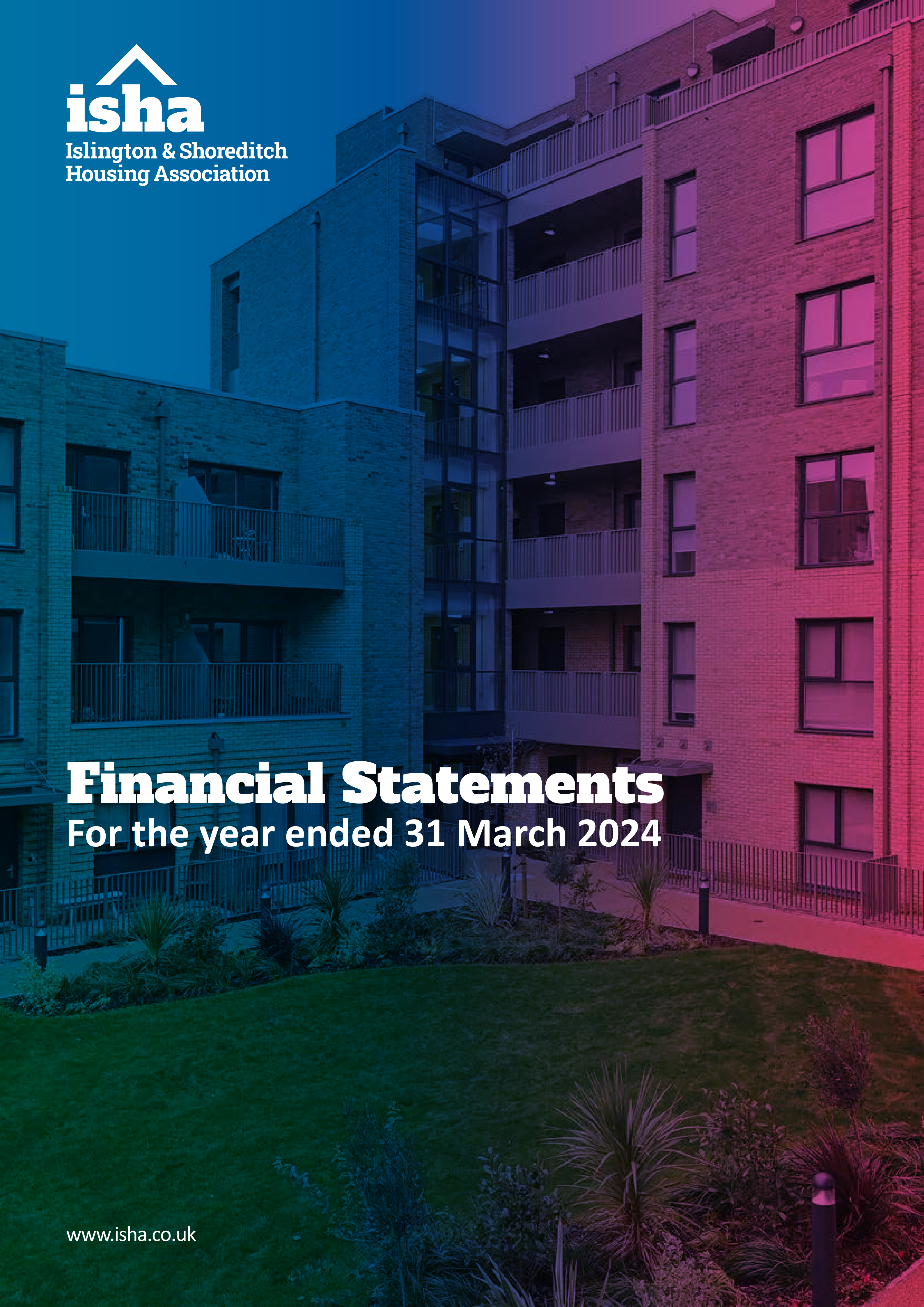
Islington & Shoreditch Housing Association

Financial Statements

For the year ended 31 March 2024



www.isha.co.uk

Islington & Shoreditch Housing Association

Co-operative and Community Benefit Societies Act 2014 number	11614R
Homes and Communities Agency registration number	LO457
Registered Office	102 Blackstock Road LONDON N4 2DR
Board	Mervyn Jones (Chair), Yasmin Khan, Justin Fisher, June Riley, Heather Topel, Daven Masri, Mohammed Baporia, Ruth Davison, Alwyn Lewis, John Biggs, Gemma Colby, Ben Newton (Resigned 6 December 2023)
Chief Executive	Ruth Davison
Secretary	Laura Hopper
Executive Directors	Dawn Harrisson, Director of Housing & Neighbourhoods Gary Pliskin, Director of Finance Janet Mussington, Director of Development (Retired 4 April 2024) Thea McNaught-Reynolds, Director of Culture, Communications & Involvement (from 29 August 2023)
Bankers	Barclays Bank Plc Islington and Camden Group PO Box 3474 London NW1 7NQ
Statutory Auditor	Beever and Struthers 150 Minories London EC3N 1LS

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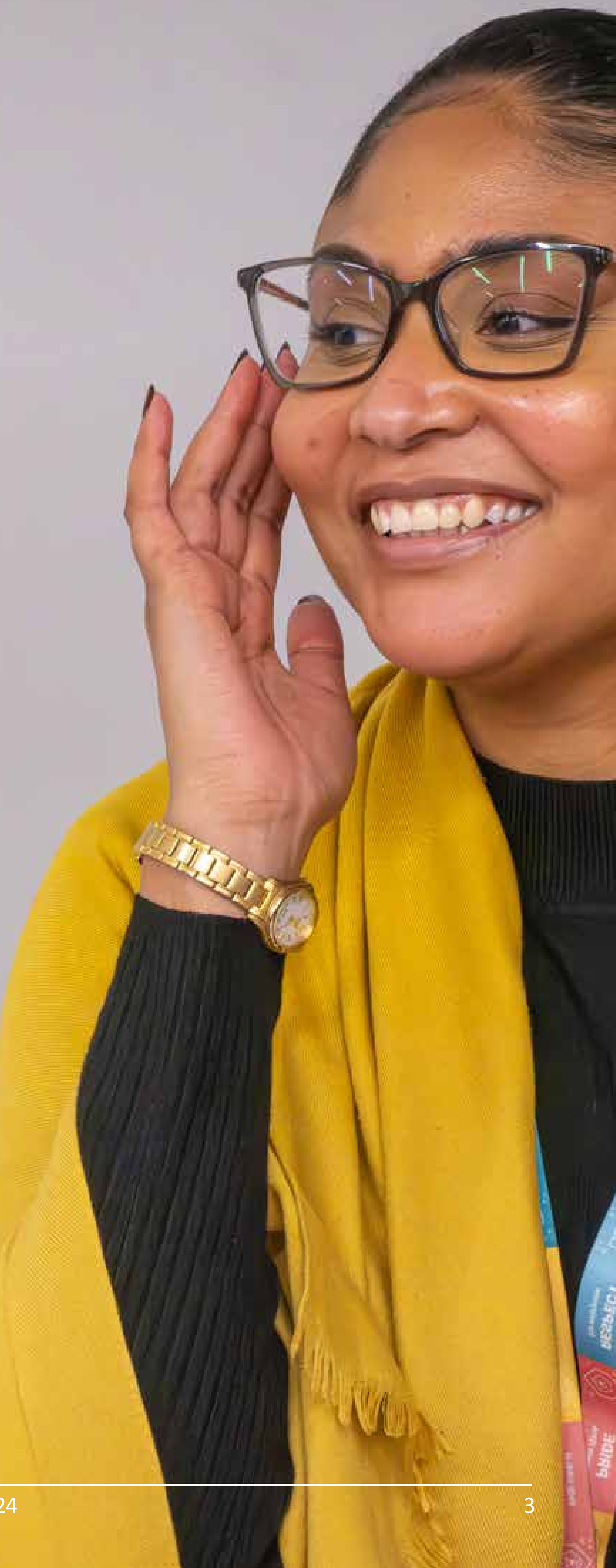


Statement from the Chair

In 2023-2024, we celebrated 90 years of providing affordable homes in London, even as we continued to weather many of the same difficulties that were prevalent in 1933: economic shifts, the impact of high inflation, and a severe lack of affordable homes for those most in need.

Our long history of service was marked with various events and a publication that not only celebrated our past but also set the scene for our future endeavours, noting how much housing associations contribute to and invest in the communities we serve.

We are committed to building truly affordable homes, to this end, we have secured a £40m revolving facility with favourable conditions. This will ensure more flexibility in our ability to improve the homes of our residents.

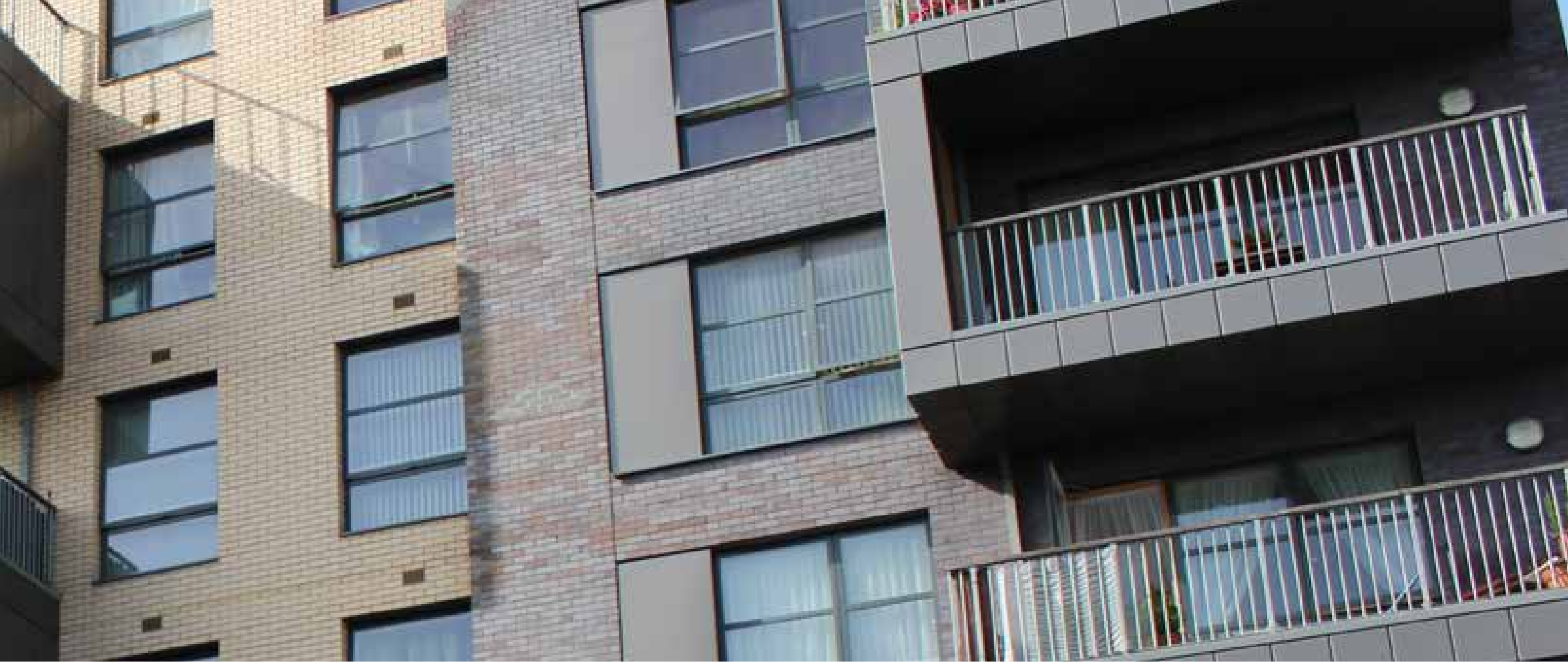
Our long-term partnership with North River Alliance (NRA), a development consortium of small housing associations in London, continues to enhance our ability to build new homes. This year, the NRA secured £15.7 million from the Greater London Authority to collectively deliver 105 new affordable homes across North and Northeast London.

Set to begin construction later in 2024, with all sites active by March 2026, these homes - a mix of London Living Rent and shared ownership properties - demonstrate our ongoing commitment to increasing the availability of affordable housing in our communities.

This year we appointed Jerome Geoghegan as our new Director of Development. Jerome succeeds Janet Mussington, who retired following an illustrious career in housing development and certainly made an impact at ISHA. Jerome's extensive 35-year experience in housing development is invaluable as we continue to deliver affordable homes where they are most needed, and at a time when many other housing associations are reducing or ceasing their development programmes.

We continue to respond to external pressures such as toughening building safety legislation, Awaab's law, new regulatory requirements and the ongoing cost-of-living crisis, which has affected residents and staff alike.

In preparation for new Tenant Satisfaction Measures coming into force from April 2024, we conducted the first of the new Tenant Satisfaction Surveys, required by the regulator to gather resident feedback on homes and services. The results highlighted key areas of importance to our residents, and we have taken up the challenge of improving our services accordingly. We are laying the foundations for greater satisfaction and hope that our next results will be much stronger.



At a glance

Turnover £28.69m (Previous year: £25.92m)

Total assets less current liabilities £313.17m (Previous year: 315.32m)

Surplus £3.35m (Previous year: £3.19m)

Operating surplus £7.19m (Previous year: £7.05m)

Social homes in management: 2,363 homes (Previous year: 2,403)

Our commitment to the safety and quality of our homes continues unabated, and we have surveyed all our homes to better understand their current maintenance status and future needs. We retained our G1 and V2 ratings this year, affirming strong governance and financial stability. We did, however, discover a case of fraud during the year, which we have taken very seriously and ensured swift action to address the issues raised.

Our focus remains on maintaining high standards of governance and continuous improvement of our service delivery. And these go hand in hand with our strengthened focus on resident involvement throughout this year.

Our Neighbourhood Nights and reinvigorated resident scrutiny panel have strengthened community ties and reconnected us with our residents on a more personal level, making us more accountable and responsive to their needs. The Board heard directly from the Scrutiny Panel on key areas, and we look forward to working with them to realise meaningful improvements.

I am grateful for the dedication of all our Board members, staff, and partners, who work hard in a challenging environment to provide affordable homes and deliver caring services.

Thank you to everyone who has contributed to our achievements this year. Your efforts are deeply appreciated and have been integral to our achievements. I look forward to the next 90 years of delivering affordable homes in thriving communities.

Mervyn Jones
Chair of the Board

About ISHA

Islington and Shoreditch Housing Association is dedicated to delivering exceptional service to our residents in the heart of the North London communities we serve.

Currently, ISHA manages almost 2,400 social and affordable homes, primarily in Islington, Hackney and Waltham Forest.

We are deeply committed to fostering strong, supportive communities and ensuring that our residents feel valued and heard. By actively engaging with our residents, we strive to continuously improve our services and address any concerns promptly. Our focus on resident feedback allows us to adapt and innovate, ensuring that we meet the evolving needs of the communities we serve.

We believe that everyone deserves a quality, affordable, and secure home. We maintain our homes at the highest standards and continue to develop new, affordable homes in North and East London. Our dedication to working in our communities and engaging with our residents underscores everything we do, as we work to provide homes where people are proud to live.

Our vision

Co-creating homes and communities where everyone can flourish

Our values

We believe everyone should have a quality, affordable and safe home.

We want to make sure our customer service is right every time, and when we get it wrong, we fix it. Everything we do is underpinned by our four core values:

Pride in Team ISHA

Trusted to make the difference

Respect for everyone

Passionate commitment to customers

Our 90th Year

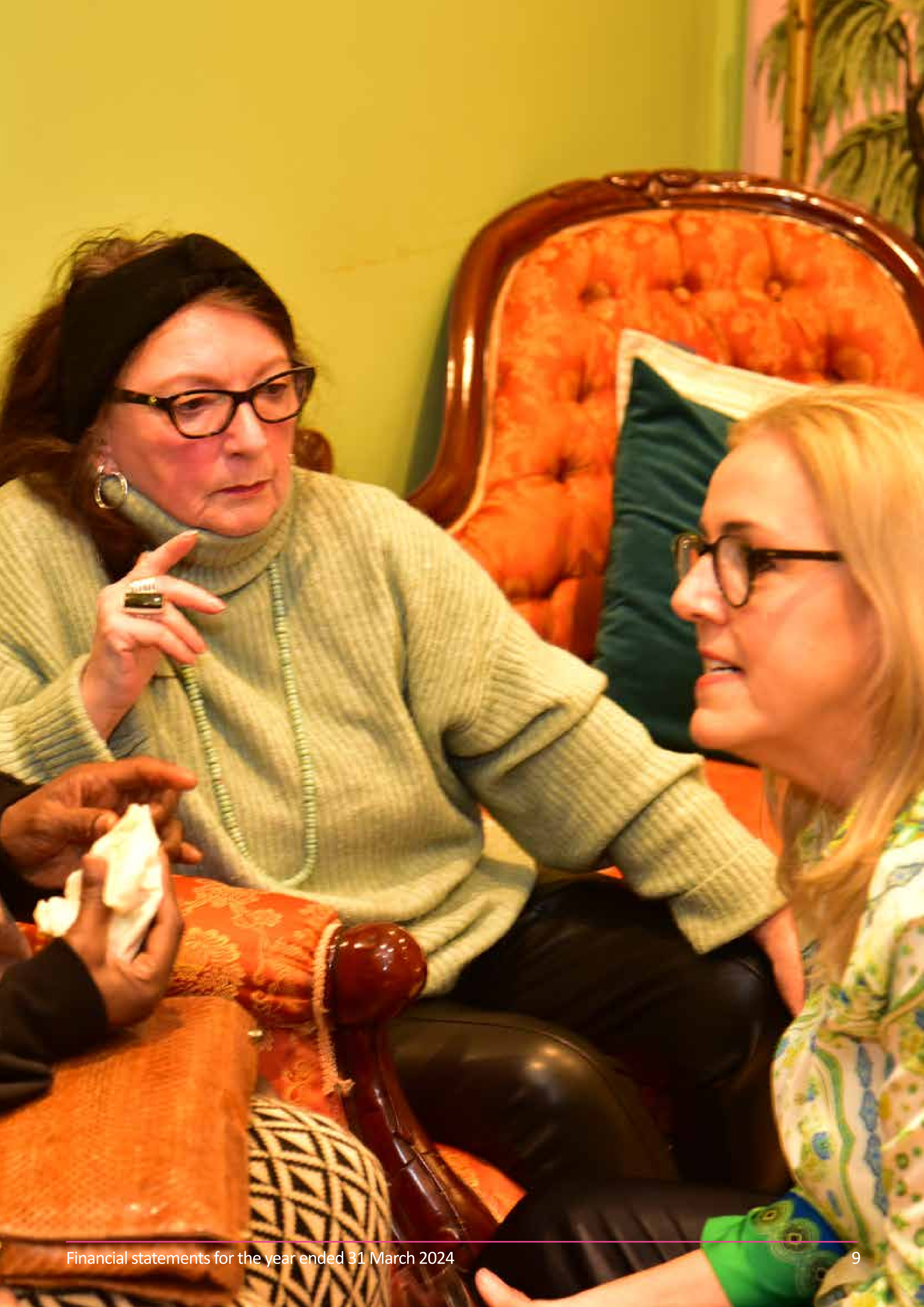
Starting in July 1933 as Islington and Finsbury Housing Association, our mission to tackle poverty, overcrowding and unsanitary conditions in housing has remained largely unchanged - even to the present day.

