



Annual Report Incorporating the Financial Statements 2024/25



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INFORMATION

Table 1 Membership of the Board of Management and Committees during the financial year 2024/2025				
Member	Position	First Term Election date	Period of Membership (yrs.)	Period of Membership remaining years (6-year rule)
Lesley Robinson	Board Chair and Remuneration & Nominations Committee Member	15/09/16	8.5	0.5
Bob Culliford	Board Member and Remuneration & Nominations Committee Member	Resigned in September 2024		
Robert Anderson BSc (Hons), FCA, CTA	Board Member and Audit & Risk Committee Member	14/09/17	7.5	1.5
Sally Lewis BSc (HONS), ACA, FHEA	Independent Audit & Risk Committee Deputy Chair	Resigned in September 2024		
Drew Cook	Board Member, Remuneration & Nominations Committee Chair and Audit & Risk Committee Member	12/09/19	5.5	0.5
Rachael Fullwood	Chief Executive	Joined the Association in June 2021		
Hugh Unwin	Board Member	08/09/22	2.5	3.5
Nicholas Doyle	Board Member	08/09/22	2.5	3.5
Alex Fury	Board Member and Audit & Risk Committee Chair	08/09/22	2.5	3.5
Christopher Rennison	Board Member and Remuneration & Nominations Committee Member	08/09/22	2.5	3.5
Kevin Hornsby	Board Deputy Chair and Operations Committee Member	08/09/22	2.5	3.5
Christine Paxton	Board Member and Chair of Operations Committee	08/09/22	2.5	3.5
Jonathan Lovelle	Independent Operations Committee Member	Membership ended September 2024		
John Baker	Board Member and Audit & Risk Committee Member	11/09/24	0.5	5.5
Clare Harrington	Board Member and Operations Committee Deputy Chair	11/09/24	0.5	5.5
Adam Jacobs	Independent Operations Committee Member	11/09/24	0.5	5.5
Andy Turner	Independent Operations Committee Member	23/01/25	0.25	5.75

INFORMATION

Table 2 Officers during the financial year 2024 / 2025		
		Joined LRHA
Rachael Fullwood-CICHM	Chief Executive	June 2021
Michelle Turner ACMA, CGMA	Deputy Chief Executive & Company Secretary	July 2008
Andrew Haime DipSurvPract	Head of Operations	September 2007

REGISTERED OFFICE - Markime House, Pooles Lane, Spilsby, Lincolnshire, PE23 5EY

LINCOLNSHIRE RURAL HOUSING ASSOCIATION IS A CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 REGISTERED SOCIETY (*Pre-Commencement Society – Charitable formerly I&P Society*), WITH HOUSING ACT 1974 REGISTRATION (IP25276R), AND REGULATOR OF SOCIAL HOUSING REGISTRATION NUMBER (L3698).

EXTERNAL AUDITORS - Beaver and Struthers, Chartered Accountants & Statutory Auditors, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT

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

SOLICITORS – Tinn Criddle, 11 High Street, Spilsby, PE23 5JH

PRINCIPAL BANKERS - The Co-operative Bank, 4-5 Exchange Walk, Nottingham, NG1 2NX

OTHER FUNDERS

Svenska Handelsbanken AB
 Orchardbrook Ltd
 Yorkshire Bank
 CAF Bank

INSURERS

Marsh Limited, Housing Public Sector Practice

BOARD OF MANAGEMENT REPORT for the year ending 31 March 2025

The purpose of this report is to provide statutory and regulatory information concerning LRHA.

LRHA was originally formed as an Industrial and Provident Society (IP25276R) registered with the Registry of Friendly Societies, and is an 'Exempt Charity' (*included in Schedule 3 to the Charities Act 2011*). The Association is regulated by the 'Regulator of Social Housing' (RSH). Under the Financial Services and Markets Act registration, powers and responsibilities were transferred to the Financial Conduct Authority on 1 April 2013.

Following the Co-operative and Community Benefit Societies Act 2014, organisations registered as *Industrial and Provident Societies* (I&P Societies) under the 1965 Industrial and Provident Societies Act prior to 1 August 2014, such as LRHA, are now referred to as '*Pre-Commencement Society – Charitable (formerly I&P Society)*'. Societies such as LRHA, who are not a co-operative society or a community benefit society, must exist for the benefit of the community. From 6 April 2014 the 'Company Directors Disqualification Act 1986' was extended to include Board Members of Societies. Directors and Officers Liability Insurance is maintained by LRHA.

On the 16 November 2017 the Office for National Statistics (ONS) concluded that Registered Providers of social housing in England, such as LRHA, are private, market producers and as such they were reclassified to the private non-financial corporation sub-sector for the purpose of national accounts and other economic statistics.

The Board of Management approved the audited financial statements at the meeting held on 3 July 2025.

The Annual General Meeting on 11 September 2025 will receive the Annual Report containing the:

- (a) Statement of Comprehensive Income and Financial Position for the accounting period 1 April 2024 to 31 March 2025 (Pages 46 to 47) and the Auditor's Report (Beever and Struthers) (Pages 42 to 45);
- (b) Board's Report on the affairs, values, and objectives of the Association Page 6 - 8, and Integrated Strategic Report Pages 9 to 35);
- (c) The legal duties and essential function of Board Membership (Page 21);
- (d) Statement of the skills, qualities and experience required by the Board amongst its Members (Pages 22 to 23); and
- (e) The Policy for admitting new Shareholders (Page 24).

Within the time specified by legislation, the Secretary must send LRHA's annual return to the Financial Conduct Authority. The annual return must be accompanied by the Auditor's Reports, for the period of the return and the financial statements to which it refers.

BOARD OF MANAGEMENT REPORT for the year ending 31 March 2025

The Legal Requirements

In accordance with section 128 of the Housing and Regeneration Act 2008 LRHA, as a Registered Provider registered with the Regulator of Social Housing, must submit its Annual Accounts and Auditor's Report (bearing the Auditor's signature) within six months of the end of the period to which they relate. If it fails to do so, without reasonable excuse, the Association (*and every responsible person directly concerned with the conduct and management of its affairs*) may be guilty of an offence and could be prosecuted by the Regulator.

The Statement of Financial Position and Statement of Comprehensive Income must be completed in accordance with the relevant legislation for the constitutional structure and in line with the Rules and governing instruments of the Association (summarised above). The date approved by the Board must be included and signed on behalf of the Board by at least two Board Members and the Secretary.

While accounts must have been approved by the Board, there is no need for the accounts to have been received by an Annual General Meeting (AGM) prior to submission to the Regulator.

Governance and Financial Viability Standard Annual Compliance Statement

The Regulator's '*Governance and Financial Viability Standard*' and '*Code of Practice*' took effect from 1 April 2015 to protect social housing assets and public value. The Standard requires that effective governance arrangements are ensured that deliver the organisations aims, objectives and intended outcomes for residents and potential residents in an effective, transparent, and accountable manner. It also requires the management of resources effectively to ensure their viability is maintained, while ensuring that social housing assets are not put at undue risk.

