thirteen

Managing and building homes

Annual Report and Financial Statements

Year ended 31 March 2023

Contents

About us

Thirteen Housing Group is a charitable organisation.

We exist to provide housing and support services across the North East of England, Yorkshire and the Humber region. We work to improve the fabric of places where our customers live and are here for anyone who needs a home and a helping hand. We provide support and opportunities to encourage resilient communities.

Thirteen has a history of growth. Thirteen was created in 2017. This was through merging and consolidating four housing companies and a care organisation to create a strong social purpose housing association.

We are medium-sized housing association whose 1,500 employees look after 35,000 homes and house more than 73,000 customers.

Most of our homes are in our Tees Valley heartland. We are committed to expanding our presence throughout the North East, Yorkshire and the Humber region. We will achieve this through a growing development programme to meet housing needs.

We are committed to being a great housing association and landlord. Customers have recently told us that is what we're living up to, with 84.4% saying they are satisfied with our services.

Overall satisfaction shows customers recommend us. It is great news, as it demonstrates our operating model puts neighbourhoods at the heart of our business. It means we can develop closer relationships, creating an even bigger impact in our communities and giving customers a greater voice.

Our priorities:

- **Great customer experience**
- **Quality places to live**
- **Being Team Thirteen**
- **Net zero and reducing environmental impacts**

Our essentials:

- **Everything safe**
- **Understanding customers' needs**
- **Our digital journey**
- **Simplify the way we work**
- **Have clear communication**
- **ESG and social value**

> **We also go beyond bricks and mortar to develop targeted help and support for our customers. This helps people to live more successfully and become the best they can be.**

But we are not just about rental properties. We build new homes for rent and shared ownership to help people onto the property ladder. As a Homes England Strategic Partner, we have an ambitious development programme. That includes building 2,724 new homes for rent and shared ownership over the next five years.

We also go beyond bricks and mortar to develop targeted help and support for our customers. This helps people to live more successfully and become the best they can be.

We support communities, work to prevent homelessness, help residents gain employment and apprenticeships, assist with money management, provide volunteering opportunities, domestic abuse support, refugee resettlement and much more.

We place emphasis on developing and delivering accommodation and services for older people or those who need a helping hand to live independent lives.

We currently work with over 3,000 customers in these settings, including extra care for older people, homes for people with learning disabilities, children leaving care, schemes to prevent homelessness and helping those leaving prison to find accommodation. These include commissioned services from local authorities, health trusts and other government bodies, bringing additional income into Thirteen.

We work with partners, investing time to understand their drivers and priorities and where we can help deliver their ambitions. Local authorities are key partners, and our close relationships enable us to work together to develop new homes, regenerate communities and tackle common issues such as environmental problems and anti-social behaviour.

We are committed to becoming a much greener organisation, reducing our environmental impact with clear targets, and empowering our customers, colleagues and partners to take control of their impacts. To ensure we do this, we've set our ambition as an organisation to reach net zero on direct emissions by 2035, and this vital agenda has become one of our key priorities.

Whilst we are financially strong and resilient to deal with challenges that constantly face us, we still know we need to remain flexible, with a clear focus on our role in helping address housing needs and improving what we do for the people in our areas.

Group Chair's introduction

> We continue to invest in our homes and neighbourhoods....

A year of strong delivery, despite a challenging environment.

Last year we delivered on our priorities and key promises to and for our customers and partners. We made service improvements and concentrated on key projects as part of our four strategic priorities. We remain committed to our main purpose at Thirteen – being a great housing association. We are delighted that customers tell us we live up to our ambition. Although satisfaction is slightly lower than last year, 84.4% still say they are happy with our services.

We continue to invest in our homes and neighbourhoods. Our plans to invest over £300m and to improve almost 25,000 existing homes within 15 local authority areas over the next five years are on target.

In light of the housing crises, we are pleased that we have been able to do our part in expanding the supply of new homes. Our partnership with Homes England to bring affordable homes to the North East, Yorkshire, and Humber region is going from strength to strength.

We couldn't do this without our committed and talented colleagues led by a dedicated executive team and supported by our board directors and committee members. All of them are passionate about their work and thrive on making a difference for customers.

I am very proud and privileged to work with such an inspiring group of colleagues, and I look forward to many more successes in the coming year.

Jane Earl
Chair of Thirteen Housing Group

Group Chief Executive's report

> In the coming years, we remain committed to our social purpose. We continue to invest in how we do things, whether it's service delivery, improvements to customers' homes and neighbourhoods, or new affordable homes.

I am pleased to introduce the annual report for the year ended 31 March 2023

I want to begin by thanking my Thirteen colleagues for their warm welcome. Since joining Thirteen last December, I have seen their fantastic work first-hand. They have shown great dedication during yet another challenging year.

As the new Chief Executive at Thirteen, I take pride in joining Team Thirteen, a group of people who are passionate about the people, places, and communities we serve.

The last few years have brought about many challenges for housing associations, including the cost of living. I want to reassure you that we are here to help and support customers wherever we can. Our hardship fund supported over 250 customers last year, and our community teams distributed £87,000 in grants towards community activity. We also awarded £200,000 in cost of living vouchers to customers.

The Government has put in place a cost of living support package, helping many households. The Government also committed to increasing benefits in line with inflation, as it was at the end of September 2022. Benefits rose 10.1% in April, which was welcome and reassuring news.

The cost of everything has gone up over the last 12 months, affecting Thirteen in many ways. For example, we are dealing with big cost increases in everything. From energy to maintenance and building materials, with some increases of up to 38%.

The Government announced last November it would introduce a cap on how much housing associations like Thirteen could increase rents for customers. It announced a 7% cap on rent increases to protect our customers from soaring inflation. We have increased rent for most customers by a minimum of 7%. The Government decided that sheltered, extra care and supported housing would be exempt from the cap on rent increases, which rose by 11.1% in line with inflation. This is a decision the Thirteen Board didn't take lightly, but our priority is to keep delivering our services to customers at the same high level as we have.

Customers are at the heart of everything we do. We want to make sure we are continuing to deliver the right standard of customer service to you. It is something I am committed to and very passionate about.

Since the coroner's verdict into the tragic death of Awaab Ishak in November 2022, we have seen a large increase in the number of customers reporting damp and mould to us. We take reports of damp and mould very seriously and have focussed our people and finances on ensuring our processes and mitigations are of the highest quality.

We are proud to put our customers at the heart of everything we do. We are making great progress as we embed our neighbourhood operating model, which takes us closer to the customer. We have developed our current service offer by listening to customers and partners about what matters to them. We are grateful to them for their insights in helping us to understand their needs and, as a result, create great experiences.

As a result, we continue transforming how we work with customers. This includes our digital platform, My Thirteen. Plus, our Touchpoint stores, including Stockton, Hull and Middlesbrough (which opened in March 2023). This approach means we can deliver a more consistent, responsive and quality service while helping deepen our understanding of changing customer behaviours and attitudes in a dynamic market. We plan to open our next Touchpoint store in Hartlepool over the coming year.

We saw another 11,752 customers sign up for our digital service, My Thirteen last year, taking us to 43,815 since we launched.

In the coming years, we remain committed to our social purpose. We continue to invest in how we do things, whether it's service delivery, improvements to customers' homes and neighbourhoods, or new affordable homes.

But that's not all. We build new homes for rent and shared ownership, too. Last year we built 435 new homes, and we have plans to build more over the coming years.

As a Homes England Strategic Partner, we plan to build 2,724 affordable homes in the next five years, of which 29% are expected to be for shared ownership. This ambitious development programme includes a minimum of 25% built using modern methods of construction (MMC), including modular and timber frame properties. Thirteen is a pioneer in driving MMC. It has saved us valuable time, especially during the pandemic, while delivering exceptional quality.

As a large business, employer, and landlord, we are responsible for protecting the local environment, improving our performance, reducing carbon emissions, and improving our environmental sustainability cuts across everything we do. At the end of last year, 65.1% of our properties were rated EPC C and above. We are taking action to reduce our carbon footprint and deliver on commitments to be net zero on direct carbon emissions by 2035 and all emissions by 2050.

Group Chief Executive's report

Everything safe

Keeping customers, colleagues, and the organisation safe is at the forefront of everything we do. Our health and safety and assurance frameworks ensure we manage and monitor performance and risks with appropriate and effective mitigating controls in place, covering areas such as working safely, property and regulatory compliance and data security.

Our dedicated health and safety team deliver training across the organisation. This ensures safe working practices are in place and supports wellbeing. We continue to deliver our health and safety culture programme, developed following a specialist survey.

This ensures colleagues understand health and safety requirements and feel comfortable reporting accidents, incidents and near misses and letting us know when things don't look or feel right.

We're committed to enhancing fire safety in our high-rise, low-rise and complex buildings, improving the good practice we have already established.

With the recent passing of the Building Safety Act and to ensure we are building safety regulator 'ready', we are developing a building safety action plan. This includes completing customer engagement strategies for our high rise residents, with progress and updates presented to our building safety forum.

Tenants, customers and clients

We service around 73,000 people. They are the centre of everything we do, so it's vital to hear their voice and not just listen but also respond to any issues raised. Our involved customer framework continues to go from strength to strength.

This ensures our customers influence and challenge our performance and service delivery, offering a range of options for involvement and enabling them to choose when, how and for how long they're involved.

Customers decide the methods they want to use to challenge performance, service delivery and test compliance with regulatory and service standards, holding us accountable for delivering services that meet their needs and expectations.

Over the last year, Thirteen has continued to involve customers in strategic decision-making, developing and monitoring our approach and commitment to the Charter for Social Housing Residents and the requirements of the Building Regulator.

They have been involved in developing service standards, with consultation events to establish what is important to them and what they expect from Thirteen. The Customer Committee approved these standards. They will continue to monitor our performance against the standards.

Customers have also been consulted on tenant satisfaction measures and collection methods in preparation for the new regulation of consumer standards.

Customers conducted an in-depth review of how Thirteen deals with reports and complaints of damp and mould during 2021/22. This year, they have revisited this project and considered the progress in implementing the recommendations to improve processes.

They have continued to assess our compliance with the regulator's consumer standards, reporting outcomes and recommendations to the Customer Committee. They have been involved in various service improvements through consultation and feedback, testing systems and processes, reviewing policy and scrutinising operational performance, and reporting findings and recommendations to the board.

Group Chief Executive's report

You said, we listened

A look at the last 12 months

You said: Customers told us they wanted the telephone message to be clear and easily understood when they call us. They wanted to save time too.

We listened: We've got a new message on our phone lines, making it easier to know which option to press. While customers wait, we let them know important information, which may save them time. There's also an option for a callback.

You said: Customers wanted a single point of contact rather than having to contact many different people.

We listened: We've created a holistic tenancy support service, so people have one point of contact and aren't passed between teams.

You said: Customers in Middlesbrough told us they wanted a dedicated store in the town to find out about available homes and other support services on offer.

We listened: We opened our third Touchpoint store in Middlesbrough. The store offers customers the chance to learn more about Thirteen by popping in for a coffee and a chat.

You said: Customers told us to build more affordable homes and offer affordable options.

We listened: Last year, we built 435 new homes. 296 for affordable rent, and 139 for shared ownership.

Financial summary

Despite the challenges faced by the group in light of the current economic climate, we are pleased to present a strong set of financial results with a surplus for the year of £24.4m. Whilst this was lower than 2021/22, results were broadly in line with our financial plan. This included increasing our major repairs programme to deliver vital investment to our existing properties and providing damp and mould works to ensure customers have safe homes. All, whilst continuing to invest in services to our customers and reinvest surpluses towards further investment in existing properties and new developments.

Thirteen remains fully loan compliant with a V1 rating from the housing regulator confirming our long term financial stability with sound financial management arrangements, and laying a firm foundation for our strategic priorities.

Our highlights of the year

Performance during 2022/23 has been affected by the current economic climate. We have still had some good successes and shown improvement:

Overall customer satisfaction with the service we provide sits at
84.4%

We helped
533
people into jobs and training.

We delivered
£88.3m
on maintaining and improving existing homes. This includes new windows and doors, boilers, kitchens and roofs.

We carried out
141,551
repairs (including emergencies and callouts).

85.6%
of customers said they were satisfied with the repair service provided.

We completed
361
fire risk assessments across 75 complex buildings. These resulted in
937
actions raised, of which
99.6%
were completed within timescales. We also started our domestic flat door inspection programme, with
2,060
properties accessed.

11,733 customers helped through care and support services

All homes had an up-to-date gas safety certificate.

We invested over
£76.2m
in new affordable homes, with
435
completed.

Case studies

New automated system introduced to manage rent data

A team across the business has created a new automated rent and charge setting dashboard through PowerBI.

The dashboard is making finding rent data easier for many colleagues. It is a huge improvement for colleagues in operations, Touchpoint and rent and income services. In the past, they had to sift through various complicated sets of rent-setting Excel spreadsheets

We gathered a team of experts together to help simplify the process. We involved colleagues from the rent and income team and those in business change and housing services.

When asked what difference the system makes, Matthew Trueman, Housing Services Manager, explained: "From a housing coordinator perspective, this is a game changer.

"In the past, colleagues had to open a complicated spreadsheet, filter to the property, and search lots of columns to calculate the total charges. Now, with this new app in PowerBI, it is all available on one screen, in one click, and readable across any device we use.

"We are all about making processes easier for colleagues so that we can focus on being human and serving customers rather than navigating data between screens and systems. Anything that improves the colleague experience and supports agile working is also a win for customers."

28 new affordable homes unveiled in South Bank

Work is complete on twenty-five two-bed bungalows and three four-bedroom houses in the heart of South Bank. The new homes are designed for older people and those who need help to live independently, complete with level access and shower rooms.

Executive Director of Development, Joy Whinnerah, said: "We're delighted to be able to expand our offer in South Bank, delivering much-needed bungalows and homes.

"We are really pleased with the final design and finish of the new homes. They are meeting our ageing population is need and are supporting people to live independently.

"They are helping boost the area's ongoing regeneration, and it has been a pleasure working with partners to deliver these new homes."

Case studies

Furniture upcycling scheme set to help Thirteen customers

A talented team of restorers and recyclers is helping turn houses into homes for customers who need a little extra help and support.

Thirteen, has assembled a specialist upcycling squad to recondition donated and once-loved furniture, before giving it away to customers with low incomes, lost possessions fleeing dangerous circumstances or have previously been homeless.

The project, launched at the company's recycling centre in Billingham, has already supported many families and is also helping reduce waste – with the UK discarding around 1.6m tonnes of furniture and bulky waste, most of which goes to landfill yearly. This includes a staggering 22m pieces of furniture.

£1.8million green upgrade set to improve the energy efficiency of Stockton homes

A project which will see around 60 homes in Stockton being made more energy efficient is underway.

The £1.8m scheme aims to help customers save on energy usage and reduce carbon emissions.

Taking a fabric-first approach, Thirteen is upgrading doors and windows in its properties, installing and upgrading insulation while ensuring appropriate ventilation to reduce the risk of condensation.

These improvements are part of Thirteen's strategy to have all of its homes with an Energy Performance Certificate (EPC) rating of C by 2030, meet the Government's net-zero ambitions by 2050, and reach net zero carbon on its direct business emissions by 2035.

Financial review of 2023

> Our development activity is a key area of growth, and we plan to improve the supply and quality of affordable homes for rent and shared ownership for customers.

2023 has presented us with many challenges. We have strived to deliver services our customers expect through rising inflation and the cost of living crisis.

We are pleased to report an operating surplus of £39.8m for the year. While this is a reduction over the previous year's results (2022: £44.7m), it is after an impairment charge of £4.1m on one scheme for which a revised strategy has been agreed. We continue to maintain a strong financial position in line with our financial plan. The operating margin for the year was 18.5%, again lower than in previous years but an improved position over our target of 16.9%. All surpluses generated continue to be reinvested in future service delivery, maintenance and development of existing and new homes.

Growth

As a not-for-profit organisation, balancing growth against delivering our core services and supporting our vulnerable customers can be challenging, particularly at a time of significant financial pressure. We recognise that to provide services and investment in the future, we must continue to grow. Our growth strategy will complement and strengthen our core business.

Our development activity is a key area of growth. We plan to improve the supply and quality of affordable homes for rent and shared ownership for customers. We set an ambitious target of 535 homes at the beginning of the year. This ambition was not realised due to difficult external market conditions, but the new homes completed in 2022/23 were the most we have ever achieved. We completed 435 high quality new homes for rent and shared ownership with a total capital investment of £76.2m (2022: £53.6m). Sales were strong this year, with the association selling 104 homes for shared ownership. Margins vary by each scheme, and unit sales were slightly lower than in 2022. Margins on individual sales were higher than expected, giving a total profit of £2.0m / 25.6% margin. We also built and sold 19 homes for outright sale through our subsidiary at a small loss of (£24k).

OUR FINANCIALS

Regulatory judgement **V1/G1** (2022: V1/G1)

Turnover **£198m** (2022: £192.2m)

Surplus **£24.4m** (2022: £28.9m)

Operating margin **18.5%** (2022: 21.3%)

EBITDA MRI margin **19.9%** (2022: 23.9%)

OUR ASSETS

Homes in management **35,673** (2022: 35,414)

Responsive repairs completed **141,551** (2022: 121,705)

Investment in and maintenance of existing homes **£88.3m** (2022: £73.5m)

Investment in new properties **£76.2m** (2022: £53.6m)

New homes for rent, shared ownership and outright sale **454** (2022: 437)

% housing stock with energy rating of C or above **65.1%** (2022: 60.9%)

OUR CUSTOMERS

Customer satisfaction **84.4%** (2022: 89.1%)

Net promoter score **64** (2022: 72)

Customers helped into jobs & training **533** (2022: 507)

Number of households accessing services digitally **43,815** (2022: 32,063)

OUR PEOPLE

Colleague net promoter score **7** (2022: 19)

To complement our core activity of social housing lettings and support those in our communities who need a little extra help. We work with other organisations to deliver care & support contracts and seek new opportunities that complement our existing service offering. We are pleased that during 2023, we successfully bid to provide services to the Ministry of Justice to support ex-offenders, and we continue to work with our partners in the ARCC (Achieving Real Change in the Community) consortium. These initiatives increased group turnover by £1.4m and delivered an operating margin of 10.6% while increasing the support available to our customers.

Assets

In previous years, the Covid-19 pandemic affected our ability to deliver planned investments in customer's homes. We are pleased to report that work is back on track, with our programme being fully delivered. The programme included £2.5m retrofit works. Plans to achieve a minimum rating of energy performance certificate (EPC) C for all properties by 2030 and net zero by 2050 will reflect customer feedback from the retrofit programme.

In addition to our investment works to protect our assets and provide safe and secure homes for our customers, spending increased in the year on planned, routine and void maintenance from £39.6m in 2022 to £44.4m. This was due to inflation pressures and demand on our repairs service partly caused by the impact of the Covid-19 pandemic, with 141,551 repairs completed in the year (2022: 121,705).

Financial review of 2023

Turnover

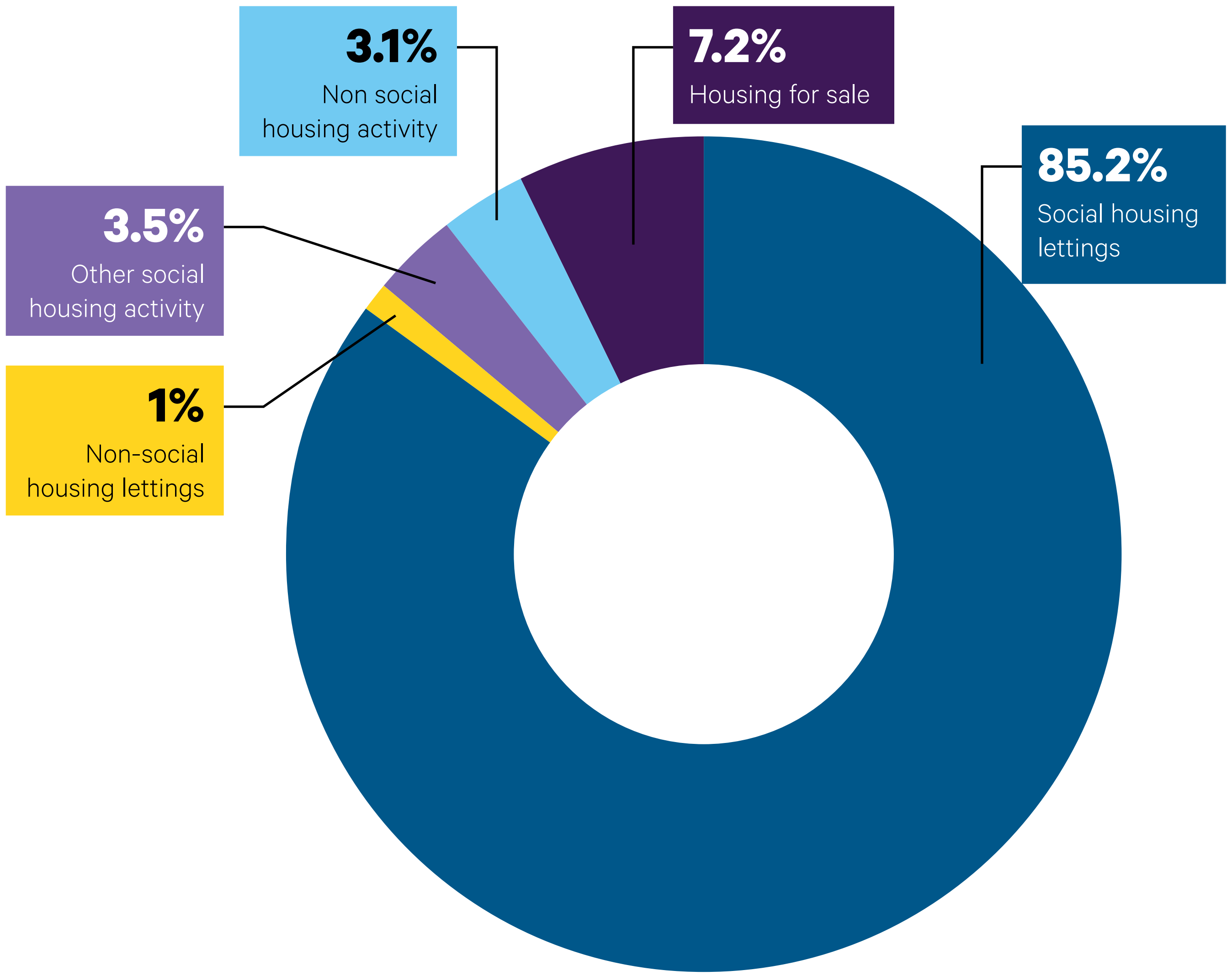
Turnover increased over the previous year by £5.7m / 3% to £198m (2022: £192.2m).

Our main source of income comes from our core activity, social housing lettings. This increased from £157.9m in 2022 to £168.7m, which accounts for 85.2% of total turnover. The main driver for this rise is the rent increase in line with Government regulation of 4.1%.

The 158 properties built for sale and shared ownership generated a total income of £14.2m, of which £6.5m related to 19 properties built for outright sale by Thirteen Homes.

Other income streams include £7m through the delivery of care & support and employability contracts. Plus, £2m by letting shops, garages, student accommodation and properties for market rent.

Sources of turnover



Financial review of 2023

Activity

Social housing lettings delivered a strong operating margin of £41.9m / 24.8%, although it declined over the previous year's performance of £44.4m / 28.2%. The surplus generated enables us to invest in our existing homes and fund new development. The reduction over the previous year was due to increased expenditure levels as investment in our existing homes rose. Plus, demand for our repair service increased as we continued to catch up on outstanding repair jobs caused by the Covid-19 pandemic. Rising inflation also impacted the cost of delivery across all services. We spent a total of £126.8m (excluding capital works) on managing and maintaining our social housing stock, an increase of (£13.5m) over the previous year.

Other social housing activity again showed a loss of (£0.7m) / (5.1%), but this is an improved position over the previous year (2022 (£4.8m) / (49.7%)). This is due to reduced regeneration activity as our programme to demolish unsustainable housing stock continues, and spending in 2023 decreases over 2022 levels. Low-cost home ownership sales also delivered an increased surplus, with the overall margin rising from 13.8% to 25.6% on the 139 sales (2022: 70).

Non-social housing activity also resulted in a loss of (£4.6m), including a £4.1m impairment charge on the Thirteen Homes development site. Excluding this impairment, losses were (£0.5m) / (3.5%), (2022: £1.2m / 4.7%), driven predominantly by our subsidiary, Gus Robinson Developments, which due to the risks inherent in the business model, is now in the process of being wound down.