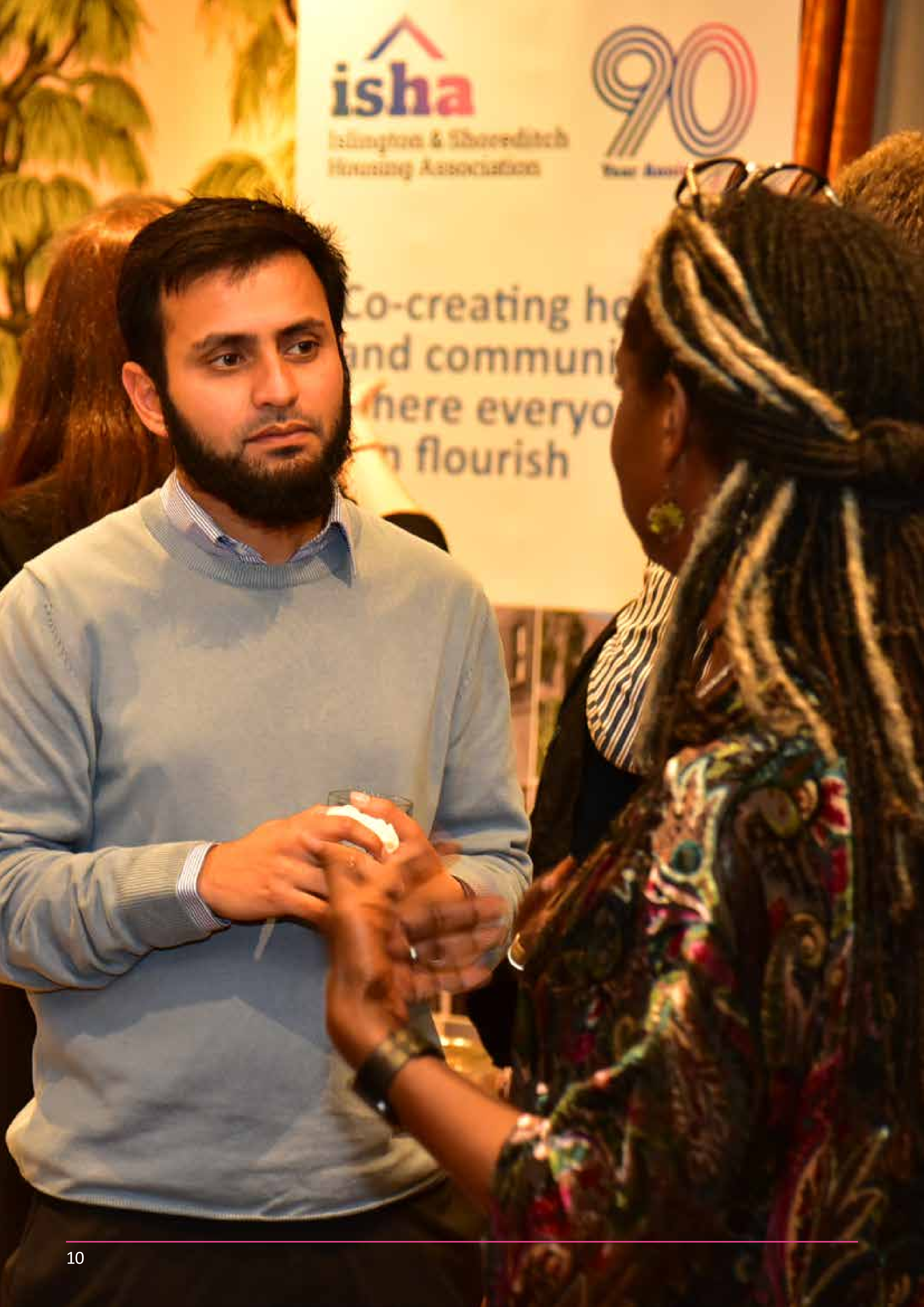
Over the years, we've welcomed people from across the world including members of the Windrush generation and refugees fleeing the Vietnam conflict in the 1970s. We've adapted to challenges and the changing needs of the local communities we serve.

And in 2023, we marked a significant milestone — our 90th anniversary!

The celebrations, held in November, culminated with a memorable reception in Islington. This special event brought together a vibrant mix of ISHA's community, including many long-term residents, former staff, board members, and other key people who have played a crucial role in ISHA's journey.

The reception was more than just a celebration; it was a heartfelt gathering where attendees shared their experiences and reflected on ISHA's contributions over the decades. Stories from our past underscored ISHA's ongoing commitment to creating homes and communities where everyone can flourish. And we not only honoured our past, but we have set the stage for many more years to come.

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Islington & Shoreditch
Housing Association
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Our Strategic Plan

The eight Pillars of our Strategic Plan 2020-25 set out our priorities. These were developed in consultation with our residents and staff and guide our work to ensure we are focused on making progress in key areas.

Safety First

Ensuring our homes are safe

Service and Satisfaction

Being a consistent and quality landlord, building service delivery that drives satisfaction in partnership with residents

Security and Growth

Setting residents off on a secure footing and helping create the conditions for people to flourish in their homes

Somewhere

Anchoring ourselves in North London, especially Islington, Hackney and Waltham Forest

Supply

Building quality homes for social, London Affordable Rent and Shared Ownership

Sustainability

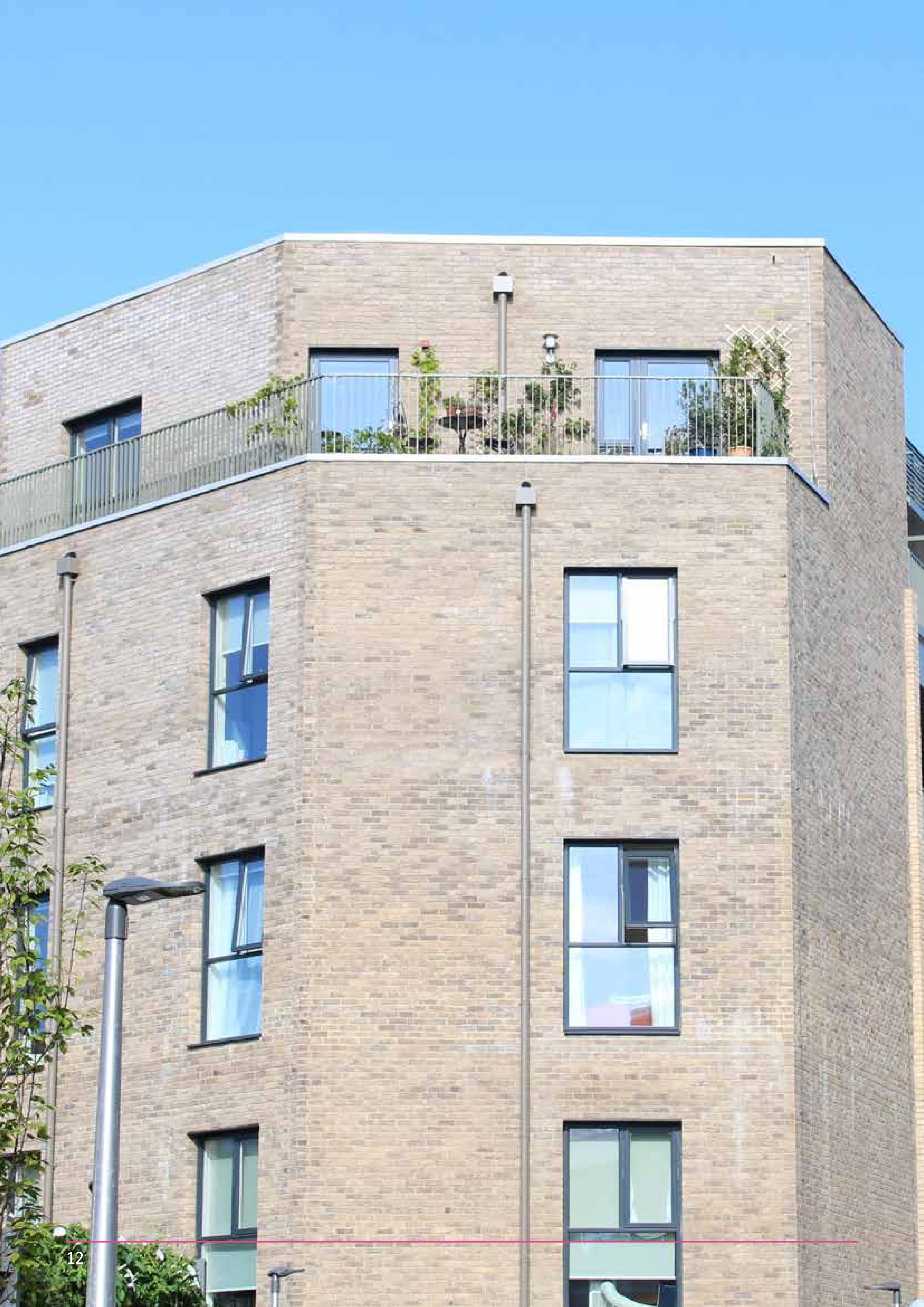
- Building green and actively seeking to reduce the environmental harm caused by our stock, our building and business practices
- Stewarding ISHA's assets and finances and taking the long view

Staff

Engaging with inspired, high performing staff

Systems

Maintaining robust IT and business systems that support the business and its ambitions



Operating and financial review

Principal activities

Islington & Shoreditch Housing Association Limited (ISHA) manages, maintains, and develops quality affordable housing for people in North London, primarily in Islington, Hackney, and Waltham Forest.

ISHA is a charitable housing association, incorporated as a Co-operative and Community Benefit Society, and registered with the Regulator of Social Housing (RSH). ISHA operates in the London Boroughs of Camden, Hackney, Haringey, Islington, and Waltham Forest. As of 31 March 2024, ISHA managed 2,363 social homes (2023: 2,403), excluding 18 private rented units. During the year, 15 homeowners bought additional shares of their homes to fully own them while 17 void properties were sold to provide funding for new development opportunities and fund critical building safety works where ISHA has no recourse to public funds or developers.

ISHA's current governance grading by the Regulator is G1, and its financial viability grading is V2.

Our development programme is designed to address housing need in our areas of operation. We collaborate with local authorities, Homes England, and the Greater London Authority (GLA). In addition to building homes for social rent, we develop shared ownership housing, which provides affordable and accessible home ownership opportunities for people in our local communities.

North River Alliance (NRA)

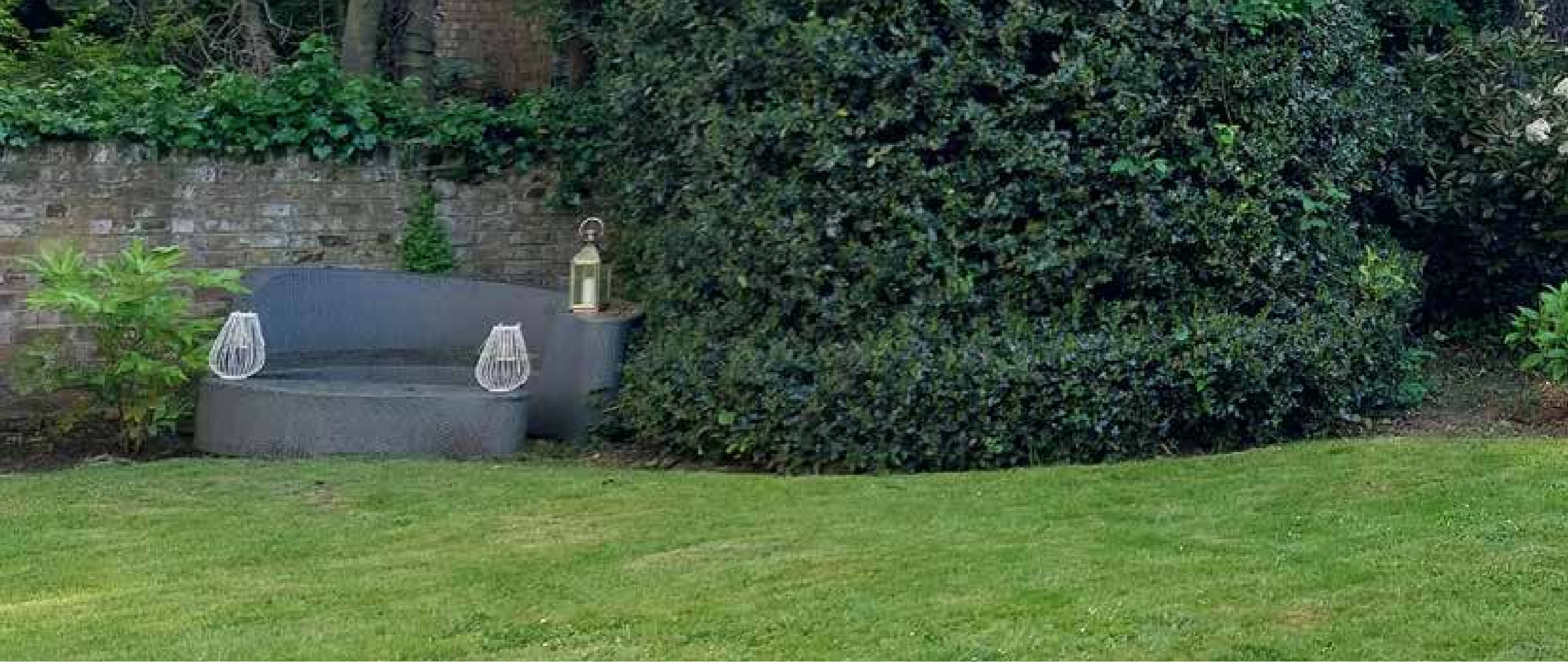
ISHA also leads the North River Alliance (NRA), a successful development consortium of locally based housing associations operating in North and East London and meeting a variety of housing needs. The NRA is a development partner of the GLA. It was established in 2004 and on 31 March 2024, had 10 members.

- Christian Action (Enfield) Housing Association Limited
- Barnsbury Housing Association Limited
- Gateway Housing Association Limited
- North London Muslim Housing Association Limited
- Providence Row Housing Association Limited
- The Industrial Dwellings Society (1985) Ltd
- Innisfree Housing Association Limited
- Shian Housing Association Limited
- Hornsey Housing Trust
- Islington and Shoreditch Housing Association (ISHA)

Business and financial review

For the year ended 31 March 2024, the Board reports a surplus of £3.4m (2023: £3.2m). This is mainly surpluses from:

- 17 void unit sales £5.99m
- 18 staircasing sales £2.34m
- 21 first tranche sales £991k.



The total surplus has been partly offset by:

- £1.3m fire safety costs. This includes waking watch costs, fire surveys, fire engineering and fire safety advice.
- Our decision to shelve the partial development of the Alexandra Court site, whilst a new study is made on potential development of the whole site, resulted in the impairment of capitalised costs to date of £905k.

The actuarial deficit in respect of the pension scheme is £384k (2023– deficit £290k).

Building safety and service excellence are still our top priorities. The Board's ambition to transform ISHA from a well-respected local housing association to a top performing landlord remains the driver of our strategic plan.

ISHA has sufficient funds to generate the necessary income to maintain and improve services to our residents and meet loan repayments.

Investment plan

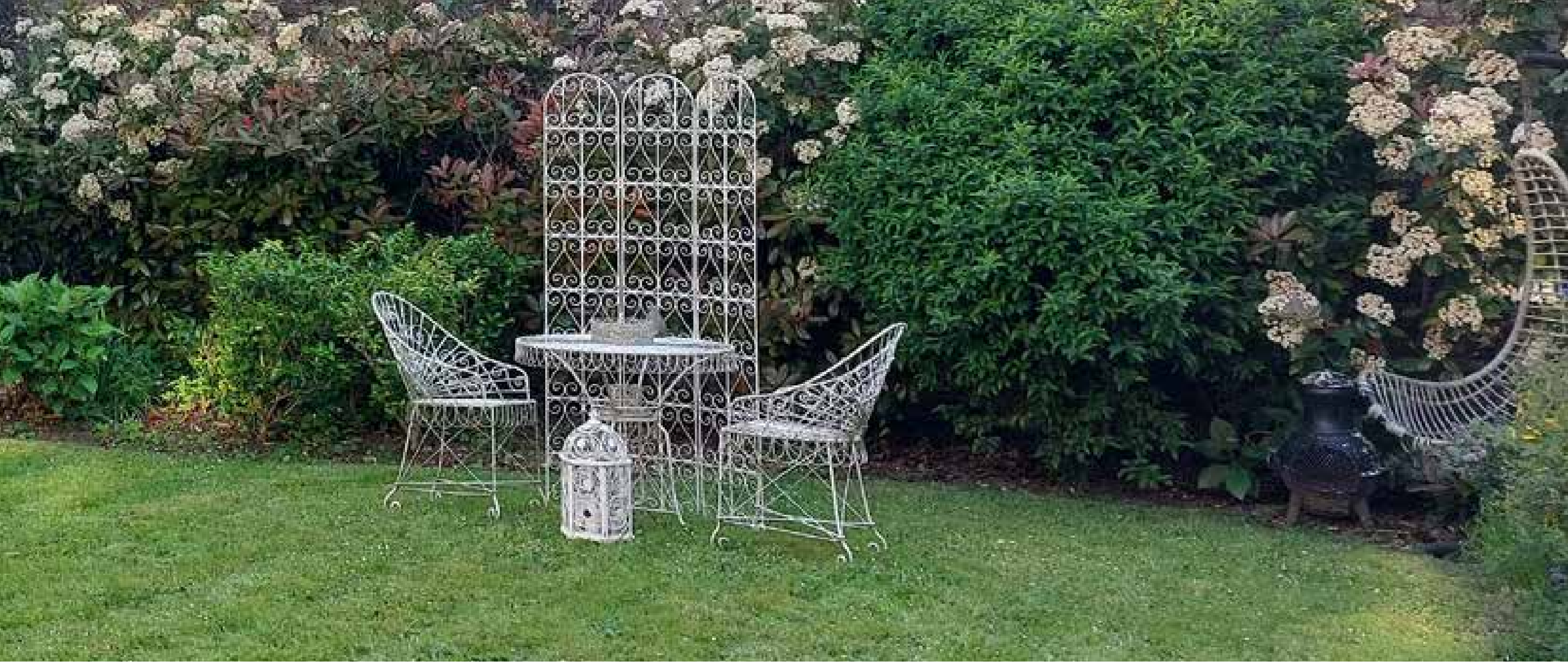
ISHA's Asset Management Strategy is based on the following principles:

- programming delivery of works in the most efficient and cost-effective manner
- delivering sustainable investment, contributing to reducing carbon emissions and benefiting the local community.