Paragraph 30 of the RSH Governance and Financial Viability Standards Code of Practice: *Expectations about assets and liabilities* – requires the Board to '*Understand housing assets and security position, and have swift access to this information readily available*'.

The Association maintains an Asset and Liability Register which is a list with hyperlinks of where information can be found, for example, the property portfolio listing property details, loans, rent charges etc.

Fraud - There were two instances of fraud reported to the Audit & Risk Committee and no theft during the financial year.

The Board confirms that it complies with the RSH's Governance and Viability Standard following self-assessment on 15 May 2025.

BOARD OF MANAGEMENT REPORT for the year ending 31 March 2025

Consumer Standards

The Regulator’s Consumer Standards came into effect on 1 April 2024 and are designed to protect residents and improve the service they receive:


- The Safety and Quality Standard which requires landlords to provide safe and good-quality homes for their tenants, along with good-quality landlord services.
- The Transparency, Influence and Accountability Standard which requires landlords to be open with tenants and treat them with fairness and respect so they can access services, raise concerns when necessary, influence decision making and hold their landlord to account.
- The Neighbourhood and Community Standard which requires landlords to engage with other relevant parties so that tenants can live in safe and well-maintained neighbourhoods, and feel safe in their homes.
- The Tenancy Standard which sets requirements for the fair allocation and letting of homes, as well as requirements for how tenancies are managed by landlords.

The Board confirms that it complies with the RSH’s Consumer Standards following self-assessment on 15 May 2025.

The **Auditor’s Management Letter** must be submitted with the relevant accounts, or as soon as possible afterwards.

A copy of the latest set of accounts is placed on the Regulator's Statutory Public Register. Members of the public can access the Statutory Public Register by contacting the Referrals and Regulatory Enquiries Team is enquiries@rsh.gov.uk Tel: 0300 124 5225.

Signed on behalf of the Board of Management:

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Lesley Robinson LLB Law
Chair of the Board of Management

Date 11.07.2025

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

The purpose of this Integrated Strategic Report is to provide the context for the Financial Statements, and an insight into the Association's Strategy, main objectives, and business model. It provides a '*Value for Money Statement*', and describes the principal risks the organisation faces, and how these could potentially influence future business performance.

Chairs and Chief Executive's Introduction

Lincolnshire Rural Housing Association (LRHA) was formed in May 1986, by a few public-spirited people, for the benefit of the community. After more than 38 years LRHA's founding principle, overall objective and social purpose remains the same.

LRHA are socially motivated, we are steadfast in our commitment to ensuring our residents are at the heart of what we do and upholding our beliefs of being an organisation who is innovative, caring, and excellent at our work.

We have a 'social heart and business head'; that is, we are a commercially minded organisation, which also recognises social value. We have an organisation-wide dedication to maintaining financial sustainability. We demonstrate empathy with our residents and deliver a relational rather than transactional way of working with residents. We have a commitment to an intelligence-led approach in terms of priorities and effort, with an ability to capture efficiencies that do not negatively impact on residents wherever possible.

Change

It is important to reflect on recent years as the UK has faced a sequence of severe and ongoing macroeconomic shocks and economic turbulence over the past five years.

2024 / 2025 was another period of major sector and organisational change with significant future implications, which caused an additional layer of work for governance and senior management during the year.

There have been many sector changes and issues that the Board and Staff have progressed. The key external economic, operating and political environment challenges include persistently high-cost inflation, increasing costs, a tight labour market, contractor failures, supply chain issues, decent homes standard review, consumer regulation, Awaab's Law, professionalisation of the sector, post 2025 rent settlement and lack of a rent convergence mechanism, homelessness, levelling-up and devolution, resources and recruitment, the value of social housing and rebuilding trust with politicians and stakeholders.

We continue to face an incredibly difficult and demanding external operating environment. There are number of significant changes that have progressed and are progressing through government, and an upcoming raft of consultations. The Social Housing Regulation Act (SHRA) 2023 resulted from issues identified on the safety and quality of social housing and how residents are treated by their landlord following the Grenfell Tower fire tragedy in June 2017. It also sets out requirements regarding the consumer regulations and professionalisation of the sector. The Levelling-up and Regeneration Act (LURA) 2023 aims to deliver more homes for communities across the country and unleash levelling up in left-behind places. These two Acts and the current and upcoming consultations represent the most significant changes in social housing for over two generations.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

2024 / 2025 was also a year impacted by organisational changes, with 23% staff turnover from April 2024 to March 2025, influenced by some very short-term appointments to our operations department, which highlights the current challenges in recruiting.

We have undertaken a significant amount of work regarding data integrity and data protection, which includes writing a new Business Continuity Plan, Disaster Recovery Plan, and Major Incident Management Plan, in addition to providing assurance on the (National Cyber Security Centre, 2024) '10 steps to cyber security' guidance on how organisations can protect themselves in cyberspace. We are currently Cyber Essential accredited.

Good data leads to good context and good communications, acquiring robust data comes at significant costs, and ensuring that it informs effective strategic asset management decisions is essential. We recognise that we cannot speak with confidence without it. To ensure effective data management and cyber security we have developed an Information Management Strategy and Framework; and will be developing a Digitalisation Strategy which will enable us to create a golden thread throughout LRHA with data being a key component of our strategies and ensure alignment to existing governance, policies, and procedures.

Our Asset Management Strategy identifies the required outcomes, whilst seeking improvements in the financial and physical performance of properties and achieving value for money. This is complemented by our Operational Plan which will see our performance scrutinised as never before. Our Operational Plan incorporates a review of LRHA's delivery of planned maintenance and an audit of the current situation, to identify good practice and create programmes which help to ensure the long-term viability, safety, and durability of our housing. The outcome being to review processes and improve them.

We continue to work across the organisation to develop new ways of working that drive high performance culture and develop enhanced performance management to cultivate talent and drive excellent performance.

Our review and amendment of the Business Plan for 2025 to 2030 has taken account of changes in the operating and economic environment affecting LRHA, the social housing sector, and the wider economy.

On 15 May 2025 the Board considered and approved the 2025 / 2030 Business Plan. The Board had a robust discussion around the current and future operating environment, including the financial and economic forecast, risk management and where they get their assurance from. The Board understands that there is an element of prudence in the business planning assumptions, resulting in an annual operating surplus over the five-year plan; and a loss after interest and tax over the first four years of the plan. The Board understands that it is expected that the actual year-end results will be higher than stated due to the impact of a prudent approach to business plan assumptions and budgeting.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

The Board are assured that a positive cash balance above LRHA's golden rules is maintained up to year 10 of the business plan and acknowledges that this relies upon a future charging exercise being undertaken for additional lending of £6.8 million. There are no breaches to existing loan covenants throughout the thirty-year business plan.

The Board reviews the Business Plan at least twice per year, with a full refresh undertaken annually; and in the event of extenuating factors impacting our operating environment.

The Board are assured that the financial planning and management of the business is managed incredibly well, and that there are effective measures in place to ensure LRHA's financial viability.