Subsidiary performance

- **Thirteen Homes** incurred a loss of (£4.9m), (2022: loss £0.7m) for the year. Work continued on our West Park site, with 19 new homes for sale being completed and 21 homes sold, delivering a turnover of £6.4m. Due to ongoing difficult trading conditions, such as increasing costs, supply issues and subsequent delays on site, the board has approved a revised strategy for West Park. This means we will dispose of the remaining site once the current phase is complete, to prevent additional losses on the future development. This has resulted in impairment costs of £4.1m for land and infrastructure investment, which will not be recovered.
- **Gus Robinson Developments** continued with the exit strategy approved by the board in July 2021, incurring a loss of (£1.2m) (2022: loss of £2.3m) and a 72% reduction in turnover. We successfully concluded work on our remaining four contracts, with the final site achieving practical completion in October 2022. The focus now turns to finalising and agreeing remaining liabilities with our clients with a view to winding up the company by March 2024.
- **Thirteen Commercial Services** delivered results in line with the previous year with a surplus of £0.3m and turnover of £0.8m, continuing to provide letting and management services on behalf of the group. Profits are fully gift-aided to the group.
- **Thirteen Property Development** delivered £0.1m turnover (2022: £3.5m) solely relating to construction activity by GRD for the group with no net margin.

Financial review of 2023

Financial strength

The statement of financial position demonstrates the company's financial strength, with net assets increasing by £90.8m to £786.6m (2022: £695.8m).

Fixed assets increased by £60.7m to £1,272.6m with a growth of £57.2m relating to our housing property portfolio. This was through our development and major repair programmes, which delivered a total capital spend of £98.3m (2022: £70.1m).

In line with our treasury strategy, we utilised our cash balances. These were reduced from £86.6m to £51.3m in the year. We again reduced the value of loans drawn, including accrued interest, from £336.5m to £330.2m.

All defined benefit pension schemes reported a surplus position at the end of the financial year. In line with the group's pension accounting policy, the surplus has been restricted to £nil in the financial statements.

Treasury management report

The board approves the annual treasury strategy each year. The strategy provides direction for the group concerning treasury activities. It identifies key treasury risks, and sets out Thirteen's approach to managing these and is reviewed by retained treasury advisors. The treasury strategy was last approved in July 2023 and considered the following risks:

- On-lending risk
- Liquidity risk
- Counterparty risk
- Interest rate risk
- Credit rating risk

The group had balances of cash and cash equivalents of £51.3m on 31 March 2023 (2022: £86.6m). The treasury policy sets minimum credit ratings and limits to minimise and diversify counterparty risk.

Capital funding liquidity must be at least 24 months per the treasury policy. Forecasts from the financial plan approved in July 2023 show that undrawn loan facilities are sufficient to finance group activities until September 2025. Negotiations with lenders are underway to renew or refinance revolving credit facilities by September 2023 as per the approved treasury strategy to remain within the capital funding liquidity policy.

At 31 March 2023, loan facilities of £471.3m (2022: £475.4m) were in place across banks, building societies and private investors. £142.5m of this was undrawn (2022: £140.3m). Scheduled repayments of amortising facilities of £4.1m were made during the year.

At the financial year end, borrowings, excluding accrued interest, amounted to £328.8m (2022: £335.2m). The weighted average maturity of our facilities is 11.5 years, and the maturity profile of drawn debt is set out in the following table:

Maturity	2023 £m	2022 £m
Within one year or on demand	18.1	6.3
Between one and two years	16.5	13.1
Between two and five years	52.2	51.8
After five years	242.0	264.0
	328.8	335.2

The treasury policy requires a balance of variable and fixed rate debt to manage exposure to interest rate fluctuations. The policy limit has been set for at least 70% of debt to be fixed at all times. At 31 March 2023, 89% (2022: 94%) of borrowing was at fixed rates via a combination of embedded derivative loans and fixed rate private placement funding. Our portfolio's weighted average interest rate increased slightly to 4.4% (2022: 4.2%).

Compliance with lender financial covenants is monitored continuously. This is reported to the board at least quarterly. The report for March 2023 confirmed that the group was compliant with loan covenants, and the approved financial plan demonstrates ongoing compliance with covenants and golden rules.

The calculation for interest cover (adjusted EBITDA-MRI as a percentage of net interest payable) varies slightly between lenders. The tightest covenant calculation was 277% at 31 March 2023 (2022: 299%). Discussions with lenders to restate interest cover covenants on an EBITDA only basis (no deduction for capitalised major repairs) are underway. They are expected to complete during 2023/24. This will provide a longer term capacity to decarbonise our customers' homes.

Loan covenant gearing, calculated as total loans as a percentage of completed housing properties fell to 24% at 31 March 2023 (2022: 26%) as development activity increased housing assets. Gearing is expected to increase to 26% in the next financial year as borrowings increase in line with the financial plan approved in July 2023.

Asset cover, calculated as the value of securable assets as a percentage of loans, is reported to individual lenders based on the loan balance and properties secured against each facility. Thirteen's overall asset cover, including charged and uncharged properties, was 374% at 31 March 2023 (2022: 336%). We had 10,161 properties not charged to a lender (2022: 9,708), which we anticipate would support around £347.8m (2022: £305.0m) of additional loans. We also have properties charged to lenders over and above treasury policy asset cover buffer requirements that we anticipate would support £216.0m (2022: £210.9m) of additional loans.

Loan agreements allow up to £50.0m of onward funding to be provided to Thirteen's subsidiary companies, including loans and guarantees. Loan facility agreements are in place between the group and Thirteen Homes, plus the group and Gus Robinson Developments. At 31 March 2023, Thirteen Homes had a drawn balance of £12.6m (2022: £14.3m), of which £11.4m had been provided for within the association accounts. Gus Robinson Developments had a drawn balance of £7.1m (2022: £4.9m), which was fully provided for in the association accounts.

Consolidated financial results – five year summary

Statement of comprehensive income (£'000)	2023	2022	2021	2020	2019
Turnover	197,959	192,211	181,365	185,657	180,338
Operating expenditure and cost of sales	(161,386)	(151,312)	(146,225)	(150,890)	(148,335)
Gain on disposal of housing assets	3,196	3,767	1,724	2,873	2,757
Operating surplus	**39,769**	**44,666**	**36,864**	**37,640**	**34,760**
Net interest charge	(15,191)	(16,016)	(15,510)	(11,728)	(11,675)
Impairment of goodwill	-	-	(1,708)	-	-
Revaluation of fixed and investment assets	(176)	219	-	(6,120)	-
Taxation	-	-	(311)	182	35
Surplus for the year	**24,402**	**28,869**	**19,335**	**19,974**	**23,120**

Statement of financial position (£'000)	2023	2022	2021	2020	2019
Housing properties	1,214,675	1,157,499	1,067,969	1,037,825	993,731
Other fixed assets	56,973	53,410	51,024	56,017	53,094
Total fixed assets	**1,271,648**	**1,210,909**	**1,118,993**	**1,093,842**	**1,046,825**
Net current assets/(liabilities)	(13,233)	31,199	90,834	80,804	(11,233)
Total assets less current liabilities	**1,258,415**	**1,242,108**	**1,209,827**	**1,174,646**	**1,035,592**
Creditors: amounts falling due after more than one year	(471,786)	(478,048)	(479,767)	(467,134)	(352,207)
Pensions liability	-	(68,237)	(97,277)	(71,206)	(60,893)
Total net assets	**786,629**	**695,823**	**632,783**	**636,306**	**622,492**
Revaluation reserve	258,005	261,498	272,080	275,709	280,466
Restricted reserve	438	438	438	920	438
Revenue reserve	528,186	433,887	360,265	359,677	341,588
Capital and reserves	**786,629**	**695,823**	**632,783**	**636,306**	**622,492**

Asset data	2023	2022	2021	2020	2019
Social housing stock owned at year end (no.)	34,579	34,288	32,994	32,907	32,734

Our approach to value for money

Thirteen is committed to providing a value for money service, delivering our vision and maximising the social impact of our resources and investment. It's important because we want to ensure we can invest in building/acquiring more homes, invest in our existing homes and create quality services for residents, customers and other stakeholders. VfM is about obtaining the maximum benefit over time with the resources available.

We encourage colleagues at every level to use their knowledge and experience to help us improve. We give the opportunity and mindset to share innovative ideas and contribute to business challenges, giving them the freedom to solve problems and helping create a culture where continuous improvement is everyone's responsibility, and all suggestions are welcome.

But it's not always about reducing costs. We also look at increasing our income streams while ensuring a strategic fit within the board's risk appetite.

VfM is owned and driven by the board, and performance against VfM measures is reviewed at every board meeting. However, the remit for delivery is embedded across the business, with collective responsibility at all levels, from the executive team and service directors to operational team leaders. Performance against these measures is monitored closely, ensuring Thirteen's VfM approach is embedded in our work.

Delivery of strategic projects is overseen by the VfM and business change steering group through regular updates from the programme boards aligned to each strategic priority. These four programme boards prioritise and monitor strategic projects, with every significant project or investment requiring a business case with a clear return on investment. Each project or investment undergoes a 'lessons learned' review, ensuring we've delivered on the expected outcomes and that any learning picked up along the way is shared at all levels, including the board. By understanding why we want to do things, and with what we've learned, we can better identify opportunities to save money, improve processes and outcomes and maximise the value of our work.

Our procurement processes ensure when businesses bid to work with us, their offer is considered thoroughly. Cost, quality, scope of service and social value help ensure we get the most for our money by spending wisely with maximum effect.

Setting and assessing our targets

To ensure we continue to drive positive change in how we work, we monitor the delivery of efficiencies, considering the longer term impact across the financial plan. This ensures we don't just focus on the immediate cash savings through the elimination of waste or duplication but that there is also the encouragement towards a longer term view and to consider opportunities to invest to save. A key dimension to this is the best use of technology to automate and streamline our services.

So we know if our efforts are making a difference, we set stretching targets, our critical success KPIs, and benchmark performance against our peers, establishing our direction of travel and highlighting improvement areas.

We use data from both Vantage (a peer network group) and a North-East peer network group to understand where and why we differ from our peers and share best practice. Looking backwards and forwards allows us to see how our plans compare, prompting early action where we can learn from our peers. We also use the Global Accounts published by the Regulator of Social Housing (RSH) to compare our performance to similar organisations. The latest accounts available are for 2021/22.

Our approach to value for money

Delivering VfM

During 2022/23, we delivered £4.4m of cashable savings, which equates to 2.6% of social housing turnover. Whilst this was marginally behind our target of 3%, colleagues from across the group delivered significant cash savings through several initiatives. These resources are being redirected to improve services and homes and meet growing demand, including cost of living and employability support. Initiatives to achieve savings during the year included:

- Letting of surplus office accommodation
- Contract renegotiations, including insurance, materials and IT equipment
- Delivering services in a more cost-effective way with revised staffing structures and ways of working
- Sourcing of additional external funding to support new and existing services.

We recognise that delivering VfM isn't just about cost savings. Whilst we monitor cashable savings, following our principle of continuous improvement, we are always open to looking at different ways of working to deliver better, more efficient outcomes for our customers whilst recognising that the cheapest isn't always the best. This can be small scale or more significant changes, and every change for the better is worth considering. During the year, this included further automation of processes. For example, we implemented caseload management software, which frees up neighbourhood co-ordinator time to spend supporting and interacting with our customers. We also increased technology and automation within our legal and income teams to ensure accuracy and reduce manual intervention.

We take the long term view, and sometimes the best outcome is to spend more now to realise savings and benefits in the future. To this end, we continued with our Cloud Transformation project, with the project delivering several benefits:

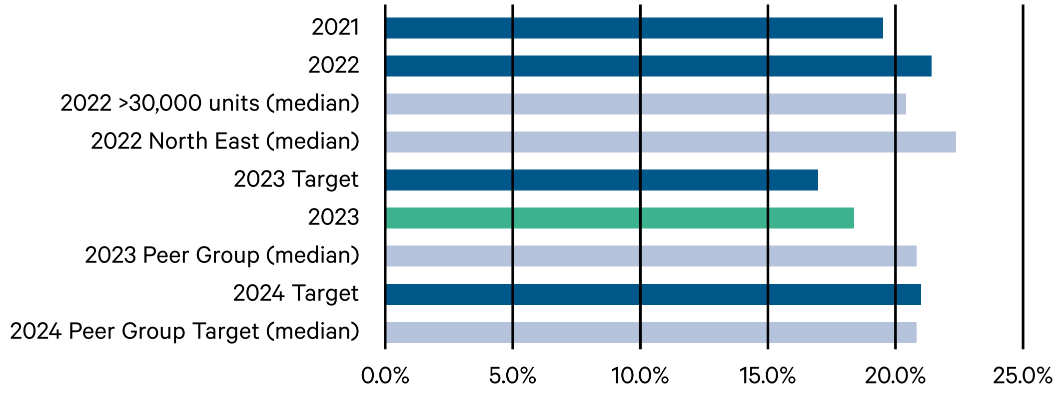
- Cost savings as there is no requirement to replace ageing hardware
- Staff time savings through reduced management of the IT infrastructure and automation of manual tasks
- Evergreen infrastructure and access to the latest technology without lengthy lead in times
- Increased resilience and flexibility
- Reduced environmental impact.

Understanding our performance

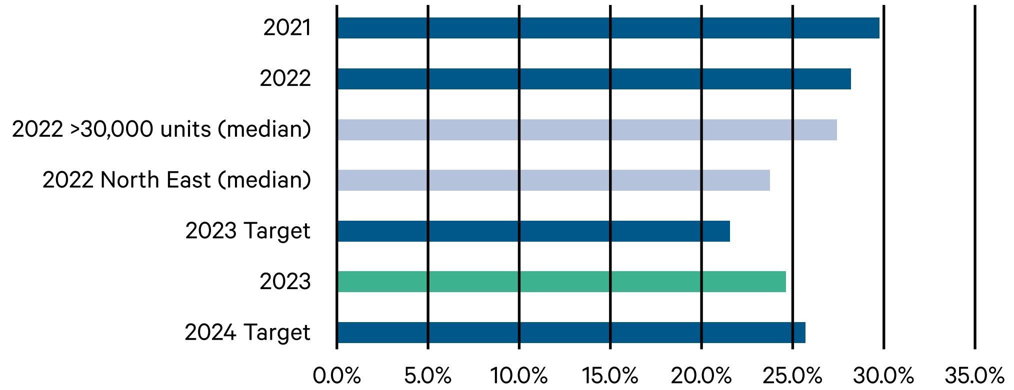
Our key financial metrics are those identified by the RSH, which enables us to benchmark our performance against our peers. We look at how we're performing in the current year, with an awareness of the past and an eye to the future so we can understand our journey and have clear plans of where we want to be. Overall performance during 2022/23 was positive, with strong margins, interest cover and low gearing, although investment in new housing stock was lower than the start of year target.

Business Health

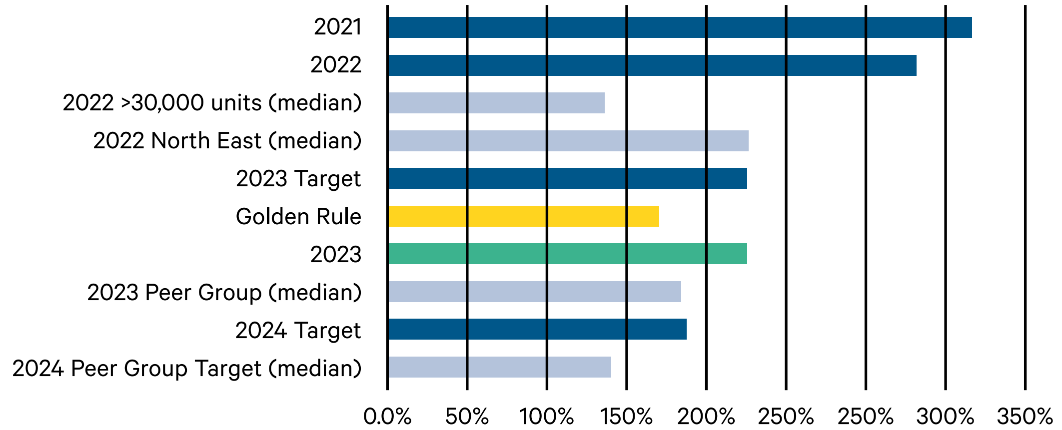
Operating margin



Operating margin - Social housing lettings



EBITDA MRI interest cover



Our approach to value for money

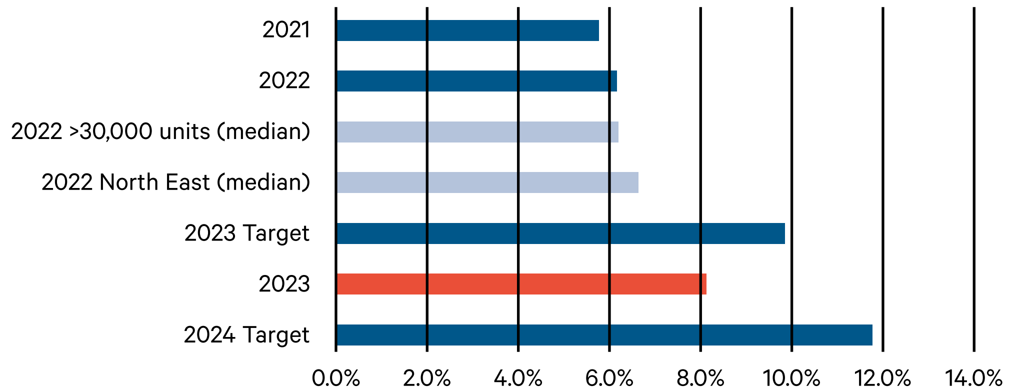
Business Health

The business health of the group is demonstrated by stable and consistent performance and continuing strong margins and interest cover. While performance was lower in 2022/23, this reflected a return to normal operating activity, with the previous years being affected by the Covid-19 pandemic and associated lower activity levels. Financial results were also impacted by the impairment charge of £4.1m in 2022/23 relating to a Thirteen Homes development site. Excluding the impairment charge, the overall operating margin increases to 20.6% from 18.5%. The operating margin on social housing lettings exceeded the year's target, demonstrating our core activity's strong performance.

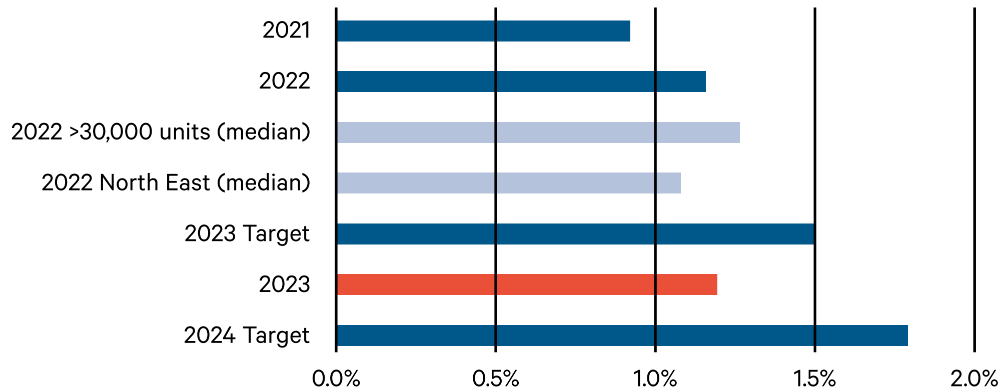
Despite these pressures, performance exceeded our financial plan targets and provided significant headroom to our golden rule. Performance against our peers was positive over the past two years, with EBITDA MRI Interest cover particularly strong. Looking forward, we expect the overall margin to improve as the negative impact of subsidiary performance is removed. We also expect a reduction in EBITDA MRI interest cover as we use our financial stability to increase investment in our homes, including accelerating our progress to EPC C and net zero targets, a trend which is consistent with our peer group.

New supply and investment

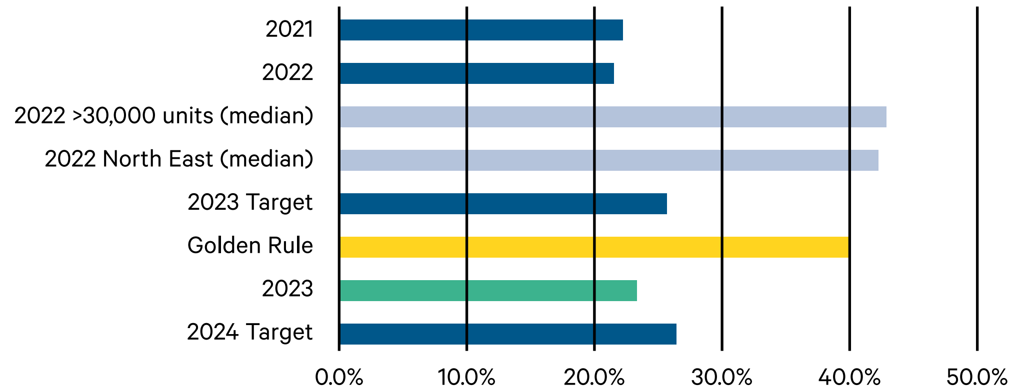
Reinvestment



New supply - Social housing



Gearing

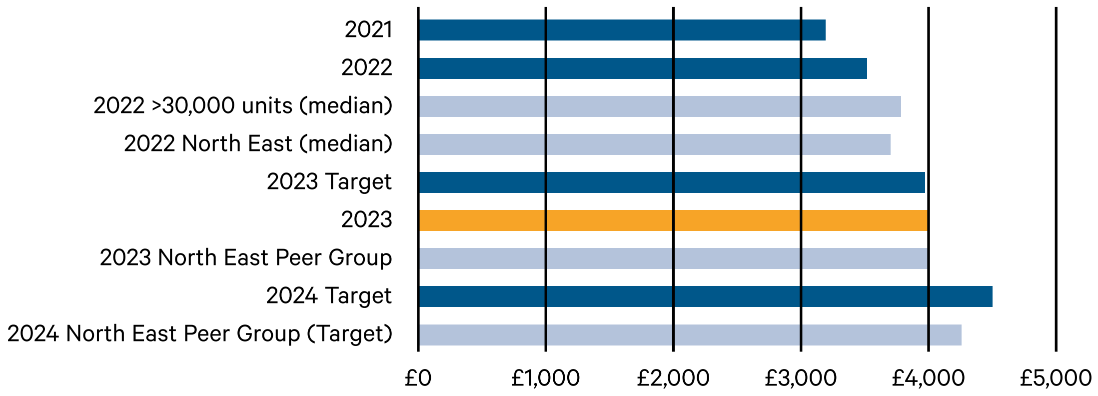


We continued delivering our ambitious development programme, and while we didn't achieve our target, we exceeded our performance for the past two years. Our target for new home delivery was 535, with the actual delivery of 435 units plus 19 units delivered by our subsidiary, Thirteen Homes, for outright sale. Delivery was below target due to the impact of inflation on scheme viability, resulting in delays starting on site for several key schemes. We will continue to work to deliver the new homes our customers need in future years, with a target of 626 affordable homes to be delivered in 2023/24 and 2,724 over the next five years. As well as increasing our targets for new home development, we need to balance this expenditure with the need to invest in our existing homes and provide customers with homes they can afford to run. Therefore, we will increase investment in our current homes as we work towards Government environmental targets and ensure our assets are protected and fit for the future. Our total investment in fixed assets was lower than planned which resulted in lower net debt and a small reduction in gearing against the target. Despite planned development and investment activity increases in the coming years, gearing remains substantially below our peers, demonstrating our capacity to continue developing and investing.