We aim to provide quality accommodation and a resident-focused maintenance service right from the start of the tenancy. We provide curtains and carpets in all our let homes, as well as providing cookers and beds for new tenants who require them. This ensures that our residents have the best possible start in their new homes.

The objective of our Asset Management Strategy is to keep homes in good condition in the most cost-effective ways. We do this through:

- an efficient and effective voids repair service, helping to speed the repairs process and protect revenue
- an efficient and effective responsive repairs service
- ensuring works comply with current and prospective regulations
- providing a balance between responsive and cyclical repairs and capital investment
- cyclical maintenance to prevent deterioration in the physical condition of the stock
- replacing components just before they would otherwise require ongoing multiple response repairs
- refurbishment and remodelling of dwellings to ensure they remain attractive, and meet modern requirements and resident expectations
- achieving high standards of energy efficiency.



Maintaining financial viability

ISHA's financial strategy underpins its strategic objectives. We must ensure that the business remains financially viable and protects service delivery to customers.

Mitigating assumptions have been incorporated into the 30-year plan and these are reviewed annually to make sure we remain financially viable. Overall, the model demonstrates that these mitigations are sufficient to maintain the association's financial viability.

ISHA has met, and is forecast to meet, all its loan covenants and has a strategy in place to fund our building-safety costs.

We have further strengthened our assessment of long-term viability by:

- maintaining a record of assets and liabilities, and all contractual agreements, and ensuring it is up to date
- stress testing the business plan across a range of scenarios that would break the plan. From these tests we have identified further key mitigations to protect the business from breach of viability
- using Savills as the Board's treasury advisors and agreeing a treasury management strategy
- continuous Board oversight on the association's strategic register.

The 2023-24 financial statements are compliant with the accounting standards introduced by the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018.

Equality and diversity and employees

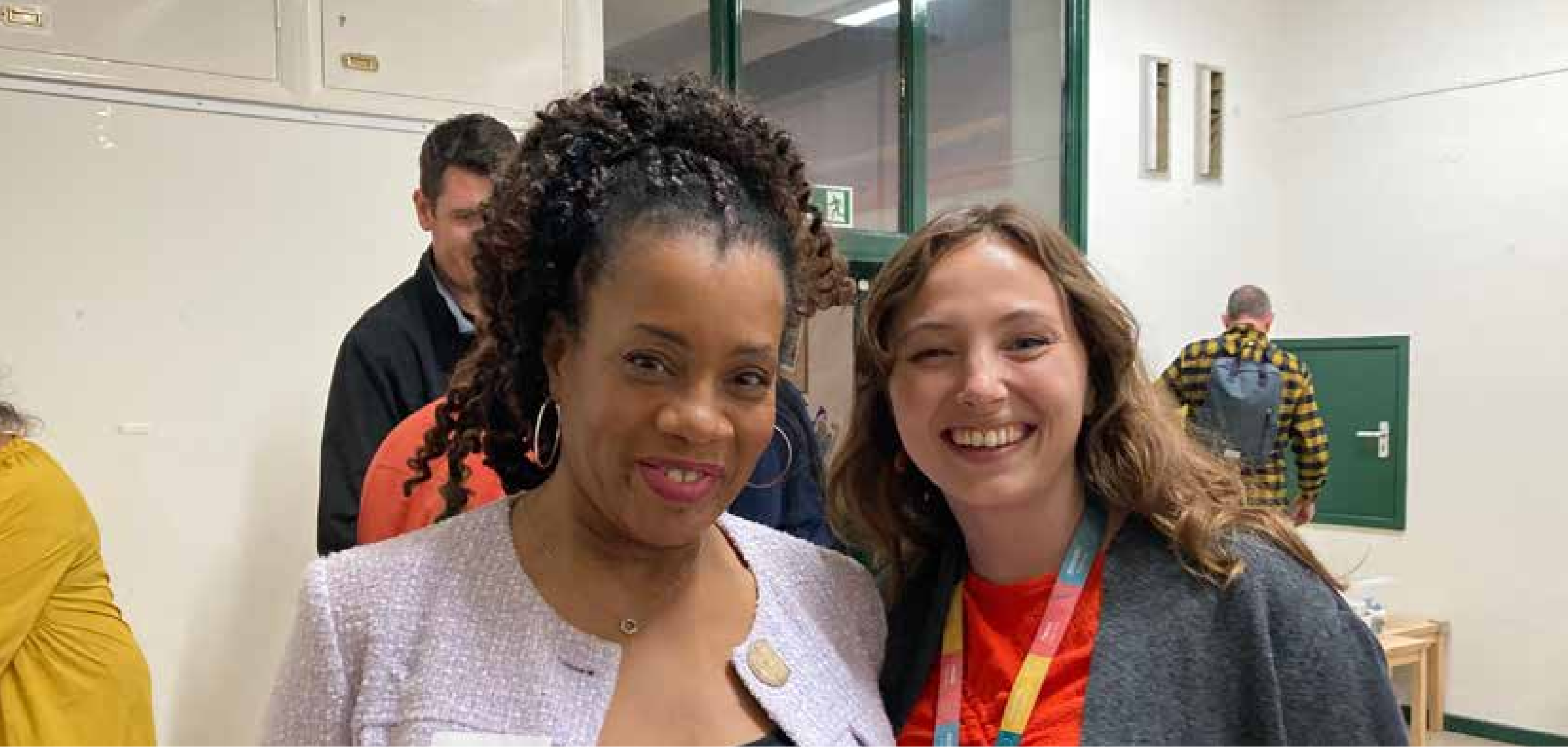
We developed our new Equality, Diversity and Inclusion Strategy last year. It restated the expectation that all ISHA's staff treat residents and stakeholders equitably and with respect in their dealings with them, and affirmed ISHA's commitment to be inclusive and reflect the rich and diverse communities we exist to serve. ISHA's Chief Executive sits on the National Housing Federation EDI Council. At the year end, ISHA had 86 full time equivalent staff.

Across the boroughs we operate in, a significant proportion of people in housing need are from Global Majority communities. This is reflected at ISHA where 57% of our staff are from Global Majority communities.

Health and Safety

ISHA recognises its responsibilities on all matters relating to health and safety. We have expanded our building safety team to ensure ISHA is compliant with new building safety regulations. ISHA has a Compliance Team to manage all other health and safety requirements within residents' homes. The Board receives regular updates on all matters of health and safety so that they can be adequately assured about management and compliance.

The Board regularly reviews and monitors its policies, and staff are provided with training and education. ISHA ensures good practice and compliance with fire regulations and maintains its compliance with fire safety standards. We continue to work with the Department for Levelling Up, Housing and Communities (DLUHC) in remediating buildings with ACM and other external wall systems which may contain combustible materials.



Governance

The Board is responsible for the overall strategic direction of ISHA, which includes the approval, monitoring and compliance of key policies and scrutinising investment decisions to ensure that the objectives of the association are achieved, and its assets are protected. The Board had five regular meetings during 2023-24 as well as one strategy away day and one residential. The three Committees of the Board – Audit & Risk, Remuneration and Property Investment - met several times during the year. A new Resident Scrutiny Panel was established and met with the Board to discuss their priorities for the next year.

Building safety, stock condition and financial resilience continued to be major areas of work for the Board in 2023-24, but the Board also continued to monitor and challenge on improvements to service delivery ahead of the Regulator of Social Housing's new Consumer Standards which came into effect from 1 April 2024.

As of 31 March 2024, the Board had 11 members – five women and six men, and five members identifying as members of Global Majority communities. Two members of the board are leaseholders or related to leaseholders. The Chief Executive is an executive member of the Board but is not a member of the Audit & Risk Committee, the Property Investment Committee nor the Remuneration Committee.

The Board Terms of Reference formally record those matters for which executive board members may not participate or vote in, including:

(i) Delegated authorities to the Leadership Team and Chief Executive

(ii) Review of their own performance and remuneration

(iii) In camera session with ISHA's auditors

(iv) Chair's Actions submitted by the Chief Executive

(v) And other sessions with a conflict of interest as determined by the Chair.

The effectiveness of ISHA's governance arrangements and our G1 (compliant) rating was re- confirmed through a stability check by the Regulator of Social Housing in December 2023.

ISHA has adopted the National Housing Federation's (NHF) Code of Governance 2020 as its formal code of governance. ISHA is committed to attaining the highest standards of corporate governance and will keep its Board structure and procedures under review. The day-to-day operational control of the association is delegated to the Leadership Team.

The Board has delegated responsibility for audit supervision to the Audit & Risk Committee and employs independent auditors for both internal and external audit. The Audit & Risk Committee consists of members of the Board and are independent from the paid officers of the association.

All Board members are required to subscribe to the agreed aims of the association. The Board's responsibilities in respect of the financial statements are set out as follows:

Internal control

The Board is responsible for ISHA's system of internal control and reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risks. However, the system of internal control is designed to manage risk and to provide reasonable assurance regarding the safeguarding of assets, control of risk, maintenance of proper accounting records and the reliability of financial information.

The Board and its Audit and Risk Committee carry out monitoring activities to ensure that appropriate control procedures are in place and changes required to these are identified and actioned. To this end, they are assisted by internal audit arrangements carried out by a professional firm. There are formal procedures for reporting weaknesses in internal controls or fraud and as part of these controls, internal audit and senior officers of the association have access to the Board and Audit and Risk Committee.

There is a clearly defined organisational structure based upon the system of delegation set out in policies and procedures and the financial regulations, which were updated in April 2024 and approved by the Audit and Risk Committee on 14 May 2024 as part of the regular review of our systems.

ISHA is committed to regular, timely and accurate financial management reporting. Such reporting includes monthly budgetary control arrangements, including reporting on variances and regular reports on the revised performance management framework. All the Leadership Team take internal control seriously. Staff are encouraged to discuss ways in which procedures can be improved with their managers in an open way. Directors are required to report to the Chief Executive on the effectiveness of the controls and the Chief Executive reports to the Board on the appropriateness and effectiveness of these systems.

The Board receives confirmation that controls continue to operate from three main sources. These are:

- internal audit reports prepared according to an agreed plan over a three-year cycle
- external auditors' management letters
- compliance reports issued by the Regulator.

A serious fraud was uncovered during the year, which involved three employees colluding to bypass the segregation of duties control in the bulk refuse disposal process. This highlighted specific areas where internal controls could be strengthened, and a Board approved action plan is in place. The employees in question are no longer employed by ISHA.

We are currently investigating the impact of the fraud on our residents and have made provision in the accounts for potential refunds to the affected residents as necessary.

Apart from the fraud, there were no major instances of failure of these controls to operate and this was reported to the Board. No other material weaknesses in internal control have been identified which require disclosure in the financial statements

The Board is aware that neither the external auditor nor the Regulator of Social Housing have any specific responsibility to identify shortcomings in ISHA's systems of internal control. The responsibility rests solely with the Board.

The Board obtains additional assurance through other sources, including the internal audit process as the principal reassurance on control matters.

Statement of compliance

ISHA's Rules of Association were approved by Shareholders in September 2014. They are based on the NHF Model Rules 2011 with 2014 updates as per changes in legislation or regulatory guidance. ISHA's Code of Governance ensures that its governance systems and practices are robust. ISHA adopted the National Housing Federation (NHF) Code of Governance 2020 in March 2021. A self-assessment of compliance against the Code for the 2023-24 financial year was reviewed by the Board in July 2024. The Board is satisfied that ISHA was compliant with its Code of Governance in 2023-24.

Governance and Financial Viability Standard

The Association complies fully with the Regulator of Social Housing (RSH) Governance and Financial Viability Standard.

Rent Standard

The Association complies fully with the RSH's Rent Standard.

Risk management

ISHA has a Risk Management Policy which outlines its approach to risk management and includes the following components:

- risk register – identifying, evaluating and mitigating the main risks to ISHA
- risk monitoring, reporting and escalation – checking how well risk is being managed
- scenario testing and recovery planning – the periodic review of the Business Plan against a range of adverse scenarios and the review of recovery plan
- risk appetite – clarity on how much risk ISHA is willing to take
- roles and responsibilities – defining clear accountabilities for risk management.

The Leadership Team and the Board have reviewed the risks facing ISHA in the current economic climate. They have established golden rules to express the association's risk appetite and enforce it in strategic and operational decisions. Financial viability remains the most closely monitored risk at the Executive, Board, and Regulator levels.

The strategic risk register employs the three lines of defence model, drawing assurance from operational, internal, and external sources. It highlights necessary controls and requires the Leadership Team to confirm their existence and effectiveness.

On behalf of the Board, the Audit & Risk Committee and the Leadership Team regularly conduct horizon scanning to identify emerging risks. The Audit & Risk Committee also initiates deep dives into areas of concern to assess ISHA's controls and its ability to withstand potential risks.

The Management Team (Heads of Service) performs the initial review of the operational risk register for each business area and makes recommendations to the Leadership Team.
Risks are rated based on the likelihood of occurrence and the potential consequences. The Leadership Team further reviews the operational risk register, and the highest-rated risks are added to the Strategic Risk Register. This register is reviewed and approved at each Audit & Risk Committee meeting and quarterly at Board meetings.

The strategic risk register was reviewed at the Audit and Risk Committee meetings held in May, July and November 2023 and February 2024. The committee agreed that appropriate risks are identified, the risk ratings are suitable, and the right levels of controls are in place.

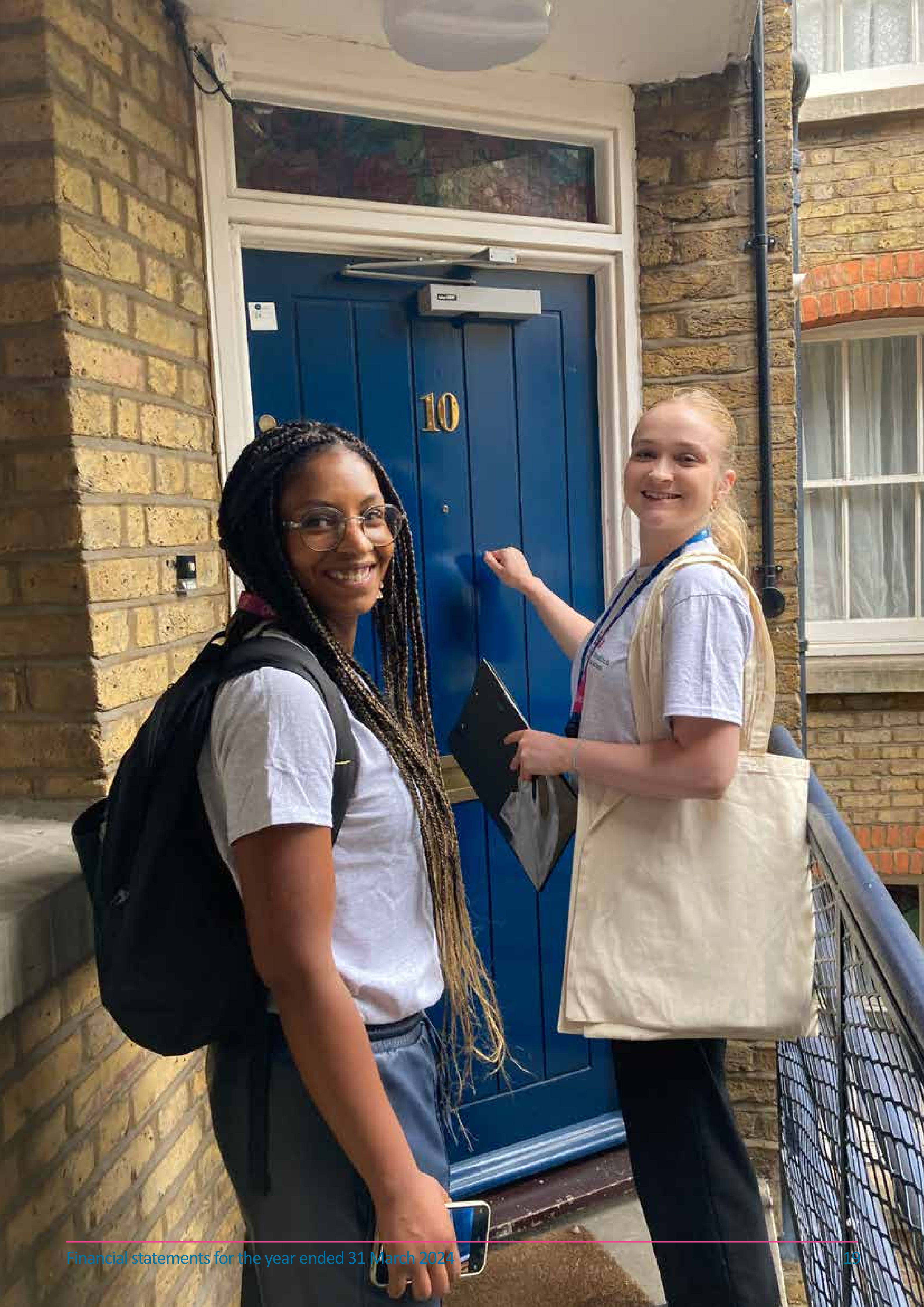
The Strategic Risk Register was reviewed and approved by the Board at the meetings held in June, August, December 2023 and March 2024.

Auditors

A resolution to re-appoint Beever and Struthers will be proposed at the forthcoming annual general meeting.

The report of the Board was approved on 31 July 2024 and signed on its behalf by:

Mervyn Jones Chair of the Board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Value for Money

ISHA's Board remains committed to delivering and demonstrating value for money for both its current and future residents. The Board has evaluated the association's results and set targets for ISHA's strategic positioning.

We have completed the fourth year of our five-year strategic plan (2020-25). The plan targets improved performance and resident satisfaction across our business. It also outlines the Board's vision for ISHA to serve as a community anchor, contributing significantly to its residents and the wider community. The Board aims to deliver maximum social value through our operations rather than treating it as a separate business activity. This approach applies to both development and housing and neighbourhood activities.

The Board has reviewed and discussed priorities for the final year of the strategic plan. Our development goals, driven by our dedication to community service, are still being challenged by the need to address construction defects in certain buildings.