Value and Purpose

This Integrated Strategic Report examines how LRHA has contributed social value and non-financial impacts on rural communities and people. Integrated reporting improves clarity to Stakeholders on how LRHA delivers value against its 'Purpose', as defined by the Board during the year, being: To support people connected to rural communities and in need of a home, through the provision and maintenance of affordable and sustainable homes for life.

Strategy and Performance

The Corporate Strategy 2024 to 2029 was updated in July 2024 by the Board, provided in **Figure 1**. Corporate Strategy performance and achievement is considered in this Annual Report. The Strategic Objectives have all been achieved.

Our 'Governance Cycle', provides a structured approach for regular monitoring and review of strategy performance, and risks, that have the potential to affect delivery.

The Board's Assurance Framework (BAF) consists of a business assurance framework (linked to LRHA's compliance register). It includes board delegations, non-financial delegated authority, and internal financial controls. This serves to strengthen the governance structure and enable the Board to really focus in on ensuring that their focus is on risk, controls, strategy, culture and being able to clearly identify and be able to articulate where they get their assurance from. New policies and material changes to existing company policies and procedures are set out in the Policy and Procedure Delegations. The Management Team uses these and a suite of other primary documents to deliver the Corporate Strategy.

Culture

Staff and Board Member calibre are critical to delivering the organisations 'Values' of being '*Innovative, Caring and achieving Excellence*' (ICE). This is particularly important as finance, housing management, residents' services, maintenance, and administration are delivered by directly employed Staff. Accountability, transparency, and stewardship are assessed against the NHF 2020 Code of Governance, and the Regulator of Social Housing's Regulatory Standards. High levels of compliance are an important benchmark to maintain performance, quality service, and the protection of assets in the long-term, previously supported by public subsidy.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

Culture however is a defining factor relating to performance. In 2021 / 2022 the Board approved that the Investors in People Framework will serve to deliver a robust co-created and co-delivered 'Strategic Culture Plan', providing assurance that its desired culture and behaviours are being enacted in practice; and have committed to an insights 3-year package. Investors in People Gold was achieved in August 2022. The Board resolved culture should be that:

'The Board supports a shared commitment with the Management Team and Staff to operate good standards of behaviour and an organisational culture of mutual trust, through collaborative working, shared decision making and delegation to engender personal development at all levels with the intention of providing a first-class service to LRHA's customers, whilst achieving good governance and financial viability. The Board will lead by example, promote a positive culture of continuous improvement, and seek regular assurance that the requirements are being delivered'.

LRHA are committed to a culture that values the voice and experience of our residents, to be open to challenge from them, to be honest where things have gone wrong, to be fair in putting things right and to learn from all our interactions including complaints to improve as an organisation.

Ambitions

Future organisational challenges, sustainability and financial viability will require:

- 1) High-performing governance and management working in an excellent culture;
- 2) Being a viable rural specialist delivering quality support and services, achieving high levels of resident satisfaction;
- 3) Providing real affordable homes and services through carefully managed processes within the resources available; and
- 4) Achieving maximum social value through business activity that is environmentally sympathetic to climate change.

The Future

Housing is a complex, ever-changing world with a growing range of competing internal and external pressures. The needs of current residents must be balanced with future demands; and choices must be made between essential ongoing investment in the existing housing stock and contributing to new supply.

Loan finance enables the delivery of our corporate objectives. We continue to progress work to enable a further loan charging exercise to raise additional finance.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

The economic outlook remains unclear. Interest rates have remained high in response to high inflation, resulting in significant increased borrowing costs. Rental income has been constrained by the 7% rent cap for 2023 / 2024, while costs for stock investment programmes have continued to rise, and pressure on supply chains continue. Whilst the demand for repairs and rising cost of living have increased our residents' need for our services, necessitating careful management and thoughtful decision making. These economic and operational factors have impacted LRHA's financial position, and the rent cap has resulted in reduced financial headroom and capacity to cope with further financial shocks.

At the same time, LRHA will need to make substantial investment in existing homes to deliver improvements to quality, building safety, and energy efficiency commitments.

We have strong governance in place to oversee service delivery and maintain compliance with Regulatory Standards. We must ensure that LRHA has robust and accurate data on our homes, and performance including tenant satisfaction measures data. Continuing to enhance data quality will give us a strategic advantage to continue to improve our services.

We have commenced a project to review our existing housing stock and resident data and undertake a comprehensive Stock Condition Survey (SCS) and Retro-fit Assessment (RFA). The SCS and RFA will fill the gaps in our existing data held in our systems such as asset data, accurate householder information, and contact/social preferences. Work will be done with specific departments and residents to fill these gaps in data. Reporting will be set up to identify missing data so that these gaps can be rectified in a timely manner where possible.

We are operating in an intensely uncertain environment, and it is vital that the Board fully understand their operating environment and how this impacts the delivery of organisational competing objectives. The Board monitors and considers the changing operating marketplace through the risk management process, particularly relating to the significant risk of further unexpected shocks from the ongoing war in Ukraine, USA trade tariffs, and sustained higher interest rates impact on the UK and global economy.

There have also been many other sector changes and issues that the Board and staff have progressed. These include progressing the actions from the Social Housing Regulation Act (2023); Awaab's Law, Consumer Standards, responding to government consultations; and strategy review workshops. We continue to work with the government on upcoming consultations, to ensure the new regulations work for housing associations and residents.

The likely impacts for LRHA include Awaab's Law, consumer standards, professionalisation, post 2025 rent regime, high-cost inflation, increasing interest rates, political environment, lack of data integrity/accuracy of information, cyber security, staffing recruitment, resources and retention, health & wellbeing of residents and colleagues.

We are facing an incredibly demanding and ever-changing operating environment. A combination of issues remains critical to future viability and success. Strong leadership and management ensure a robust approach to risk management, controls assurance, and precise business planning. As the operating environment becomes more complex and problematic, board and management skills must be reciprocal in order to sustain viability. Training, induction and development of the board and staff is therefore essential for future success.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

This is where we are seeking to position the service:

- a. Highly skilled and trained staff and board.
- b. Resident voice at the heart of our business.
- c. Efficient, unbureaucratic processes.
- d. Digital by preference.
- e. Catering for today's residents but preparing for tomorrows.
- f. Occupy the growth niche that others are neglecting.

We are seeking to further develop and strengthen our structure making it more closely aligned to support improving our resident experience by:

- a. Streamlining and management of our IT systems.
- b. Investment in our digital content and services.
- c. Focus on data, insight, and continuous improvement.
- d. Regular reviews/catch ups on project activity.
- e. Engaging with the Chartered Institute of Housing & other training providers to look at our qualification journey and approach.
- f. 2025 -2026 focus – training, training, training.

This will support us to identify and support residents; make informed business decisions; optimise property performance and transform the management and delivery of our housing services. These insights are critical to safeguarding residents, and for LRHA given our internal resources and operating area. However, all of this comes at a cost, both resources and financial.

It is essential that our residents know what support is on offer, as they have been disproportionately affected by the financial crisis because rural areas faced a triple squeeze from high costs, low incomes, and limited support for hard-pressed households, and people will be vulnerable now who have never been vulnerable before.