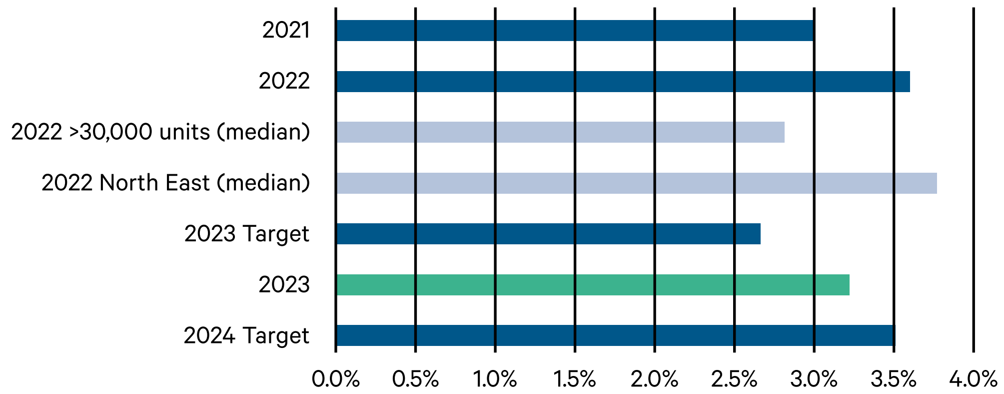
Our approach to value for money

Operating activity

Headline social housing cost per unit



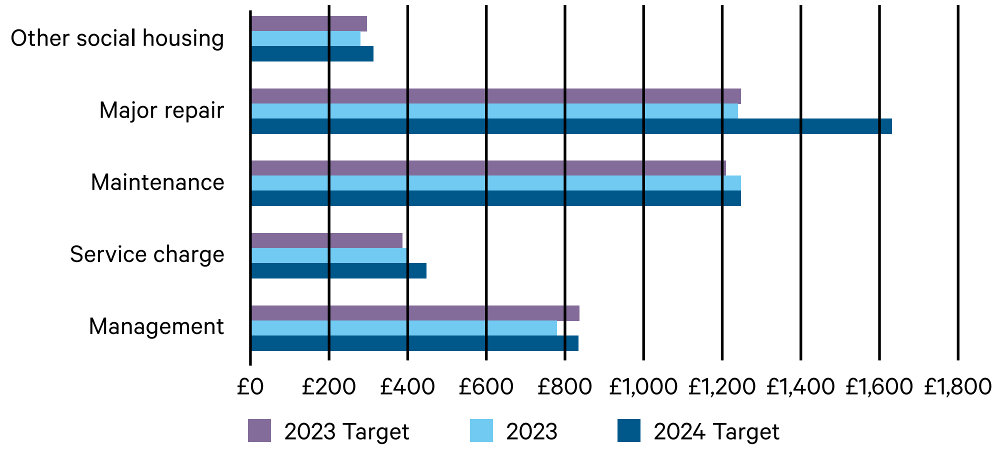
Return on capital employed



Social housing costs per unit (CPU) increased over previous years as activity increased. We saw unprecedented demand for our repairs service, which increased our operating costs along with inflation pressures, particularly on utilities and material costs. The Covid-19 pandemic impacted our ability to deliver investment works to our existing properties over the past two years. We are pleased that we are now delivering the programme as planned, showing increased customers spending and outcomes. While our asset base did not increase to the level we anticipated due to lower development activity, the operating surplus delivered was strong, increasing the return on capital employed. CPU has consistently been of similar levels to our peers over recent years. While we foresee an increase in future years, this relates to pressures affecting the wider sector, including inflation and customer demand.

To better understand housing cost per unit, we break this cost down further:

Cost per unit

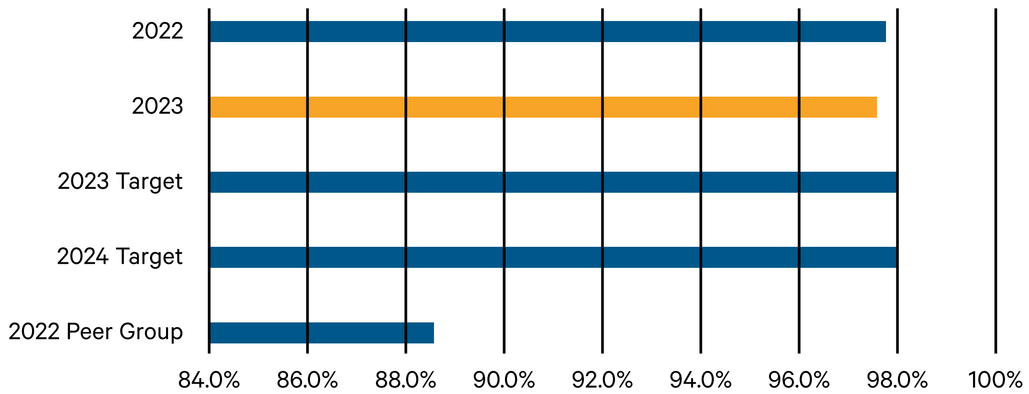


Performance for 2022/23 was better than the target for all categories of spending other than maintenance costs, which were higher due to inflation pressures and increased demand. Looking forward to 2023/24, costs are forecast to increase across all categories due to inflation and increased activity, particularly our major repairs programme, as we increase investment in our existing homes.

Operational

We also monitor and record a number of other KPIs to help us assess our performance and success against our strategic objectives and priorities, which are indicative of the delivery of a value for money service. We use our Vantage benchmarking club membership to compare performance against our peers, share best practice and identify where we can improve, indicative of the delivery of a value for money service.

Responsive repairs completed right first time

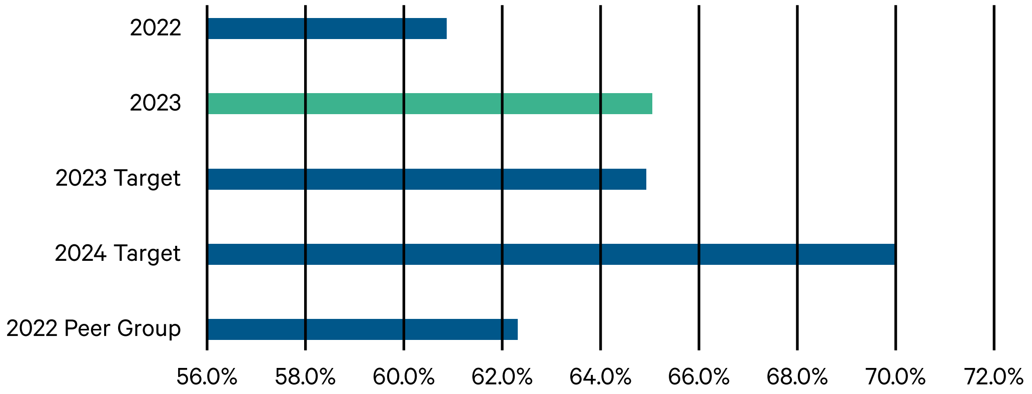


Our approach to value for money

Operational

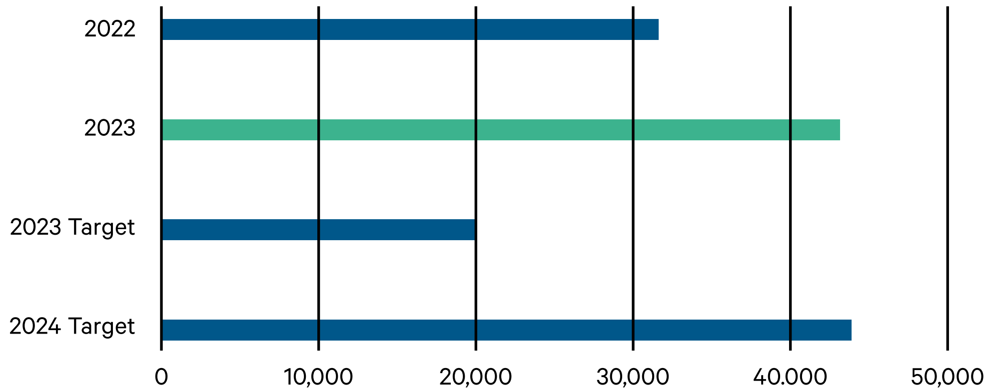
By monitoring how often we get a repair completed and 'right first time', we can learn from our results and adapt our processes. This will lower the number of return visits, ensuring our repair service is as efficient as possible, reducing wastage and improving the service to the customer. In 2022/23, we didn't quite achieve our target of 98%, and performance was slightly lower than in the previous year. Although we continued above our peer group, we will strive to complete a repair in one visit wherever possible.

% Homes with an energy rating of C or above



A key performance indicator in 2022/23 and future years is progress towards our commitment for all homes to be a minimum rating of EPC C by 2035. This is vital to understanding how evolving technology and developing how we will achieve this target will impact our financial plan and our ability to deliver on this key priority. As a VfM measure, it is also crucial to our customers, especially in light of the cost of living crisis and unprecedented high utility costs. In 2022/23, we achieved our target of 65%, and our performance is comparable to our peers.

Customers accessing services digitally



As we continue with our programme to make better use of automation, we are investing in improving and extending the services our customers can access via 'self-service'. This frees up staff time to focus on more complex queries and service delivery and makes it easy for our customers to interact and communicate with us. We are pleased to report that performance exceeded our target for the year.

Future focus

The ongoing economic climate will continue to challenge our customers and the group. It is more important than ever to focus on delivering cost effective and efficient services to ensure resources are maximised to enable us to provide services and homes our customers need and expect. We will continue challenging ourselves to be more efficient in the coming year, ensuring we have the resources to meet growing customer demand and expectations and improve our housing stock, which will directly benefit our customers, for example, energy efficiency measures.

During 2023/24, we will start collecting the tenant satisfaction measures defined by the Regulator of Social Housing. These will enhance and complement the range of measures we use to monitor our performance and learn from our peers.

How we deliver social value

> The report highlights that almost all our homes are provided as a secure tenancy, giving security of tenure and making a difference in people's lives and ability to find work, access informal and formal local support networks and services and build family lives.

For Thirteen, social value is about increasing the social, economic and environmental wellbeing of the people we work for and our communities.

In 2021/22, we became an early adopter of the Sustainability Reporting Standard ("ESG") for social housing. The first version of this ESG reporting approach was developed based on a review of existing ESG investor questionnaires, workshops with subject matter experts, from partner investors to housing associations and wider consultation. By adopting a sector-wide reporting standard that takes in the social, economic and environmental issues that matter most, we can begin to evidence the impact of Thirteen's efforts.

Thirteen's first two reports can be found on our website at:
Thirteen ESG report 2022

The report highlights that almost all our homes are provided as a secure tenancy, giving security of tenure and making a difference in people's lives and ability to find work, access informal and formal local support networks and services and build family lives. Over 98% of our homes are provided at social or affordable rents. We are helping provide long term homes that are affordable to those on low incomes. Our rents are between 29% and 48% less than the private rented sector charges.

We support a wide range of people who face challenges in their lives. We provide services for homeless people, ex-offenders, people with mental health issues, people recovering from substance misuse, families, women and young people. We also offer services to support people experiencing domestic abuse and tenants needing support to stay in their homes.

We recognise that explaining what we mean by social value and demonstrating what we deliver is sometimes difficult. Working with colleagues and our customers suggests that this is best done by explaining the difference we are making. The measurements we have used are primarily tangible outcomes. For example:

- Our support services for people living in accommodation for older people helped over 3,057 people to live independently
- Our work with refugees on the UK resettlement programme has directly supported 276 families to find accommodation. It helped them access education programmes, training, and basic but essential services such as bank accounts and GP services
- Our work on domestic abuse has provided accommodation to nearly 60 families and supported another 650 clients.

We have adopted the National Themes, Outcomes and Measures (TOMs) Social Value Measurement Framework within our procurement process. Social value accounts for 10% of the scoring for all tenders. This methodology has been successfully applied to various contracts, including the investment partnership framework to deliver our enhanced capital delivery programme. For example, our retrofit work in Hartlepool delivered over £1.2m spend in the local supply chain. This generated an additional £40k that was spent on safeguarding the local environment and employed 28 local people, which equates to 99% of the workforce for this project, seven of whom had been long term unemployed.

Our most recent work on development activity suggests we will generate around 5% social value based on contract value.

How we deliver social value

Effective scoping is key to ensuring we meet objectives within our community resilience strategy and Priority 4 within our business strategy. This has provided some unexpected but welcome outcomes. For example, our external audit and tax partners will support the community resilience team to mentor young people as part of their social value commitment.

Social value, however, is more than just a series of outputs, and we use the HACT (Housing Associations Charitable Trust) calculator, which allows us to translate some of the outputs into the equivalent proxy, monetary value - a universal language which many other partners, commissioners and funders understand. Examples include:

- Our employability services supported over 1,129 people and 361 found secure employment. A total social value of £4.6m
- Providing safe refuge for 36 families in our Newcastle refuge has provided £2.1m of social value and saved the Government £2.1m
- We have supported 1,400 people with the offender and wrap around services. 34 have moved from being homeless to living in Thirteen properties – a social value of £0.4m.

We continue to build our capability to measure social value through other activities and our procurement framework.

We also recognise the wider impact of our activities. With a turnover of £198m, our activities' gross value added (GVA) impact is £171m in the North East and £222m in the UK. By building 435 affordable homes, we contributed £45m of GVA to the North East region and £51m to the UK. Over £70m (58%) of our total spend through procurement is spent locally and within the 'asset category spend'. This accounts for 93% of the total.

Our colleagues

> While reviewing talent and succession, we've also continued to invest in apprentice, graduate and trainee positions, allowing entry level colleagues to learn 'on the job' whilst studying for a qualification.

Thirteen aims to attract, recruit, develop and retain a diverse group of colleagues who share our values whilst having the required skills, knowledge, and experience to do a great job and deliver to our customer promises.

The leading initiatives we've progressed during the past year to support these ambitions, and our next steps are as follows.

Talent and succession

We took time to reflect on the talent strategy introduced in 2021. Feedback told us that some elements of this new approach were not quite working for us, and we were keen to consider what these were and how to improve them. The review saw us confirm a revised approach, an updated action plan and renewed enthusiasm.

We've introduced a talent acquisition team, and whilst they proactively support the recruitment process in the business, their real focus is to understand the organisation's long term business strategy and the skills required to deliver this before working alongside the internal and external labour force in a conscious effort to ensure a continuous talent pool. Although the team is still in its infancy, it's already been able to complete a full end-to-end review of the current recruitment processes with a focus on ED&I.

The following 12 months will see us develop a strategic workforce plan, an approach to broadening current colleagues' career opportunities, refine and refocus our critical and specialist roles, and revisit our talent categories. We'll also resume our talent forums, focussing on our most senior positions in the first instance before deciding where to go next.

While reviewing talent and succession, we've also continued to invest in apprentice, graduate and trainee positions, allowing entry level colleagues to learn 'on the job' whilst studying for a qualification. We currently have 48 entry level roles at Thirteen.

Learning and development

We've invested £408k in learning and development (L&D) this past year and introduced innovative solutions to enhance the colleague L&D offer. Almost 50% of the training budget is spent on compliance, including health & safety and equality, diversity and inclusion in delivering customer services. Carbon zero / retrofit skills have also been a focus, along with digital skills (across over 35 colleagues), resulting in fewer calls to the IT help desk. Professional development remains a key output, with several colleagues being promoted within the business as a result.

We have introduced a learning management system (LMS) that offers a 'go to hub' for all colleagues and a renewed approach to new starter induction, and we've clarified compliance training expectations to ensure we continue to be legal and safe.

We'll continue to work on these new initiatives, embed them within the business and review our whole L&D offer, particularly manager training and assessment. Once agreed upon, the strategic workforce plan will determine further activity, and we'll look to weave our organisational competency framework into recruitment, performance, career planning and learning, and development processes to support this.

Diversity and inclusion

We've used the TIDE (talent, inclusion and diversity evaluation) self-assessment tool to support an inclusive culture focusing on four main areas: our workforce, strategy & plan, leadership & accountability, recruitment & attraction.

We saw an improvement in our median corporate gender pay gap (3% in 2022, compared to 7% in 2017); we have started to report internally on our ethnicity pay gap to understand how we could improve.

We're a disability confident employer offering an interview to disabled candidates who meet the minimum requirements of the role, and we continue to support colleagues who may become disabled during their employment with us.

We'll continue celebrating important religious festivals, providing opportunities for colleagues to connect and appreciate diversity at its best.

Our colleagues

Employee wellbeing

We've worked hard to ensure greater awareness of employee wellbeing and its priority and have delivered a range of tangible shifts in the perceptions and actions related to wellbeing, including:

- An uplift in our ability to respond to mental health challenges through our training and increased reach and impact of our mental health advocate network
- An increase in wellbeing related conversations through general conversations, performance reviews, and the continued embedding of wellness action plans
- Thinking more broadly and considering the impact of business decisions on colleagues' wellbeing, with business change processes now including specific consideration of the impact on colleagues.
- The launch of our menopause matters group
- An increase in the health and wellbeing scores during our employee engagement surveys. Colleagues know where to find information to manage their health and wellbeing. They know what actions to take to keep them mentally well, taking the initial score in 2018 from 6.6 to 8.3 in September 2022. As part of our most recent employment engagement survey, colleagues returned an average score of 7.3 out of 10 when asked whether they felt mentally well.

Our efforts have been validated as a benchmark by the think tank Robertson Cooper. Their brief evaluation indicated that we consistently benchmarked significantly above businesses of similar size across all focus areas, with our overall performance sitting at 25% above the typical benchmark score.

We will shortly launch our TRiM (trauma risk management), offering peer-led support and signposting services for colleagues who experience workplace trauma.

Our sickness absence came in at 12.1 days lost per employee against a target of 13. We'll focus on our top reason for absence: musculoskeletal problems.

Thirteen's employee offer

We've continued to ensure our employee offer is both attractive and affordable.

We've embedded our flexible working arrangements using our home, hub, roam and operative ways of working. We will continue to monitor these to ensure they work for colleagues and customers.

We've continued to maximise colleague income using our SimplyHealth cash plan and our T'Dar retail benefits scheme, and we'll continue to look at other initiatives to support the financial wellbeing of our colleagues.

Through our market testing exercise, we've maintained a median quartile salary. Through the use of a pay award (which ranged between 3% and increased to 5%) and two non-consolidated awards, ranging from £200 to £300, we've sought to support colleagues through the cost of living crisis.

Having implemented our revised pension strategy, we've been able to maintain a defined benefit (DB scheme) for our longer service colleagues, and we have introduced a flexible defined contribution (DC) scheme for new starters or any current employees who wish to take up that option.

Investors in People (IIP)

As part of our IIP 'gold' status, we were assessed again in November, where it was confirmed that Thirteen continues to provide a fabulous colleague offer and supports its people's development, wellbeing, and aspirations at a high standard.

Streamlined energy and carbon report

> We must consider the bigger picture and how this impacts our customers, homes and business to reduce our environmental impacts.

We are committed to reducing our environmental impacts and carbon footprint.

Measuring and setting targets to reduce our carbon footprint is key to achieving this, as it provides us with an understanding of the emissions from our business activities and will help focus our efforts to reduce our impacts.

We must consider the bigger picture and how this impacts our customers, homes and businesses to reduce our environmental impacts. We are looking at what needs to be done to deliver sustainable homes that are fit for the future and right for our customers. We'll also discover how we can add value through initiatives like tackling fuel poverty while continually educating customers. We'll be looking at how we can reduce emissions from service delivery, from the energy we purchase to the way we travel and the materials we purchase.

The development of our approach will see everyone at Thirteen taking responsibility for reducing their impacts and will help us achieve our goals of becoming a much greener organisation.

Results:

The total Scope 1&2 carbon emissions for Thirteen in 2022/23 were 3,759 tonnes of CO2 equivalent (tCO2e). This equates to a 26% reduction in tCO2e emitted compared to the baseline year of 2019/20 (5,081 tCO2e emitted in 2019/20).

This reduction in Scope 1&2 emissions, plus an increase in turnover, has seen the intensity ratio of tCO2e/£MT fall to 19.07 in 2022/23 from 27.46 in 2019/20 (30.6% reduction).

This reduction in Scope 1&2 emissions has also resulted in a fall of 20.7% in the tCO2e/FTEs calculation (3.28 in 2019/20 to 2.6 in 2022/23).

When Scope 3 is added to the calculation, Thirteen emissions were reduced by 20.6% in 2022/23 (5,721 tCO2e) compared to 2019/20 (7,206 tCO2e).

When comparing the Scope 1&2 2022/23 emissions (3,759 tCO2e) to the previous year of 2021/22 (4,104 tCO2e), there was a reduction of 8.4%. By adding in Scope 3 this figure reduced to a decrease of 3.9%.

When comparing Scope 1&2 2022/23 intensity ratios with those in 2021/22, the turnover ratio (tCO2e/£MT) has reduced by 10.7%. With the FTE ratio (tCO2e/FTEs) reducing by 10.3%.

		2022/2023				2021/2022				2019/2020			
		Emissions in kWh	Emissions in tCO2e	Intensity ratios tCO2e/£MT	Intensity ratios tCO2e/FTe	Emissions in kWh	Emissions in tCO2e	Intensity ratios tCO2e/£MT	Intensity ratios tCO2e/FTe	Emissions in kWh	Emissions in tCO2e	Intensity ratios tCO2e/£MT	Intensity ratios tCO2e/FTe
Scope 1 Emissions	Gas	5,228,648	941			6,516,942	1,173			6,773,723	1,245		
	Fleet Fuel	5,595,376	1,340			5,892,154	1,417			6,506,914	1,596		
	F Gas	0	0			0	0			n/a	19		
Scope 2 Emissions	Purchased Electricity	7,136,753	1,478			7,829,320	1,514			8,708,509	2,221		
Total direct emissions		**17,960,777**	**3,759**	**19.07**	**2.60**	**20,238,416**	**4,104**	**21.35**	**2.90**	**21,989,147**	**5,081**	**27.46**	**3.28**
Scope 3 Emissions	Business mileage	602,158	148			452,362	103			1,054,546	262		
	Amenity Gas	9,349,919	1,863			9,323,828	1,678			9,449,182	1,737		
	Amenity Electric	635,706	132			356,378	69			534,020	126		
Total indirect emissions		**10,587,783**	**1,963**	**9.96**	**1.36**	**10,132,569**	**1,850**	**9.63**	**1.31**	**11,037,748**	**2,125**	**11.49**	**1.37**
Total Emissions		**28,548,560**	**5,721**	**29.03**	**3.96**	**30,370,985**	**5,954**	**30.98**	**4.21**	**33,026,894**	**7,206**	**38.95**	**4.65**

Streamlined energy and carbon report

Methodology:

Thirteen Group's carbon footprint has been calculated in line with the Government Streamline Carbon Emissions Reporting guidelines through an operational control approach. The date period is 1 April 2022 to 31 March 2023 and includes all Scope 1&2 emissions within the operational control of Thirteen Group. Scope 3 emissions for car business travel undertaken by employees and amenity energy use in multioccupancy buildings used by our customers have also been included. We adopted this methodology in line with the Greenhouse Gas Protocol1 and the BEIS Environmental Reporting Guidelines2. The calculations were completed on the SmartCarbonTM Calculator3 using the UK Government emissions factors4.

Estimations and exclusions:
The data does add an additional estimate to all previous years of the emissions from Clarion stock that are now included in 2022/23. The data also excluded Gus Robinson Development's direct emissions from all years as they no longer undertake construction activity for Thirteen.

Energy efficiency measures taken and planned:
1,008,000 kWh of energy was produced via photovoltaic panels on our office buildings and domestic properties, preventing the emission of 208.7 tCO2e within 2022/23. Our approach to reducing our environmental impacts and carbon footprint will drive further energy efficiency measures. We have developed our target to be net zero on our direct Scope 1&2 emissions by 2035. Our target for net zero emissions, including Scope 3, is 2050. Our commitment is outlined in Priority 4 of our strategic plan, which details how we will deliver against these targets.

Carbon offsetting:
Through a partnership with Forest Carbon, Thirteen has purchased 2,362 trees across 1.02 hectares of new woodland on the outskirts of Crook, Durham, named St Jon's Wood. From the growth of these trees, Thirteen has purchased a potential 727 tonnes of carbon capture credits. This equates to 16.8% of Thirteen's Scope 1&2 emissions for 2020/21. These credits are registered and independently audited per the Woodland Carbon Code.

References:

1. The GHG Protocol Corporate Accounting and Reporting Standard. Revised Edition (2015) World Resource Institute and World Business Council for Sustainable Development.
2. Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance (March 2019) UK Government Department for Business, Environment and Industrial Strategy.
3. SmartCarbon Calculator: https://www.smartcarboncalculator.com/
4. Greenhouse gas reporting: conversion factors 2023 - Full set (for advanced users). More at this link: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023

Our plans for the future

Priority one

Delivering great customer service

Renting, repairing, and re-letting will be operationally excellent, and customers will experience clear and prompt responses to all service requests, both online, by phone and in person. We believe that everyone should get the same quality of service, no matter where they come into contact with us - and we'll work with partners to create better outcomes for customers.