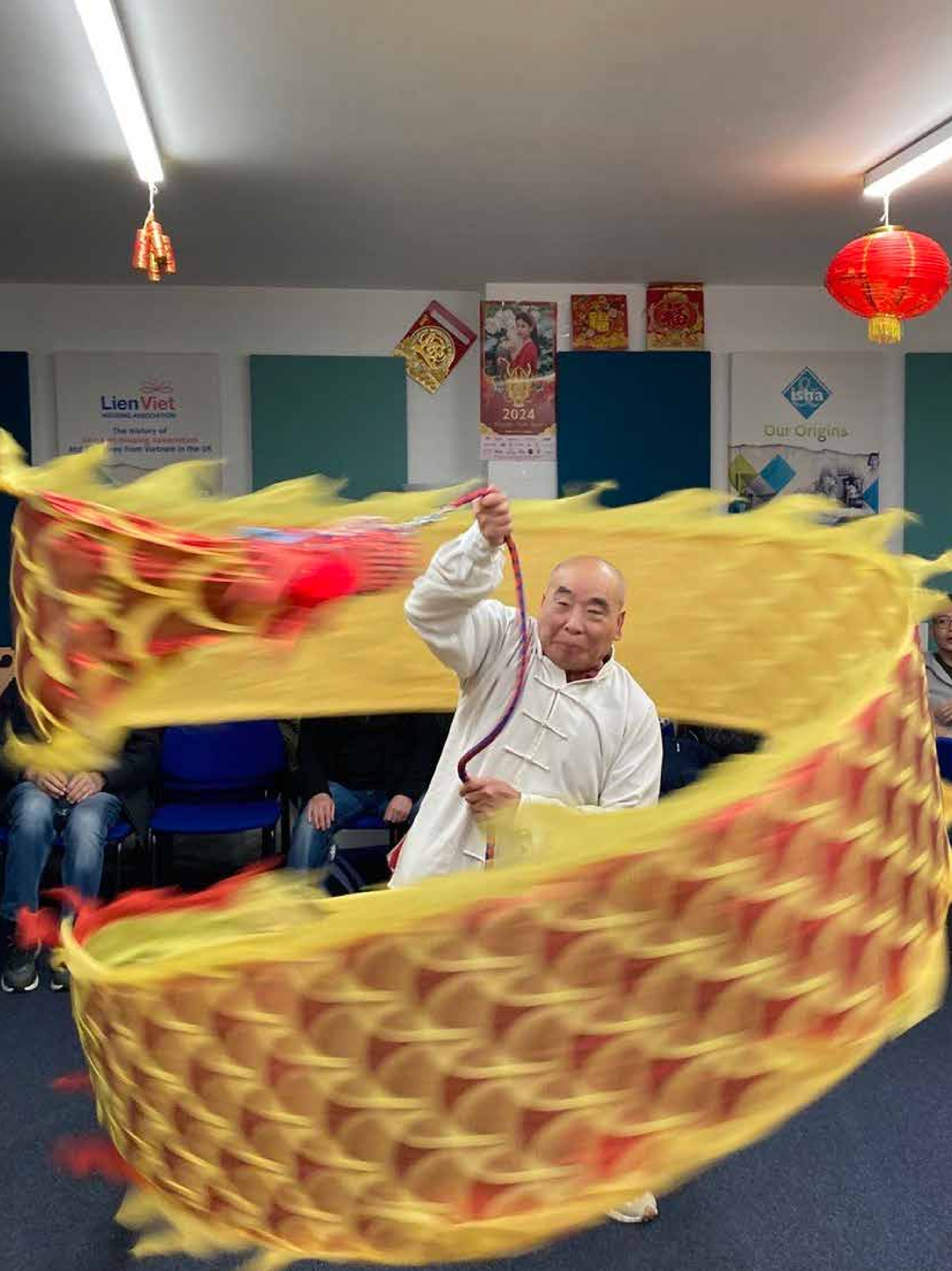
In North London's high-cost housing market, the Board's long-term strategy is targeted delivery of social rented homes. This approach benefits individuals and reduces public spending on housing benefits or universal credit.

Lower rents provide self-paying residents with more disposable income and greater financial autonomy. The Board believes this strategy is more effective than charging higher rents and using charitable means to address poverty.

ISHA's historically large development programme has been 100% affordable, aligning with our strategic intent to maintain low rents. This approach has required substantial cash subsidies for continued development, which the Board believes is a worthwhile investment.

ISHA has compared its performance with other housing associations using the Regulator of Social Housing (RSH) Global Accounts 2023 report. ISHA has high costs when benchmarked against all housing associations in England, which is consistent with operating within central London.

As a result of the ongoing spending on fire safety works and mitigations, our income and expenditure will continue to be impacted over the next few years until remediation work is completed. Additionally, our development programme is also being affected.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Our Origins

There are nine metrics defined by the regulator of social housing as key financial ratios, which we must report on. Additionally, as customer satisfaction is at the core of our service, we have tailored our internal value for money plans and targets in line with the regulator's Tenant Satisfaction Measures (TSM).

Overall, we are aiming to:

- ensure that the organisation operates as efficiently, effectively, economically and equitably as possible in order to deliver the best outcomes for residents and our community
- understand the return generated by the assets that we own, ensuring we make the right decisions on where to invest our resources and most importantly maintain and improve the quality of our homes
- ensure that any investment in non-social housing activity generates a level of return appropriate to the scale of the risk involved
- show how our business value is being used for social purposes by reinvesting our returns from commercial activity back into creating more affordable homes and improvements to services, existing homes and places
- maximise the number of new homes we deliver to help tackle the country's housing crisis
- meet a wide range of housing needs, though the delivery of new homes as well as making the best use of our existing homes.

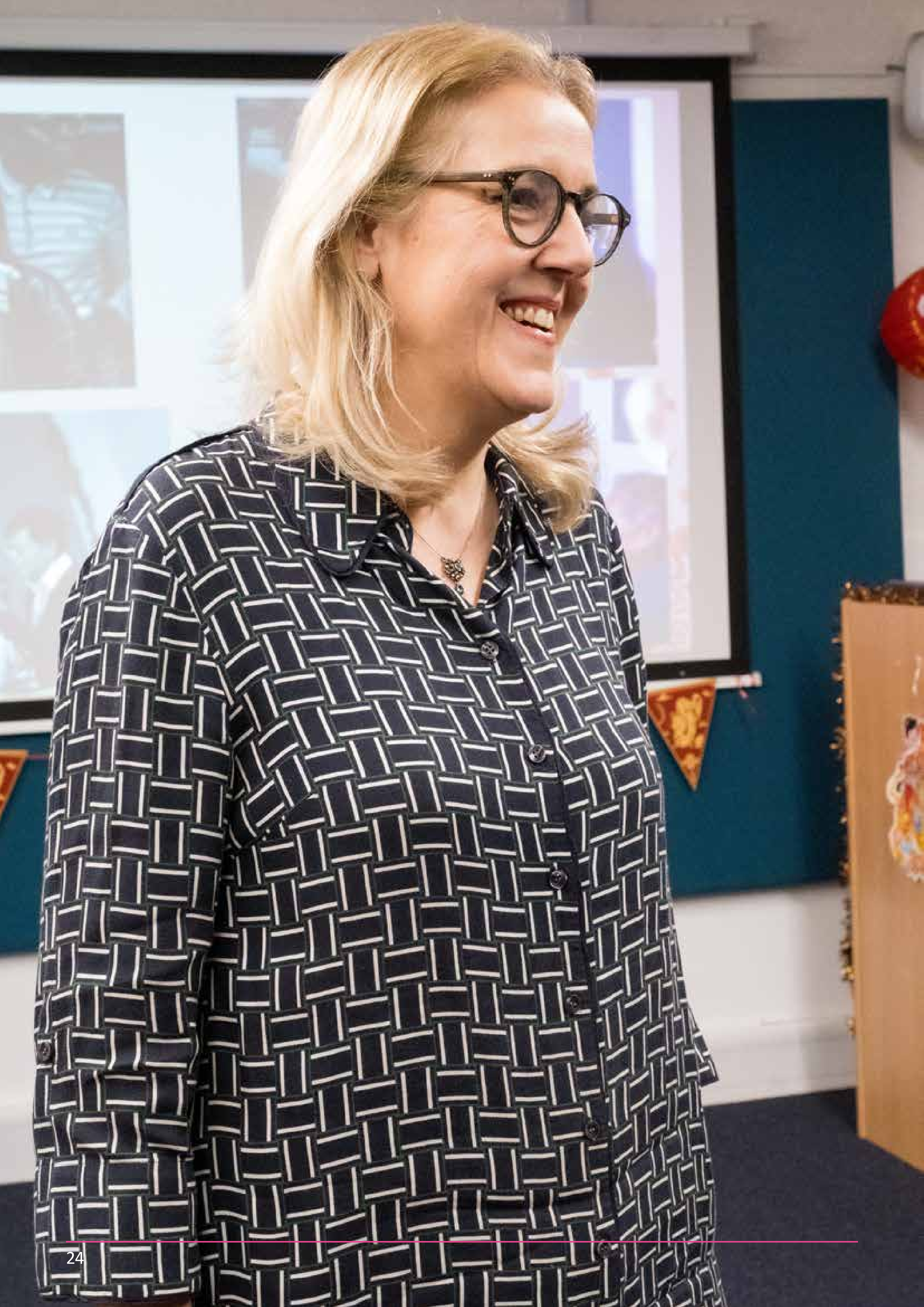
The peer group selected by ISHA for benchmarking our value for money metrics includes London-based associations with a stock size ranging from 500 to 10,000 homes. Since the peer group data for 2023-24 is not available until the autumn of 2024, we have estimated our peer group's 2023-24 outcomes based on the percentage change from 2021-22 to 2022-23. References to our peers' 2024 metrics in this Value for Money report are based on these adjusted 2022-23 results.

The table on the next page shows the nine key financial ratios, as defined by the regulator, how we have performed from 2021 to 2023, how we compare to our peer group average, and our actual performance in 2024 against our peers' estimated metrics.

Metrics	ISHA 2023-2024	Peer Group* 2023-2024	ISHA 2022/23	Peer Group* 2022/23	ISHA 2021/22	Peer Group* 2021/22	ISHA 2020/21	Peer Group* 2020/21
Total social housing units owned + managed	**2363**		**2403**		**2349**		**2351**	
1 Reinvestment	3.8%	4.3%	2.5%	5.1%	4.1%	7.0%	7.9%	5.2%
2 New supply delivered								
A - Social housing	0.0%	0.8%	3.7%	0.9%	1.7%	1.2%	0.9%	1.4%
B - Non-social housing units	0.00%	0.45%	0.40%	0.13%	0.00%	0.10%	0.00%	0.30%
3 - Gearing %	27.3%	47.3%	28.6%	45.5%	30.4%	44.8%	32.9%	43.9%
4 - EBITDA (MRI)	-65.9%	43.2%	30.6%	54.0%	69.2%	76.3%	106.2%	135.3%
5 - Headline social housing costs per unit (CPU)	£10,691	£10,349	£8,261	£9,098	£7,317	£8,012	£6,985	£7,113
6 Operating margin %								
A - Social housing lettings	-8.7%	8.6%	2.3%	12.1%	4.5%	17.4%	-2.2%	20.6%
B - Overall	-4.0%	10.4%	7.1%	12.4%	8.5%	13.4%	5.3%	14.6%
7 - Return on capital employed	2.3%	1.7%	2.2%	2.2%	2.5%	2.8%	0.8%	2.7%
Breakdown of headline social housing costs per unit								
Management cost per unit	£1,696	£2,051	£1,611	£1,849	£1,651	£1,723	£1,405	£1,646
Service charge cost per unit	£2,375	£1,930	£1,986	£1,654	£1,985	£1,533	£1,510	£1,510
Maintenance cost per unit	£3,136	£2,008	£2,859	£1,893	£2,685	£1,684	£3,212	£1,584
Major repairs cost per unit	£3,430	£2,677	£1,679	£2,027	£829	£1,576	£364	£994
Other social housing cost per unit	£55	£1,683	£126	£1,673	£167	£1,496	£494	£1,379
Total	**£10,691**	**£10,349**	**£8,261**	**£9,098**	**£7,317**	**£8,012**	**£6,985**	**£7,113**

*Peer group are London based Housing Associations with 500 to 10000 units

** We have estimated our peer group's 2023-24 outcomes based on their percentage change from 2021-22 to 2022-23



Reinvestment – Growth

This metric measures the investment in new development and capitalised major repairs as a percentage of the total costs of housing properties. The association's performance was 3.8%, which is higher than its 2.5% outturn in 2023 but lower than our peers' estimated 2024 result of 4.3%.

The capitalised major repairs expenditure saw a substantial increase, rising from £3.1m in 2023 to £5.4m in 2024. This includes significant investments in component replacements such as £2.44m on roof replacements, £0.66m on kitchens, £0.57m on lift installations, £0.45m on bathrooms, and £0.34m on boilers. These investments are essential for the long-term sustainability of our housing stock.

Additionally, we have spent £5.9m during the year towards the delivery of four affordable homes in the Spurstowe scheme in the first quarter of 2024-25 and to invest in the development of another 44 units for delivery in 2025-26. Capitalised interest was £0.26m.

New supply delivered

This metric measures the percentage of new social and non-social units developed or acquired during the year, relative to the stock owned at year-end. ISHA did not deliver any social housing units during the year (0%), in contrast to the 3.7% achieved in 2023. Our peers' estimated 2024 average result is 0.8%.

The financial impact of the pressure to implement fire safety works and mitigations has led to a reduction in housing units delivered. However, as of 31 March 2024, 48 units are in development:

- our affordable homes at the Spurstowe scheme, due for handover in May 2024.
- Twenty-five units at Barrett's Grove, comprising 21 London Affordable homes and four Shared Ownership homes, due for handover in November 2025.
- Nineteen units at Sunnyside, comprising six Social Rented units and 13 Shared Ownership units, due for handover in May 2025.

ISHA hopes to continue to build low-cost homes in our areas of operation, albeit on a lower scale than envisaged earlier in our strategic plan.

Our vision remains **to co-create homes and communities where everyone can flourish**. ISHA's 2020-25 development strategy prioritises land-led developments, ensuring safety, high- quality construction, and more. However, due to our commitment to addressing building safety issues and the rising costs of construction, the goal of building 400 homes for ISHA and North River Alliance partners outlined in the 2020-2025 strategic plan will not be achievable.

Gearing

This metric measures the percentage of adjusted assets composed of debt, estimating the business's dependency on debt finance. ISHA's dependency on debt slightly reduced from 28.6% in 2023 to 27.3% in 2024, which is lower than the peer group's 2023 average of 47.3%. The association continues to meet its loan repayments and renegotiate terms where more favourable conditions can be obtained.

We regularly scenario- and stress-test our business plan to ensure its resilience. About a third of the association's stock is uncharged, providing security for future borrowing. Our gearing ratio is expected to continue to fall in future years as the association increases its net assets.

We have established financial golden rules with the Board that support our ambitions and protect our business. Our risk register is aligned with the strategic plan.

The Association's EBITDA-MRI

EBITDA-MRI interest cover reflects the level of surplus the association generates compared to interest payable. This metric measures a business's ability to generate cash, excluding sales of existing assets, to meet interest payments (interest cover).

ISHA's financial strategy is foundational to achieving its strategic objectives, with a primary focus on maintaining financial viability and ensuring continuous service delivery to residents. Some of our lenders also measure ISHA's ability to meet their loan covenants using EBITDA- MRI.

The EBITDA-MRI interest cover metric for ISHA has experienced a significant decline from 30.6% in 2023 to -65.9% in 2024. This sharp decrease underscores the financial challenges faced by the association, particularly in relation to building safety, and the sector over the past year. Despite a slight increase in operating surplus from £7.05m in 2023 to £7.19m in 2024, the substantial reduction in EBITDA-MRI indicates that non-operational factors have heavily impacted the financial health of the association.

Included in the 2024 operating surplus are significant expenditures such as £1.79m for major repairs at St Mary's Path Estate, £0.91m in impairment costs related to the partial development of the Alexandra Court site, and £0.70m for fire warden costs at three of our schemes. These large expenses have notably reduced the effective surplus available for interest coverage. Additionally, while gains from the disposal of fixed assets increased from £5.20m in 2023 to £8.34m in 2024, these gains were insufficient to offset the rising costs.

As stated in Reinvestment Growth rate above, there has been substantial investment in our existing housing stock rising from £3.07m in 2023 to £5.39m in 2024. This includes roof replacements, kitchens, lift installations, bathrooms and boilers. These investments, while essential for the long-term sustainability of the housing stock, have contributed to the financial negative interest cover.

ISHA's lenders have granted covenant carve-outs for building safety costs, including waking watch costs and works on the St Marys Path scheme and health and safety works. ISHA's EBITDA-MRI covenant for our strictest lender is 119% as compared to the 105% limit. This equates to approximately £0.59m of headroom. ISHA is not in breach of any of its loan covenants.

Headline Social Housing costs per unit (CPU)

ISHA's Headline Social Housing CPU of £10.69k is a 29% increase over last year's costs (£8.26k) and 3% above peer group average of £10.35k. Details on the individual element of Headline Social Housing CPU are highlighted inn Management CPU, Service CPU and Maintenance CPU in the Other Metrics section below.

Managing agent costs are highlighted as a major issue in service costs, building safety costs and additional damp and mould costs are highlighted in maintenance costs. £1.79m was also invested for major repairs of the St Mary's Path Estate. These investments highlight ISHA's commitment to ensuring tenant safety and maintaining high living standards.

Operating Margin (Social Housing Lettings)

ISHA's **operating margin for social housing lettings** (SHL) declined to -8.7% in 2023-2024 from 2.3% in 2022/23. This sharp decrease reflects ISHA's strategic decision to prioritise extensive repairs and safety enhancements, impacting the short-term operating margin. In contrast, the peer group average for operating margin (SHL) was 8.6% in 2023-2024, down from 12.1% in 2022/23.

Key expenses, such as extensive major repairs, the fire safety costs and rising maintenance costs significantly impacted the association's financial performance. These include the £1.79m million spent on major repairs at St Mary's Path Estate, £0.9m in impairment costs following the decision to shelve the partial development of Alexandra Court, and £0.7 million in fire warden costs collectively strained ISHA's operating costs, resulting in the negative margin.

Operating margin – Social housing lettings and overall

ISHA's **overall operating margin** also saw a significant decrease, falling to -4.0% in 2023-2024 from 7.1% in 2022/23. This decline highlights ISHA's focus on immediate repairs and safety measures to ensure long-term sustainability and reduced costs in the future. The peer group average for overall operating margin was 10.4% in 2023-2024, a reduction from 12.4% in 2022/23, indicating sector-wide pressures, although ISHA's performance was significantly below the average.

The reduction in ISHA's overall operating margin can be attributed to the same factors that impacted the SHL margin, including increased maintenance costs per unit, substantial investments in fire safety, and unplanned expenditures on major repairs. These costs, while necessary for maintaining the quality and safety of ISHA's housing stock, placed further strain on the association's operating margin. Despite these challenges, ISHA remains committed to addressing these issues to improve financial performance in future periods.

Return on Capital Employed (ROCE)

The **return on capital employed** measures the efficient investment of capital resources by taking the operating surplus as a percentage of total assets, less current liabilities.

In the 2023-2024 period, ISHA achieved a Return on Capital Employed (ROCE) of 2.3%, an improvement from 2.2% in the previous year. This positive trend indicates a steady enhancement in ISHA's efficiency in generating operating surplus from its capital employed. In comparison, the peer group's ROCE declined from 2.2% in 2022/23 to 1.7% in 2023-2024, highlighting ISHA's superior performance relative to its peers.

The improved ROCE is primarily driven by the surplus generated from the sale of assets, which has been strategically used to fund fire safety issues and improve the overall stock. This approach reflects ISHA's commitment to maintaining financial resilience while making substantial investments in essential repairs and safety measures.