Tenant Satisfaction Measures (TSM) resident groups will report to the Operation's Committee and the Board. We want our link with our residents to support LRHA to drive improvements in resident services and satisfaction. We want our engagement with our residents to link the delivery of our strategic objectives now and in the future, and to drive improvements in our services to residents and resident satisfaction, ensure equitable services, and safeguard our core purpose and our residents.

We continue to review communications processes and procedures to drive improvements, this is something that we take very seriously.

It is essential that we consider the concept of talent management in succession planning. This is the ability to attract highly skilled workers and board members, who share LRHA's vision and values, and developing and retaining current talent to meet current and future business objectives. This will be complimented by the People Strategy, to ensure that the board and senior executive understand the operating environment and how emerging and longer-term labour and skills shortages impact the delivery of organisational objectives, safety and quality and delivery of the Corporate Strategy.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

We understand that it's our people that make the difference and that teamwork is essential from everyone at every level to triumph. Our aim is to ensure 'organisation vibrancy', which is essentially a positive healthy culture with positive healthy energy; making it a great place to work, where people are valued as the most importance resource/asset.

We are operating a flexible approach to staff working; and remain agile in the event of the requirement to revert to all staff members working from home. The focus is on the health and safety and well-being of our residents, staff, members and stakeholders, operational delivery, and service delivery.

In 2025 / 2026 the Board will consider the dilemma of where resource capacity should be directed; and the delivery of our competing priorities and our capacity to develop truly affordable housing, investment in existing stock, the resources required to achieve decarbonisation of our homes, and taking account of delivering the Vision and Mission in the short, medium, and long-term. Careful consideration and resident involvement and engagement will be essential in determining LRHA's future strategy in a rapidly changing operating environment.

The Board Strategy Day in July 2025 will focus on the operating environment challenges, the business plan, and the hard strategic questions 'of what is going to give'.

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Lesley Robinson
Chair
Board of Management

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Kevin Hornsby
Deputy Chair
Board of Management

Signed by:

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Rachael Fullwood
Chief Executive

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

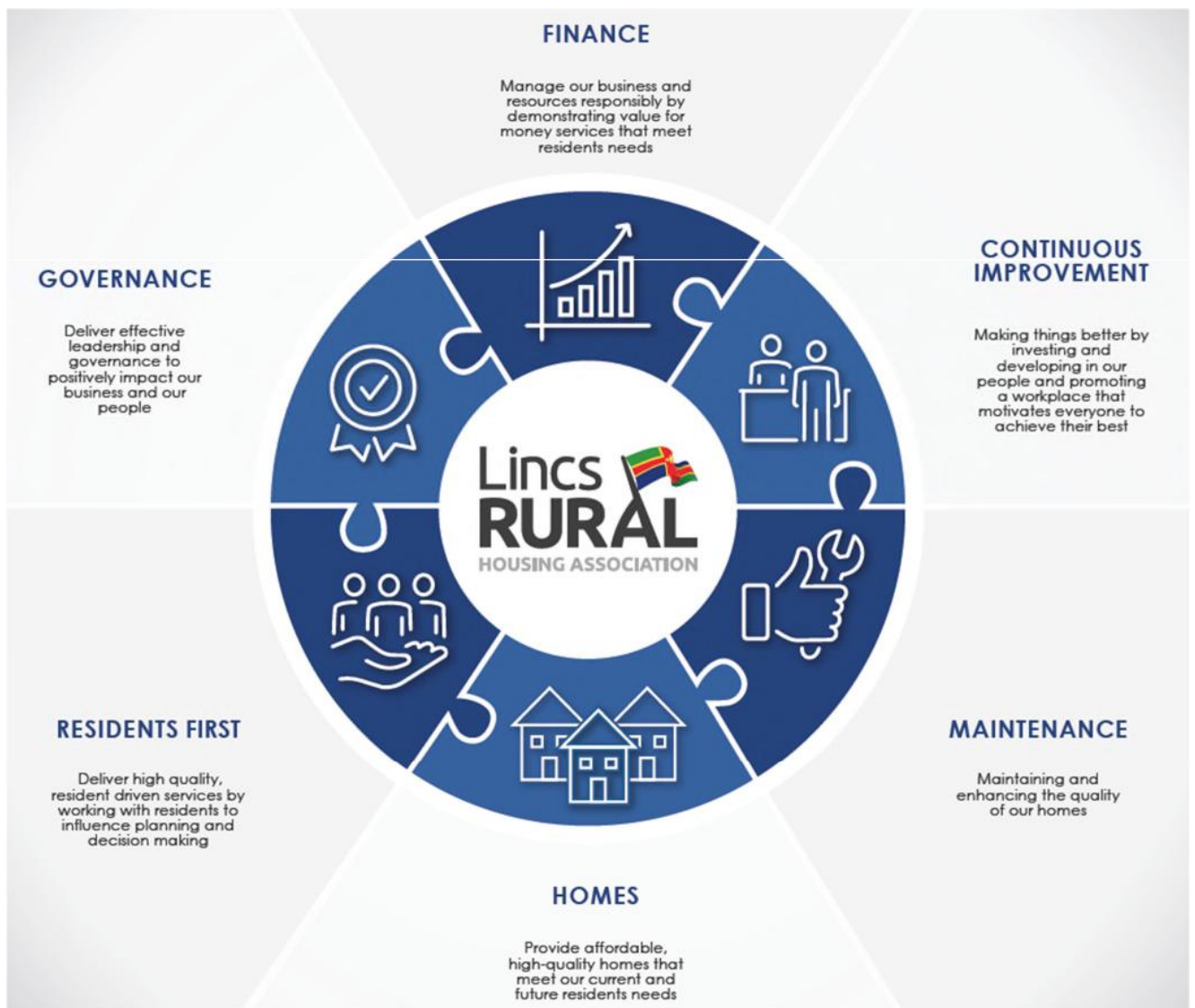
Figure 1 Corporate Strategy

Our Vision - Helping to Maintain Sustainable Rural Communities

Our Mission - To Provide Energy Efficient Homes for Rural People in Need

Corporate Strategy 2024 to 2029

Our Values - Innovative, Caring and Excellence



INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

An Overview of LRHA

Lincolnshire Rural Housing Association (LRHA) was formed on 22 May 1986 to work for the benefit of the community. LRHA's business objective is *'providing housing and managing housing, including Social Housing, and providing assistance to help house people and associations facilities, amenities and services for poor people or for the relief of aged, disabled (whether physically or mentally) or chronically sick people. Any other charitable object that can be carried out by a registered society registered as a provider of Social Housing with the Regulator'* (Rule A2).

The Association does not trade for profit (Rule A3), and no financial or other benefits are paid or transferred by way of profit to Shareholders of the Association (Rule A4).

The Board of Management's objective is to maximise delivery of the Corporate Strategy in **Figure 1**, whilst sustaining long term viability and providing Value for Money (VfM). The Corporate Strategy relies on continued governance effectiveness, taking account of statutory and regulatory compliance, and ensuring debt servicing and operating costs are sustainable.