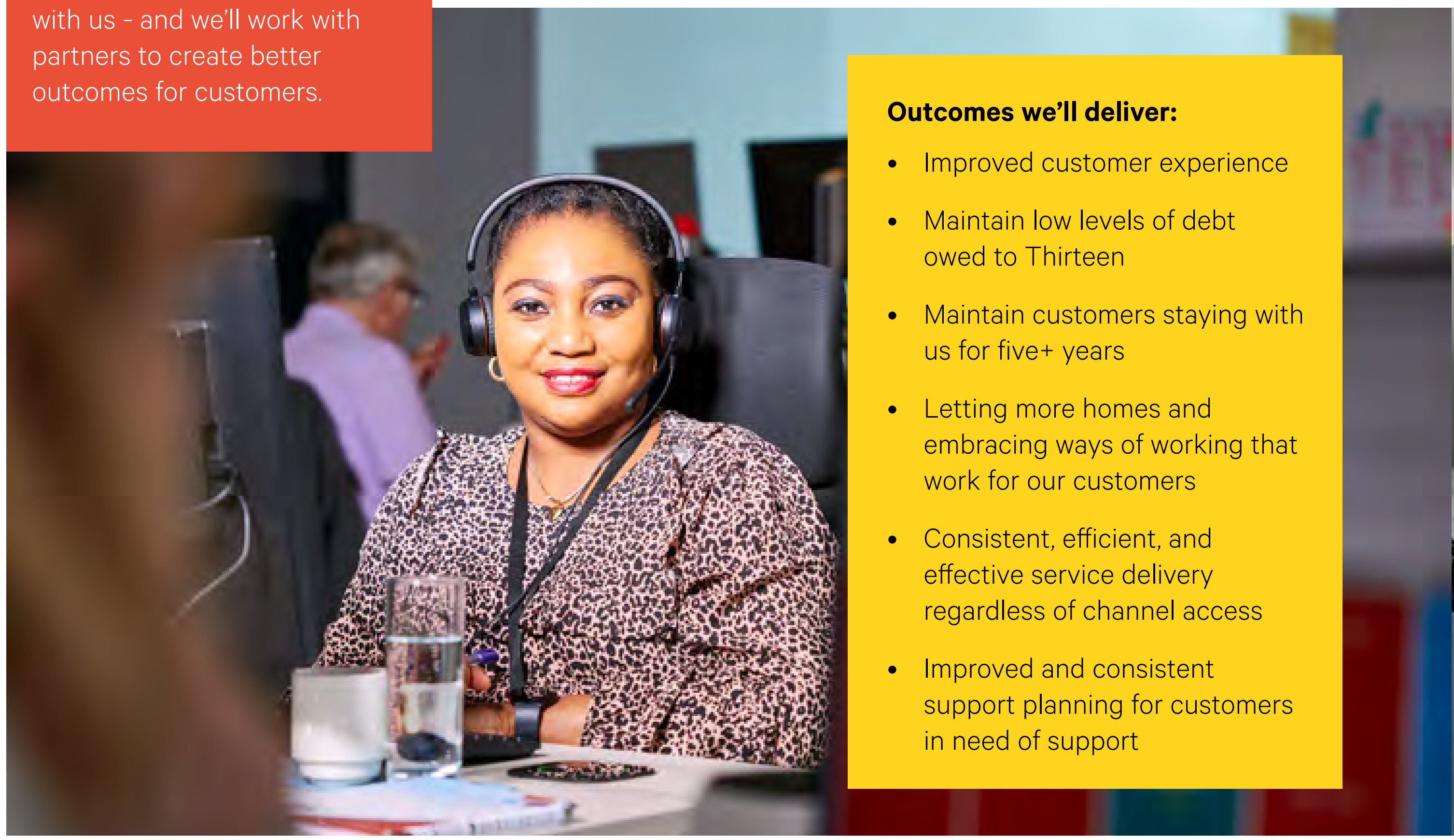
Key actions:

Touchpoint

Everyone should receive the same quality of service, no matter where and how they come into contact with us. We'll continue to make our services local and connected. That's why we're investing in Touchpoint, which enhances our high street presence, digital approach and contact systems, to promote our services, making them more accessible, direct, quick and easy.

Exploring differentiated rents

We're acutely aware of the challenges that are continuing to face our customers and the wider economy. A housing association cannot resolve the pressures on the cost of living alone. We're exploring how we can differentiate rents for customers in the context of the regulatory framework and whether this offers better value for money while enabling us to continue to invest in the homes and communities we serve.



Outcomes we'll deliver:

- Improved customer experience
- Maintain low levels of debt owed to Thirteen
- Maintain customers staying with us for five+ years
- Letting more homes and embracing ways of working that work for our customers
- Consistent, efficient, and effective service delivery regardless of channel access
- Improved and consistent support planning for customers in need of support

Priority two

Delivering quality places to live and improving neighbourhoods

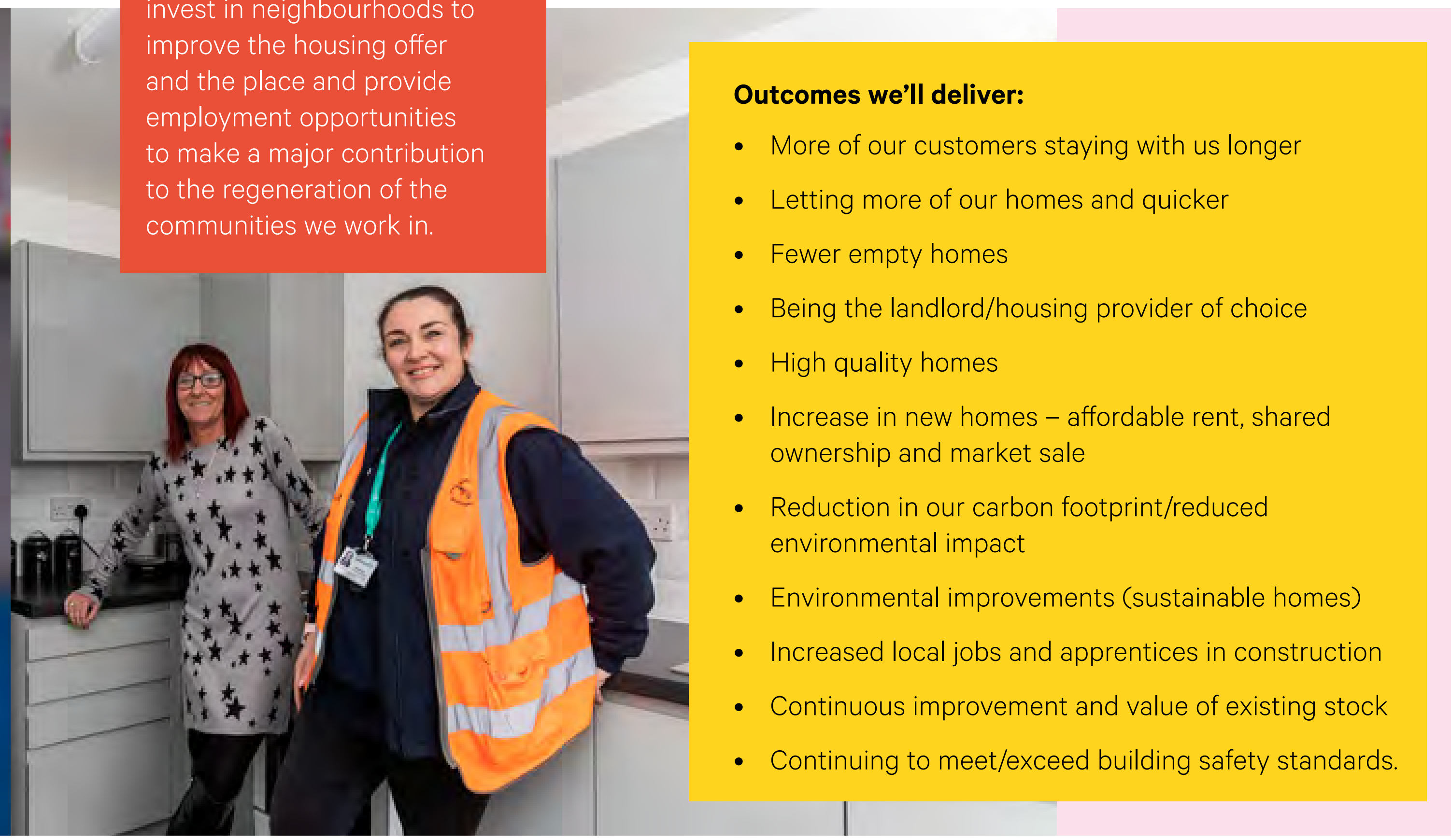
We'll continue to maintain and invest in customers' homes and estates and provide a range of new homes and tenures to address the housing needs in our operating area. By being more efficient, we'll invest in neighbourhoods to improve the housing offer and the place and provide employment opportunities to make a major contribution to the regeneration of the communities we work in.

Key actions:

Continuing to invest in customers' homes

We have a continuous stock improvement programme. A typical year sees 4,000 homes receive work, including new roofs, kitchens, bathrooms, windows and doors and energy-efficient boiler installations. Over the next five years, over 20,000 homes will be improved. We continue to monitor the performance of all our assets, including our remaining high rise blocks, paying particular attention to building safety and prioritising customer safety.

As part of our investment and building safety programme, we're well on with installing suppression systems in all our tower blocks. We've installed suppression systems in eight buildings, with three planned for completion over the next three years. The sprinkler systems add an extra layer of fire safety and enhance existing safety measures already in place, giving customers peace of mind. VfM is a priority, and we're ensuring our spending is targeted towards viable homes where there is a strong demand for housing.



Outcomes we'll deliver:

- More of our customers staying with us longer
- Letting more of our homes and quicker
- Fewer empty homes
- Being the landlord/housing provider of choice
- High quality homes
- Increase in new homes – affordable rent, shared ownership and market sale
- Reduction in our carbon footprint/reduced environmental impact
- Environmental improvements (sustainable homes)
- Increased local jobs and apprentices in construction
- Continuous improvement and value of existing stock
- Continuing to meet/exceed building safety standards.

Our plans for the future

Priority three

Being Team Thirteen

We'll be an employer of choice, high performing and structured so that collaboration is second nature for everyone - board and committee members and colleagues. There will be smarter working with transferable skills, more in teams than individual roles and a supportive and motivating environment for our 1,600 skilled and talented employees.

Key actions:

Great days at work

We're constantly listening to what colleagues say to ensure that while they focus on helping address housing need and improve services for people in our area, they have a great day doing it. We want to attract and retain excellent colleagues, be the employer of choice and continue to evolve the working at Thirteen offer.

Outcomes we'll deliver:

- Having the right workforce now and in the future
- Having an engaged, skilled and diverse workforce
- Valuing, promoting and supporting wellbeing
- Supporting inspirational leadership and management development
- Competitive, flexible and equitable reward and recognition programmes
- Delivering great services to enhance Thirteen's performance.

Priority four

Net zero and reducing environmental impacts

As a large business, employer and landlord, we are responsible for protecting the local environment, improving our performance and reducing carbon emissions. Improving our environmental sustainability cuts across everything we do. We're taking action to reduce our carbon footprint and deliver on our commitments to be net zero on our direct carbon emissions by 2035 and all emissions by 2050.

Our Take Control campaign will see the organisation achieve its goal of becoming much greener. To reduce our environmental impacts, we must consider the bigger picture and develop our approach to understand the effects on our customers, homes and businesses. We'll be working across our business to understanding what action needs to be taken to reduce emissions and improve environmental impacts.

Key actions:

Factoring environmental impact into all decision making

We'll be looking at what we need to do to ensure negative and positive environmental impacts are factored into every decision. This might be during proposals for future growth, exploring new opportunities or changes to how we deliver services. We need to understand environmental risks, how we manage them and reduce any impacts.

Net zero by 2035

We'll look at what we need to do to deliver our commitment to becoming net zero for all direct business emissions by 2035. We have established what carbon emissions are released due to our direct business, so we know what action must be taken.

More sustainable homes

We'll review what must be done to deliver our commitment to ensuring all our homes are sustainable, ensuring every home – whether for rent or shared ownership - is net zero by 2050. We need to develop our approach to cut carbon emissions while reducing energy costs and fuel poverty. We need to protect the long term sustainability of the stock and mitigate future climate change risks. We actively seek funding to support our journey, maximising opportunities such as the Social Housing Decarbonisation Fund and other avenues of support. We'll also look at how we support the development of new skills needed to deliver sustainable homes through building and investment and ongoing repairs and maintenance.

Outcomes we'll deliver:

- Environmental impacts will be considered in all business decisions
- Net zero carbon emissions from our direct business emissions by 2035
- Ensure new homes are completely net zero by 2050
- Increased sustainable travel – green alternatives to carbon fuel
- Source materials responsibly, reduce waste and increase recycling
- Climate change adaptation – protecting our customers, assets and investments
- Develop sustainable supply chains and partnerships
- Increase biodiversity, protecting and enhancing the natural environment
- Support skills growth needed to meet the needs of the green economy
- Effective colleague, customer and partner empowerment and engagement with our net zero journey.

Financing our priorities

> Working in partnership with Homes England, we have an aspirational development programme to provide new homes for our customers.

As we move forward into 2023/24 and beyond, we have a robust financial plan focusing on delivering our core objectives.

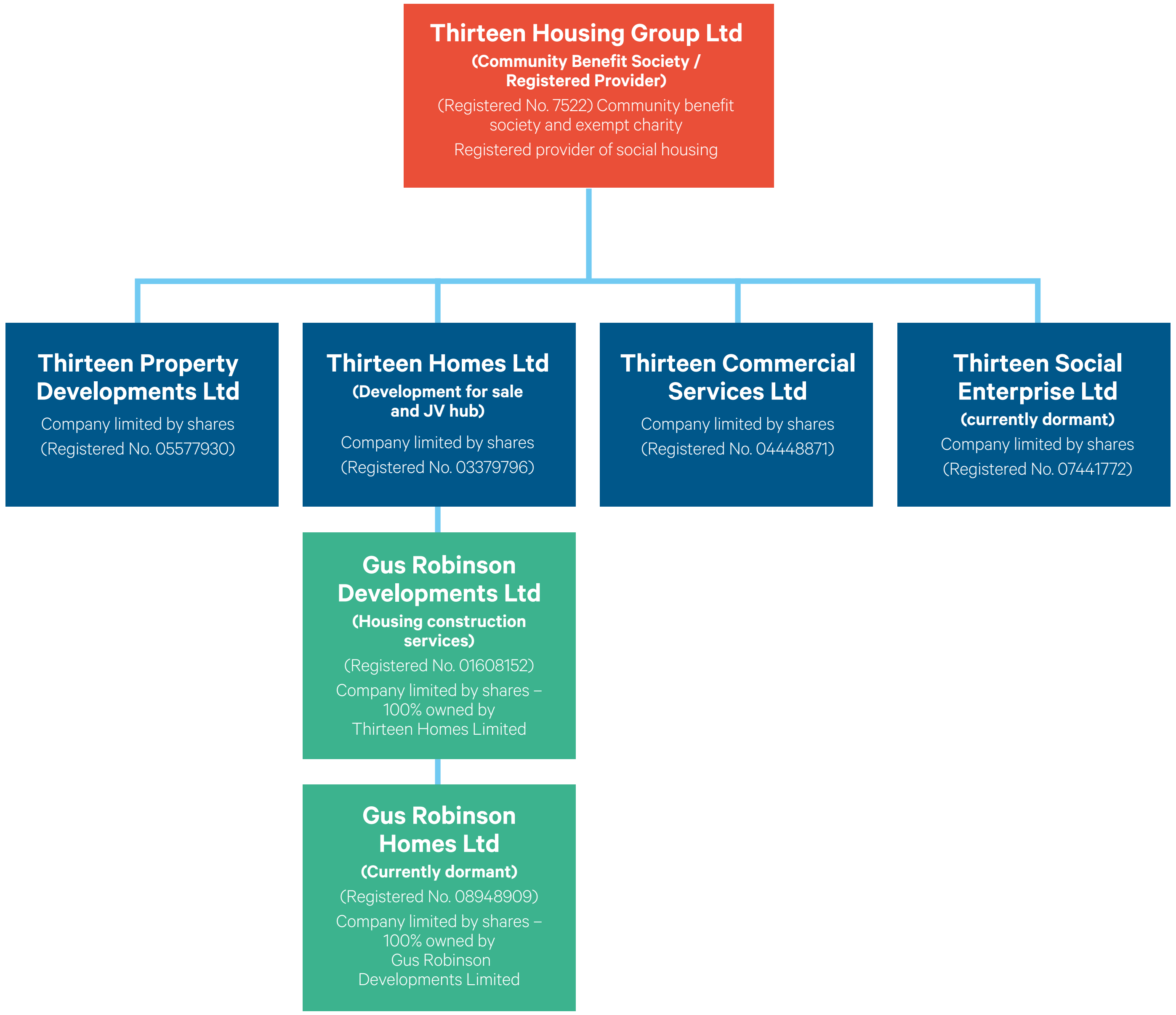
It maintains our capacity to develop new homes whilst providing long-term stability, ensuring our assets are protected and maintained while keeping customers at the heart of our business. Ongoing financial risks, including inflation pressures, rising interest rates, and the latest economic assumptions have been incorporated into the financial plan update.

The board approved the latest financial plan in July 2023. It includes stringent stress testing, developed with the board, to ensure we're prepared and resilient to varying adverse conditions that impact us. This is supported by a treasury management strategy addressing liquidity risk, covenant compliance and a robust assurance framework. We're very conscious that the future will be challenging with ongoing inflation pressures, rising customer expectations and support needs, and the delivery of environmental targets, but by having a good understanding of our cost base and a mitigation plan which is regularly reviewed, we are confident in our ability to continue to deliver what matters to our customers.

Working in partnership with Homes England, we have an aspirational development programme to provide new homes for our customers. We aim to deliver 2,724 new homes for rent and shared ownership over the next five years. In addition to investment in new homes, investment in our existing homes is forecast to grow with a spend of £308.3m over the next five years, including £85.7m on achieving EPC C by 2030 and continuing work on retrofit pilots for the decarbonisation of our homes. To deliver the capacity to decarbonise our homes fully, we are working with our funders to renegotiate lender covenants. The outcome of these negotiations and updated asset data and costs will enable us to update our financial plan during 2023/24 to incorporate decarbonisation costs and fully ensure environmental targets' delivery.

Our governance arrangements

The group consists of a parent association with a number of subsidiary companies.



Thirteen Housing Group Limited

Thirteen is a community benefit society registered with the Financial Conduct Authority and a social housing provider registered with the Regulator of Social Housing (RSH). Thirteen is the parent organisation and landlord of the group and owns all group assets. Its principal activities are managing social housing, developing affordable homes and providing housing-related support and employability services.

Thirteen Commercial Services Limited

Thirteen Commercial Services is a private limited company registered at Companies House and is a wholly owned subsidiary of Thirteen.

The main activities of Thirteen Commercial Services relate to lettings and management of commercial and non-social properties on behalf of Thirteen.

Thirteen Homes Limited

Thirteen Homes is a private limited company registered at Companies House and a wholly owned subsidiary of Thirteen.

Thirteen Homes is responsible for the delivery of new homes for sale.

Thirteen Property Development Limited

Thirteen Property Development is a private limited company registered at Companies House and a wholly owned subsidiary of Thirteen.

The company is responsible for contracting new home delivery for Thirteen.

Thirteen Social Enterprises Limited

Thirteen Social Enterprises is a private limited company registered at Companies House. The company has been dormant throughout the year and remains dormant.

Gus Robinson Developments Limited

Gus Robinson Developments is a private limited company registered at Companies House. It is a subsidiary of Thirteen Homes and is being wound up to reduce overall risk to the group.

Gus Robinson Homes Limited

Gus Robinson Homes is a private limited company registered at Companies House and a subsidiary of Gus Robinson Developments. The company has been dormant throughout the year and remains dormant.

The Thirteen Board

The Thirteen Board is committed to achieving the highest standards of corporate governance in its oversight of the delivery of Thirteen's strategic plan and priorities, risk management, values and ethics. During the financial year, we followed corporate governance best practice and complied with the NHF Code of Governance 2020.

A board of eleven non-executive directors and one executive director (the Chief Executive) currently governs the group, supported by its subsidiary board, Thirteen Homes, and five committees, remuneration, audit and risk, finance, development & investment and customer, with day-to-day management delegated to the executive team. The chairs of each of the five committees hold positions as non-executive directors on the Thirteen Board, with the balance made up of six independent non-executive directors, including the hair of Thirteen.

The Chief Executive becomes a board member at the start of employment.

Our governance arrangements

Thirteen Homes Board

The Thirteen Homes Board comprises three non-executive directors (the chair plus two independent members) and one executive director (the Chief Executive). It is responsible for developing and delivering against the Thirteen Homes and Gus Robinson Developments' business plans to ensure they support the delivery of the objectives within Thirteen Housing Group's strategic plan, as well as monitoring performance in relation to Thirteen Homes' developments and the activities of Gus Robinson Developments.

Gus Robinson Developments Board

The Gus Robinson Developments Board consists of two executive directors (the Deputy Chief Executive and Chief Finance Officer) and one independent non-executive member. This board is responsible for overseeing the managed trade-down of GRD.

All board directors within Thirteen Group have been appointed, with the support of an external consultant, to achieve a complementary blend of skills, experience and diversity to ensure that the boards possess the necessary competencies to carry out their duties. A board performance review programme and board induction, development and training support this.

Non-executive board directors are appointed for a fixed term of six years unless the board determines a different period before appointment. They are subject to an annual performance review and the requirement of relevant skills and experience.

The remuneration paid to non-executive directors of the group in the financial year was £177,571 (2022: £165,367). A breakdown of remuneration paid to each non-executive director is included in Note 10 to the financial statements.

Committee structure

Each committee has dedicated terms of reference and delegated responsibility for specific functions to assure the board of internal control, risks, compliance, financial viability, investment, and employee relations.

Audit and Risk Committee - assures the board we comply with our statutory duties. Its role is to scrutinise self-assessments against regulatory and legal requirements and to monitor, review, and challenge the group's strategic assurance framework, including external and internal auditor reports, compliance and risk management arrangements and controls. This, in turn, assures the board that we comply with regulatory and legislative requirements and have an effective and adequate internal control system reflecting the group's nature, size and strategy.

Finance Committee - responsible for our financial health and effective long term financial planning to support our strategic plan and priorities. Its role is to review, on behalf of the board, all decisions regarding lending and borrowing, scrutinise new lending instruments and arrangements, and generally monitor the performance of our loan portfolio.

Development and Investment Committee - responsible for considering new business and commercial growth projects and opportunities, including development and regeneration projects, and making recommendations to the Thirteen Board for approval.

Remuneration Committee - provides a formal and transparent mechanism for developing payments, remuneration, recruitment, talent succession and performance review policies and arrangements for executives and board directors and overseeing our people responsibilities.

Customer Committee – has oversight of the performance delivery of all services that impact customers, including customer insight from consultation, complaints and satisfaction surveys, to ensure the voice of the customer is heard. The chair is a member of the Thirteen Board, and the committee consists of five customer members and one independent non-executive.

Executive directors

The executive directors are employed and participate in the group's pension schemes on the same terms as other staff and hold no interest in Thirteen's shares. They act as executives within the authority delegated by the board.

Directors' indemnities

As permitted by the articles of association, the directors benefit from an indemnity, a qualifying third-party indemnity provision. The indemnity was in force throughout the last financial year and is currently in force. The group also purchased and maintained directors' and officers' liability insurance for itself and its directors throughout the financial year.