Other metrics

Management costs per unit (management CPU) increased slightly to £1,696 from £1,611 in the previous year, reflecting a rise of approximately 5.3%. This increase contrasts with the peer group average, which rose more significantly to £2,051 in 2023-2024 from £1,849 in 2022/23, representing a 10.9% increase. Despite the increase, ISHA's management CPU remains below the peer group average, indicating a relatively efficient cost management approach compared to peers.

Health and safety (H&S) expenditure was substantial, amounting to £981k, with £704k allocated specifically for fire wardens. These costs highlight ISHA's commitment to ensuring tenant safety while the fire safety issues are being addressed. Additionally, an actuarial loss on pensions was £384k and council tax on empty properties totalling £164k further contributed to the increased management costs. ISHA's Housing and Neighbourhoods team is working with the different councils to ensure faster allocation of our void properties.

Overall, while ISHA's management CPU has increased, it remains competitively lower than the peer group average.

Service Charge costs per unit (CPU) increased to £2,375 in 2023-2024, up from £1,986 in 2022/23, reflecting a rise of approximately 19.6%. This is higher than our peer group 2023-24 average which is estimated at £1,930. There was an overall increase in the costs of services

A further factor was the external managing agent charges, which were £803k above plan for social housing units. These costs included excess final service charge bills, late charges for prior years and various costs for works. Our Leasehold Team is actively working to ensure managing agents become more transparent about their charges and more prompt in their billing.

Additionally, £424k was incurred on lifts servicing and maintenance. Extensive unplanned works were carried out at Wenlock Street, Zoffany Street, and Repton House schemes to restore broken lifts.

Other significant expenditures include £782k on communal utilities, £229k on communal repairs, communal cleaning costs reached £642k, and fire appliances maintenance cost £302k on testing, servicing, and maintenance of fire safety equipment.

Maintenance costs per unit (CPU) have increased by 9.7%, rising to £3,136 in 2024 from £2,859 in 2023. This figure substantially exceeds the peer group estimated average of £2,008 for 2024.

Key areas of expenditure contributing to the maintenance CPU are £2.55 million on routine general maintenance including damp and mould removals. Other costs include £650k on cyclical repairs, £395k on void repairs and other related costs, and £340k on gas servicing. While the maintenance CPU is higher than the peer group average, we have invested in the upkeep of our homes, addressing urgent maintenance needs and improving their overall condition for the future.

Major Repairs Costs Per Unit (CPU) increased significantly to £3,430 from £1,679 in 2023. This rise reflects the combined capitalised major repairs expenditure of £5.39m (2023: £3.07m) and major repairs revenue expenditure of £2.72m (2023: £0.96m) which totalled £8,105k (2023: £4,035k). This increase underscores the association's commitment to addressing critical maintenance and improvement needs of our residents.

As explained in the EBITDA-MRI interest cover metric, the capitalised major repairs expenditure of £5.39m includes component replacements such as roofing, kitchens, lift installations, bathrooms, and boilers. The revenue expenditure is mainly £1.79m incurred for major repairs at St Mary's Path Estate and £0.77m spent on planned works.

This substantial increase highlights ISHA's strategic focus on maintaining the quality and safety of its housing stock and demonstrates its dedication to long-term sustainability and resident well-being.

Other social housing cost per unit

In the 2023-2024 period, ISHA's other social housing costs per unit reduced to £55 from £126 in the previous year. ISHA's costs remain significantly lower than the peer group averages, which were estimated at £1,683 in 2023-2024 and was £1,673 in 2022/23.

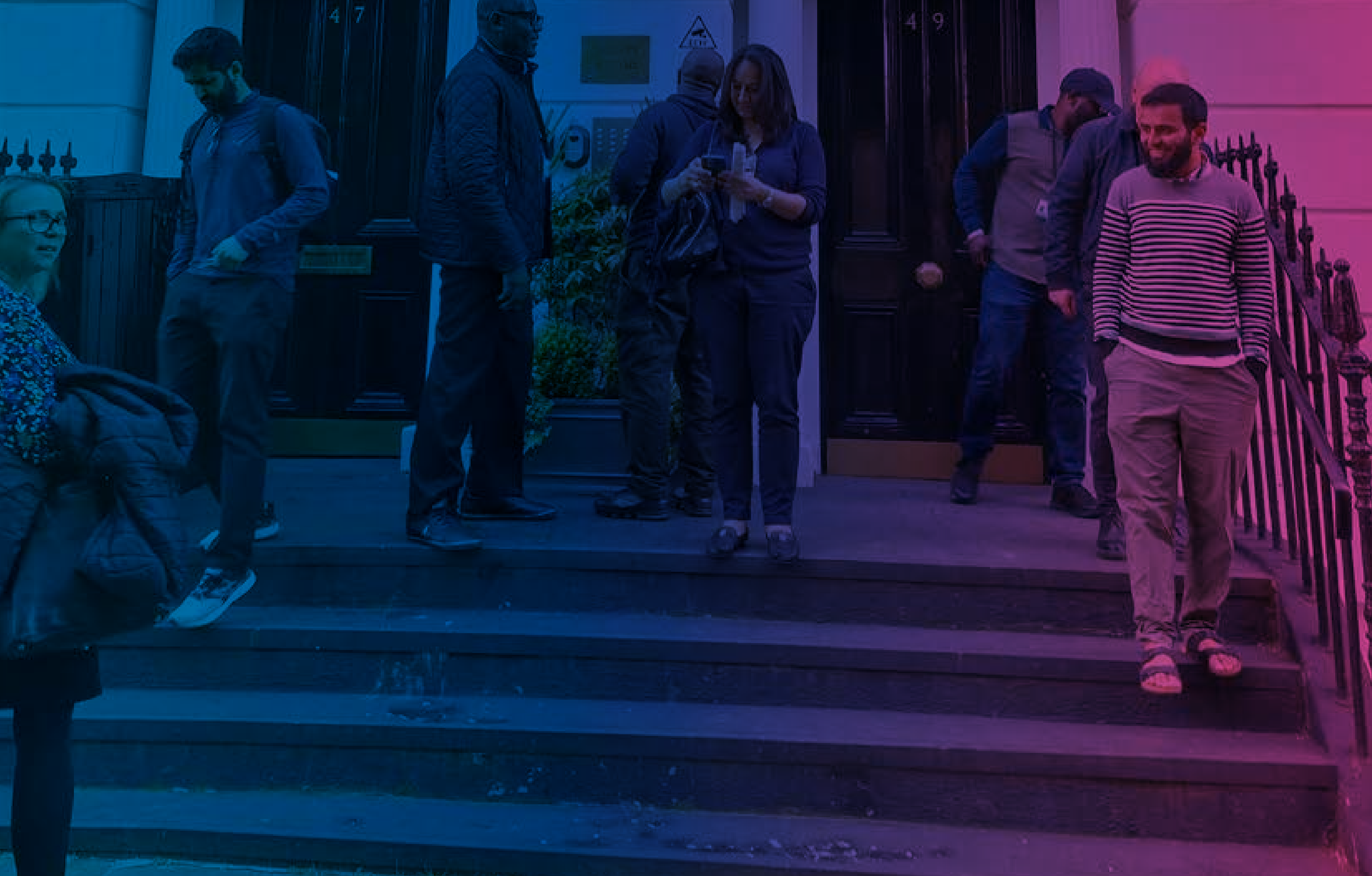
Directors' remuneration and management costs relative to the size of the landlord

The following are ISHA's directors' remuneration and management costs (per unit) relative to the social units owned and managed.

	2024	2023
	£	£
The remuneration payable to the highest paid Director, relative to the size of the landlord	51	47
The aggregate amount of remuneration paid to Directors, relative to the size of the landlord	242	195
Management costs relative to the size of the landlord	1,696	1,611

2023-24 internal value for money targets

The new Tenant Satisfaction Measures (TSM) came into effect from 1 April 2023. The Board approved the regulator's 22 TSMs (12 perception measures, 10 management measures) and five additional ISHA-only measures as the internal value for money measures for 2023-24.



Tenant Satisfaction Measure	2022-23 results	2023-24 results
TP01 Taking everything into account how satisfied or dissatisfied are you with the service provided by ISHA?	61% pre- TSM STAR survey 52% Institute of Customer Service TSM pilot survey	53.7%
TP02 How satisfied or dissatisfied are you with the overall repairs service from ISHA over the last 12 months?	59%	56.6%
TP03 How satisfied or dissatisfied are you with the time taken to complete your most recent repair after you reported it?	Not reported	59.2%
TP04 How satisfied or dissatisfied are you that ISHA provides a home that is well-maintained?	54%	56.3%
TP05 Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that ISHA provides a home that is safe?	**59%**	**70.3%**
TP06 How satisfied or dissatisfied are you that ISHA listens to your views and acts upon them?	**Not reported**	**48.2%**
TP07 How satisfied or dissatisfied are you that ISHA keeps you informed about things that matter to you?	**Not reported**	**63.6%**
TP08 To what extent do you agree or disagree with the following? "My landlord treats me fairly and with respect".	**Not reported**	**71.0%**
TP09 How satisfied or dissatisfied are you with ISHA's approach to complaints handling?	**Not reported**	**23.7%**
TP10 How satisfied or dissatisfied are you that ISHA keeps these communal areas clean and well-maintained?	**57%**	**63.4%**
TP11 How satisfied or dissatisfied are you that ISHA makes a positive contribution to your neighbourhood?	**Not reported**	**60.5%**
TP12 How satisfied or dissatisfied are you with ISHA's approach to handling anti-social behaviour?	**49%**	**50.9%**

Landlord's Management information	2022-23 results	2023-24 results
RP01 Homes that do not meet the Decent Homes	0	0
RP02 (1) Proportion of non-emergency responsive repairs completed within the landlord's target timescale	69.81%	93.4%
RP02 (2) Proportion of emergency responsive repairs completed within the landlord's timescale	25.59% Q4 figures only	95.3%
BS01 Proportion of homes for which all required gas safety checks have been carried out.	99.72%	99.8%
BS02 Proportion of homes for which all required fire risk assessments have been carried out.	100%	100%
BS03 Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out.	100%	100%
BS04 Proportion of homes for which all required legionella risk assessments have been carried out.	100%	93%
BS05 Proportion of homes for which all required communal passenger lift safety checks have been carried out.	100%	96.2%
CH01 Number of complaints received per 1000 homes	39.12 Stage 1 complaints 8.35 Stage 2 complaints	92.2 Stage 1 complaints 9.2 Stage 2 complaints
CH02 Proportion of complaints responded to within the Housing Ombudsman's Complaint Handling Code timescales	36% of Stage 1 complaints 68.75% of Stage 2 complaints	82.3% of stage 1 complaints 83.3% of stage 2 complaints
NM01 Number of anti-social behaviour cases opened per 1,000 homes	6.56	7.2

ISHA additional VFM Measures	2022-23 results	2023-24 results
Employee Engagement %	50%	63%
Cumulative Staff Turnover %	29%	28%
Average Staff Sickness Absence (Days)	5.4	4.22
FRA – number of overdue actions	74	613
Current arrears as a % of rent charged	6%	5.33%

Tenant Satisfaction Measures (TSM)

TP01 Taking everything into account how satisfied or dissatisfied are you with the service provided by ISHA?

Our Performance	Our Plans
Our new resident and community involvement lead revitalised our resident involvement programme, with a series of Neighbourhood Night events in our key boroughs. She also re-established the Resident Scrutiny Panel with a new cohort of engaged and motivated residents who wish to play the part of critical friend to ISHA. We have also involved residents in consultations and procurement of vital services. We gave our website a visual refresh ahead of a full redevelopment. We terminated the contract with our responsive repairs contractor due to poor performance and procured a one-year contract with Chigwell to provide this service. With improved contract management in place the repairs service is much better.	We have procured and will onboard a new housing management and finance system, which will provide a single point of reference for key information about our residents and their homes. The system includes a resident portal which will provide access to residents to report repairs, pay rent and check statements, and update their contact details. We will be working with communications experts to develop a Tone of Voice framework to standardise our communications approach and we will be redeveloping our website to be more resident friendly. We will continue to involve residents in procuring service providers and repairs contractors. We will continue to manage our contracts closely to ensure we deliver good services to our residents.

TP02 How satisfied or dissatisfied are you with the overall repairs service from ISHA over the last 12 months?

Our Performance	Our Plans
56.6% of residents were satisfied with the repairs service compared with 59% last year. We identified poor contractor performance, a skills gap in some areas, significant lift breakdowns and poor communication during the repairs process as key contributors to the drop in satisfaction and have made changes to our lift and repairs contractors as a result. Communication has been a key focus throughout the year and is a work in progress.	To further improve our services, we are re-procuring our responsive repairs contractor through a full tender process, including residents as part of the interview panel. We will continue to recruit staff with the highest technical competence and deliver training to support them in their roles. We are increasing post-inspections to monitor contractor performance and scheduling monthly contractor reviews to ensure compliance with service levels.

TP03 How satisfied or dissatisfied are you with the time taken to complete your most recent repair after you reported it?

Our Performance	Our Plans
59.2% of residents were satisfied with the time taken to complete their most recent repair. We offer 'preferred appointment' for non-emergency repairs, which allows residents to nominate when they are available for a repairs operative to attend. Emergency repairs have a 4-hour window for attendance.	To improve, we will conduct weekly meetings with contractors, especially those with high workloads, to ensure timely contact with residents. We will enhance customer contact to keep residents informed throughout the repair process, thereby reducing delays and improving overall satisfaction.

TP04 How satisfied or dissatisfied are you that ISHA provides a home that is well- maintained?

Our Performance	Our Plans
56.3% of residents were satisfied with the maintenance of their homes. We retendered for our responsive repairs contractor to improve service delivery and involved residents in the recruitment process. We continued to monitor transactional feedback and discuss results with contractors at weekly and monthly meetings.	We continue to include residents in the procurement process for all contracts and monitor transactional feedback. Where contractors are not performing, we will use our procurement framework to switch to alternatives.

TP05 Thinking about the condition of the property or building you live in, how satisfied or dissatisfied are you that ISHA provides a home that is safe?

Our Performance	Our Plans
The building safety team has been tireless in its efforts to comply with new government regulations and provide evidence of the work going into remediating our tall buildings that have been impacted by the fire safety concerns that emerged after Grenfell. Where possible we have pursued the developers to take responsibility for remediation of critical issues. We have also commissioned additional improvements where appropriate.	Work continues to investigate and remediate affected buildings, as well as keeping residents informed of progress. We continue to negotiate with developers regarding remediating our tall buildings and where there is no recourse to funds, we are paying for the remedial works ourselves. We have been clear from the beginning that our tenants should not be burdened financially through no fault of their own.

TP06 How satisfied or dissatisfied are you that ISHA listens to your views and acts upon them?

Our Performance	Our Plans
We implemented a new inbound email and mail process to better manage emails and correspondence coming in to ISHA. Feedback from residents indicates that we don't always get it right so it continues to be an area of focus.	We are planning a restructure in the Housing and Neighbourhoods directorate to disband the customer call centre and redistribute our customer service advisers to support specific teams and gain greater subject matter expertise. We also expect that onboarding the new housing management and finance system will see productivity gains where information is held securely and available appropriately for providing better services.

TP07 How satisfied or dissatisfied are you that ISHA keeps you informed about things that matter to you?

Our Performance	Our Plans
We increased our communication efforts with the reintroduction of monthly e-newsletters and twice-yearly printed magazines. The visual refresh of the website has made our information more accessible, and we delivered a Winter Warmers leaflet, a Damp and Mould awareness campaign as well as reviewing some of our critical communication channels.	The website redevelopment will make a huge difference to accessibility of key ISHA information, as will the introduction of the resident portal as part of the new housing management system. We will continue our printed magazines and monthly e- newsletters. We will launch a repairs handbook and a resident advice booklet. We are also planning a Neighbourhood Knock event to get out and meet our residents in person.

TP08 To what extent do you agree or disagree with the following? "My landlord treats me fairly and with respect".

Our Performance	Our Plans
Respect for everyone is a core ISHA value and we take pride in being respectful in our interactions with residents, colleagues and other stakeholders. Our Equality Diversity and Inclusion strategy was approved by the board, focusing on LGBT+, Disability and anti-racism. We set up a staff ED&I council to help deliver the strategy and channel feedback from staff on our progress. The Council arranged a wide range of celebrations days including, Cinco De Mayo, Nigerian Independence for Black History Month, Nelson Mandela Day, Eid bring and share lunch, Easter Egg hunt, Christmas Eve breakfast. Our Resident and Community Involvement Lead champions ED&I with our residents and is passionate about strengthening our inclusivity all the time. Our policies and processes are tested against ED&I measures to ensure they are inclusive, and we adhere to them stringently.	We will join the government's Disability Confident scheme and working to deliver our ED&I objectives. We are planning LGBT mental health and wellbeing awareness training and will continue to embed our values in all we do.

TP09 How satisfied or dissatisfied are you with ISHA’s approach to complaints handling?

Our Performance	Our Plans
The complaints team focused on improving timeliness and quality of responses and this has seen a reduction in escalations to Stage 2 of our complaints process. We updated the complaints policy twice in response to the Housing Ombudsman’s updates to the Complaint Handling Code.	We will deliver our first statutorily required Annual Complaints Performance and Service Improvement Report and continue to focus on quality and timeliness of our responses. A further focus will be on resolving issues at the earliest possible point.

TP10 How satisfied or dissatisfied are you that ISHA keeps these communal areas clean and well-maintained?

Our Performance	Our Plans
63.4% of residents were satisfied with ISHA’s communal area maintenance. We have been using the same contractor for at least a decade and they are generally performing well. By taking a more hands on approach, we have seen some improvement, but we recognise the need for further work. We conduct regular site visits and aim to address resident complaints promptly, but inspections indicate there’s still room for improvement.	To improve communal area maintenance, we are considering bringing cleaning services in- house to enhance control and accountability, as well as improve value for money. We will continue with monthly and quarterly inspections by contract managers to ensure thorough site assessments. Additionally, we plan to refine our survey methods to gather more effective and timely feedback from residents. These initiatives aim to elevate cleanliness standards and overall resident satisfaction.

TP11 How satisfied or dissatisfied are you that ISHA makes a positive contribution to your neighbourhood?

Our Performance	Our Plans
ISHA operates in the heart of North London, and we are very proud to serve our communities. We launched new homes in Waltham Forest and Islington this year, providing affordable homes where they are most needed. Our Neighbourhood Night events have been successful and brought our residents together to meet with ISHA staff and with each other. We sponsored the Islington Under11 and Under12 girls football teams to continue to represent their borough at the highest level. And we celebrated 90 years of working in and around North London, with key partners and residents as well as current and former staff.	We are truly embedded in our neighbourhoods and continue to seek opportunities to help them thrive. We will launch an ISHA in Bloom resident gardening competition to celebrate the pride residents take in their gardens. We will continue to work with our contractors and partners to coordinate neighbourhood improvement initiatives which contractors fulfil as part of their corporate social responsibility. We will launch a Neighbourhood Champions initiative to allow residents to hold us to account and support their neighbourhoods more meaningfully.

TP12 How satisfied or dissatisfied are you with ISHA's approach to handling anti-social behaviour?