The Corporate Strategy seeks to ensure existing properties are well maintained, whilst continuing to grow the housing stock. Risk and performance management is pivotal in business planning, and the 30-year Business Plan is subjected to regular multivariate stress testing analysis. The Business Plan is designed to achieve the Mission and Vision: **'To provide energy efficient homes for rural people in need'**, whilst **'Helping to maintain sustainable rural communities'**.

Housing for rent and shared ownership of properties are the two principal business income streams. LRHA operates in small rural communities throughout Lincolnshire and in areas of Rutland and Kings Lynn & West Norfolk. The geographical area of operation extends over approximately 2500 square miles; its marketplace is demographic, being small rural communities of less than 5,000 population. The housing stock is predominantly new build, with a small number of refurbished properties and two grade two listed cottages.

LRHA is a rural specialist working with sensitively balanced communities. Growth will be determined by small community needs and demands, and the organisation's financial capacity. Being an independent small specialist organisation, the Association is able to provide an *'Innovative, Caring and Excellent'* service for rural people in housing need (LRHA's Values).

LRHA has continued to provide quality affordable homes to over 1,000 people and received a turnover of £2.7 million for investment back into services and local communities. The Association's income is predominantly from domestic property rent, with approximately 25% received directly from local government as housing benefit and universal credit. Income is also received from feed-in tariffs for electricity generated by photovoltaic installations on LRHA's properties.

At the end of the financial year all available to let properties were occupied. There were 21 re-lets during 2024/25, and a total of eleven void weeks evidencing that the use of assets has been significantly maximised.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

At the Board Workshop on 21 November 2024, the Board had a robust discussion and in accordance with Principle 2.2(2) of the 2020 NHF Code of Governance, the Board considered that the organisation's purpose is best achieved by its existing structures. As part of this, the Board considered LRHA's independent structure. The Board is committed to remaining a specialist rural social housing landlord, who understands the needs of small communities and the people who live in them. LRHA will continue to listen and learn in pursuit of improving the delivery of the objective, this is next due for review in July 2027. (On 9 December 2021, the Board approved to review whether the organisation's purpose could be better achieved through changes to its group, governance or staffing structures routinely every three years as a minimum requirement). This may be reviewed earlier in the event of extenuating circumstances that are identified from our 'Golden Rules' and 'Measures of Success' affecting the governance and staffing structures.

LRHA's Market Context¹

The UK is in a housing crisis and more people than ever are struggling to afford a secure place to live. A home is a fundamental human need, but there is not enough rural good quality, low-cost homes available.

The rural housing crisis is a vicious chain reaction. The market does not try to be affordable to local people because it has plenty of demand from out of area. As a result, house price to income ratios are out of control. In many rural communities, the market for housing has become divorced from local people and their incomes. Homes are sold for as much as people are willing and able to pay for them. Ultimately, many young people and families are forced to move away from friends, families and jobs. Many rural employers struggle to fill vacancies and many communities struggle to sustain basic services such as schools, shops, and pubs. It's a vicious chain reaction that threatens the social fabric of rural life and the very survival of some villages.

As reported in 2021, in the last 20 years alone, over 700,000 social homes have been sold. Nearly 190,000 have been demolished. Only 385,000 have been completed. That's a net loss of over half a million homes. In the '80s there were 5.4 million households in social homes, but this has dropped by 1.4 million since then.³ The shortage of social housing forces many people into unsuitable homes away from jobs and support networks or into unacceptable circumstances such as overcrowding or temporary accommodation.

In many rural areas, housing has become divorced from local people and their income, with the market being driven by second homeowners and retirees. The pressure has become more acute since the COVID-19 pandemic. With demand continuing to outstrip supply, rural house prices continue to rise and local people are often priced out of home ownership and rely on the rental market, however, there is a severe shortage of rural affordable homes.⁴

The 2020 Greater Lincolnshire Airbnb study reported that all local authority areas saw an increase in the number of active rentals between 2017 and 2019. The highest percentage increase was in East Lindsey at 679% and the lowest in North Lincolnshire at 194%. Boston had the second highest percentage growth at 377%.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

The lack of housing for local people has severe impacts on rural communities, rural businesses, and the economy in rural areas and is considered a key contributor to the current labour shortages in agriculture, tourism, and hospitality.

The Rural Services Network Rural Cost of Living Survey July 2023 reported that when asked how their household’s financial situation has changed over the last year, more than three quarters of respondents say it has got worse, with 51% saying it is a bit worse and 26% a lot worse ².

Rural social housing provides secure long-term homes for people and families, who are often on lower incomes in rural areas, where life is more expensive, and work can often be insecure and seasonal. There are many significant challenges to the sustainability of rural communities, including high and increasing house prices, low wages, seasonal rental, high levels of second home ownership, education challenges, an aging population, and limits in digital and physical connectivity.

This is a brief outline of the macro context that seriously impacts on the micro-operating environment in which LRHA operates. In order to build financially viable affordable housing, of quality and size, more Government subsidy in the form of grant funding is required.

Source used ¹DEFRA; ²RSN; ³Shelter; ⁴CLA.

Table 3 illustrates LRHA’s regional operating area and mix of housing type.

Table 3 LOCAL AUTHORITY	2 BED	3 BED	4 BED	% with Assured Tenancy Agreements
General Needs				
Boston Borough	25	12	0	90%
East Lindsey	82	57	1	99%
King’s Lynn & West Norfolk	8	0	0	87%
North Kesteven	34	14	0	92%
North Lincolnshire	26	13	0	92%
Rutland	7	6	0	100%
South Holland	39	26	0	92%
South Kesteven	11	32	1	98%
West Lindsey	7	4	0	100%
TOTAL GENERAL NEEDS UNITS	239	164	2	95% (20 – Starter Tenancies)
Shared Ownership				
Boston Borough	3	4	0	
East Lindsey	2	1	0	
North Kesteven	2	2	0	
North Lincolnshire	6	0	0	
West Lindsey	1	2	0	
TOTAL SHARED OWNERSHIP UNITS	14	9	0	

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

SECTION 1 – GOVERNANCE ‘Deliver effective leadership and governance to positively impact our business and our people’.

Effective governance and management deliver effective strategy, VfM and high performance, whilst achieving accountability, transparency, integrity, and stewardship. There was an effective governance cycle with 6 Board, 3 Audit & Risk Committee, 3 Operations Committee and 2 Remuneration & Nomination Committee Meetings in 2024/25 with Board attendance of 88%, all meetings were quorate.

Board of Management Members during Year Ended 31 March 2025

LRHA is governed by a Board of Management comprising of up to eleven non-executive Members (92%), and one executive Member, (8%). At the financial year end there were no vacancies on the Board, with 67% of membership being male and 33% being female. The average age of Members on the Board at 31 March 2024 was 54 years, with an average non-executive member tenure serving on Board of 3.4 years.

Our Board and Committee Membership comprise of people with diverse backgrounds and attributes, having regard to the diversity of the communities LRHA serves. They include people with direct lived experience of, or particular insight into the communities served by LRHA.