Our governance arrangements

Board and committee membership and attendance

Board	Board Attendance
Andrew Wilson	100%
Annette Clark	86%
Anthony Riley	86%
Catherine Wilburn	100%
Chris Newton	57%
Chris Smith (from July 2022 to Dec 2022)	100%
Ian Wardle (to July 2022)	100%
Jane Earl (from Apr 2022)	100%
Mark Simpson	43%
Matt Forrest (from Dec 2022)	100%
Richard Buckley	60%
Robert Cuffe	100%
Rob Goward (from July 2022)	86%
Salma Yasmeen (from Nov 2021)	86%

Finance Committee
Andrew Wilson (Chair)
David Swann (to Nov 2021)
George Garlick (to Apr 2022)
Jane Castor
Miriam Harte (to Sep 2021)
Neil Pattison
Nick Taylor
Richard Buckley (from Apr 2022)
Vishnu Reddy

Audit & Risk Committee
Annette Clark (Chair)
Jane Castor
Keith Hurst (to Sep 2021)
Miriam Harte
Robert Cuffe (from May 2021)
Winsome Small (from Nov 2021)

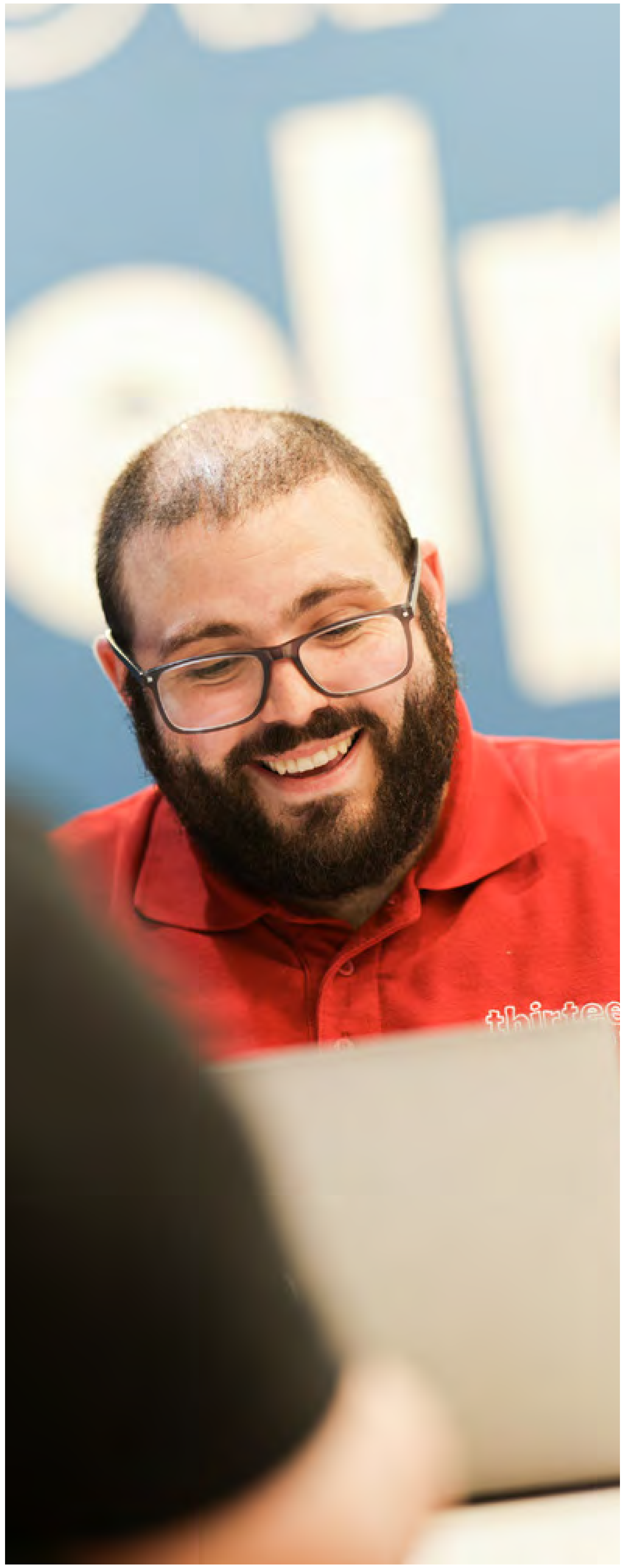
Thirteen Homes Board
Anthony Riley (Chair)
Chris Smith (from July 2022 to Dec 2022)
Laura Mack
Ian Wardle (to July 2022)
Richard Buckley (to Nov 2021)
Vishnu Reddy
Zoe Lewis (to July 2021)

Gus Robinson Developments Board
Andrew Wilson (from June 2021)
Chris Smith (from Sept 2022)
Craig Taylor (to Aug 2021)
Ian Wardle (from May 2021 to Sept 2022)
Jane Castor (from May 2021)
Steve Bell (to Feb 2022)

Remuneration Committee
Caroline Moore
Gustavo Imhof (from Oct 2021)
Mark Simpson (resigned July 2022)
Nadeem Ahmad (to Sept 2021)
Rob Goward (Chair) (from July 2022)
Salma Yasmeen (from Nov 2022)
Stephanie Taylor (from Oct 2021 to Nov 2022)

Development & Investment Committee
Andrew Wilson (to July 2022)
Anthony Riley (Chair)
Kate Ball
Laura Mack
Mark Simpson (from Sep 22)
Neil Pattison
Nick Taylor

For note: Mark Simpson took a sabbatical from his board and committee roles during the year.



Compliance

In December 2022, the Regulator of Social Housing ("RSH") refreshed its assessment of Thirteen Group's compliance with the governance and financial viability standard, based upon assurance obtained through the annual stability check process, as set out in regulating the standards. We are delighted to report that the group retained its governance and financial viability grades at G1/V1. This reaffirmed the rating received in December 2021, following RSH's annual stability check and in November 2020, following RSH's in-depth assessment of Thirteen. This judgement is the highest rating achievable and confirms a continuing culture of strong governance, financial viability, and sound financial management arrangements. The board has conducted its annual assessment of compliance with the RSH's regulatory framework to confirm compliance with the governance and financial viability standard, reviewing performance against the economic regulatory standards and receiving assurance from our involved customers that we comply with the consumer standards.

NHF Merger Code

We signed up for the voluntary NHF Merger Code and comply with the principal recommendations within the code. No discussions were held with other housing associations during 2022/23.

Modern Slavery Act 2015

We are committed to understanding modern slavery risks and complying with our legal and statutory responsibilities. We have a statement of compliance with the act's requirements, which details our actions to ensure that slavery and human trafficking do not exist in any part of the group or supply chain. The board reviews the statement annually, and it is available on our website.

Our operating environment and risk management

Operating environment

The operating environment has continued to present challenges to the business, our customers, and partners. The ongoing war in Ukraine and the deepening cost of living crisis so soon after Brexit and the Covid-19 pandemic have led to a decline in several measures of economic health.

- GDP in the UK has remained broadly flat in recent months, with the economy narrowly avoiding a recession. The near-term economic downturn is predicted to be shorter and shallower than initially thought. However, the economy is still smaller than before the Covid pandemic, and the impact of the energy crisis and high inflation is still being felt, with very marginal growth predicted over the next couple of years. In addition to this, business investment has stagnated since 2016, and global events have disrupted productivity
- We continue to face a cost of living crisis with inflation hitting a record high of 11.1% in October 2022. Whilst the rate has now reduced, it has not fallen as quickly as projected, and forecasters are now predicting that the rate could be 5.2% by the end of 2023, which is well above the Bank of England target
- The Bank of England's interest rate is at its highest level for 14 years, rising consistently in response to soaring inflation, meaning that the cost of borrowing and debt is also putting pressure on business and household budgets
- The UK unemployment is currently below pre-pandemic levels. In the North East, unemployment have also fallen significantly, but the rate of economically inactive residents has increased, reflecting a national trend of more people leaving the labour market since the pandemic. Combined with the loss of workers due to Brexit, this has contributed to record numbers of unfilled job vacancies, skills shortages in several sectors and a drive from the Government to encourage people to return to the labour market
- The housing market has remained relatively buoyant despite a turbulent economic environment. Mortgage rate increases, and uncertain house price movement have failed to deter optimistic home sellers. How long this can be sustained remains to be seen, and there is evidence that properties in the resale market are being sold below asking prices
- Most market commentators and experts agree that house prices will fall this year. Their house price predictions vary between a 2% to 10% reduction. Demand has already begun to fall for new build properties, with many builders scaling back their developments. Mortgage availability, affordability, and the end of the Government's Help to Buy scheme in England has impacted first-time buyers
- Over recent years, large shocks and their aftermath have resulted in significant revisions to economic forecasts, and businesses and individuals will need to continue to brace themselves for uncertainty.

Thirteen's affordable homes and support services are even more vital, and we continue to look for the most appropriate ways of supporting those impacted in recent years. There have also been several changes in the operating environment, which has presented opportunities for Thirteen and our communities:

- Investment in the region continues, building upon establishing the Tees Valley Combined Authority (TVCA), its Mayoral Development Corporations, and the Freeport. For example, the Government have announced further funding for investment zones in the TVCA and several others, along with a national £750m for regeneration funding and £400m for new levelling up partnerships in areas such as Redcar and Cleveland. This additional investment is good for the local economy and our communities and presents opportunities for Thirteen to support regeneration
- Focus continues on the sustainability agenda, and the drive to meet net zero brings challenging targets but many opportunities to enhance how we develop homes, invest in assets and run our business
- The Government is moving towards supporting economically inactive people back into employment provides opportunities for our customers and the group to help them with this. Reforms coming out of the Skills Act provide opportunities for us to work with the Government to identify and fill skills gaps facing the local economy and the group
- Constraints in the housing market mean there will be a continued need for low-cost housing and accessible routes into home ownership
- Support with the cost of living for employees and customers will continue to be needed in the short term. We will work with partners to ensure benefits advice is taken, employment opportunities are sought, and other ways to make money go further are shared.

Our operating environment and risk management

Our risk management ethos

Thirteen's strategic assurance framework ensures we are prepared for and able to respond to challenges and opportunities. It consolidates our approach to assurance and identifies the critical components of an effective assurance framework, which includes risk management, stress testing, internal controls, business continuity, internal audit, insurance and governance.

The framework enables the board and committee members, leadership team and service directors to understand better, manage and review assurance arrangements so the outcomes constructively inform and support strategic decisions, improve controls and, protect the business.

A suite of monitoring arrangements, activities, and reviews ensure decisions are based on intelligent risk management and appreciation of these decisions' impacts on group priorities, customers and colleagues.

The Thirteen Board ensures appropriate and effective assurance and risk management arrangements and delegates authority for specific elements to the Audit and Risk Committee.

Strategic risk management

The board agrees on a set of strategic risks at least once a year, considering the risks that could result in Thirteen inability to deliver its strategic ambitions and/or core business.

The board regularly reviews risk and risk appetite to ensure that the strategic risks reflect the external and operating environments and that the appetite for risk remains appropriate. In formulating its risk appetite, the board considers the outcomes of stress testing exercises that set financial and performance tolerances to protect the group, supported by a mitigation action plan to identify capacity and flexibility to manage the business in the event it is compromised, as well as review processes that challenge arrangements beyond traditional control testing, such as 'testing the brakes' sessions that inform action plans and controls.

The board has delegated authority to the Audit and Risk Committee to scrutinise risk controls, mitigating actions, and reporting concerns. Each committee and subsidiary board is also responsible for considering the impact of their discussions and decisions on the strategic risks and escalating to the Thirteen Board where appropriate. Our strategic risks reflect a 'three lines of defence' approach to assurance, incorporating management controls and oversight; assurance and performance reporting, independently scrutinised by an appropriate body, board or committee; and external independent assessments, including internal and external audit and consultants' reports.

Risk management is embedded across all projects and functions, and there are a set of key risk indicators and financial golden rules to act as early warning indicators to trigger appropriate responses.

The board and leadership team consider the following to be key strategic risks for Thirteen:

	Risk	Risk appetite	Risk owner
1	Failure to deliver against customer expectations	Minimal	Executive Director - Customer Services
2	Failure to keep tenants and customers legal and safe	Averse	Group Chief Executive
3	Failure to maximise growth and income	Cautious	Executive Director - Development
4	Inability to respond effectively to economic volatility and opportunities	Cautious	Group Chief Executive
5	Failure to manage a successful development programme	Cautious	Executive Director - Development
6	Failure to effectively manage our homes, buildings, and places of work	Cautious	Executive Director - Asset
7	Failure to manage regulatory expectations	Averse	Chief Finance Officer
8	Failure to retain and nurture colleagues and keep them legal and safe	Open	Executive Director – Business Change and Improvement
9	Failure to maintain a financially viable business	Open	Chief Finance Officer
10	Failure to ensure the quality, accuracy and security of our data	Averse	Executive Director – Business Change and Improvement

The Audit and Risk Committee has received the Chief Executive's annual report on the effectiveness of internal control systems, mitigating actions and other assurance activity, along with the annual report from our internal and external auditors. It has reported its findings to the board.

Service risk management

Strategic risks are supported by operational risk registers for all key service areas and are owned and reviewed by service directors. Mitigating controls and progress on actions are monitored quarterly and reported to the Audit and Risk Committee by exception.

Our operating environment and risk management

Internal controls assurance

The Thirteen Board acknowledges its overall responsibility for establishing and maintaining a comprehensive internal control and risk management system and reviewing its effectiveness. The board is committed to ensuring Thirteen adheres to the governance and financial viability standards and associated code of practice, including all relevant laws.

The Audit and Risk Committee is responsible to the board for monitoring these arrangements and reporting on their effectiveness:

- Strategic and service risk reporting and monitoring.
- Causes for concern, exceptional event and risk event reporting - reports to the leadership team and Audit and Risk Committee, including fraud, whistleblowing and control failures, defence against regulatory sanctions and learning tools to ensure implementation of improvements or additional controls to prevent a recurrence. Including, where appropriate, reporting to and feedback from regulators
- Stress testing, testing the brakes and business planning arrangements
- Compliance assurance policy and associated dashboard - setting out our approach to managing business critical compliance issues and monitoring and reporting performance
- Business continuity plans (managing a major crisis), disaster recovery plans (loss of IT services), local resilience arrangements (managing localised crisis issues), and systems of prevention and recovery to deal with potential threats to the business and ensure the continuation of services
- Insurance arrangements - providing financial protection against loss and meeting legal obligations
- Assurance framework update and assurance monitoring reports - reflect changes in the assurance of the operating environment and regulatory landscape, including the sector risk profile and regulatory downgrades, and provide oversight of assurance matters
- Transparency reporting - overview of probity arrangements and related matters, including the declaration of interests, gifts and hospitality, letting of property and exceptions to standing orders
- Health and safety oversight – including policy, training, audit and monitoring arrangements, and the implementation of our H&S culture programme.

Management controls

Management controls are regularly reviewed and tested via internal assurance monitoring and independent assessment. All findings are implemented to agreed timescales and, where appropriate, tested. Management controls are in established documents, including the strategic assurance framework, standing orders, policies and supporting procedures, and are monitored via KPIs, board reporting requirements, budget monitoring and the assurance framework.

Independent assessment

Thirteen receives independent scrutiny, review, and assurance from a variety of sources, including the following:

- Internal audit arrangements - providing independent assurance that our risk management, governance and internal control processes are operating effectively
- External audit arrangements - independent validation of annual accounts and compliance with accounting standards
- Regulator of Social Housing - audits, including in-depth assessments and annual stability reviews
- Other regulatory bodies, including ombudsman, HSE, environmental health – outcomes, opinions, recommended actions and enforcement requirements received as a result of audits, reports and referrals
- Peer comparisons - allow for appropriate benchmarking and learning from other organisations and 'best in the field'
- Independent reports and audits – assess our status and provide specialist advice and alternative insight into topics and best practice. Boards and committees can request independent advice on any topic at any time
- Customer co-regulation and involvement framework - ensuring the tenants' voice is heard, engagement with customers in the operation of the business and assessment of compliance with the consumer standards.

The board has reviewed the effectiveness of its internal control systems, including risk management, for the year to 31 March 2023 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss, which requires disclosure in the financial statements.

The Audit and Risk Committee has agreed to a protocol with the independent auditors, setting out policies for determining the non-audit work that independent auditors and procedures can undertake for periodic review and selection of independent auditors. The level of fees paid for their work is set out in note 5 to the financial statements. The Audit and Risk Committee annually evaluate the performance of internal auditors.

Our operating environment and risk management

Management of financial risks
The group uses various financial instruments, including loans and cash, and other items such as rent arrears and trade creditors that arise directly from operations. The main risks are exchange rate risk, interest rate risk, liquidity risk, counterparty risk, and refinancing risk. The board reviews and agrees to policies for managing each risk and monitors these areas as part of the stress testing arrangements, summarised below:

Exchange rate risk
We borrow and lend only in sterling, so we are not directly exposed to exchange rate risk. Our Private Placement investors hold currency swaps in relation to a portion of this funding. We would be exposed to their exchange rate risk in the form of break costs if we chose to repay this funding. As it is not our intention to repay early, indirect exchange risk is negligible.

Interest rate risk
The group finances operations through a mixture of retained surpluses, bank borrowings and capital market debt. Exposure to interest fluctuations is managed using both fixed and variable rate facilities, with a minimum of 70% required to be fixed as per the treasury policy.

Liquidity risk
The group manages financial risk by ensuring sufficient liquidity is available to meet foreseeable needs through financial planning and cash flow forecasting and invests cash assets safely and profitably. Operational liquidity must cover one month's forecast expenditure and capital funding liquidity must cover 24 months' net cash flow.

Counterparty risk
Group treasury policy requires investing and borrowing counterparties to reach a minimum standard based on credit reference rating agency ratings. Counterparty limits also operate at £15m for bank deposits or £30m for money market funds.

Refinancing risk
The group ensures that the maturity profile of borrowings is structured to ensure that refinancing or renewal terms are as competitive as possible, given prevailing market conditions. The treasury policy requires that no more than 25% will mature in the next year and no more than 50% of borrowings will mature in the next five years.

Golden rules
The board's financial risk appetite is linked to the strategic risks and managed through a set of golden rules which identify acceptable tolerance levels for nine financial measures:

	Golden rules	Golden rule	2023 achieved
1	Minimum cash equivalent	£23m	£51.3m
2	Liquidity balance	£89.8m	£190.8m
3	Liquidity	24 months	30 months
4	Intragroup on-lending	£25m	£19.7m
5	Interest cover (1)	165%	277%
6	Gearing (1)	40%	24%
7	Asset cover	200%	374%
8	Sales risk	15%	7%
9	Contractor exposure (2)	£54.4m	£96.9m

(1) Gearing and interest cover calculations for golden rules and loan covenant purposes differ from those used for the VfM metrics

(2) Thirteen Board agreed to an exception to the contractor exposure golden rule for one specific contractor to enable the delivery of two key development schemes

Results for 2022/23 demonstrate substantial headroom to the golden rules, except for contractor exposure, an agreed exception. These measures are routinely reported to the Finance Committee and board.

Consumer regulation and tenant safety

> Meaningful engagement with customers in high rise homes is ongoing through visits, surveys and telephone calls to establish views on the safety of buildings.

Over the last year, Thirteen has continued to involve customers in strategic decision making, developing and monitoring our approach and commitment to the Charter for Social Housing Residents and the requirements of the Building Regulator.

Due to the wider geographical spread of Thirteen properties, we have worked with existing involved customers to promote and encourage involvement with Thirteen. As well as direct involvement in their local area through digital meetings and processes, they can be involved in projects across the business.

Meaningful engagement with customers in high rise homes is ongoing through visits, surveys and telephone calls to establish views on the safety of buildings. Feedback shows that the information we provide is helpful, and most customers feel safe in their homes and know who to contact should the need arise.

During the past year, customers have been involved in developing service standards, with consultation events held to establish what is important to them and what they expect from Thirteen. The Customer Committee approved these standards. The committee will monitor our performance against the standards.

Customers have also been consulted on tenant satisfaction measures and collection methods in preparation for the new regulation of consumer standards.

Customers conducted an in-depth review of how Thirteen deals with reports and complaints of damp and mould during 2021/22. This year, they have revisited this project and considered the progress in implementing the recommendations to improve processes.

Customers have continued to assess our compliance with the regulator's consumer standards, reporting outcomes and recommendations to the Customer Committee, and have been involved in a range of service improvements through consultation and feedback, testing systems and processes, reviewing policy and scrutinising operational performance, reporting findings and recommendations to the board.

Tenant safety
Customer safety is paramount to the group. To complement our existing process of planned building safety inspections, maintenance programmes, production of high rise fire strategies and building safety case files, we are extending the digitalisation of compliance KPIs and performance, which will expand transparency in providing a 'live' compliance dashboard, offering accurate and up-to-date legislative adherence and contractor management information.

The dashboard is monitored and managed daily with summary data produced using the RAG format (allocation to 'red', 'amber' or 'green' to indicate the level of risk) to afford proactive early management in addressing emerging issues.

During 2022/23, we completed 361 fire risk assessments across 75 complex buildings, which resulted in 937 actions raised, of which 99.6% were completed within timescales. We commenced our domestic flat door inspection programme with 2,060 properties accessed. We have also recorded a 31.8% reduction in false fire alarms and an 85.7% reduction in actual fires since 2020.

With the recent passing of the Building Safety Act and to ensure we are building safety regulator 'ready', we are developing a building safety action plan. This includes completing customer engagement strategies for our high rise residents, with progress and updates to be presented to a building safety forum.

Going concern

The board has considered the impact of the delivery of the strategic priorities, development and investment plans, as well as the subsidiary business plans, as part of their assessment and approval of the latest group financial plan in July 2023.

This consideration included rigorous stress testing and multi-variant scenarios, deemed a key risk to lender covenant compliance. Lender compliance is maintained throughout the plan's life, demonstrating the financial plan's resilience and confirming the group's future viability. At year-end, the group held £51.3m cash balances and had £142.5m undrawn facilities with funders.

On this basis, the board has reasonable expectations that we have adequate financial resources to continue in operational existence for the foreseeable future, at least twelve months from the date of approving these financial statements, and the ability to manage its financial risks adequately. The group, therefore, continues to adopt the going concern basis in the financial statements.

As required as a registered housing provider, the financial plan has been shared with the Regulator of Social Housing.

Statement of board's responsibilities

The board is responsible for preparing the annual report and financial statements in accordance with applicable laws 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 Registered Social Landlord (RSL) and of the surplus or deficit for that period. In preparing these financial statements, the board is required to:

- Select suitable accounting policies and 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
- Prepare financial statements on the going concern basis unless it is inappropriate to presume that the RSL will continue in business.

The board is responsible for keeping proper accounting records that are sufficient to show and explain the RSL's transactions and disclose with reasonable accuracy at any time the financial position of the RSL and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and Regulations thereunder the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England 2022. It is also responsible for safeguarding the assets of the RSL and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for the maintenance and integrity of the society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor

KPMG LLP was appointed independent auditor for Thirteen Housing Group Limited on 2 March 2022.

This report was approved by the board of Thirteen Housing Group Limited on 20 September 2023 and signed by order of the board by:

Jane Earl
Chair of Thirteen Housing Group

Independent auditor's report to members of Thirteen Housing Group Limited

Opinion

We have audited the financial statements of Thirteen Housing Group Limited ("the association") for the year ended 31 March 2023, which comprise the group and association statements of comprehensive income, group and association statements of changes in reserves, group and association statements of financial position, group statement of cash flows and related notes, including the accounting policies in note 2.

In our opinion, the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of affairs of the group and the association as at 31 March 2023 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under and are independent of the group and the association in accordance with UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The association's board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease their operations, and as they have concluded that the group's and the association's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the board's conclusions, we considered the inherent risks to the group's business model and analysed how those risks might affect the group's and the association's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified and concur with the board's assessment that there is not a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group's and the association's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the association will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of the board, the Audit and Risk Committee, internal audit and inspection of policy documentation as to the group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud;
- reading board and Audit and Risk Committee minutes; and
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular, the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as pension assumptions and assumptions in relation to the net realisable value of stock. On this audit, we do not believe there is a fraud risk related to revenue recognition because of the limited scope of manual intervention either due to the fixed nature of the income streams or due to the timing of the revenue recognition.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation of the group-wide fraud risk management controls.

We also performed procedures including:

- identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual combinations of journal posting to pension liabilities, revenue, cash and borrowings, journals posted and approved by the same user and journal entries containing keywords; and
- assessing whether the judgements made in the accounting estimates are indicative of potential bias including assessing the assumptions used in the pension valuations and the value of housing stock held in current assets.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Independent auditor's report to members of Thirteen Housing Group Limited

The group is subject to laws and regulations that directly affect the financial statements, including financial reporting legislation (including related co-operative & community benefit society legislation), pensions legislation, specific disclosures required by housing legislation, and requirements imposed by the Regulator of Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the group is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from events and transactions in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatements. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other information

The Association's Board is responsible for the other information, which comprises the Strategic Report and the report of the Board of Directors. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014, we are required to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 73, the association's board is responsible for: the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Debra Chamberlain
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Princes Parade
Liverpool
L3 1QH

27 September 2023

Group and association statements of comprehensive income

For the year ended 31 March 2023

	Note	Group		Association	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Turnover	3	197,959	192,211	186,391	175,491
Cost of sales	3	(16,898)	(23,703)	(5,793)	(7,574)
Operating expenditure	3	(144,488)	(127,609)	(139,007)	(125,214)
Gain on disposal of fixed assets	6	3,196	3,767	3,196	3,767
Operating surplus	5	39,769	44,666	44,787	46,470
Impairment of goodwill	15	-	-	-	-
Impairment of loans receivable	20	-	-	(13,574)	(3,043)
Impairment of fixed assets	13	(185)	(133)	(185)	-
Change in valuation of investment properties	14	9	352	9	352
Interest receivable	7	695	25	1,580	810
Interest payable and similar charges	8	(15,846)	(16,041)	(15,886)	(16,036)
Reversal of Gift Aid			-	(342)	100
Surplus on ordinary activities before taxation		24,402	28,869	16,389	28,653
Tax on surplus on ordinary activities	11	-	-	-	-
Surplus for the year		24,402	28,869	16,389	28,653
Actuarial gain/(loss) in respect of pension schemes	29	66,506	35,515	66,445	35,383
Movement on deferred tax	11	52	(48)	-	-
Total comprehensive income for the year		90,960	64,336	83,834	64,036

The results relate wholly to continuing activities. The accompanying notes form part of these financial statements

The financial statements on pages 82 to 123 were approved and authorised for issue by the Board of directors on 20 September 2023 and signed on its behalf by:

Jane Earl
Chair

Matt Forrest
Group Chief Executive

Jane Castor
Secretary

Group and association statements of changes in reserves

For the year ended 31 March 2023

Group

	Income and Expenditure Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
As at 1 April 2021	360,265	438	272,080	632,783
Surplus for the year	28,869	-	-	28,869
Other comprehensive expense	35,467	-	-	35,467
Transfer with the revaluation reserve	9,286	-	(9,286)	-
Transfer with the restricted reserve	-	-	(1,296)	(1,296)
As at 31 March 2022	433,887	438	261,498	695,823
Surplus for the year	24,402	-	-	24,402
Other comprehensive expense	66,558	-	-	66,558
Transfer with the revaluation reserve	3,339	-	(3,339)	-
Reverse previous revaluation	-	-	(154)	(154)
As at 31 March 2023	528,186	438	258,005	786,629

Association

	Income and Expenditure Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
As at 1 April 2021	368,202	438	272,136	640,776
Surplus for the year	28,653	-	-	28,653
Other comprehensive expense	35,383	-	-	35,383
Transfer with the revaluation reserve	9,286	-	(9,286)	-
Transfer with the restricted reserve	-	-	(1,032)	(1,032)
As at 31 March 2022	441,524	438	261,818	703,780
Surplus for the year	16,389	-	-	16,389
Other comprehensive expense	66,445	-	-	66,445
Transfer with the revaluation reserve	3,339	-	(3,339)	-
Reverse previous revaluation	-	-	(154)	(154)
As at 31 March 2023	528,697	438	258,325	786,460

The revaluation reserve relates entirely to the revaluation of housing properties. Restricted reserves are made up of unexpended grants and donations to be applied for specific purposes.