Our Performance	Our Plans
50.9% of residents expressed satisfaction with ISHA's approach to handling anti-social behaviour. Case numbers were low this year, which suggests that reporting has decreased or that not all cases are being recorded as ASB.	The planned implementation of a new ASB case management system and enhanced staff training should lead to more accurate reporting and improved handling of ASB cases. These steps are critical in increasing resident satisfaction and ensuring a safer community environment.

Landlord’s Management

RP01 Homes that do not meet the Decent Homes

Our Performance	Our Plans
By the year end, 2023-2024, all required homes met the decent homes standard. A great achievement for the second year running.	We will continue to conduct our regular stock condition surveys and maintenance programme to ensure all our homes meet and continue to meet the required standards.

RP02 (1) Proportion of non-emergency responsive repairs completed within the landlord’s target timescale; and RP02 (2) Proportion of emergency responsive repairs completed within the landlord’s timescale

Our Performance	Our Plans
The proportion of non-emergency responsive repairs completed within the landlord’s target timescale was 93.4% The proportion of emergency responsive repairs completed within the landlord’s timescale was 95.3% Performance was affected by adverse weather conditions, an accumulation of ‘legacy’ jobs, inefficient resource management, inconsistent communication, and outdated processes.	We will improve performance by ensuring regular updates and timely job completions through weekly contractor meetings. We will address weather-related challenges and bring in new contractors to reduce pressure on current ones. Additionally, we will continuously review and update our processes to enhance efficiency and timeliness.

BS01 Proportion of homes for which all required gas safety checks have been carried out.

Our Performance	Our Plans
Over the period, 1,586 gas safety checks were due, and 1,582 were completed, representing a completion rate of 99.8%. Court proceedings have begun to gain entry to the four outstanding properties.	Our Compliance team, working in partnership with our contractors and tenancy officers, will continue to ensure that all sites are compliant. We plan to streamline our processes to gain court injunctions to enable quicker and easier final access to properties.

BS02 Proportion of homes for which all required fire risk assessments have been carried out.

Our Performance	Our Plans
100% of those homes which required fire risk assessment were carried out.	To continue ensuring 100% completion of fire safety checks, we will work closely with our new fire safety contractor. Having joined us in March, they are already familiar with our portfolio and are working tirelessly to maintain compliance across all sites. The final phase of implementing C365 database will streamline processes and provide a robust, golden-thread approach to our fire safety measures.

BS03 Proportion of homes for which all required asbestos management surveys or re- inspections have been carried out.

Our Performance	Our Plans
100% of homes for which all required asbestos management surveys or re- inspections were carried out by the end of the year.	We will ensure our ongoing success by strengthening our relationship with our asbestos contractor and working cooperatively to maintain high standards of compliance.

BS04 Proportion of homes for which all required legionella risk assessments have been carried out.

Our Performance	Our Plans
93% of those homes for which all required legionella risk assessments have been carried out.	We have hired a new water hygiene contractor who has already demonstrated a proactive approach to water hygiene. For example, with foul waste sites, they already service all pumps and are developing a strategy to avoid pump failure.

BS05 Proportion of homes for which all required communal passenger lift safety checks have been carried out.

Our Performance	Our Plans
96.2% of homes for which all required communal passenger lift safety checks have been carried out.	To improve the completion rate of required communal passenger lift safety checks, we will strengthen our relationship with the contractors and increase their accountability. By closely monitoring their performance and addressing any shortfalls promptly, we aim to enhance the overall safety and reliability of lift services in the future.

CH01 Complaints received relative to the size of the organisation.

Our Performance	Our Plans
We had a relatively high number of complaints per 1000 properties this year but saw huge improvement in timeliness and quality of responses. We have worked with the business to make improvements based on themes emerging from complaints, including lift communication, which was a key theme.	We will publish our first annual Complaints Performance and Service Improvement report as part of the new statutory reporting requirements under the Housing Ombudsman's Complaint Handling Code. We will use the learnings from this report to update our processes and improve our services.

CH02 Complaints responded to within Complaint Handling Code timescales.

Our Performance	Our Plans
We responded to 82.3% of Stage 1 complaints within target timescales and 83.3% of Stage 2 complaints. This was a huge improvement on the previous year after a focus on timeliness and quality of responses, to prevent escalations to Stage 2 due to Stage1 responses not being adequate.	We are targeting further improvements in the timeliness and quality of responses, as well as a stronger focus on resolution. We will continue to comply with the Housing Ombudsman's Complaint Handling Code.

NM01 Anti-social behaviour cases relative to the size of landlord.

Our Performance	Our Plans
Our performance showed 17 cases, translating to 7.19 per 1000 homes, which is a relatively low figure. However, this number may not accurately reflect the true extent of ASB due to underreporting and inadequate record-keeping. The lack of effective case management suggests the actual prevalence of ASB could be higher than indicated.	Our plans include implementing a new ASB case management system to replace the current spreadsheet method, ensuring more accurate data. The current system is cumbersome, leading to underreporting. The new system will simplify documentation, likely increasing reported ASB cases. We also plan to train our staff to better handle and recognize issues, improving our overall response to ASB.

ISHA additional VFM Measures

Employee Engagement %

Our Performance	Our Plans
Our employee engagement was 63% in 2023-24. The all-staff office days on the first Wednesday of each month continue to be well-received. Staff take advantage of being in the office to connect with each other and have key meetings face to face. We also hold a staff social event on these days to bring colleagues together more informally. The staff awards are popular, and we have progressively had more nominations each time.	A review of staff benefits is outstanding after results of a staff survey indicated physical health and wellbeing options are the most desired. This will be implemented in the coming year. A move to anonymous voting in the staff awards will also ensure that awards are presented for good representation of our values.

Cumulative Staff Turnover %

Our Performance	Our Plans
Our cumulative staff turnover was 28% Voluntary turnover: We had 12 voluntary leavers in 2023-2024, including one retirement and four ahead of disciplinary or performance improvement action. This gives us an annual voluntary turnover figure 2023- 2024 of 15%. The voluntary turnover in 2022-2023 was 29%. Involuntary turnover: We had 10 involuntary leavers in 2023-2024, which gives us an annual involuntary figure of 12.5%. Four (4) of these were the end of fixed term contracts, which are always time limited, and do not always convert to a permanent contract of employment and are unavoidable. If we remove these from the annual involuntary figure it is reduced to 7.5% We re-introduced face to face exit interviews with the P&C Adviser and will be monitoring the results of these surveys over the next 12 months.	As we continue to strengthen policies and procedures, and organisational expectations and values, we may see some further turnover into next year. The People and Culture team will support managers with the impact of this by providing a high-quality People service that strives to make excellent appointments into vacant posts.

Average Staff Sickness Absence (Days)

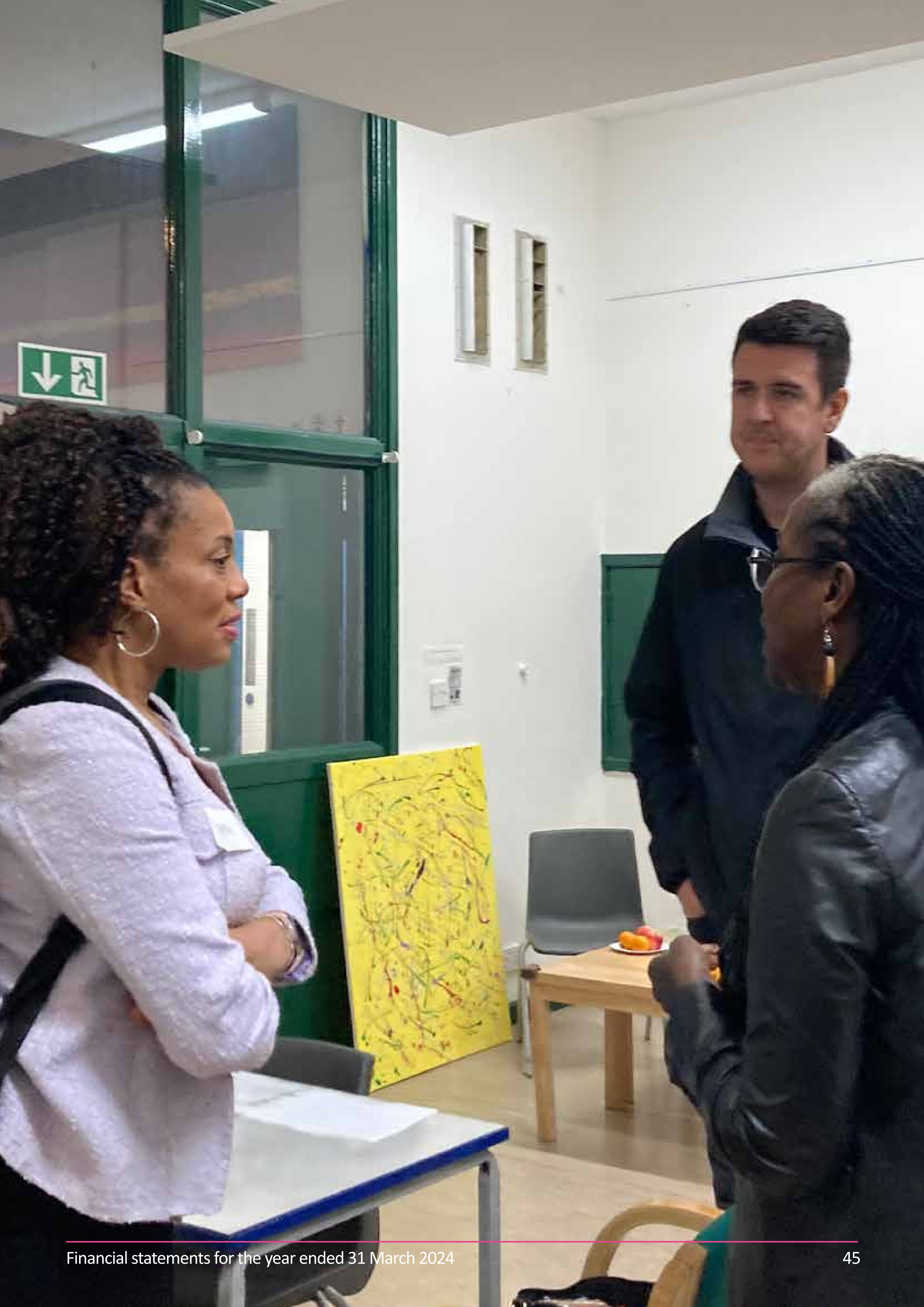
Our Performance	Our Plans
We have very low rates of sickness absence with the average rate of absence per employee during 2023-24 at 4.22 days (compared with 6 days in 2022-23 and more than 7 days as the national average), and the average number of occasions was 1.5 per employee (1.8 in 2022-23).	Despite the positive outcomes with sickness absence rates at ISHA we will continue to make improvements in this area, including the roll out of training for managers on supporting colleagues while proactively addressing any sickness absence triggers as soon as they occur.

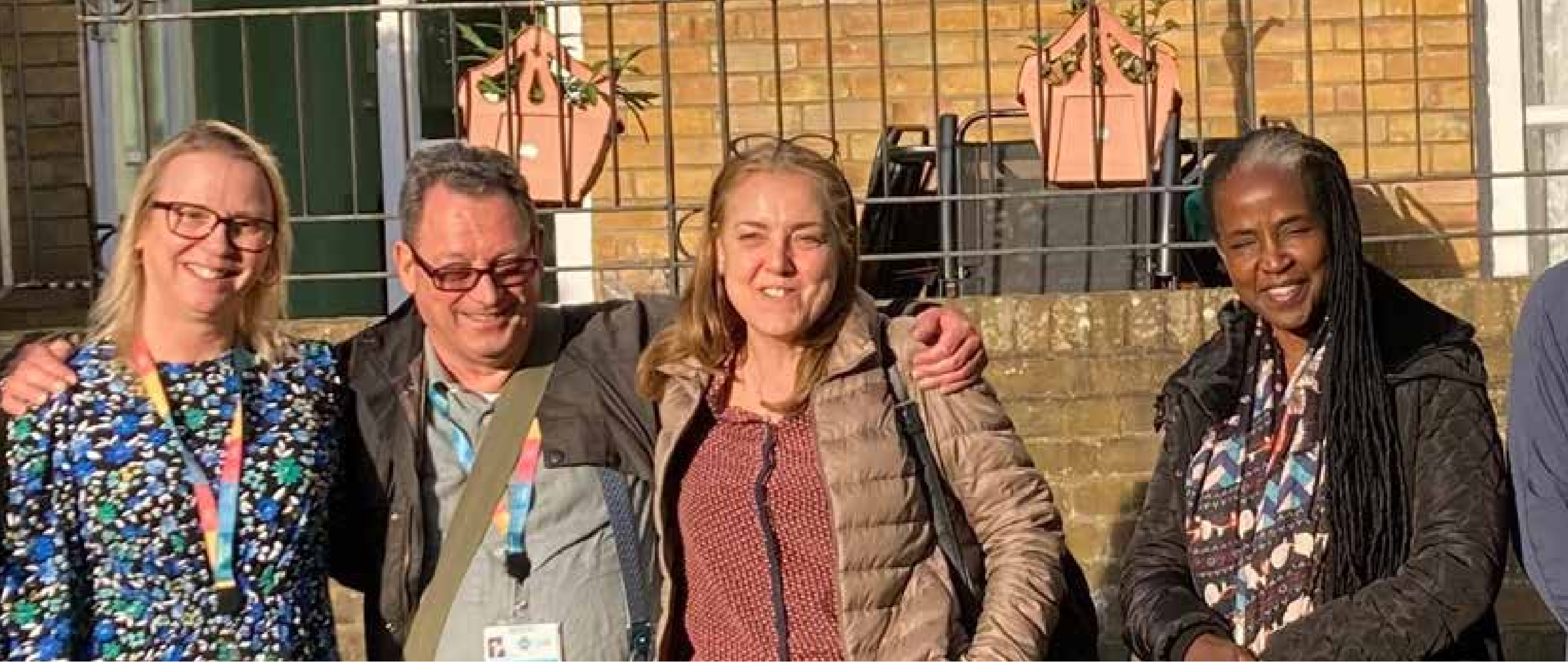
FRA – number of overdue actions

Our Performance	Our Plans
We had 613 overdue actions at year's end. This was higher than previous years due to a full desktop review of every property that required an FRA in line with the policy approved by Board in 2023. We also know there is a long lead in time for obtaining fire doors, well beyond the three-month target, which has contributed to actions being overdue.	We will work with our contractors to expedite physical and desktop reviews. Our strategy prioritises high-risk safety issues under the building safety team's oversight while assigning lower-risk sites to our compliance team. By fostering a collaborative approach, enhancing review processes, and establishing robust monitoring and reporting systems, we aim to ensure timely completion and prevent future overdue actions.

Current arrears as a % of rent charged

Our Performance	Our Plans
Our current arrears stand at 5.33%, falling short of our target of 4.7%. Although the target was not met, there has been a significant improvement throughout the year, as arrears were 6.25% in April 2023. This reduction is notable despite significant delays in court hearings, which have hampered income recovery. By year-end, several cases were awaiting bailiff appointments and eviction dates, impacting our overall performance.	We plan to continue working closely with the courts and legal services to enhance our income recovery processes. By strengthening these relationships, we aim to mitigate the impact of external delays and improve our performance towards achieving our target arrears percentage.





Board's Responsibilities Statement

(RSHP registered in England and registered under the Co-operative and Community Benefit Societies Act 2014)

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

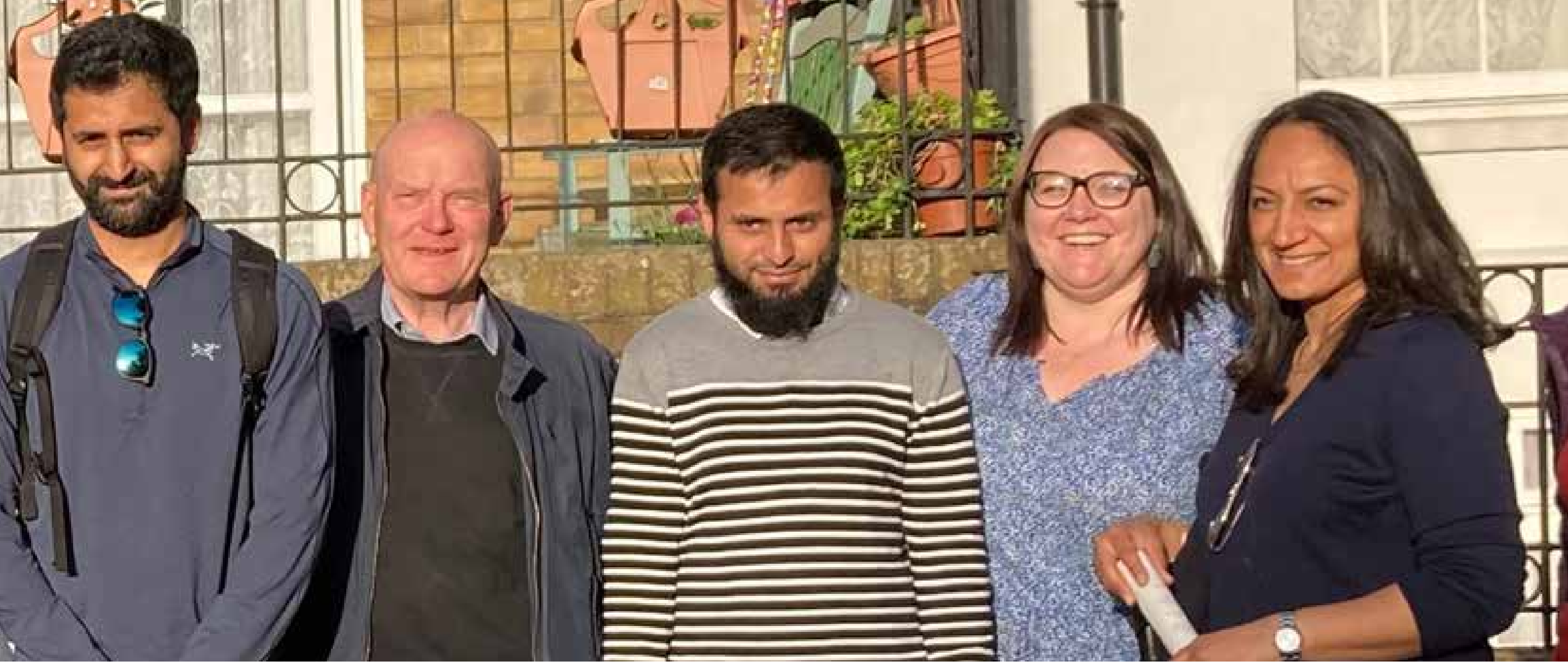
The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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 that disclose with reasonable accuracy at any time the financial position of the association and enable it to ensure that the financial statements comply with Co-operative and Community Benefit Societies Act 2014 the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 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 association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Independent auditor's report to the members of Islington & Shoreditch Housing Association Limited.