We have a good strong Board, with skills in customer services, equality diversity and inclusion, finance, fraud, risk management, legislation and regulation, housing management, asset management, development, IT and digitalisation, people, culture, and HR; with a blend of people who currently, or have worked in the housing sector, and from other sectors.

Board remuneration commenced on 1 January 2022. An ‘Agreement for Services’ is in place for all Board and Committee Members which states that Members will act in accordance with and perform the duties detailed in the role profile, appropriate terms of reference and code of conduct for the duration of tenure.

The Association’s ‘2015 Rules’ allows for Board Members to serve for three terms of three years (nine years maximum). The adoption of the NHF 2020 Code of Governance, however, sets out that ‘*maximum tenure will normally be up to six consecutive years (typically comprising two terms of office), but where a member has served six years, and the board agrees that it is in the organisation’s best interests, their tenure may be extended up to a maximum of nine years*’. The maximum term provides openness, transparency, and continued refreshment of skills, qualification, and experience. Executive membership is deemed not to be time limited. Each elected Board Member is a Shareholder with a £1 share.

Operations are managed by the Management Team led by the Chief Executive. There have been no changes in the Management Team during 2024/25.

Conflicts of interest are strictly controlled in accordance with the NHF Code of Governance 2020. Self-assessment of compliance with the Code of Governance is undertaken annually by the Board and noted within the Annual Report.

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A required outcome of the Regulator of Social Housing's '*Governance and Financial Viability Standard*' is '*Registered providers shall ensure effective governance arrangements that deliver their aims, objectives and intended outcomes for Tenants and potential Tenants in an effective, transparent and accountable manner*'. Group appraisals of the Board, Audit & Risk, Remuneration & Nominations, and Operations Committee performance were completed during the year, providing performance actions for continued development. Individual Members are also appraised annually.

The legal duties and essential function of Board membership

Board Members have a wide range of duties. Regulation of the Association is primarily through its governing Rules and the Regulator of Social Housing's 'Regulatory Standards'. An essential function of the Board is to establish and oversee a framework of delegation and systems of internal control. The '*Specific Expectation*' of the Regulator's '*Governance and Financial Viability Standard*' is that: '*Registered Providers shall adopt and comply with an appropriate code of governance*'. The Association acknowledges that governance is vital to continued viability and has adopted new NHF '*Code of Governance 2020*'.

Ensuring the governance structure has the ability to deliver strategy and create value

The Regulator of Social Housing's '*Governance and Financial Viability Standard*' specific expectation is that '*Registered Providers shall ensure that they manage their affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight*'. The Business Model and Governance Structure is appended, and the Board Skills and Experience at the end of the financial year is provided in **Tables 4 and 5**. Board membership provided effective governance throughout the financial year evidenced at the Board meeting in March 2025 when results of the Board 360 Degree Appraisal of its group performance illustrated high standards of governance had been achieved. A Board Performance Improvement Plan has been devised which focuses on identified training requirements.

<p>Table 4</p> <p>Governance Skills and Experience Register for Board of Management as at 31 March 2025</p>		General Business Skills/Experience	Finance and Audit	Corporate Services	Housing, Property and Social Housing	Residents and Communities
1	Robert Anderson BSc FCA CTA / 3 rd term ends 2026	Internal and External Audit for companies, charities and education, commercial, financial planning, business strategy, external and asset-based finance, working capital requirements.				
2	John Baker / 1 st term ends 2027	Counter Fraud, Bribery and Corruption. Risk Management, Leadership, Client Management and Customer Services, Business Process Engineering, Training & Facilitator.				
3	Drew Cook BA (Hons) Computing in Business / 2 nd term ends 2025	University Director of ICT, delivery of ICT and Audio-Visual services, Elected Chair of a charity' s Board of Trustees, risk and financial management, knowledge and expertise of transformation, learning and research for operational efficiency and performance.				
4	Nicholas Doyle BA (Hons) MA, / 1 st term ends 2025	Housing - regeneration, net zero, asset management, national policy and government, ESG and sustainability, organisational change, Non-Executive Director, Business start-up, development and planning.				
5	Rachael Fullwood CIHCM AAT	Business strategy, budgetary and finance control, funding, audit and assurance, risk management, governance and regulation, legislation, asset management and development, housing policy, service delivery, customers and communities, strategic CIT.				
6	Alex Fury / 1st term ends 2025	Housing sector senior Leadership and NED experience, project management, asset, growth and development, business planning, risk and audit.				
7	Claire Harrington / 1 st terms ends 2027	Property Manager, Housing Officer, Managing Teams, Leadership, Project Management, HR, EDI, TQUK Level 2 Certificate in Counselling Skills, Degree in Social Sciences (Psychology, Sociology & Philosophy), PGC in Leadership and Management for Social Work, Early Help Team for Children' s Services; supporting children, young people and families.				
8	Kevin Hornsby CIHCM / 1 st term ends 2025	Director of Customer Service at 10k+ Housing Association. Housing Management, customer service and communities/community investment, development, Audit, Finance, commercial, development and acquisitions. Transformation, digital and operating models. Experience of governance and regulatory environment.				
9	Christine Paxton / 1 st terms ends 2025	Housing association leadership and management, Business development, growth and innovation, new business creation and management, Merger and acquisition and stock transfer, Strategic communications, Partnerships development, Customer experience development, Organisational culture and change management.				
10	Christopher Rennison / 1 st terms ends 2025	Executive and Non-Executive Board experience. Human Resources, equality diversity & inclusion, talent and workforce development and engagement and internal communications, estate and facility management and oversight of business continuity planning and crisis management.				
11	Lesley Robinson LLB (Hons) (Chair) / 3 rd term ends 2025	Legal, housing law, estate agency, business management, HR, CAB work, finance, governance, youth restorative justice experience.				
12	Hugh Unwin / 1 st term ends 2025	CIT Strategy, CIT Service delivery, CIT project management, Digitisation of services, Customer contact centre management, delivery and transformation, Housing Association senior management, business strategy, financial & budgetary control.				