The accompanying notes form part of these financial statements.

Group and association statements of financial position

As at 31 March 2023

	Note	Group		Association	
		2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Fixed assets					
Tangible fixed assets	12,13	1,261,872	1,201,053	1,261,825	1,200,985
Investment properties	14	8,931	8,922	8,931	8,922
Intangible assets and goodwill	15	45	59	-	-
Homebuy loans receivable	16	800	874	800	874
Financial assets	17	-	1	-	-
Investments in subsidiaries	18	-	-	50	50
Total fixed assets		1,271,648	1,210,909	1,271,606	1,210,831
Current assets					
Stock	19	4,735	8,863	4,155	1,243
Trade and other debtors	20	21,809	21,417	21,725	34,290
Cash and cash equivalents	21	51,339	86,592	50,626	84,832
		77,883	116,872	76,506	120,365
Creditors: amounts falling due within one year	22	(91,116)	(85,673)	(89,866)	(81,274)
Net current liabilities)/assets		(13,233)	31,199	(13,360)	39,091
Total assets less current liabilities		1,258,415	1,242,108	1,258,246	1,249,922
Creditors: amounts falling due after more than one year	23	(471,786)	(478,048)	(471,786)	(477,986
Provisions for liabilities					
Defined benefit pension liability	28	-	(68,237)	-	(68,156)
Total net assets		786,629	695,823	786,460	703,780
Reserves					
Income and expenditure reserve		528,186	433,887	527,697	441,524
Revaluation reserve		258,005	261,498	258,325	261,818
Restricted reserve		438	438	438	438
Total Reserves		786,629	695,823	786,460	703,780

The accompanying notes form part of these financial statements.

The financial statements on pages 82 to 123 were approved and authorised for issue by the Board of directors on 20 September 2023 and signed on its behalf by:

Jane Earl
Chair

Matt Forrest
Group Chief Executive

Jane Castor
Secretary

Group statement of cash flows

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash generated from operating activities	31	79,987	72,543
Cash flow from investing activities			
Purchase of tangible fixed assets		(111,854)	(128,598)
Proceeds from sale of tangible fixed assets		8,543	24,289
Loans repaid by home owners	16	74	34
Grants received		7,591	34,199
Interest received	7	695	25
		(94,951)	(70,051)
Cash flow from financing activities			
Interest paid		(13,974)	(16,297)
New secured loans		-	-
Repayments of borrowings		(6,315)	(11,250)
		(20,289)	(27,547)
Net change in cash and cash equivalents		(35,253)	(25,055)
Cash and cash equivalents at beginning of the year		86,592	111,647
Cash and cash equivalents at end of the year		51,339	86,592

The accompanying notes form part of these financial statements.

Notes to the financial statements

1. Statement of compliance

Thirteen Housing Group Limited is a housing association. It is registered as a community benefit society under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing.

2. Accounting policies

Basis of preparation

The financial statements of the group and company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including FRS 102, the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) and the Housing SORP 2018: statement of recommended practice for registered social housing providers ("SORP"), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The association is a public benefit entity, as defined by FRS 102.

The financial statements are presented in thousands sterling (£'000) to the nearest thousand, except where stated otherwise.

The following the exemptions have been applied to the individual accounts:

- Presentation of a statement of cash flows and related notes; and
- Presentation of financial instruments disclosures.

The following companies have taken the advantage of the exemption from audit under Section 479A of the Companies Act 2006. Accordingly, as the ultimate parent undertaking, Thirteen Housing Group has consented to the exemption and in accordance with Section 479C of the Companies Act 2006, has guaranteed all outstanding liabilities of the following companies as at 31 March 2023 until they are satisfied in full:

Company	Company Number
Thirteen Property Development Limited	5577930
Thirteen Commercial Services Limited	4448871

Measurement convention

The financial statements are prepared on the historical cost basis, except for investment properties which are held at fair value through the income and expenditure and financial instruments that must be held at fair value through the income and expenditure.

Going concern

The financial statements have been prepared on a going concern basis as the board have a reasonable expectation that the group has resources to continue to meet its financial obligations for 12 months from the date of approval of the financial statements. This expectation is informed by the approved annual budget, the 30-year business plan, and the Treasury Policy.

The 30-year business plan is subject to rigorous stress testing that includes, but is not limited to, combinations of adverse cost inflation, interest rate increases, increases in void loss and arrears and contractor failure. Specific consideration has been given to whether the group can meet its financial obligations and comply with its loan covenants under numerous credible scenarios including:

- Inflation is higher than at any point in the last 40 years, affecting subcontractor and material purchases, and the recoverability of customer arrears.
- Triennial valuations on the defined benefit pension schemes
- Changes to the decarbonisation timeline

Committed and forecast expenditure over the next 12 months can be met from the group's available cash and existing, undrawn facilities which exceeds £142.5m.

Basis of consolidation

The financial statements consolidate the financial statements of Thirteen Housing Group and its subsidiaries. Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Intra-group transactions, balances and unrealised surpluses on transactions between group entities are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements of the parent association. A list of subsidiaries is provided in note 18.

Significant judgements and estimates

The following are the significant management judgements and estimates that have been made when applying the accounting policies of the group and association.

Investment property classifications and valuation
Management have assessed that all properties, except those let at market rent, are held primarily for their social benefit and as such have been classified as property, plant and equipment. Market rent properties are classified as investment properties and are held at fair value. Investment properties are valued by a qualified, external valuers at least every three years.

Impairment assessment
Indicators of impairment are considered annually for cash-generating units and the recoverable amount assessed if an indicator exists.

Management must apply judgement in determining the level of cash-generating units and consider size, tenure and geographical location when doing so. Management must estimate the recoverable amount for cash-generating units with indicators of impairment and apply the principles of the SORP, using the depreciated replacement cost method for estimating value in use for properties held for social benefit.

Property components and lives
Management consider the assigned lives of assets and individual components annually. The useful lives were determined from historic asset replacement profiles and by benchmarking against similar organisations. The useful lives assigned are disclosed in note 12.

Financial instrument classifications
Management have chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments as permitted by FRS 102. The standard requires management to apply judgement when classifying financial instruments.

Recoverability of housing properties for sale
Properties for sale are stated at the lower of cost and estimated selling price less costs to sell, this estimate being based on current market values.

Recoverability of rental arrears
The recoverability of each customer's rent arrears is estimated based on their payment history over the preceding year.

Valuation of construction contracts
Gus Robinson Developments Limited is a subsidiary of the group and up to 31 March 2023 delivered construction contracts over more than one year. Turnover on these contracts is recognised based on the stage of completion of the contract which is determined by taking the value of costs completed as a proportion of the total costs. All contracts are now complete on site therefore all turnover due has been recognised by 31 March 2023. Estimation uncertainty arises on the final, total costs of the contract, however, these are estimated by quantity surveyors with significant experience in delivering such contracts.

Defined benefit pension scheme obligations
The pension liability and service cost recognised within the financial statements is based on a number of underlying assumptions. These include inflation, mortality rates, salary changes, interest and investment rates and discount factors. Management utilise pension actuarial experts to help determine the appropriate assumptions and calculations to apply. The key assumptions are presented in note 29.

Notes to the financial statements

Turnover

Turnover comprises rent and service charge income (net of void losses), proceeds from the sale of first tranche sales of low-cost home ownership and properties built for outright sale, grants and contract income and income from the sale of goods and rendering of services, which includes construction contracts. Turnover also includes amortisation of deferred Social Housing Grant ("SHG") which is recognised in the income and expenditure account under the accrual model.

Rent and service charge income (net of void losses) is recognised from the date the property is first let. Income is raised weekly in advance in the housing management system and so adjustment is made in the financial statements to recognise only income related to the financial year.

Grants and contract income is recognised when it is entitled to be received under the terms of the contract. Where contracts include an element that is subject to certain conditions being satisfied (eg "payment by results") this element is recognised once it has been verified that those conditions have been met.

Income from the sale of properties is recognised at the point of legal completion of the sale.

Income from the sale of other goods and rendering of services is recognised in the period in which the services are provided and, in the case of construction contracts, in accordance with the stage of completion of the contract.

Long term contracts

Gus Robinson Developments delivers construction contracts that may be delivered over more than one year. At each reporting date, the percentage stage of completion is determined for each contract by reference to the costs incurred to date as a proportion of the total expected cost. Turnover is accrued or deferred according to the to the stage of completion such that a consistent margin is recognised over the term of the contract when the following conditions are satisfied:

- The amount of revenue can be measured reliably
- It is probable that the consideration will be received
- The stage of completion of the contract at the end of the reporting period can be measured reliably
- The costs incurred and the costs to complete the contract can be measured reliably.

Turnover from contract variations is only recognised once the variation has been accepted by the customer. Provision is made for onerous contracts once they are identified.

Value added tax ("VAT")

The majority of the group's supplies are exempt from VAT. Input VAT is recovered where a taxable supply is made, and output VAT is charged. Non-recoverable input VAT in relation to non-taxable supplies is expensed to the Statement of Comprehensive Income.

Thirteen has a partial exemption arrangement and has entered VAT shelter arrangements with local authorities to recover VAT on improvement works to certain properties. The VAT recovered through these arrangements is credited to operating costs.

Interests in joint ventures

The association has contractual agreements with other participants to engage in joint activities that do not create an entity carrying on trade or business of its own. The association accounts for its own share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of the arrangement.

Reserves

The group establishes restricted reserves for funds that are subject to external restrictions and must be applied for specific purposes. The reserve comprises unexpended grants.

The revaluation reserve comprises the difference between the deemed cost of housing properties and the carrying value on transition to FRS 102. The difference in depreciation on the deemed cost and historic cost is credited to the revenue reserve annually.

Further accounting policies are presented with the relevant note.

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

Group - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2023 Operating surplus/ (deficit) £'000
Social housing lettings	168,656	-	(126,771)	-	41,885
Other social housing activities					
First tranche low-cost home ownership sales	7,786	(5,793)	-	-	1,993
Supporting people contract income	1,166	-	(1,243)	-	(77)
Charges for support services	760	-	(810)	-	(50)
Revenue grants from local authorities and other agencies	4,081	-	(4,349)	-	(268)
Development costs not capitalised	-	-	(750)	-	(750)
Community / neighbourhood services	-	-	(2,086)	-	(2,086)
Management services	365	-	(129)	-	236
Other	506	-	(252)	-	254
	14,664	(5,793)	(9,619)	-	(748)
Activities other than social housing					
Properties developed for outright sale	6,462	(6,292)	-	-	170
Commercial building and construction	4,190	(4,813)	-	-	(623)
Student accommodation	468	-	(419)	-	49
Market rent	153	-	(69)	-	84
Commercial units	672	-	(575)	-	96
Garages	736	-	(343)	-	393
Management services	606	-	(614)	-	(8)
Other	1,352	-	(1,958)	-	(606)
Impairment of work in progress	-	-	(4,120)	-	(4,120)
Right to Buy, Right to Acquire and staircasing sales	-	-	-	3,196	3,196
	14,639	(11,105)	(8,098)	3,196	(1,368)
Total	197,959	(16,898)	(144,488)	3,196	39,769

Notes to the financial statements

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus (continued)

Group - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2022 Operating surplus/ (deficit) £'000
Social housing lettings	157,897	-	(113,413)	-	44,484
Other social housing activities					
First tranche low-cost home ownership sales	4,294	(3,701)	-	-	593
Supporting people contract income	1,074	-	(1,213)	-	(139)
Charges for support services	714	-	(807)	-	(93)
Revenue grants from local authorities and other agencies	2,778	-	(3,134)	-	(356)
Development costs not capitalised	-	-	(401)	-	(401)
Community / neighbourhood services	179	-	(4,857)	-	(4,678)
Management services	332	-	(135)	-	197
Other	195	-	(73)	-	122
	9,566	(3,701)	(10,620)	-	(4,755)
Activities other than social housing					
Properties developed for outright sale	9,469	(7,694)	-	-	1,775
Commercial building and construction	11,728	(12,308)	(1,420)	-	(2,000)
Student accommodation	466	-	(369)	-	97
Market rent	168	-	(101)	-	67
Commercial units	655	-	(503)	-	152
Garages	754	-	(347)	-	407
Management services	417	-	(329)	-	88
Other	1,091	-	(507)	-	584
Right to Buy, Right to Acquire and staircasing sales	-	-	-	3,767	3,767
	24,748	(20,002)	(3,576)	3,767	4,937
Total	192,211	(23,703)	(127,609)	3,767	44,666

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus (continued)

Association - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2023 Operating surplus/ (deficit) £'000
Social housing lettings	168,656	-	(126,738)	-	41,918
Other social housing activities					
First tranche low-cost home ownership sales	7,786	(5,793)	-	-	1,993
Supporting people contract income	1,166	-	(1,250)	-	(84)
Charges for support services	760	-	(814)	-	(54)
Revenue grants from local authorities and other agencies	4,081	-	(4,372)	-	(291)
Development costs not capitalised	-	-	(284)	-	(284)
Community / neighbourhood services	-	-	(2,086)	-	(2,086)
Management services	365	-	(129)	-	236
Other	506	-	(252)	-	254
	14,664	(5,793)	(9,187)	-	(316)
Activities other than social housing					
Market rent	153	-	(87)	-	66
Commercial units	672	-	(643)	-	29
Garages	736	-	(343)	-	393
Management services	369	-	(411)	-	(42)
Other	1,141	-	(1,598)	-	(457)
Right to Buy, Right to Acquire and staircasing sales	-	-	-	3,196	3,196
	3,071	-	(3,082)	3,196	3,185
Total	186,391	(5,793)	(139,007)	3,196	44,787

Notes to the financial statements

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus (continued)

Association - continuing activities

	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Gain on disposal of assets £'000	2022 Operating surplus/ (deficit) £'000
Social housing lettings	157,888	-	(113,409)	-	44,479
Other social housing activities					
First tranche low-cost home ownership sales	4,294	(3,701)	-	-	593
Supporting people contract income	1,074	-	(1,213)	-	(139)
Charges for support services	714	-	(807)	-	(93)
Revenue grants from local authorities and other agencies	2,778	-	(3,134)	-	(356)
Development costs not capitalised	-	-	(401)	-	(401)
Community / neighbourhood services	179	-	(4,857)	-	(4,678)
Management services	332	-	(135)	-	197
Other	195	-	(73)	-	122
	9,566	(3,701)	(10,620)	-	(4,755)
Activities other than social housing					
Properties developed for outright sale	5,140	(3,873)	-	-	1,267
Market rent	168	-	(101)	-	67
Commercial units	655	-	(503)	-	152
Garages	754	-	(347)	-	407
Management services	424	-	(418)	-	6
Other	896	-	184	-	1,080
Right to Buy, Right to Acquire and staircasing sales	-	-	-	3,767	3,767
	8,037	(3,873)	(1,185)	3,767	6,746
Total	175,491	(7,574)	(125,214)	3,767	46,470

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

Group	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2023 Total £'000	2022 Total £'000
Rent receivable net of identifiable service charges	141,105	14,655	3,373	159,133	148,607
Service charge income	3,587	3,954	391	7,932	7,669
Amortised government grants	979	237	101	1,317	1,249
Government grants taken to income	240	25	9	274	372
Turnover from social housing lettings	145,911	18,871	3,874	168,656	157,897
Management	(22,173)	(4,067)	(891)	(27,131)	(25,027)
Service charge costs	(9,017)	(4,781)	(216)	(14,014)	(13,701)
Routine maintenance	(33,750)	(3,718)	(494)	(37,962)	(34,011)
Planned maintenance	(5,524)	(794)	(86)	(6,404)	(5,616)
Major repairs expenditure	(10,685)	(2,080)	(12)	(12,777)	(9,043)
Bad debts	(241)	82	37	(122)	(2,823)
Depreciation of housing properties	(24,633)	(2,366)	(899)	(27,898)	(22,883)
Impairment of housing properties	(131)	(332)	-	(463)	(309)
Operating expenditure on social housing lettings	(106,154)	(18,056)	(2,561)	(126,771)	(113,413)
Operating surplus on social housing lettings	39,757	815	1,313	41,885	44,484
Void losses	(2,438)	(702)	(119)	(3,259)	(3,110)

Notes to the financial statements

3. Particulars of turnover, cost of sales, operating expenditure and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

Association	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2023 Total £'000	2022 Total £'000
Rent receivable net of identifiable service charges	141,105	14,655	3,373	159,133	148,598
Service charge income	3,587	3,954	391	7,932	7,669
Amortised government grants	979	237	101	1,317	1,249
Government grants taken to income	240	25	9	274	372
Turnover from social housing lettings	145,911	18,871	3,874	168,656	157,888
Management	(22,148)	(4,065)	(890)	(27,103)	(25,023)
Service charge costs	(9,017)	(4,781)	(216)	(14,014)	(13,701)
Routine maintenance	(33,745)	(3,718)	(494)	(37,957)	(34,011)
Planned maintenance	(5,524)	(794)	(86)	(6,404)	(5,616)
Major repairs expenditure	(10,685)	(2,080)	(12)	(12,777)	(9,043)
Bad debts	(241)	82	37	(122)	(2,823)
Depreciation of housing properties	(24,633)	(2,366)	(899)	(27,898)	(22,883)
Impairment of housing properties	(131)	(332)	-	(463)	(309)
Operating expenditure on social housing lettings	(106,124)	(18,054)	(2,560)	(126,738)	(113,409)
Operating surplus on social housing lettings	39,787	817	1,314	41,918	44,479
Void losses	(2,438)	(702)	(119)	(3,259)	(3,110)

4. Accommodation in management and development

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

Group and association	2023 Number of properties	2022 Number of properties
Social housing		
General housing		
- social rent	25,774	25,866
- affordable rent	4,514	4,207
Supported housing and housing for older people		
- social rent	2,629	2,616
- affordable rent	472	470
Low-cost home ownership	1,190	1,129
Total owned	34,579	34,288
General housing managed for others	69	84
Supported housing managed for others	30	30
Leasehold properties	726	716
Total owned and managed	35,404	35,118
Non-social housing		
Market rented	79	84
Student accommodation	100	125
Leasehold properties	90	87
Total owned and managed	35,673	35,414
Accommodation in development at the year end	1,277	516

The group built and acquired 435 units in the year for rent and low-cost home ownership. After a reduction in stock through sales and demolition, social housing units owned increased by 291 to 34,579.

Notes to the financial statements

5. Operating surplus

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
This is arrived after charging:				
Depreciation of social housing properties	26,816	22,248	26,816	22,248
Impairment of housing properties	463	309	463	309
Depreciation of other tangible fixed assets	6,983	5,228	6,963	5,180
Impairment of other tangible fixed assets and loans receivable	185	133	13,759	3,043
Impairment of current assets	4,120	-	-	-
Operating lease rentals				
- Land and buildings	93	457	389	457
- Office equipment and computers	1,567	109	93	60
- Motor vehicles	-	1,772	1,567	1,772
Auditors' remuneration (excluding VAT)				
- For audit services	266	220	266	220

Auditors' remuneration includes fees for all audited entities within Thirteen Housing Group.

6. Gain on disposal of fixed assets

Group and association	Proceeds £'000	Costs of sales £'000	2023 Total £'000	2022 Total £'000
Right to Buy	2,539	(1,957)	582	649
Right to Acquire	3,521	(1,376)	2,145	2,368
Low cost home ownership staircasing	2,134	(1,711)	423	253
Other	340	(303)	37	7
Gain on disposal of housing property assets	8,534	(5,347)	3,187	3,277
Gain/(loss) on disposal of other fixed assets	7	2	9	490
Surplus	8,541	(5,345)	3,196	3,767

7. Interest receivable

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Interest receivable from current accounts	30	25	30	25
Interest receivable from investments	665	-	648	-
Loan interest receivable	-	-	902	785
	695	25	1,580	810

8. Interest payable and similar charges

Borrowing costs

Interest on borrowings is capitalised to housing properties during the period of construction, either on borrowings specifically taken to finance development, or on an average cost of borrowings based on net borrowings applied to the net development cost after deducting Social Housing Grant receivable.

The average interest rate used was 4.2% (2022: 4.1%).

Pension scheme finance costs represents the return on assets, less interest cost on defined benefit obligations. Further details are provided in note 29.

Interest payable and similar charges

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Interest payable on loans and overdrafts	14,971	14,971	14,971	14,971
Amortisation of borrowing costs	168	114	168	114
Interest payable charged to other activities	42	(2)	42	(2)
	15,181	15,083	15,181	15,083
Less: Interest capitalised on housing properties under construction	(1,040)	(1,149)	(1,040)	(1,149)
	14,141	13,934	14,141	13,934
Pension scheme finance costs	1,745	2,107	1,745	2,102
	15,886	16,041	15,886	16,036

Notes to the financial statements

9. Employees

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

	Group		Association	
	2023 Number	2022 Number	2023 Number	2022 Number
Administration	256	281	253	245
Regeneration and development	74	52	65	52
Housing, support and care	1,118	1,081	1,118	1,081
	1,448	1,414	1,436	1,378

Employee costs:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	51,281	46,858	50,599	45,305
Social security costs	5,436	4,449	5,371	4,294
Other pension costs	5,275	4,467	5,263	4,421
	61,992	55,774	61,233	54,020
Restructuring costs	189	269	189	269
	62,181	56,043	61,422	54,289

Other pension costs exclude current service costs and credits accounted for under section 28 of FRS 102. For the financial year, the cash contributions exceeded the current service cost by £2.4m, resulting in a credit to expenditure (for the year ended 31 March 2022, the current service costs exceeded the cash contributions, resulting in a charge of £4.3m to expenditure).

Payments to the Social Housing Pension Scheme (SHPS) to fund past deficits were also excluded from other pension costs. These payments amounted to £0.4m for the financial year (2022: £0.9m) for the group and association. The SHPS was closed in June 2022.

The full-time equivalent number of staff who received remuneration over £60,000, including basic pay and pension contributions:

	Group		Association	
	2023 Number	2022 Number	2023 Number	2022 Number
£60,000 to £70,000	50	21	48	19
£70,001 to £80,000	17	18	17	18
£80,001 to £90,000	13	4	12	4
£90,001 to £100,000	5	9	5	8
£100,001 to £110,000	4	7	3	6
£110,001 to £120,000	4	4	4	3
£120,001 to £130,000	2	-	2	-
£130,001 to £140,000	2	-	2	-
£140,001 to £150,000	-	-	-	-
£150,001 to £160,000	1	2	1	2
£160,001 to £170,000	2	3	2	3
£170,001 to £180,000	2	-	2	-
£180,001 to £190,000	1	-	1	-
£250,001 to £260,000	-	1	-	1

10. Key management personnel

Key management personnel are defined as the Chief Executive and the executive directors:

	2023 £'000	2022 £'000
Aggregate amount payable to directors (including benefits in kind)	1,049	1,169
Pension contributions	165	153
	1,214	1,322

The term of the outgoing Chief Executive ended 31 July 2022 and incoming Chief Executive commenced his term on 5 December 2022, with the Deputy Chief Executive acting as interim Chief Executive 1 August 2022 to 4 December 2022.