Opinion

We have audited the financial statements of Islington & Shoreditch Housing Association Limited (the Association) for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, 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 Association's affairs as at 31 March 2024 and of 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 Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

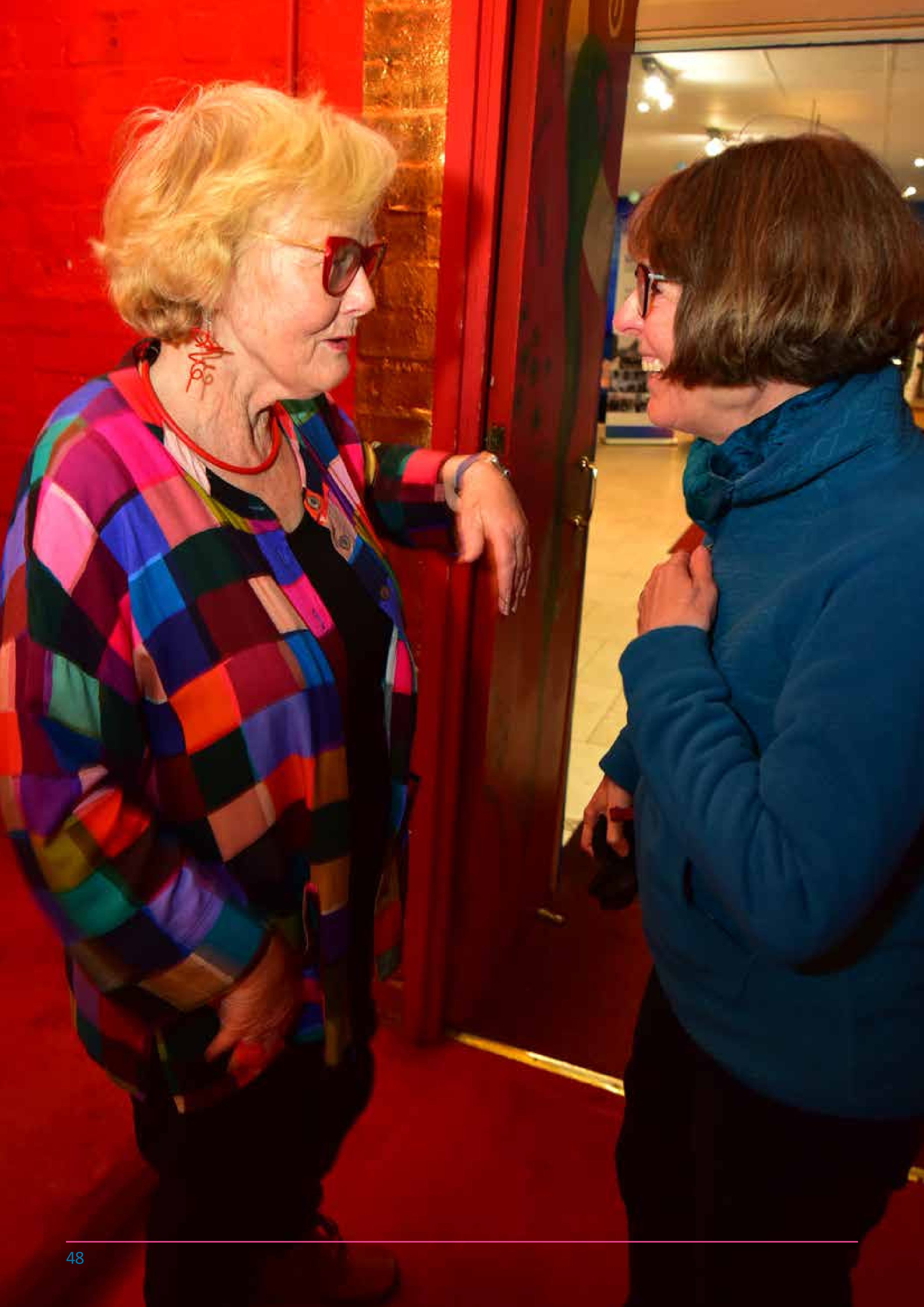
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of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

Conclusions relating to going concern

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

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

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



Other information

The other information comprises the information included in the Board 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, except to the extent otherwise explicitly stated in our report, 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 adequate 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 Committee

As explained more fully in the Statement of Board's Responsibilities set out on page 30, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from 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 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, 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 and fraud 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 nature of the Association's activities and the regulated nature of the Association'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.

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

- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

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

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 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 Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers	150 Minories
Chartered Accountants	London
Statutory Auditor	EC3N 1LS

Beever and Struthers

Date: 05/09/2024

Statement of comprehensive income for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Turnover	2	28,687	25,918
Operating costs	2	(29,828)	(24,071)
Surplus on sale of properties and land	20	8,335	5,202
Operating surplus	2	**7,194**	**7,049**
Interest receivable		571	130
Interest and financing costs	7	(4,246)	(4,533)
Movement in fair value of investment properties	9	(166)	540
Surplus for the year		3,353	3,186
Initial recognition of multi-employer defined benefit scheme		-	-
Actuarial gains / (losses) in respect of pension scheme	23	(384)	(290)
Total comprehensive income for the year		**2,969**	**2,896**

All amounts relate to continuing operations. The accompanying notes on pages 56 to 75 form part of these financial statements.

The financial statements were authorised and approved by the Board on 31 July 2024.

Mervyn Jones
(Chairman)

Heather Topel
(Chair of the Audit and Risk Committee)

Laura Hopper
(Secretary)

Statement of changes in reserves

Income and Expenditure Reserves	£'000
Balance as at 31 March 2022	86,525
Comprehensive income for the year	3,186
Other comprehensive income for the year	(290)
Balance as at 31 March 2023	89,421
Comprehensive income for the year	3,353
Other comprehensive income for the year	(384)
Balance as at 31 March 2024	**92,390**

The accompanying notes on pages 56 to 75 form part of the financial statements.

Statement of financial position as at 31 March

	Notes	2024 £'000	2023 £'000
FIXED ASSETS			
Tangible fixed assets	8	301,367	300,630
Investment Properties	9	19,905	20,071
Intangible Assets	10	1	19
		321,273	**320,720**
CURRENT ASSETS			
Properties held for sale	11	1,242	3,504
Trade and other debtors	12	2,449	1,765
Cash and cash equivalents		11,949	13,793
		15,640	19,062
CREDITORS: amounts falling due within one year	13	(23,744)	(24,464)
NET CURRENT ASSETS		**(8,104)**	**(5,402)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**313,169**	**315,318**
CREDITORS: amounts falling due after more than one year	14	(217,437)	(222,816)
PROVISIONS FOR LIABILITIES			
Defined benefit pension liability	23	(1,729)	(1,653)
Other provisions	24	(1,613)	(1,428)
TOTAL NET ASSETS		**92,390**	**89,421**
RESERVES			
Share capital – Non- Equity	18	-	-
Income and expenditure reserve		92,390	89,421
Total Reserves		**92,390**	**89,421**

The accompanying notes on pages 56 to 75 form part of these financial statements. These financial statements were authorised and approved by the Board on 31 July 2024 and were signed on their behalf by:

Mervyn Jones
(Chairman)

Heather Topel
(Chair of the Audit and Risk Committee)

Laura Hopper
(Secretary)

Statement of cash flows

	Notes	2024 £'000	2023 £'000
Net cash generated from operating activities	(a)	6,802	8,217
Cash flow from investing activities			
Purchase of tangible fixed assets		(11,643)	(7,025)
Proceeds from sale of tangible fixed assets		11,521	7,345
Grants received		380	1,706
Interest received		571	130
		7,631	10,373
Cash flow from financing activities			
Interest paid		(4,174)	(4,491)
Repayment of borrowings		(5,301)	(18,051)
Net change in cash and cash equivalents		(1,844)	(12,169)
Cash and cash equivalent at the beginning of the year		13,793	25,962
Cash and cash equivalent at the end of the year		**11,949**	**13,793**

Notes to the statement of cash flows for the year ended 31 March

a. Cash flows from operating activities	2024 £'000	2023 £'000
Operating surplus	7,194	7,049
Adjustments for non-cash items:		
Depreciation and amortisation of fixed assets	4,484	4,106
Impairment of housing properties	1,195	342
Amortisation of grant income	(1,484)	(1,428)
(Increase)/ decrease in trade and other debtors	(684)	463
Increase in trade and other creditors	306	1,428
Increase in provisions	185	647
Increase/ (decrease) in pension liability	76	(24)
Defined pension interest charged	(72)	(42)
Actuarial (loss) / gains in respect of pension scheme	(384)	(290)
Decrease / (Increase) in properties held for sale	2,262	(718)
Net gain from sale of fixed assets	(8,335)	(5,202)
Costs of fixed assets disposed	2,059	1,886
Net cash from operating activities	**6,802**	**8,217**

Notes to the financial statements

1a Legal status

The Association is incorporated in England with limited liability as a charitable Housing Association under the Co-operative and Community Benefit Societies Act 2014. The registered office is 102 Blackstock Road, London N4 2DR.

1b Accounting Policies

Basis of accounting

The financial statements of the association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

ISHA is a public benefit entity whose financial statements have been prepared in accordance with FRS 102.

The financial statements are presented in Sterling (£), which is the functional currency of ISHA.

Disclosure exemptions

The Association has adopted the following disclosure exemptions as permitted under FRS 102 Section 1.11-12:

The requirement to present a statement of cash flows and the related notes, items of income, expenses, gains or losses relating to financial instruments, and exposure and management of financial risks.

Going concern

The Association has adequate financial facilities in place to resource its day- to-day operations and committed development programmes. The Association's long-term business plan shows that it is able to meet long term debt requirements whilst complying with all lender covenants. No significant concerns have been noted in the business plan updated for 2024/25.

Therefore, the association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future; foreseeable future being at least twelve months after the date that the report and financial statement are signed.

Significant judgement and estimates

The preparation of the financial statements requires management to make significant judgements and estimates when applying accounting policies. The items in the financial statements where these judgements have been made are as follows:

Impairment

Management continuously reviews the performance of its assets to identify any schemes that display indicators of impairment. Management pays attention to schemes that have increasing void losses, have been affected by policy changes or where the decision has been made to dispose of a property.

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

The recoverable amount is estimated in the following way:

a) Determine the level at which the recoverable amount is to be assessed (i.e. the asset level or the cash generating unit (CGU) level)

b) Estimate the recoverable amount of the cash generating unit and

c) Calculate the carrying amount of the cash generating unit and

d) Compare the carry amount to the recoverable amount to determine if an impairment loss has occurred.

Estimation of uncertainty

- **Useful lives of depreciable assets**
  Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to Decent Homes Standards which may require more frequent replacement of key components. The total accumulated depreciation at 31 March 2024 was £59.9m (note 8).

- **Defined benefit obligation**
  The Association participates in the Social Housing Pension Scheme (SHPS), administered independently by the Pensions Trust.

  The Pensions Trust provides the estimate of the defined benefit pension obligation based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increase. Variation in these assumptions may significantly impact the liability and the annual defined benefit expense (as analysed in Note 23).

- **Capitalisation of property development costs**
  Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation, management monitors the asset and considers whether changes indicate that impairment is required.

  For existing properties, expenditure is capitalised where it will result in enhancement of economic benefit. The amount capitalised in the year was £11.2m (note 8) relating to various schemes.

- **Fair value measurement**
  Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how the market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

  Fair value measurements were applied to investment properties. The total value of investment properties was £19.9m at the year end (2023: £20.1m). See note 9.

- **Subsidiary**
  The Association has a dormant subsidiary, Urban Style Limited which had no transactions or balances in the year to consolidate into the association.

Turnover and revenue recognition

Turnover comprises rental and service charge income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value, excluding VAT where recoverable, of services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point where properties under development reach practical completion or otherwise become available for letting, net of voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are recognised when the conditions for receipt of the agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Notes to the financial statements cont'd

Non-government grants

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

Value Added Tax

The Association charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as current liability or asset.

Interest Payable

Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development it represents:

- interest on borrowings to finance the development programme after deduction of related grants received in advance; or
- a fair amount of interest on borrowings of the association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to income and expenditure.

Financial instruments

Financial instruments which meet the criteria of basic financial instruments as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit. At each year end, the instruments are revalued to fair value, with the movements posted to the income and expenditure (unless hedge accounting is applied).

Debtors

Short term debtors are measured at transaction price, less any impairment.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Where deferral of payment terms has been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Creditors

Short term trade creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised costs using the effective interest method.

Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pension

The Association participates in the Social Housing Pension Scheme (SHPS); administered independently by the Pensions Trust

As at 31 March 2024, the net defined benefit pension liability was £1,729k (2023: £1,653k) which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2024, the expenses are charged against operating surplus. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. (Refer to Note 23 for more details).

Contributions payable from the association to the Pensions Trust under the terms of the funding agreement for past deficits is recognised as a liability within other provisions in the association's financial statements.

ISHA ended the participation in the defined benefit pension scheme on 30 November 2021.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally available for rent and are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Expenditure on shared ownership properties is split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as current asset and related sales proceeds included in turnover, and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Intangible Assets

Intangible Assets consists of costs relating to the development of an integrated Housing and Finance system which was implemented during 2016/17.

Government grants

Government grants include grants receivable from the Regulator of Social Housing (the RSH), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities. Government grants received for housing properties are subordinated to the repayment of loans by agreement with the RSH.

Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

Where developments have been financed wholly or partly by Social Housing Grant (SHG), a deduction is made to provide cover for development overhead.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance- related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of housing properties

The Association separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful life.

Notes to the financial statements cont'd

The Association depreciates the major components of its housing properties on a straight-line basis from the year of purchase or in the first year following that of completion of new properties on the following basis:

Freehold land	Not depreciated
Structure	100 years
Roof	100 years
Windows, external doors	30 years
Gas boilers, fires	15 years
Kitchens	20 years
Bathrooms	30 years
Central heating	30 years
Communal parts	30 years
Plumbing and infrastructure	30 years
Electrics	40 years
Lifts	20 years

Impairment

Annually, housing properties are assessed for impairment indicators.

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell 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. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet permitted to or significant future investments that will enhance the assets' performance of the cash generating unit being tested.

Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less cost to sell.

Depreciation of other tangible fixed assets

Other fixed assets are included at cost to the association less depreciation, which is provided on a straight-line basis over the periods shown below:

Office furniture, equipment and motor vehicles	4 years
Scheme equipment	10-15 years
Freehold office	50 years

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal process and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Depreciation of intangible fixed assets

Intangible fixed assets are capitalised at the cost to the association. Amortisation is calculated on a straight-line basis over the course of 7 years, which is the expected useful life of the asset. Cost includes all expenditure related to preparing the asset for its intended use.

Capitalisation of development costs

Development administration costs based on the time spent on a scheme are capitalised up to the date of practical completion of that scheme. Only direct costs are included.

Major repairs

Where a repair involves replacement of property components, the expenditure is treated as capital expenditure and depreciated as outlined above. Any other replacement, renewal or repair to the fabric of an existing building that enhances the net income generated from the property or substantially increases its useful life is capitalised. All other repairs are treated as revenue items.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the association. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the association recognises annual rent expense equal to amounts owed to the lessor.

The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Properties for sale

Shared ownership first tranche sales completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Provisions for liabilities

Provisions are recognised when the association has a present obligation (legal or constructive) as a result of a past event, it is probable that the association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

The Association recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Taxation

ISHA is a charitable Housing Association and is not taxable on any surpluses derived from charitable activities.

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Donated land and other assets

Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the difference between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income within operating surplus.

Notes to the financial statements cont'd

2. Particulars of turnover, cost of sales, operating costs and operating surplus - continuing activities

	2024				
	Note	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus/ (deficit) £'000
Social housing lettings	3	23,241	-	25,572	(2,331)
Other social housing activities					
First tranche shared ownership sales		2,795	2,467	-	328
Fees for development services		124	-	100	24
Other		360	-	29	331
Activities other than Social Housing					
Non letting services		460	-	460	-
Commercial properties		1,294	-	913	381
Private renting		413	-	287	126
Sub Total		28,687	2,467	27,361	(1,141)
Sale of properties and land		11,521	3,186	-	8,335
TOTAL		**40,208**	**5,653**	**27,361**	**7,194**

	2023				
	Note	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus/ (deficit) £'000
Social housing lettings	3	21,073	-	20,585	488
Other social housing activities					
First tranche shared ownership sales		1,830	1,611	-	219
Fees for development services		144	-	25	119
Management fees		434	-	221	213
Other		176	-	57	119
Activities other than Social Housing					
Non-social housing property built for sale		623	397	-	226
Commercial properties		1,267	-	958	309
Private renting		371	-	217	154
Sub Total		25,918	2,008	22,063	1,847
Sale of properties and land		7,345	2,143	-	5,202
TOTAL		**33,263**	**4,151**	**22,063**	**7,049**

3. Particulars of Income and expenditure from social housing lettings

	Housing £'000	Supported Housing £'000	Shared Ownership £'000	2024 £'000	2023 £'000
Income					
Rents receivable net of identifiable service charges	14,868	598	2,808	18,274	16,414
Service charge income	2,074	378	1,031	3,483	3,231
Amortised government grant	1,484	-	-	1,484	1,428
Turnover from social housing lettings	**18,426**	**976**	**3,839**	**23,241**	**21,073**
Operating costs					
Service charge costs	4,562	359	691	5,612	4,773
Management	2,498	342	1,168	4,008	3,872
Routine maintenance	5,401	202	-	5,603	4,935
Planned maintenance	2,040	73	-	2,113	1,934
Major repairs expenditure	2,577	143	-	2,720	962
Bad debts	83	7	-	90	(82)
Depreciation of housing properties	3,752	104	375	4,231	3,849
Impairment of housing property	-	-	1,195	1,195	342
Operating expenditure on social housing lettings	**20,913**	**1,230**	**3,429**	**25,572**	**20,585**
Operating (deficit) / surplus on social housing letting	**(2,487)**	**(254)**	**410**	**(2,331)**	**488**
Void losses	**(208)**	**(44)**	**(35)**	**(287)**	**(316)**

Key management personnel

During the year, the Board created an additional directorate headed by the Director of Culture, Communications and Involvement, thereby increasing the number of Directors from four to five. The aggregate emoluments payable to the key management personnel (Senior Executive) is £572k (2023: £468k).

Notes to the financial statements cont'd

4 Key management personnel remuneration

The emoluments in respect of the Senior Executives were as follows:

	2024	2023
	No.	No.
Basic salaries	481	389
National Insurance	52	46
Pension contributions	37	33
Bonus	2	-
	572	**468**

The remuneration of the highest paid director, the Chief Executive for the year ending 31 March 2024 was £121k (2023 £113k). This remuneration (per unit) relative to the number of social units owned and managed was £51 (2022-23: £47).

All permanent Senior Executives are members of the Social Housing Pension Scheme. They are ordinary members of the pension scheme with no enhanced or special terms. The Association did not make any further contributions to individual arrangements for its Senior Executives.