Table 5 Board Matrix of Skills and Experience		Expert	Proficient	Working Knowledge	Limited Knowledge
General Business Skills / Experience	Strategic management, planning and setting strategic objectives	4	8	0	0
	Risk identification and management	6	4	2	0
	Change management / organisational development	5	6	1	0
	Performance measurement and management	3	9	0	0
	Business development / new business	5	5	2	0
	Ability to scan the horizon / external operating environment to inform direction	6	6	0	0
	Governance / non-executive leadership	3	9	0	0
	Ambassadorial role and partnership with other agencies/organisations	6	6	0	0
	Ability to analyse complex information and make strategic decisions	4	8	0	0
	Climate change and sustainability	1	4	6	1
Finance and Audit	Financial Strategy and planning	3	7	2	0
	Treasury Management, grant regimes, financing options	1	5	5	1
	Housing Accounting	1	3	7	1
	Monitoring financial performance and decision making	3	7	2	0
	Audit and the work of audit committees	3	4	5	0
	Contract management and procurement	2	4	6	0
	Investment and appraisal	1	2	9	0
	Pensions	1	1	5	5
Corporate Services	Company secretarial / company law / housing regulation / charity law / legal	1	3	8	0
	Recruitment / remuneration / employment law / HR	2	3	7	0
	Equality, diversity and inclusion	2	4	6	0
	PR / marketing / communications	1	4	7	0
	Information technology strategy / systems / digital approaches / implementation	2	3	7	0
	Information management / data protection	3	1	7	1
	Health and safety	0	5	6	1
Housing, Property and Social Housing	Social housing management	1	5	5	1
	Shared ownership	0	4	5	3
	Resident Standards and consumer regulation	1	5	4	2
	Strategic asset management, repairs and maintenance, investment/improvements	1	4	6	1
	Property development / regeneration including project appraisal	1	1	8	2
	Land & property acquisition and development	1	2	7	2
	Social housing regulation and legislation	1	3	8	0
	Social and housing policy	1	6	4	1
Residents and Communities	Provision of Resident services	1	4	5	2
	Maintaining Resident satisfaction while increasing efficiency	1	4	5	2
	Knowledge of areas / communities served by the organisation	0	4	6	2
	Knowledge of Residents' needs and concerns	1	4	4	3
	Resident and service user involvement and scrutiny	0	5	5	2
	Community engagement	0	6	3	3

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

Policy for Admitting New Shareholders

On 18 May 2023, the Board approved a change to the policy for admitting new shareholders as detailed below.

Any person who is admitted to be a Shareholder agrees to be bound by the obligations on them as set out in the Rules. When acting as a Shareholder they shall act at all times in the interests of LRHA.

LRHA's policy is to operate a closed shareholding and therefore LRHA shall only admit new shareholders who are Non-Executive Board or Committee Members. Co-optee Members are not eligible to be shareholders.

LRHA issues shares that have a nominal value of £1 which carry no right of interest, dividend, or bonus. Only one share shall be issued to each shareholder.

When a person ceases to be a Non-Executive Board or Committee Member, the shareholding will end and the share will be cancelled. The £1 will be transferred into LRHA's reserves and is not repayable.

LRHA has shareholders whose appointment predates this policy. These shares continue to be held and the shareholding interests managed in accordance with LRHA's Rules.

Strengths, Weaknesses, Opportunities and Threats (SWOT) to Corporate Strategy achievement

The annual SWOT and PESTLE (*Political, Economic, Sociological, Technological, Legal and Environmental*) provides an understanding of important external factors and risks necessary for decision-making, and the identification of opportunities with the potential to create value for the organisation and others.

The SWOT and PESTLE analysis was undertaken by the Audit & Risk Committee at their Workshop on 12 December 2024 and agreed by Board on 23 January 2025. The analysis illustrated the importance of this internal control process in the governance cycle. The SWOT and PESTLE enabled specific overall consideration of business risks and the links to the Corporate Strategy.

Using the two types of analysis together provides a holistic view of the threats and opportunities and enables LRHA to make informed strategic decisions based on facts. They provide a comprehensive analysis of the macro and micro threats and opportunities and are both essential factors of effective risk management and corporate strategic planning.

The SWOT undertaken concluded that:

- (a) The 'Strengths' identified create a sustained high performing organisation;
- (b) Proactive work and actions being undertaken provide 'Opportunities' to change 'Weaknesses' into 'Strengths';
- (c) Capitalising on 'Opportunities' takes time and effort, which are being undertaken by governance and management at LRHA; and
- (d) Whilst the majority of the identified 'Threats' are external and will not change in the short or medium term, with effort and innovative thinking they are being managed at LRHA, with some emerging potentially into OPPORTUNITIES.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

Risk Management

The Regulator of Social Housing's Governance and Financial Viability Standard states '*Governance arrangements shall ensure registered providers have an effective risk management and internal controls framework*' 1.1(e), that resources are managed effectively to ensure viability, and that social housing assets are not put at undue risk.

LRHA's Risk Management Policy and Framework states: The Board of Management retains overall responsibility for risk management and determining LRHA's tolerance of risk. The detailed scrutiny and evaluation of risk is delegated to the Audit & Risk Committee and responsibility for day-to-day management of risk and maintenance of an effective system of internal control has been assigned to the Management Team.

The Risk Register prioritises the major risks identified and details the controls, risk scores, actions taken and the impact of risk failure. The Board and Audit & Risk Committee consider the principal risks and controls at their meetings and have real time access to the detailed Risk Register via 4Risk.

During 2024 / 2025 risk assessment and stress testing focused on staffing resource, recruitment and retention, inflation, interest rates, rent cap, material shortages, cost increases, deteriorating financial status of residents and legislative changes, and considered the potential impact on the achievement of the Corporate Strategy. Focus turning to the limitations in rental income and the sustained increased costs and the impact these will have on LRHA's costs and the affordability of future rents for our residents, and customer service delivery.

The Regulator's expectation of risk management is: '*Boards need to maintain a long-term perspective on managing risk. They need to ensure that their decisions do not put short-term gains ahead of long-term sustainability of the business and the security of their social housing assets*'.

The Regulatory Framework requires consideration of the cumulative impact of multiple risks through scenario analysis and stress testing. 'Brixx' financial planning software enables enhanced stress testing of the Business Plan. A number of tests were undertaken on the Business Plan and considered by the Board, including multiple scenarios. These are recorded in the 'Register of Stress Tests', available on SharePoint.

The residual risks identified as 'critical' or 'very high' at the end of March 2025 are detailed in **Table 6**.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

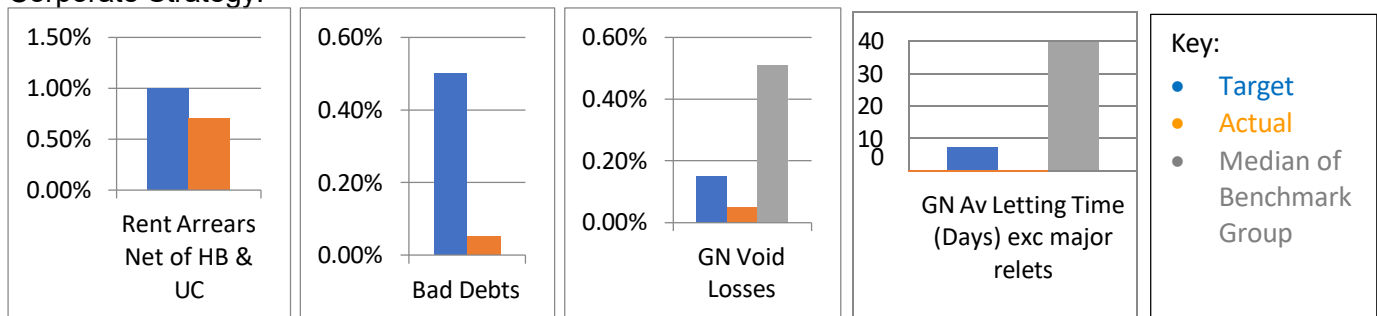
Risk No	Table 6 – Top Risks
1	Cyber – Financial and reputational losses, liabilities, and prosecution due to GDPR breaches and regulatory breaches / sanctions.
2	Asset Management Strategy - Poor asset management could lead to poor quality stock, dissatisfied residents, and financial loss. The potential impact is in regard to retaining financial viability for the organisation following the results of the stock condition survey, which from peer feedback has resulted in significant increase in planned costs across the sector.
3	Net Zero Carbon Agenda / Sustainability / Environmental Commitments
4	Political Environment – increased pressures on financial and staff resource to manage compliance with the additional regulations.
5	Lack of data integrity / accuracy of information – The use of incorrect data could impact on LRHA’s viability and strategic direction.
6	Asset Management – business as usual and compliance – Poor asset management could lead to poor quality stock, dissatisfied residents, and financial loss.
7	Increasing Operating Costs – has the potential to affect service provision to residents and financial viability. The risk is a negative impact on delivery of the corporate strategy and leads to regulatory scrutiny / intervention.