The Deputy Chief Executive was the highest paid director during the reporting period (2022: Chief Executive). The remuneration of the Deputy Chief Executive, excluding pension contributions, was £159,612 (2022: Chief Executive remuneration, £215,000).

During the year, the incoming Chief Executive, was an ordinary member of the defined contribution pension scheme. The group did not make any further contribution to an individual pension arrangement for the Chief Executive.

Non-executive directors

Emoluments paid to non-executive directors of the group amounted to £177,571 (2022: £165,367), and reimbursement for expenses amounted to £nil (2022: £1,091). An analysis of these payments is shown below (difference on basic salary total due to rounding):

	2023 £'000	2022 £'000		2023 £'000	2022 £'000
Andrew Wilson	12	8	Keith Hurst	-	1
Annette Clark	13	12	Laura Mack	7	6
Anthony Riley	14	16	Mark Simpson	8	12
Behzad Parniani	1	1	Nadeem Ahmed	-	4
Caroline Anne Moore	3	6	Neil Pattison	6	6
Catherine Harte	3	4	Nicholas Taylor	6	6
Catherine Wilburn	11	8	Richard Buckley	8	8
Christine Storrs	-	-	Robert Cuffe	8	8
Christopher Newton	8	8	Robert Goward	12	3
Claire Bell	1	1	Russell Jameson	1	-
Clare Brayson	-	-	Ryan Davis	1	-
David Swann	-	8	Salma Yasmeen	9	3
Dawn Keogh	1	-	Stephanie Taylor	2	1
George Garlick	-	20	Steve Nelson	-	-
Gogu Vishnu Reddy	7	6	Winsome Small	6	1
Gustavo Imhof	3	1	Ya Adam Sarr	1	-
Jane Earl	22	2	Zoe Lewis	-	1
Kate Ball	2	3	Expenses less than £500	-	1
Kayleigh Fuller	1	1		75	61
	102	105	**Total**	**177**	**166**

Notes to the financial statements

11. Tax on surplus on ordinary activities

Current tax	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
UK corporation tax on surplus for the year	-	-	-	-
Total current tax charge	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Changes in tax rates	-	-	-	-
Total deferred tax credit	-	-	-	-
Total charge/(credit) for the year	-	-	-	-
Deferred tax (credited)/charged to other comprehensive income	(52)	48	-	-
	(52)	48	-	-

Factors affecting tax charge for the current year

The tax charge for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Surplus on ordinary activities before tax	24,402	28,869	16,389	28,653
Theoretical tax at UK corporation tax rate of 19% (2021: 19%)	4,636	5,485	3,114	5,444
Effects of:				
Charitable activities not taxable	(3,535)	(6,281)	(3,114)	(5,743)
Expenses not deductible for tax purposes	-	606	-	578
Effects of group relief	-	-	-	(279)
Deferred tax not provided	(1,101)	126	-	-
Unrecognised Losses	-	128	-	-
Qualifying charitable donations	-	(64)	-	-
Total charge/(credit) for the year	-	-	-	-
Corporation Tax Liability	-	-	-	-

11. Tax on surplus on ordinary activities (continued)

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Deferred tax liability/(asset)				
Short term timing differences	-	52	-	-
Deferred tax:				
1 April 2021	52	4	-	-
Charge/(Credit) to the income statement	(52)	-	-	-
Charge/(Credit) to other comprehensive income	-	48	-	-
31 March 2022	-	52	-	-

The Finance Bill 2021 increased the main rate of corporation tax from 19% to 25% with effect from 1 April 2023 with profits between £50,000 and £250,000 subject to a marginal relief to provide a gradual increase in the effective corporation tax rate. There is an unrecognised deferred tax asset of £1,101,531 (2022: £1,847,366) which is measured at 19% (2022: 19%).

12. Tangible fixed assets – housing properties

Housing properties

Housing properties are classified as property, plant and equipment where they are held for social benefit. Housing properties are principally properties available for rent and properties subject to shared ownership leases.

As a result of the group restructure that took place on 1 July 2017, housing properties, as with all assets and liabilities, were transferred to Thirteen Housing Group Limited at their carrying value and are subsequently held at deemed cost, rather than being adjusted to fair value in accordance with section 19.29 of FRS 102.

Land is initially recognised at cost and considered annually for any indicators of impairment. The group holds no speculative land with a carrying value.

The association measures additions to existing properties, and properties under construction, at cost. Costs include the direct costs of acquisition including fees, development staff costs, development period interest, and expenditure incurred on improvements.

Expenditure on improvements that enhance the economic benefits of an asset by increasing its rental stream, reducing future maintenance costs, or significantly extending its useful economic life; or expenditure on improvements that restore or replace a component that has been treated separately for depreciation purposes, is capitalised.

Shared ownership and other shared equity schemes

The cost of unsold shared ownership properties, including those under construction, are split proportionally between current and fixed assets according to the expected percentage of the first tranche sale. The cost of the expected first tranche is included in current assets in stock with the remainder being included in fixed assets. The remainder is reclassified to fixed assets if a first tranche sale is lower than expected.

12. Tangible fixed assets – housing properties (continued)

Depreciation of housing properties

Freehold land and assets under construction are not depreciated. Depreciation of buildings is provided on the cost so as to write down the net book value of housing properties to their estimated residual value. Depreciation is calculated on a straight-line basis over the useful economic life. Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Major components are treated as separable assets and depreciated over their expected useful economic lives, or the lives of the structure to which they relate if shorter. The lives for components in year are as follows:

Component	Years	Component	Years
Land	Not depreciated	Electrical	30-50
Structure	25-125	Heating	30
Structural works	25-125	Boiler only	15
Short Leasehold	Over life of lease	Compliance & Security	12
Roofs	50	Aids & Adaptations	15
Kitchens	20	Environmental works	15
Bathrooms	30	Air Source Heat Pumps	20
Windows	30	Solar/PV Panels	25
Doors	30		

Impairment

Indicators of impairment are considered annually for cash-generating units and the recoverable amount assessed if an indicator exists. Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of fair value less costs to sell and the value in use. Management use the depreciated replacement cost method for estimating value in use for properties held for social benefit. Any such write down is charged to the Statement of Comprehensive Income unless it is a reversal of a past revaluation surplus.

Management must apply judgement in determining the level of cash-generating units and consider size, tenure and geographical location when doing so.

Key indicators included in the management's review include materially higher development costs not identified during planning, changes in governmental policy, demand for properties, the market value of properties, and obsolescence of properties.

Individually insignificant impairments have been recognised on multiple properties, principally where properties are being held vacant and are being marketed for sale. The aggregate impairment is £0.5m (2022: £0.5m relating to Lime Crescent).

Borrowing costs

Interest on borrowings is capitalised to housing properties during the period of construction, either on borrowings specifically taken to finance development, or an average cost of borrowings based on net borrowings applied to the net development cost after deducting Social Housing Grant receivable. The average interest rate used was 4.2% (2022: 4.1%).

The cumulative amount of interest capitalised to the reporting date is £14.9m (2022: £13.9m).

12. Tangible fixed assets – housing properties (continued)

Group and association	Social housing properties hold for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Shared ownership properties under construction £'000	Total housing properties £'000
Historical or deemed cost					
At 1 April 2022	1,169,618	65,455	90,689	5,106	1,330,868
Development of new properties	-	38,419	-	25,883	64,302
Newly built properties acquired	-	5,340	-	5,575	10,915
Works to existing properties	-	22,045	-	-	22,045
Interest capitalised	-	694	-	303	997
Schemes completed	63,241	(63,241)	15,766	(15,766)	-
Disposals	(8,036)	-	(2,074)	-	(10,110)
Transfer between classes	15,231	-	(15,231)	-	-
Transfer to current assets	-	-	-	(7,576)	(7,576)
Correction to classes	50,415	-	(8,850)	-	(41,565)
At 31 March 2023	1,290,469	68,712	80,300	13,525	1,453,006
Accumulated depreciation and impairment					
At 1 April 2022	162,186	3,795	7,220	169	173,370
Depreciation charged in year	26,068	-	747	-	26,815
Impairment charged in year	463	-	-	-	463
Depreciation released on disposal	(3,413)	-	(137)	-	(3,550)
Impairment released on disposal	(332)	-	-	-	(332)
Transfer between classes	2,825	-	(2,825)	-	-
Correction to classes	42,023	-	(458)	-	(41,565)
At 31 March 2023	229,820	3,795	4,547	169	238,331
Net book value					
At 31 March 2023	**1,060,649**	**64,917**	**75,753**	**13,356**	**1,214,675**
At 31 March 2022	1,007,432	61,660	83,469	4,937	1,157,498

During the year, management undertook a review of the housing properties register and identified historic differences of £41.6m in the presentation of cost and accumulated depreciation of housing properties fixed assets. Further differences concerning the classification of housing properties as held for letting and shared ownership housing have also been identified, amounting to £15.2m. The board considers that the impact on the prior period financial statements resulting from these differences is not material, therefore, the adjustments have been made in the current period.

Notes to the financial statements

12. Tangible fixed assets – housing properties (continued)

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Total accumulated Social Housing Grant receivable at 31 March was:				
Held as deferred income	200,878	216,687	200,878	216,687
Recognised in the Statement of Comprehensive Income	79,453	77,948	79,453	77,948
	280,331	294,635	280,331	294,635
Housing properties book value, net of depreciation				
Freehold	1,200,282	1,142,682	1,200,282	1,142,682
Long leasehold	13,919	13,919	13,919	13,919
Short leasehold	901	897	901	897
	1,215,102	1,157,498	1,215,102	1,157,498
Expenditure on works to existing properties				
Improvement works capitalised	22,045	16,507	22,045	16,507
Components capitalised to other fixed assets	9,100	8,360	9,100	8,360
Amounts charged to expenditure	12,777	9,043	12,777	9,043
	43,922	33,910	43,922	33,910

13. Tangible fixed assets – other

Other tangible fixed assets

Other fixed assets are measured at cost. Only costs that can be directly attributed to acquiring the asset and bringing it into use are capitalised. Other fixed assets are depreciated over their useful economic lives on a straight-line basis to their residual value. Freehold land is not depreciated.

The principal useful economic lives used for the depreciation of other fixed assets are:

Component	Years	Component	Years
Freehold buildings	25-125	Motor vehicles	5
Leasehold property	Life of lease	Other plant and equipment	10
Furniture and fittings	5	Market rented equipment	10
Computers	5	Service chargeable fittings	3-35

Impairment

The impairment (£0.3m) relates to office buildings and office equipment (2022: £0.1m).

13. Tangible fixed assets – other (continued)

Group	Freehold land and buildings £'000	Furniture fittings and ICT / office equipment £'000	Other plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2022	22,437	35,966	2,734	63	61,200
Additions	342	10,456	54	-	10,852
Disposals	(212)	(1,032)	(251)	-	(1,495)
Correction to classes	(230)	(7,219)	(828)	(25)	(8,301)
Transfers - reclassification	(4,316)	6,288	(1,243)	-	729
At 31 March 2023	18,021	44,459	466	39	62,985
Accumulated depreciation					
At 1 April 2022	2,169	14,226	1,195	55	17,645
Charged in year	615	6,185	177	6	6,983
Impairment adjustment	87	184	-	-	271
Revaluation	-	-	-	-	-
Released on disposal	(29)	(531)	(251)	-	(811)
Correction to classes	(230)	(7,219)	(828)	(25)	(8,301)
At 31 March 2023	2,612	12,846	293	36	15,787
Net book value					
At 31 March 2023	**15,409**	**31,613**	**174**	**2**	**47,198**
At 31 March 2022	20,268	21,739	1,540	8	43,555

13. Tangible fixed assets – other (continued)

Association	Freehold land and buildings £'000	Furniture fittings and ICT / office equipment £'000	Other plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2022	22,437	35,811	2,483	24	60,755
Additions	342	10,456	54	-	10,852
Disposals	(212)	(951)	-	-	(1,163)
Correction to classes	(230)	(7,219)	(828)	(24)	(8,301)
Transfers - classification	(4,316)	6,288	(1,243)	-	729
At 31 March 2023	18,021	44,385	466	-	62,872
Accumulated depreciation					
At 1 April 2022	2,169	14,128	947	24	17,268
Charged in year	615	6,171	177	-	6,963
Impairment adjustment	87	184	-	-	271
Correction to classes	(230)	(7,219)	(828)	(24)	(8,301)
Released on disposal	(29)	(450)	-		(479)
At 31 March 2023	2,612	12,814	296	-	15,722
Net book value					
At 31 March 2023	**15,409**	**31,572**	**170**	**-**	**47,150**
At 31 March 2022	20,268	21,683	1,536	-	43,487

During the year, management undertook a review of the fixed asset register and identified historic differences of £8.3m in the presentation of cost and accumulated depreciation. The board considers that the impact on the prior period financial statements resulting from these differences is not material, therefore, the adjustments have been made in the current period.

14. Investment properties

Investment property

Investment property consists of properties not held for social benefit and office accommodation that is leased commercially. Investment property is carried at fair value which is considered to be its open market value. Changes in fair value are recognised in income and expenditure.

External valuation of all investment properties held by the association was carried out at 31 March 2023 by Align Property Partners Limited. Valuations are completed in accordance with the RICS Valuation Standards 2014 ('The Red Book'). The valuations were undertaken on the basis of market value as individual units with the assumption of vacant possession or that the tenant who is in occupation occupies under an assured shorthold tenancy, is not a protected tenant and vacant possession can be secured if required.

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April	8,922	8,570	8,922	8,570
Gain/(loss) from adjustment in fair value	9	352	9	352
At 31 March	8,931	8,922	8,931	8,922

15. Intangible assets and goodwill

Amortisation

Amortisation is charged on a straight-line basis over the useful economic life of intangible assets, less the estimated residual value. The principle useful economic lives are:

Component	Years	Component	Years
Property designs	5	Software	3

The property designs and software assets have been developed by Thirteen Homes.

Goodwill

Management is required to determine the finite useful life over which goodwill is to be amortised on a systematic basis. If a reliable estimate of the useful life cannot be determined, the life will not exceed ten years.

The goodwill arose on acquisition of Gus Robinson Developments in 2019 by Thirteen Homes, the useful life has been assessed as ten years. Goodwill is assessed annually for impairment by comparing the carrying value to the recoverable amount and was fully impaired in 2021. Management considered it reasonable to impair the goodwill in full given the trading conditions in the medium term and the subsidiary's re-focus on delivering group contracts only.

The association has no intangible assets or goodwill (2022: nil).

Group	Goodwill £'000	Property designs £'000	Software £'000	Total £'000
Cost				
At 1 April 2022	1,964	98	43	2,105
Additions	-	7	-	7
At 31 March 2023	1,964	105	43	2,112
Accumulated amortisation				
At 1 April 2022	1,964	39	43	2,046
Charged in year	-	21	-	21
At 31 March 2023	1,964	60	43	2,067
Net book value				
At 31 March 2023	**-**	**45**	**-**	**45**
At 31 March 2022	-	59	-	59

16. Homebuy loans receivable

The association received Homebuy grant representing a percentage of the market value of a property to advance interest free loans to a homebuyer. The loans meet the definition of concessionary loans and are shown as a fixed asset investments on the Statement of Financial Position.

Group and Association	2023 £'000	2022 £'000
At 1 April	874	908
Interest receivable	11	-
Loans repaid	(85)	(34)
At 31 March	800	874

Notes to the financial statements

17. Financial assets

Thirteen Homes had a joint arrangement with Woodside Homes, under which 50% of the shares of Woodside Homes Limited are held by Thirteen Homes. The shareholding in Woodside Homes was sold at cost during the year.

The association has no financial assets (2022: nil).

Group	2023 £'000	2022 £'000
At 1 April	1	1
Disposals	(1)	-
At 1 April and 31 March	-	1

18. Investments in subsidiaries

Association	2023 £'000	2022 £'000
Cost		
At 1 April	50	50
Additions	-	-
At 1 April and 31 March	50	50

The association has the following investments in subsidiaries, all of which have been consolidated into the group financial statements:

Name	Regulated / Non-regulated	Nature of business	Ownership 2023	Ownership 2022
Thirteen Homes	Non-regulated	Property development	100%	100%
Thirteen Commercial Services	Non-regulated	Property management	100%	100%
Thirteen Property Development	Non-regulated	Build and design	100%	100%
Thirteen Social Enterprise	Non-regulated	Community investment	100%	100%
Gus Robinson Developments	Non-regulated	Property development	100%	100%
Gus Robinson Homes	Non-regulated	Property development	100%	100%

18. Investments in subsidiaries (continued)

All subsidiaries are directly owned by the association apart from Gus Robinson Developments which is indirectly owned through Thirteen Homes and Gus Robinson Homes which is indirectly owned through Gus Robinson Developments. The association has the right to appoint members to the Boards of the subsidiaries and thereby exercises control over them. Thirteen Social Enterprises and Gus Robinson Homes were dormant throughout the financial year.

The registered address for all entities is 2 Hudson Quay, Windward Way, Middlesbrough TS2 1QG.

None of the subsidiary entities are registered providers of social housing.

During the financial year the association provided services to the above unregistered group companies as follows:

Company	Nature of the transaction	2023 £'000	2022 £'000
Thirteen Commercial Services	Management services	116	174
Thirteen Commercial Services	Repair and cleaning services	35	89
Thirteen Homes	Management services	273	220
Thirteen Property Developments	Management services	-	20
Gus Robinson Developments	Management services	270	-
	On a cost sharing basis with no profit element	694	503

In addition, interest was chargeable by the association on intra-group loans, as follows:

Company	Nature of the transaction	2023 £'000	2022 £'000
Thirteen Homes	Interest on intra-group loan	624	642
Gus Robinson Developments	Interest on intra-group loan	278	143
		902	785

Interest is charged on the intra-group loans at a fixed rate of 4.5%.

Thirteen Commercial Services provided services to the association as follows:

Company	Nature of the transaction	2023 £'000	2022 £'000
Thirteen Housing Group	Management Services on a cost sharing basis	131	107
	with no profit element	131	107

Thirteen Property Development provided services to the association as follows:

Company	Nature of the transaction	2023 £'000	2022 £'000
Thirteen Housing Group	Build and design services on an agreed fee	-	20
	with no profit element	-	20

Notes to the financial statements

19. Stock

Stocks and properties for sale

Properties for sale are valued at the lower of cost and net realisable value and include units developed for outright sale and first tranches of shared ownership properties and work in progress. Net realisable value is based on estimated sales price after allowing for further costs of completion and disposal.

Stocks of raw materials are valued at the lower of cost and net realisable value.

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
First tranche shared ownership properties:				
Completed	4,155	506	4,155	506
Works in progress	-	592	-	592
Outright sale properties:				
Completed	505	280	-	145
Works in progress	75	7,485	-	-
	4,735	8,863	4,155	1,243

Included in the group stock balance is £135k relating to a property held for sale by Gus Robinson Developments Limited. The property was sold in May 2023 for £165k.

20. Trade and other debtors

Bad debts

The recoverability of each customer's rent arrears is estimated based on their payment history over the preceding year. Former customer arrears are provided for in full. Where there is a policy in the organisation not to collect 100% of the income chargeable, the amount not collectable is provided immediately.

The provision for bad debts on the sales ledger are estimated based on historic recoverability based on the age of the debts at the reporting date, adjusted for any known reasons that might affect recoverability for specific debtors.

Write-offs must be approved by the board and are only considered once all avenues for collection have been exhausted.

Intra-group loans

The association has extended revolving credit facilities to Thirteen Homes and Gus Robinson Developments which collectively will not exceed £50.0m at any given time. The facilities have a fixed interest rate of 4.5% and are repayable in November 2027 and January 2030 respectively.

The association has continued to impair the loan made to Gus Robinson Developments (cumulatively £7.1m (2022: £4.9m)). Management considered it prudent to impair, but not write off, the loan in full given the trading conditions in the medium term and uncertainties around the new business model.

The association has also impaired the loan to Thirteen Homes Limited by £11.4m. Management considers it prudent to impair the loan because the profitability of the company is expected to be reduced because of the write-off of a significant value of work in progress. As a result, the recoverability of the loan is in doubt.

20. Trade and other debtors (continued)

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Due within one year				
Rent and service charges arrears	8,896	7,794	8,858	7,775
Less: provision for bad debts	(3,604)	(3,720)	(3,569)	(3,714)
	5,292	4,074	5,289	4,061
Other debtors	2,195	2,340	1,392	1,397
Amounts recoverable on long term contracts	-	149	-	-
Social Housing Grant receivable	4,530	4,965	4,530	4,965
VAT reclaimable	344	261	290	190
Amounts owed by group undertakings	-	-	41	133
Prepayments and accrued income	9,081	9,269	8,639	8,933
	21,442	21,058	20,181	19,679
Due after more than one year				
VAT reclaimable	367	359	367	359
Amounts owed by group undertakings	-	-	1,177	14,252
	21,809	21,417	21,725	34,290

21. Cash and cash equivalents

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Money market investments	1,586	30,086	1,586	30,086
Deposit accounts	44,000	50,730	44,000	50,730
Cash at bank and in hand	5,753	5,776	5,040	4,016
	51,339	86,592	50,626	84,832

Notes to the financial statements

22. Creditors: amounts falling due within one year

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans and overdrafts (note 26)	19,509	7,684	19,509	7,684
Rents and service charges received in advance	4,826	5,564	4,819	5,560
Social Housing Grant received in advance	38,216	44,259	38,216	44,259
Deferred capital grant (note 24)	1,395	1,395	1,395	1,395
Development creditors	3,904	5,531	3,904	5,531
Other taxation and social security	1,865	1,090	1,867	1,060
Other creditors	5,383	5,824	4,546	3,698
Amounts owed to group undertakings	-	-	1,077	419
Accruals and deferred income	15,093	13,438	13,608	10,780
Leaseholder sinking funds	925	888	925	888
	91,116	85,673	89,866	81,274

Group and association loans and overdrafts includes accrued interest payable of £1.4m (2022: £2.65m).

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

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Loans (note 26)	310,718	328,835	310,718	328,835
Borrowing costs unamortised	(1,647)	(1,790)	(1,647)	(1,790)
Deferred capital grant (note 24)	161,150	149,444	161,150	149,434
Recycled capital grant fund (note 25)	1,565	1,507	1,565	1,507
Deferred tax liability	-	52	-	-
	471,786	478,048	471,786	477,986

24. Deferred capital grant

Social housing grant

Social housing grant ("SHG") is receivable from Homes England and is used to support the build and development of housing properties. It is held on the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the life of the property asset which the grant was received for under the accruals method.

SHG due, or received in advance, is included as a current asset or liability. SHG is subordinated to the repayment of loans.

SHG released on the sale of a property may be repayable but is normally available to be recycled and is credited to the recycled capital grant fund (RCGF). The individual disposal of components does not create a relevant event for recycling purposes. Should the entire property be disposed, the association must recycle the full related grant and a contingent liability would be disclosed to reflect this.

24. Deferred capital grant (continued)

Other grants

Other grants may be receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. The accounting treatment for capital grants is dependent upon the source of the funding:

- Grants from government sources are held on the Statement of Financial Position as a deferred capital grant and amortised to the Statement of Comprehensive Income over the life of the structure of the property.
- Grants from non-government sources are recognised in the Statement of Comprehensive Income once any conditions attached to the receipt of the funding has been met.

Grants in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same financial year as the expenditure to which they relate.

	Group £'000	Association £'000
Cost		
At 1 April	170,994	170,982
Received during the period	13,536	13,536
Disposals	(245)	(233)
At 31 March	184,285	184,285
Accumulated amortisation		
At 1 April	20,155	20,153
Released to income in the period	1,620	1,622
Released on disposal	(35)	(35)
At 31 March	21,740	21,740
Net book value		
At 31 March 2023	162,545	162,545
At 31 March 2022	150,839	150,829

	Group £'000	Association £'000
Amounts to be released within one year	1,395	1,395
Amounts to be released in more than one year	161,150	161,150
	162,545	162,545

Notes to the financial statements

25. Recycled capital grant fund

Group and association		2023 £'000	2022 £'000
At 1 April		1,507	1,058
Inputs to the RCGF:	Grant Recycled	403	801
	Interest accrued	-	3
Recycling of grant:	New build	(345)	(355)
At 31 March		1,565	1,507
Amounts three years old or older		-	-

26. Analysis of changes in net debt

Group	At 1 April 2022 £'000	Cash Flows £'000	Non-Cash Movements £'000	At 31 March 2023 £'000
Cash and cash equivalents	(86,592)	35,253	-	(51,339)
Housing loans due in one year	7,684	(7,684)	19,509	19,509
Housing loans due after one year	328,835	1,392	(19,509)	310,718
	249,927	28,961	-	278,888

Association	At 1 April 2022 £'000	Cash Flows £'000	Non-Cash Movements £'000	At 31 March 2023 £'000
Cash and cash equivalents	(84,832)	34,206	-	(50,626)
Housing loans due in one year	7,684	(7,684)	19,509	19,509
Housing loans due after one year	328,835	1,392	(19,509)	310,718
	251,687	27,914	-	279,601

27. Non-equity share capital

Shares of £1 each issued, but not fully paid:

Group and association	2023 £	2022 £
At 1 April	11	10
Issued during the year	-	2
Cancelled during the year	-	(1)
At 31 March	11	11

The shares do not have a right to any dividend of distribution in a winding-up and are not redeemable. Each share has full voting rights. All shares are fully paid up.