The full-time equivalent number of staff (including directors) who received remuneration in excess of £60,000 are as follows:

	2024	2023
	No.	No.
£60,001 to £70,000	2	1
£70,001 to £80,000	3	3
£80,001 to £90,000	4	2
£90,001 to £100,000	1	1
£100,001 to £110,000	1	-
£110,001 to £120,000	1	1
£120,001 to £130,000	-	1
£130,001 to £140,000	1	-

Board members

The table below sets out the emoluments received by Board members who served during the year:

	2024	2023
Board Members	£	£
Mervyn Jones	10,500	8,360
Yasmin Khan	3,600	2,866
Justin Fisher	5,600	3,925
June Riley	3,600	2,866
Daven Masri	3,600	2,866
Mohammed Baporia	3,600	2,866
Ben Newton*	2,455	2,866
Alwyn Lewis	5,700	1,911
John Biggs	3,600	1,911
Gemma Colby	3,600	1,911
Alice Powell	-	1,515
	45,855	**33,863**

* (Resigned 6 December 2023)

5 Employee information

The average monthly number of persons employed by the association during the year expressed in full time equivalent of seven hours a day are as follows:

	2024	2023
	No.	No.
Housing, development and administration staff	82	72
Estate officers	4	4
	86	**76**

Employee costs

	2024	2023
	£'000	£'000
Wages	3,496	2,988
Social security costs	361	309
Pension costs	247	239
	4,104	**3,536**

6 Operating surplus

The operating surplus for the year is arrived after charging:

	2024 £'000	2023 £'000
Depreciation:		
Housing properties	4,264	3,849
Other tangible fixed assets	202	220
Amortisation of intangible assets	18	37
Impairment of housing properties	1,195	342
Surplus on sale of properties and land	8,335	5,202
Auditors' remuneration (excluding VAT):		
Audit of the financial statements of the association	39	35
Non-audit services – VAT advisory and Corporation tax compliance service	**14**	9

7 Interest and financing costs

	2024 £'000	2023 £'000
Housing loans	3,747	4,316
Interest accrual on unutilised development funding	691	698
Defined benefit pension charge	72	42
Less: Capitalised interest	(264)	(523)
	4,246	**4,533**

The Association received a total of £10.1m from private developers in prior years as part of section 106 agreements. The purpose of this funding is to contribute towards the provision of affordable housing in Hackney. The income is recognised as other grant when the performance-related conditions are met. The £691k above is an accrual of the interest payable on the unused subsidy at 5% in line with funding agreement, should the association be unable to find a project to commit the grant on.

Capitalised interest is based on the average cost of borrowing incurred by the association during the financial year. This amounts to 3.70% (2023: 3.71%).

Notes to the financial statements cont'd

8 Tangible fixed assets

2024

	Social Housing Properties Held for Letting £'000	Shared Ownership Properties Completed £'000	Properties under construction £'000	Subtotal Housing properties £'000	Freehold Office £'000	Other Fixed Assets £'000	Subtotal Other Fixed Assets £'000	Total £'000
Cost								
At 1 April 2023	283,017	61,816	8,276	**353,109**	795	3,530	**4,325**	**357,434**
Additions	5,385	2,262	3,592	**11,239**	-	140	**140**	**11,379**
Reclassification	3,327	(3,327)	-	**-**	-	-	**-**	**-**
Interest capitalised	-	-	264	**264**	-	-	**-**	**264**
Disposals	(2,719)	(3,856)	-	**(6,575)**	-	-	**-**	**(6,575)**
Impairment	-	-	(1,195)	**(1,195)**	-	-	**-**	**(1,195)**
Schemes completed	-	-	-	**-**	-	-	**-**	**-**
At 31 March 2024	289,010	56,895	10,937	**356,842**	795	3,670	**4,465**	**361,307**
Depreciation								
At 1 April 2023	50,318	3,162	-	**53,480**	305	3,019	**3,324**	**56,804**
Released on disposals	(1,212)	(118)	-	**(1,330)**	-	-	**-**	**(1,330)**
Charge for the year	3,889	375	-	**4,264**	16	186	**202**	**4,466**
At 31 March 2024	52,995	3,419	-	**56,414**	321	3,205	**3,526**	**59,940**
Net book value								
At 31 March 2024	236,015	53,476	10,937	**300,428**	474	465	**939**	**301,367**
At 31 March 2023	232,699	58,654	8,276	**299,629**	490	511	**1,001**	**300,630**

8 Tangible fixed assets (continued)

Expenditure in works to existing properties

	2024 £'000	2023 £'000
Components capitalised	5,385	3,073
Amounts charged to income and expenditure	10,130	7,831
	15,515	**10,904**

Social housing assistance

	2024 £'000	2023 £'000
Total accumulated social housing grant received or receivable as at 31 March:		
Recognised in the Statement of Comprehensive Income	1,245	1,234
Held as deferred income	124,001	126,803
Subsumed within reserves	23,809	22,576
	149,055	**150,613**

9 Investment properties: non-social housing properties held for letting

	2024 £'000
Capitalised at 1 April 2023	20,071
Decrease in value	(166)
At 31 March 2024	**19,905**

The investment properties consist of commercial and market rent properties and were valued as at 31 March 2024. These were valued by Res-Prop Chartered Surveyors, external professional valuers who are registered with the Royal Institute of Chartered Surveyors (RICS). The valuation was prepared on the basis of market value which complies with the Fair Value definition under part A, the definition adopted by the International Accounting Standards Board (IASB) in IFRS 13. Market Value, defined by VPS4 of the Red Book as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

For the valuation of these commercial properties, a rent capitalisation methodology was adopted (rent and yield approach) coupled with an assessment of what an owner occupier might pay to arrive at the fair value, with reference to respective rental and capital value market data/ sentiment. The yield, capital value and rental data were obtained from commercial agents, auction sale data and commercial property databases.

The residential valuations were valued on an individual unit sale of a long leasehold interest with no onerous terms or ground rent. The valuation approach was based on the vacant possession value discounted to reflect the limitations to the market that the unit may be let. The valuation was also cross-checked on the gross yield basis using the passing rents provided.

10 Intangible assets

	2024 £'000
Cost	
At 1 April 2023	257
At 31 March 2024	257
Amortisation	
At 1 April 2023	238
Charge for the year	18
At 31 March 2024	256
Net book value	
At 31 March 2024	1
At 31 March 2023	19

Intangible assets consist of costs relating to the development of a Housing and Finance system which was implemented during 2016/17.

Notes to the financial statements cont'd

11 Properties for sale

	2024 £'000	2023 £'000
Shared-ownership properties:		
Completed properties	1,242	3,504
	1,242	**3,504**

12 Debtors

	2024 £'000	2023 £'000
Rent and service charges receivable	1,312	1,169
Less: provision for bad and doubtful debts	(1,072)	(1,090)
	240	79
Other debtors	573	479
Prepayments and accrued income	1,636	1,207
	2,449	**1,765**

Included in the association's prepayments and accrued income are loan fees of £384k (2023: £427k) due after more than one year.

13 Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Debt (Note 15)	2,189	3,782
Trade creditors	2,873	3,052
Rent and service charges received in advance	1,122	1,466
Recycled capital grant fund (Note 17)	1,412	893
Deferred grant income (Note 16)	1,465	1,417
Other taxation and social security	194	124
Other creditors	4,634	3,183
Accruals and Deferred Income	9,855	10,547
	23,744	**24,464**

Developers off site subsidy

The Association received a total of £10.1m from private developers in prior years as part of section 106 agreements. The purpose of this funding is to contribute towards the provision of affordable housing in Hackney. The income is accounted for as other grant and recognised when the performance-related conditions are met.

To date £1.8m of this funding has been recognised as income. The balance of

£8.3m is being recognised against the expenditure on a pro-rata basis as the development progresses. This balance is being included in the accruals and deferred income figures above.

14 Creditors: amounts falling due after more than one year

	2024 £'000	2023 £'000
Debt (Note 15)	91,865	95,573
Loan stock	-	-
Recycled capital grant fund (Note 17)	3,036	1,858
Deferred grant income	122,536	125,385
	217,437	**222,816**

15 Debt Analysis

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	2024 £'000	2023 £'000
Within one year or on demand	2,189	3,782
One year or more but less than two years	4,168	3,739
Two years or more but less than five years	8,291	8,290
Five years or more	79,406	83,544
	94,054	**99,355**

Security

Housing loans are from private lenders and in the main secured by specific charges on the association's housing properties.

Terms of repayment and interest rate

The portfolio has a mixture of fixed and variable rate loans at interest rates ranging from 2.41% to 9.47%. The revolving facility as at March 2024 was £80.0m (note 25). This Barclays £40m facility is available until June 2026 while the £40m Natwest facility is available until March 2029. All other loans are long term borrowings.

16 Deferred grant income

	2024 £'000	2023 £'000
Grant received		
At 1 April	150,612	150,539
Grant received during the year	-	1,280
Grant disposal during the year	(1,556)	(1,207)
At 31 March	**149,056**	**150,612**
Grant amortised		
At 1 April	23,809	22,576
Amortised to income in the year	1,484	1,428
Eliminated on disposal in the year	(238)	(194)
At 31 March	**25,055**	**23,810**
Amounts to be released within one year	1,465	1,417
Amounts to be released in more than one year	122,536	125,385
	124,001	**126,802**

17 Recycled Capital Grant Fund

	2024 £'000	2023 £'000
At 1 April	1,858	1,311
Grants recycled	-	(648)
Interest Accrued	140	44
Staircasing	1,556	868
Repayment of grant	(519)	283
	3,035	**1,858**

Withdrawals from the recycled capital grant fund have been used for the purchase and development of new housing schemes.

Notes to the financial statements cont'd

18 Share capital

	2024	2023
	£	£
Shares of £1 fully paid and issued	11	9
Shares issued during year		3
Shares cancelled	(1)	(1)
	10	**11**

Shares have limited rights and carry no entitlement to dividend. They are not repayable and do not carry rights to participate in a winding up. They carry an entitlement to vote at the association's general meeting.

19 Capital commitments

	2024	2023
	£'000	£'000
At 1 April		
Expenditure contracted for but not provided in the accounts	20,056	12,208
Expenditure authorised by directors, but not contracted	17,780	20,818

Of the above £20.1m expenditure contracted but not provided for, £4.0m (2023: £1.9m) is to be financed by SHG, £2.1m (2023: £4.4m) from sales, and the remaining £14.0m (2023: £5.9m) is to be financed by existing cash resources and borrowings.

The expenditure of £17.8m which has been authorised by the Board will be funded by grant of £7.4m (2023: £4.3m), £2.0m (2023: £1.2m) from sales, and the remaining £8.4m (2023: £15.3m) from other income and loan finance.

The above capital expenditure is expected to be incurred over the next five years.

20 Surplus on sale of fixed assets – housing properties

	2024	2023
	£'000	£'000
Sales proceeds	11,521	7,345
Carrying value of fixed assets	(3,186)	(2,143)
	8,335	**5,202**

21 Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2024	2023
	Units	Units
Social Housing		
General housing:		
- social rent	1,523	1,539
- affordable rent	336	336
Supported housing & housing for older people	103	112
Intermediate rent	1	1
Shared ownership	399	414
Staff rental units	1	1
Total social housing units owned	2,363	2,403
Total social housing units owned & managed	**2,363**	**2,403**
Non-social housing		
Private renting	18	18
Total owned and managed	**2,381**	**2,421**
Accommodation in development at the year end	44	40

As at 31 March 2024, the Association has no units being managed on its behalf, under management agreements by other bodies.

22 Related party disclosure

ISHA had two Resident Board Members during the year. Their rents and tenancies were on normal commercial terms, and they were not in arrears. Details of their total charges for the 2023-24 financial year are as follows:

	2024	2023
	£'000	£'000
Total service charges for the year	6,017	8,065
Prepayments on account at 31 March	1,707	1,042
Arrears on account at 31 March	-	-

23 Pensions

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. The estimated debt on withdrawal as at 30 September 2023 is £3.7m.

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 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 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.

Under the defined benefit pension accounting approach, the SHPS net deficit as at 31 March 2024 is £1,729k (2023: £1,653k)

Fair value of plan assets, present value of defined benefit obligation, and defined benefit asset/(liability)

	2024	2023
	£'000	£'000
Fair value of plan assets	7,358	7,390
Present value of defined benefit obligation	(9,087)	(9,043)
(Deficit) in plan	(1,729)	(1,653)
Net defined benefit asset (liability) to be recognised	**(1,729)**	**(1,653)**

Notes to the financial statements cont'd

Reconciliation of opening and closing balances of the defined benefit obligations

	2024
	£'000
Defined benefit obligation at start of period	9,043
Expenses	10
Interest expense	434
Actuarial losses (gains) due to scheme experience	51
Actuarial losses (gains) due to changes in demographic assumptions	(101)
Actuarial losses (gains) due to changes in financial assumptions	(23)
Benefits paid and expenses	(327)
Defined benefit obligation at end of period	**9,087**

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

	2024
	£'000
Fair value of plan assets at start of period	7,390
Interest income	362
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(457)
Employer contributions	390
Benefits paid and expenses	(327)
Fair value of plan assets at the end of period	**7,358**

Defined benefit costs recognised in statement of comprehensive income (SOCI)

	2024
	£'000
Expenses	10
Net interest expense	72
Fair value of plan assets at the end of period	**82**

Defined benefit costs recognised in other statement of comprehensive income

	2024
	£'000
Experience on plan assets (excluding amounts included in net interest cost) - (loss)	(457)
Experience gains and losses arising on the plan liabilities - gain	(51)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain	101
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain	23
Total amount recognised in Other Comprehensive Income - gain	**(384)**

Assets

	2024 £'000	2023 £'000
Global Equity	733	138
Absolute Return	287	80
Distressed Opportunities	259	224
Credit Relative Value	241	279
Alternative Risk Premia	234	14
Emerging Markets Debt	95	40
Risk Sharing	431	544
Insurance-Linked Securities	38	187
Property	295	318
Infrastructure	743	844
Private Equity	6	
Private Debt	290	329
Opportunistic Illiquid Credit	288	316
High Yield	1	26
Cash	145	53
Long Lease Property	48	223
Secured Income	220	339
Liability Driven Investment	2,994	3,403
Currency Hedging	(3)	14
Net Current Assets	13	19
Total assets	**7,358**	**7,390**

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

Key assumptions

	31 March 2024 % per annum	31 March 2023 % per annum
Discount Rate	4.90%	4.87%
Inflation (RPI)	3.15%	3.19%
Inflation (CPI)	2.78%	2.75%
Salary Growth	3.78%	3.75%
Allowance for commutation of pension for cash at retirement	75%*	75%*

* of maximum allowance

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

24. Provisions for liabilities – other provisions

	2024 £'000	2023 £'000
At 1 April 2023	1,428	781
Additions	250	647
Released	(65)	-
At 31 March 2024	**1,613**	**1,428**

The balance at 1 April 2024 includes £0.7m for ongoing fire safety remedial works and £250k for refund of charges. The balance of £0.6m is for interest payable on the currently unutilised City Road development funding yet to be utilised should the association be unable to find a project on which to utilise the grant.

Notes to the financial statements cont'd

25 Financial assets and liabilities

Categories of financial assets and financial liabilities

	2024 £'000	2023 £'000
Financial assets that are debt instruments measured at amortised cost		
Other debtors	**2,449**	**1,765**
Financial liabilities measured at amortised cost		
Loans (Note15)	94,054	99,355
Trade and other creditors	150,469	151,008
	244,523	**250,363**

Financial liabilities include all creditors and loan amounts payable.

Financial assets

Other than short-term debtors, financial assets held are cash deposits placed on term deposits and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

Financial assets

	2024 £'000	2023 £'000
Floating rate on money market deposits	7,434	9,995
Financial assets on which no interest is paid	4,515	3,798
	11,949	**13,793**

Financial liabilities excluding trade creditors – interest rate risk profile

The Association's financial liabilities are sterling denominated.

The interest rate profile of the association's financial liabilities at 31 March was:

	2024 £'000	2023 £'000
Fixed rate	91,774	91,774
Floating rate	2,280	7,581
	94,054	**99,355**

The floating rate financial liabilities comprise bank loans that bear interest based on LIBOR and RPI. The fixed rate financial liabilities have an average interest rate of 3.7% (2023: 3.71%) and the average period for which it is fixed is 18 years (2023: 18 years).

The debt maturity profile is shown in note 15.

Borrowing facilities

The Association has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent have been met were as follows:

	2024 £'000	2023 £'000
Expiring in more than two years	**80,000**	**40,000**

As at 31 March 2024, in addition to the £40m revolving facility from Barclays, ISHA secured a new 5 years £40m revolving credit facility with NatWest which completed in March 2024. This is available for funding of development projects under construction and the interest rate for this facility is variable with a margin of 1.00% over SONIA. No drawdown of both facilities was made during the year (2023 - nil). ISHA will release the Barclays facility in 2024-25.

26 Leasing Commitments

The total future minimum lease payments are as set out below. Leases relate to photocopiers. The Association's future minimum operating lease payments are as follows:

	2024 £'000	2023 £'000
Within one year	6	-
Between two and five years	21	-
	27	**-**

27 Net debt analysis

	At 1 April 2023	Cash flows	Other non-cash changes	At 31 March 2024
Cash and cash equivalents				
Cash	14,864	(1,844)	-	**13,020**
Overdrafts	(1,071)		-	**(1,071)**
Cash equivalents				
	13,793	(1,844)	-	**11,949**
Borrowings				
Debt due within one year	(3,782)	1,593	-	**(2,189)**
Debt due after one year	(95,573)	3,708	-	**(91,865)**
Total	(99,355)	5,301	-	**(94,054)**
Total	(85,562)	3,457	-	**(82,105)**

28 Contingent liability (£399K)

We have been notified by the Trustee of the pension 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 has been advised to seek clarification from the Court on these items the expected window for the hearing is during February 2025, with the judgment currently expected in Q2 2025. It is recognised that this could potentially impact the value of Scheme liabilities.

Whilst the detailed actuarial calculations of pension liabilities are very complex, the high-level principles underlying these could be summarised as follows:

Accounting for liabilities on a full Defined Benefit accounting basis involves placing a value on the net pension scheme obligation and there are three key elements to this:

- projecting expected benefit payments into the future for all scheme members,
- discounting those projected payments back to today to place a current value on the liabilities, and
- obtaining the market value of the scheme's assets.

Over the year, the value on the liabilities will move due to benefits being paid in and out from the scheme to members and changes in the actuarial assumptions. In particular the discount rate and inflation assumptions are based on financial market conditions and the changes have been volatile over recent times.

On the asset side, the market value of assets held by the Scheme is obtained at the accounting date. For ISHA, the movement of this over the year will be dependent on investment returns plus money paid out of the Scheme via benefit payments. For each participating employer, the share of these assets is determined based on their proportion of the Scheme's funding liabilities (also called 'Technical Provisions' liabilities) at the accounting date. Comparing this asset share with the present value of the employer's liabilities determines the overall surplus or deficit and is the net balance sheet position in the financial statements.

The value of the potential additional liabilities arising from the Scheme benefit review was estimated at £155m as at 30 September 2022 and ISHA's share of the liabilities is £399K.

No adjustment has been made in these financial statements in respect of this potential liability.

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