28. Pension provisions

The group participates in the following pension schemes:

Scheme	Description
Social Housing Pension Scheme ("SHPS")	Multi-employer defined benefit scheme
Teesside Pension Fund ("LGPS")	Multi-employer defined benefit scheme
Thirteen Housing Group Pension Scheme ("THGPS")	Defined benefit pension scheme
Gus Robinson Developments Limited Pension & Assurance Scheme ("GRD")	Closed defined benefit scheme
Thirteen Defined Contribution Scheme	Defined contribution scheme for Thirteen Housing Group employees
Peoples pension	Defined contribution scheme for Gus Robinson employees

On 1 June 2022, the SHPS closed. All assets and liabilities were transferred to the THGPS. We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefit structure over a number of years and the result is that there is uncertainty surrounding some of these changes. The Trustee has determined that it is prudent to follow best practice and seek clarification from the Court. This process is ongoing and the matter is unlikely to be resolved until 31 March 2024 at the earlier and therefore no conclusions have yet been reached. As at January 2023, the Trustees estimated the additional liabilities resulting from these changes to be £2m.

On 1 September 2022, the assets and liabilities of the GRD pension scheme were transferred to Thirteen Housing Group. On that date, the actuarial valuation reported a surplus of plan assets over liabilities of £532,000. This technical accounting surplus was recognised in GRD's financial statements because the employer would be entitled to a refund of surplus when no members remain in the scheme and the scheme is wound up. Upon transfer of the pension scheme to Thirteen Housing Group, a loss on transfer of £532,000 was recognised in other comprehensive income GRD's financial statements in relation to the surplus initially recognised.

Defined benefit schemes

Plan assets are measured using market values. Defined benefit obligations are measured using a projected unit method that are discounted at the current rate of return on high quality corporate bond yields of equivalent term and currency to the liability. Pension scheme assets (to the extent that they are realisable through a refund or reduction in future contributions), or deficits are recognised in full. Service and finance costs are recognised in the income and expenditure with actuarial changes in the fair value of plan assets and obligations being recognised in other comprehensive income.

Recent changes in global and UK economic pressures and tightening of monetary policy have had a significant impact on asset markets and corporate bond yields, which are key to the FRS102 assessment of the net pension asset or liability. In particular AA corporate bond yields, used to set the FRS102 discount rate, have increased significantly, with corresponding falls in asset values. The markets have been exceptionally volatile and therefore both gross DBOs and assets have fallen.

All defined benefit pension schemes reported a surplus for the year ended 31 March 2023. In accordance with the group's policy, a pension asset is only recognised to the extent that it is realisable through a refund or by a reduction in future contributions. As management do not consider it possible for Thirteen Housing Group to obtain a refund or reduction in future contributions for the pension schemes, the surplus is restricted to £nil, with the restriction recognised in other comprehensive income.

Notes to the financial statements

28. Pension provisions (continued)

Group and association	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Thirteen Housing Group Pension Scheme	-	7,209	-	
Social Housing Pension Scheme	-	-	-	7,209
Teesside Pension Fund	-	60,947	-	60,947
Gus Robinson Developments Pension Fund	-	81	-	-
	-	68,237	-	68,156

The results of the defined benefit schemes are presented in aggregate.

Breakdown of amounts recognised in profit and loss

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Current service cost/(credit)	(3,476)	9,922	(3,455)	9,919
Past service cost	-	-	-	-
Amounts charged to operating costs	(3,476)	9,922	(3,455)	9,919

Breakdown of amounts recognised in profit and loss	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Net interest cost	1,745	2,107	1,744	2,102
Amounts charged to other finance costs	1,745	2,107	1,744	2,102

Analysis of amounts recognised in other comprehensive income

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Total actuarial (loss)/gain	103,490	35,515	102,897	35,383
Restriction of surplus	(36,984)	-	(36,452)	-
	66,506	35,515	66,445	35,383
Cumulative actuarial gain/(loss)	43,683	(22,823)	43,414	(23,031)

Reconciliation of funded status to balance sheet

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Present value of scheme liabilities	(222,011)	(343,616)	(222,008)	(340,063)
Fair value of assets	258,995	275,379	258,992	271,907
Restriction of surplus	(36,984)	-	(36,984)	-
Net liability recognised in the balance sheet	-	(68,237)	-	(68,156)

28. Pension provisions (continued)

Changes to the present value of the defined benefit obligation

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Opening scheme liabilities	(343,616)	(338,844)	(340,063)	(335,284)
Current service cost	(6,721)	(9,922)	(6,721)	(9,919)
Interest cost	(9,420)	(7,256)	(9,380)	(7,182)
Actuarial (losses)/gains on scheme liabilities	134,975	7,954	134,121	7,962
Benefits paid	5,933	7,067	5,897	6,975
Contributions by participants	(3,162)	(2,501)	(3,162)	(2,501)
Curtailments	-	(114)	-	(114)
Business combinations	-	-	(2,700)	-
Closing defined benefit obligation	(222,011)	(343,616)	(222,008)	(340,063)

Changes to the fair value of assets

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Opening fair value of Scheme assets	275,379	241,567	271,907	238,255
Interest income on assets	7,675	5,149	7,636	5,080
Remeasurement gains on assets	(31,485)	27,561	(31,224)	27,421
Contributions by employer	10,395	5,668	10,374	5,625
Contributions by participants	3,162	2,501	3,162	2,501
Benefits paid	(5,933)	(7,067)	(5,897)	(6,975)
Business combinations	-	-	3,232	-
Expenses paid	(198)	-	(198)	-
Closing fair value of scheme assets	258,995	275,379	258,992	271,907
Restriction of surplus	(36,984)	-	(36,984)	-
Closing fair value after restriction	222,011	275,379	222,008	271,907

Plan assets

	Group 2023 £'000	Group 2022 £'000	Association 2023 £'000	Association 2022 £'000
Equity	181,296	161,340	181,295	159,131
Debt	-	1,353	-	1,353
Bonds	-	4,235	-	3,521
Property	59,569	37,960	59,568	37,842
Cash	18,130	35,469	18,129	35,238
Other assets	-	35,022	-	34,822
	258,995	275,379	258,992	271,907

Notes to the financial statements

28. Pension provisions (continued)

Actuarial assumptions

	LGPS		THGPS/SHPS		GRD	
	2023 % pa	2022 % pa	2023 % pa	2022 % pa	2023 % pa	2022 % pa
Discount rate	4.8	2.7	4.8	2.7	4.7	2.7
RPI inflation	n/a	n/a	3.1	3.4	3.2	3.9
CPI inflation	3.0	3.2	2.8	3.2	2.4	3.1
Salary growth	3.0	4.2	2.8	4.2	3.4	3.8

The fund actuary has updated the methodology for CPI assumptions to make allowance for the expected inflation observed over the period October 2022 to March 2023. This has increased the CPI rate from 2.9% to 3.0% as compared with previous year and increased the defined benefit obligation by £3,044.

*2022 shows assumptions for the SHPS, which the THGPS replaces.

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

Future lifetime from age 65:

	LGPS		THGPS/SHPS		GRD	
	2023 Years	2022 Years	2023 Years	2022 Years	2023 Years	2022 Years
Aged 65 at 31 March						
Males	20.6	21.9	20.9	21.1	22.0	20.0
Females	23.7	23.6	23.6	23.7	22.0	22.0
Aged 45 at 31 March						
Males	21.5	23.3	22.3	22.4	21.4	21.3
Females	25.2	25.4	25.0	25.2	23.5	23.5

The above ages represent the latest Fund valuation at the balance sheet date.
Due to uncertainty regarding the impact of the Covid 19 pandemic for pension scheme members, the fund actuaries have not updated the long-term mortality rates as at 31 March 2023.

*2022 shows assumptions for the SHPS, which the THGPS replaces.

Sensitivity to assumptions

The effect of movements in the main assumptions on the value of liabilities are shown in the table below:

	LGPS	THGPS
Discount rate -0.1%	2.0%	2.2%
Pay Inflation +0.1%	-	1.4%
CPI +0.1%	2.0%	1.1%

28. Pension provisions (continued)

Non-cash impact of pension schemes on Operating Surplus

	2023 £'000	2022 £'000
SHPS/THGPS		
Current service cost	894	3,423
Contributions paid during year	(6,488)	(2,931)
LGPS		
Current service cost	5,824	6,431
Past service cost (including curtailment)	-	114
Contributions paid during year	(2,654)	(2,694)
GRD		
Current service cost	3	3
Contributions paid during year	(3)	(3)
Non-cash pension charge/(credit) to operating surplus	(2,424)	4,343

SHPS Defined benefit scheme
The SHPS was closed in June 2022 and all assets and liabilities were transferred to the Thirteen Housing Pension Scheme. The non-cash impact of the SHPS on operating surplus was therefore £nil (2022: £492k).

Defined contributions schemes
Payments to the defined contribution schemes are recognised as an expense in the income and expenditure account when they fall due. Amounts not paid at 31 March 2023 are shown as a liability in the Statement of Financial Position. During the year, employer contributions of £202k (2022: £61k) were made to defined contribution schemes.

29. Capital commitments

Capital expenditure commitments were as follows:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Capital expenditure contracted for, but not provided for	302,063	106,089	300,333	103,884
Capital expenditure authorised by the board, but not contracted	152,790	215,048	152,790	201,752
	454,853	321,137	453,123	305,636

The capital commitments for the development of new property assets will be financed from the association's cash balance (£50.1m), drawing on approved loan facilities (£142.5m), and social housing grants (£162.7m). The balance of funding is determined as the development schemes occur and commitments are realised.

30. Contingent liabilities

ARCC Consortium

Group and association

In February 2015, the association established the Achieving Real Change in the Community (ARCC) consortium with eight partners, including three local authorities, to deliver a rehabilitation contract in the Durham Tees Valley area. The contract ended in June 2021, but ARCC is liable for obligations that may arise up to seven years after the contract end date. If ARCC is unable to meet any such obligations, the association would be liable as a consortium member for its share of the liability.

ARCC has sufficient reserves to meet such obligations should they arise and therefore the risk of the association having to meet these is low. No provision has therefore been made in the financial statements.

Social Housing Grant

Group and association

The group has an obligation to recycle or repay social housing grant if properties are disposed of. In addition to the amount disclosed in creditors, £79.4m of grant has been credited to reserves to date through amortisation (2022: £77.8m). The timing of any future repayment, if any, is uncertain.

31. Net cash generated from operating activities

Group		2023 £'000	2022 £'000
Surplus for the year		24,402	28,869
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	5	26,815	27,476
Impairment of tangible fixed assets		402	551
Amortisation of intangible fixed assets	15	21	19
Increase in stock		(382)	(4,239)
(Increase)/decrease in trade and other debtors		(774)	3,510
Increase/(decrease) in trade and other creditors		1,836	1,738
Pension costs less contributions payable		(1,731)	6,475
Carrying amount of fixed assets disposals		26,313	20,125
Revaluation on investment property		(9)	(352)
Tangible fixed assets revalued		(154)	-
Adjustments for investing or financing activities:			
Proceeds from sale of assets		(8,543)	(24,289)
Government grants utilised in the year	24	(1,655)	(1,249)
Interest and financing costs	8	14,141	13,934
Interest received	7	(695)	(25)
Net cash generated from operating activities		79,987	72,543

32. Operating leases

Group and association

Operating leases where the group and association is the lessee

The future minimum lease payments which the group and association is committed to make under non-cancellable operating leases are as follows:

	2023 £'000	2022 £'000
Land and buildings		
Payments due:		
Not later than one year	383	399
Later than one year and not later than five years	852	849
Later than five years	818	876
	2,053	2,124
Office and other equipment		
Payments due:		
Not later than one year	69	92
Later than one year and not later than five years	138	66
Later than five years	131	41
	338	199
Motor vehicles		
Payments due:		
Not later than one year	221	798
Later than one year and not later than five years	247	117
Later than five years	-	-
	468	915

Operating leases where the group and association is the lessor

The group owns 72 (2022: 48) retail units that are leased to third parties on non-cancellable leases. Rents are set in accordance with market conditions. The latest expiry date is January 2029 with a review in February 2024. The group also leases two properties to specialist housing providers on non-cancellable leases.

The future minimum rentals receivable under non-cancellable operating leases are as follows:

Where the company is the lessor: lease rentals receivable for non-cancellable leases

	2023 £'000	2022 £'000
Land and buildings		
Payments due:		
Not later than one year	447	348
Later than one year and not later than five years	1094	711
Later than five years	436	347
	1,977	1,406

Notes to the financial statements

33. Related party transactions

Group and association

Disclosures in relation to key management personnel are included within note 10.

The group participates in five pension schemes, the Social Housing Pension Scheme; a multi-employer defined benefit pension scheme, the Teesside Pension Fund; a multi-employer defined benefit pension scheme, Gus Robinson Developments Limited Pension & Assurance Scheme; a closed defined benefit pension scheme, and Aegon; a defined contribution pension scheme and the People's Pension scheme. Transactions between the group and the pension schemes are detailed in note 29. The balances included in creditors as due to the pension providers is £356,723 (2022: £601,208). Balances outstanding at year end will be settled in cash by 22nd after the month they relate to.

Through declarations of interest from key management personnel, the following related party transactions are required to be disclosed:

- The association owed Middlesbrough College £859 at the reporting date in respect of course fees invoiced during the year (2022: £3,624 paid during the year). The association received £3,000 (2022: £nil) from Middlesbrough College for apprenticeship funding. No balances were outstanding at the reporting date. Jane Castor is a Governor of Middlesbrough College.
- The association paid the University of Teesside £332,088.60 to fund the Community Renewal Project (2022: £160,000) and £31,500 (2022: £18,750) for course fees. £9,000 was outstanding at the reporting date. Mark Simpson is a Pro-Vice Chancellor of the University of Teesside.
- The association paid Daisy Chain Project Teesside £1,000 for event tickets. No balances were outstanding at the reporting date. Katy Wilburn is a member of the Board of Trustees of the Daisy Chain Project Teesside.
- Gus Robinson Developments Limited paid Bede Homes Limited £116,050 for repairs. No balances were outstanding at the reporting date. Richard Buckley is a director and shareholder of Bede Homes Limited.
- The association paid Homefair Blinds UK Limited £868 for goods and services during the year. David Ripley's spouse is the owner of Homefair Blinds UK Limited.
- The association paid Storm Tempest Property Consultancy £36,359 for services during the year. Joy Whinnerah's partner is an associate director at Storm Tempest Property Consultancy.

The association has applied the exemptions available under paragraph 33.1A of FRS 102 not to disclose transactions with other group companies. Transactions between unregistered group companies are disclosed in note 18.

34. Agreements to improve existing properties

Group and association

Agreements to purchase improved properties from the local authority and separately to deliver those improvements transferred to Thirteen Housing Group between 2008-12. Whilst the local authority retained an obligation to improve the properties, the group was contracted to deliver those improvements. The underlying substance is that the properties were purchased in their existing condition at the agreed price to which the group would undertake the specified improvements. Management have offset the asset arising from the local authorities' obligation to improve the properties against the group's liability to perform the improvement works.

At the point of entering the agreement, the estimated gross value of the improvements for Erimus Housing and Housing Hartlepool were £185m and £86m respectively which have been completed.

The estimated gross value of the improvements for Tristar Homes was £217m. At 31 March 2023 the gross value of invoiced work on which VAT had been reclaimed was £91.9m (2022: £88.6m).

35. Joint ventures

Group and association

The association accounts for its own share of assets, liabilities, and cash flows in joint arrangements, measured in accordance with the terms of the arrangement.

The association is part of a joint venture with Middlesbrough Borough Council to improve the condition and sustainability of areas in North Ormesby by purchasing or leasing properties that are unoccupied or are situated in areas suffering from environmental and social decline. Under this agreement the association and Middlesbrough Borough Council agreed to invest £0.8m each into an investment fund. During the year ending 31 March 2023, the association made no further payments (2022: £nil) in relation to the investment fund. To 31 March 2023, the association has invested £1.0m in total. A receivable of £0.2m was recognised from Middlesbrough Borough Council to settle this joint arrangement.

The association is also part of a further joint venture with Middlesbrough Borough Council to redevelop the area known as Grove Hill in Middlesbrough. Under this agreement both parties agreed to invest £2.7m each into a fund to enable the site assembly of the Grove Hill area. During the year ended 31 March 2023, the association made no further payments (2022: £nil) in relation to the investment fund. To 31 March 2023, the association has invested £2.7m in total, although this includes £1.4m internal development costs not considered eligible for the investment fund. A payable of £0.5m has been agreed with Middlesbrough Borough Council to settle the original investment fund obligation and has been recognised in the financial statements.

Thirteen Homes has a joint arrangement with Woodside Homes, under which 50% of the shares of Woodside Homes passed to Thirteen Homes. The shareholding in Woodside Homes was sold at cost during the financial year.

36. Financial assets and liabilities

Financial instruments

The group has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments and to follow the disclosure requirements of FRS 102 Section 11 and 12.

The group has not elected to hold any financial instruments at fair value through profit or loss.

Financial assets

The group and association initially recognises financial assets at fair value. Financial assets are classified at initial recognition and on any subsequent reclassification event in one of four primary categories:

- Financial assets at fair value through profit or loss
  These are either: held for trading because they acquired for the purpose of selling or are a derivative; or are designated as such. They are initially recognised fair value, excluding transaction costs. At each reporting date, they are re-measured at fair value with change being recognised in the Statement of Comprehensive Income as interest receivable or payable. The group has not designated any non-derivatives as fair value through profit or loss.
- Loans and receivables
  These are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market and have not been designated as either fair value through profit or loss or as available for sale. Such assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in the Statement of Comprehensive Income when loans and receivables are derecognised or impaired.
- Held to maturity
  These are non-derivative financial assets with fixed and determinable payments and a fixed maturity date where the group or association has an intention and ability to hold them to maturity. Gains and losses are recognised in the Statement of Comprehensive Income when loans and receivables are derecognised or impaired.
- Available for sale
  These are non-derivative financial assets that are designated as such or are not classified in any of the other categories. These are held at fair value with gains or losses being recognised in the Statement of Changes in Equity. If there is no active market for a financial asset and it is not appropriate to determine fair value using valuation techniques, financial assets are carried at amortised cost.

Notes to the financial statements

36. Financial assets and liabilities (continued)

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss. Impairment provisions for bad and doubtful debts are calculated based on customer payment history with 100% of former tenant arrears being provided for.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities

The group and association classifies financial liabilities at initial recognition and on any subsequent reclassification event into one of two primary categories:

- Financial liabilities at fair value through profit or loss
  These are derivatives initially measured at fair value, excluding transaction costs. At each reporting date, they are re-measured at fair value with change being recognised in the Statement of Comprehensive Income as interest receivable or payable. The group has not designated any non-derivatives as fair value through profit or loss.
- Other financial liabilities
  All other financial liabilities are held at amortised cost using the effective interest rate method, this includes loans, overdrafts and trade payables. Loans include un-amortised issue costs.

Embedded derivatives

Embedded derivatives are identified upon initial recognition of a financial instrument. Embedded derivatives are held at amortised cost if their economic characteristics and risks are closely related to the host contract and the host contract is not held at fair value through profit or loss. Embedded derivatives that are not closely related to the host contract and the host contract itself is not held at fair value through profit or loss are accounted for separately to the host contract at fair value through profit or loss.

Hedge accounting

The group does not have any hedges in place.

The group's policy on managing financial risk is explained in the strategic report.

The financial instruments may be analysed for group and association as follows:

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial assets				
Financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets that are debt instruments measured at amortised cost				
- Rent receivable	5,292	4,074	5,289	4,061
- Amounts owed by group undertakings	-	-	1,218	14,385
- Note 36 other receivables and prepayments	16,517	17,343	15,218	15,844
- Cash and cash equivalents	51,339	86,592	50,626	84,832
	73,148	108,009	72,351	119,122

36. Financial assets and liabilities (continued)

	Group		Association	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Financial liabilities				
Financial liabilities measured at fair value through profit or loss				
- Derivative financial instruments (a)	-	-	-	-
Financial liabilities measured at amortised cost				
- Loans and overdrafts (b)	330,227	336,519	330,227	336,519
- Rent in advance	4,826	5,564	4,819	5,560
- Amounts owed to group undertakings	-	-	1,077	419
- Note 36 Other creditors and accruals	227,850	221,638	225,529	216,762
	562,903	563,721	561,652	559,260

(a) Loan notes issued by the association include a prepayment option that is not closely related to the host loan. The embedded derivative has been accounted for separately from the host loan, but its fair value at the reporting date is nil (2022: nil). The value of the host loan is £100.0m and is itself measured at amortised cost.

(b) The loan portfolio includes loans with prepayment options, all of which are considered closely related to the loan itself and would compensate the lender for lost interest, apart from the loan notes issuance described in (a).

Liquidity

Loans of £293.6m (2022: £315.4m) have fixed rates of interest between 2.3% and 11.8%.

Loans of £35.2m (2022: £19.8m) have variable rates of interest up to 1.5% over SONIA.

Final instalments fall to be repaid in the period from 2024 to 2056.

All loans are secured by fixed charges over the group's properties.

At the reporting date, the group and association had undrawn loan facilities of £142.5m (2022: £140.3m).

Loans are repayable as follows:

	2023 £'000	2022 £'000
Within one year or on demand	19,509	7,684
One year or more but less than two years	16,433	13,116
Two years or more but less than five years	52,254	51,764
Five years or more	242,031	263,954
	330,227	336,518

Within one year or on demand includes accrued interest of £1.4m (2022: £1.4m)

Notes to the financial statements

37. Post balance sheet events

No events after the reporting date have been identified.

38. Stock acquisition

On 23 July 2021, the association acquired stock from another social landlord. Housing properties with a fair value of £51.3m were purchased. This value includes original government grant funding of £14.3m which has an obligation to be recycled in accordance with the original grant funding terms and conditions. The association is responsible for the recycling of the grant in the event of the housing properties being disposed.

Associated current customer arrears and advances were brought onto the Statement of Financial Position at their fair value of £0.1m and £0.2m respectively.

39. Ultimate parent undertakings and controlling party

The ultimate parent undertaking and controlling party is Thirteen Housing Group Limited, a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing with the Regulator of Social Housing (RSH).

Thirteen Housing Group Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at the reporting date. The consolidated financial statements of Thirteen Housing Group Limited are available from the group's registered office at 2 Hudson Quay, Windward Way, Middlesbrough TS2 1QG.

Other Company information

Registrations

Registered as a community benefit society under the Co-operative and Community Benefit Societies Act 2014, number 7522.

Registered by the Regulator of Social Housing, number L4522.

Board

Chair	Jane Earl
Senior Independent Director	Mark Simpson (to 31/03/22 then from 01/09/22) Annette Clark (from 01/04/22 to 31/08/22)
Other Members	Andrew Wilson (from 28/07/22) Annette Clark Anthony Riley Katy Wilburn Christopher Newton Ian Wardle (to 02/09/22) Richard Buckley Bob Cuffe Salma Yasmeen Rob Goward (from 28/07/22)

Executive Directors

Group Chief Executive	Matt Forrest (from 05/12/22) Ian Wardle (to 31/07/22)
Deputy Chief Executive	Christine Willetts
Chief Finance Officer and Company Secretary	Jane Castor
Executive Director of Business Change and Improvement	Barbara Heather Ashton (to 20/08/23)
Executive Director of Assets	Paul Jenkins
Executive Director of Customer Services	David Ripley
Executive Director of Development	Joy Whinnerah

Registered Office

2 Hudson Quay
Windward Way
Middlesbrough
England
TS2 1QG

Independent Auditor

KPMG LLP
8 Princes Parade
Liverpool
L3 1QH

Solicitor

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
BS3 2ES

Banker

Natwest
124 High Street
Stockton-on-Tees
TS18 1NW