SECTION 2 – FINANCE ‘Manage our business and resources responsibly by demonstrating value for money services that meet residents needs’.

Business Performance

The principal Financial Policies and surpluses for the year are provided in the Corporate Governance Report and Financial Statements. The Board monitored a suite of Key Performance Indicators (KPI’s) during 2024/25 for assessing progress against the ‘Finance’ Strategic Objective.

Four KPIs in the graphs below illustrate the excellent performance achieved against the targets, fundamental to maximising income received for resources required to deliver the Corporate Strategy.



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Maximising the use of assets is an important issue for governance and management with affordable social housing being in such high demand. During the year there were a total of 11 weeks when a general needs property was vacant.

There were no breaches to loan covenants during the year, being a strategic measure of success, to achieve the 'Finance' Strategic Objective.

	Minimum requirement	Actual as at 31/03/2025
LC1 - Interest Cover	> 1.15 : 1	3.06 : 1
LC2 – Interest Cover	> 1.25 : 1	7.18 : 1
LC3 – Interest Cover	110%	283%
LC4 – Gearing	≤ 60%	25%

LRHA's Approach to Value for Money (VfM)

The Board defines VfM as: 'A cost the organisation is prepared to pay for service quality that it determines to deliver, to the right people within the appropriate timescales, consistent with current Corporate Strategy'.

The Board recognises that achieving VfM is a fundamental part of the Association's business. It is a key strategic aim that underpins the whole business. VfM is about maximising organisational objectives by having a comprehensive and strategic approach to VfM, delivering, and demonstrating it. As always, the responsibility remains with the Board. Our working definition set out below of VfM is based on the Regulator of Social Housing's VFM Standard, Code of Practice and incorporates the RSH VfM Metrics.

RSH Value for Money Metrics	LRHA 2023/24	LRHA 2024/25	Median of Benchmark Group (Prior Year)	Median National Smaller HA's (Prior Year)
*Reinvestment %	1.19%	3.44%	3.93%	2.70%
*New Supply Delivered %	0.0%	0.0%	1.0%	0.0%
New Supply (non-social housing) %	0.0%	0.0%	0.0%	0.0%
*Gearing %	19.6%	19.1%	34%	17%
*EBITDA MRI Interest Cover %	238%	126%	147%	200%
*Headline Social Housing Cost per Unit	£3,839	£5,142	£3,937	£6,447
*Operating Margin (Social Housing Lettings Only) %	25%	20%	26%	19%
*Operating Margin (Overall) %	28%	22%	26%	16%
*Return on Capital Employed	3.05%	2.56%	2.35%	2.53%

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

Achieving VfM includes achieving economy, efficiency, and effectiveness in all areas of activity, taking into account the outputs achieved as well as input costs. Economy, efficiency, and effectiveness are defined as follows:

- Economy: minimising the cost of resources used while having regard to quality.
- Efficiency: the relationship between the output from goods or services and the resources to produce them.
- Effectiveness: the extent to which objectives are achieved and the relationship between intended and actual impacts.

In overall terms we aim to achieve operational efficiencies and service improvements. This in turn will be supported by the modernisation of our patterns of communication and interaction with residents, contractors, and suppliers, through the development and implementation of a digital by preference approach where practically viable. This will allow us to tailor the interactions between individual residents, contractors, and suppliers; resulting in LRHA delivering a personalised and effective experience whilst delivering efficiencies.

The Board recognises that they are accountable for their decisions on the use of their resources and assets, demonstrating how they arrived at their decisions and how they are delivering against them. In addition to being open with all stakeholders, including residents and investors, when reporting on decision-making and performance.

Furthermore, the requirement to optimise the use of their assets and resources and improve the efficiency, economy, and effectiveness. The Board understand that VfM is intrinsic to effective governance and is focused on outcomes, not outputs. The recent, current, and future challenging economic climate is making value for money increasingly significant.

The Board ensures that there are robust approaches to making decisions on the use of available resources, understands the return on assets, and has performance management and scrutiny functions which are effective, efficient, and economical.

The Board understand the current and future financial pressures facing LRHA and the resources needed to meet a variety of challenges. The Board's VfM statement seeks to achieve a continuous improvement in outcomes and performance on running costs and use of assets to deliver quality services rather than cheapest costs. The Board are committed to safeguarding LRHA's financial viability and sustained delivery against its core purpose in helping to maintain sustainable rural communities, and to provide energy efficient homes for rural people in need, for both current and future residents.

In 2023 / 2024 LRHA raised loan finance for £3.2 million to enable the delivery of the corporate objectives, and competing priorities, including but not limited to growth and development, planned maintenance, cyclical maintenance, responsive repairs and digitalisation. £2.2 million of the loan remains undrawn as at the year end.

The Management Team are progressing work to enable a further loan charging exercise to raise additional finance.

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SECTION 3 – HOMES ‘Provide affordable, high-quality homes that meet our current and future residents’ needs’

The Business Plan seeks to maximise the delivery of the Corporate Strategy and social purpose. Sustaining long term viability and providing Value for Money is the priority. Resources to ensure existing properties are well maintained are now even more important to take account of upcoming new regulations.

The Business Plan has a development programme of 8 units over the next two years. It is intended for the programme to be achieved predominately through acquisition of homes from the open market or S106 properties in areas which have a known housing need enabling people to remain in their communities and enjoy living in a rural home.

SECTION 4 – MAINTENANCE ‘Maintaining and enhancing the quality of our homes’

Investment in existing stock is our biggest area of expenditure, and it is increasingly important that we get it right first time and are able to make informed decisions. This area of operations is increasing in complexity and will require significant financial and people resources to enable us to be effective as the future of housing is a complex, ever-changing world with a growing range of competing internal and external pressures. The needs of current residents must be balanced with future demands; and choices must be made between essential ongoing investment in the existing housing stock and contributing to new supply.

In 2023 LRHA commenced a project to review existing housing stock and undertake comprehensive Stock Condition Surveys and Retro-fit Assessments. The project planning has identified that this will require significant internal and external specialists’ resources and financial investment. All properties will have a Stock Condition Survey and Retrofit Assessment between April 2024 and March 2026.



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SECTION 5 – RESIDENTS FIRST ‘Deliver high quality, resident driven services by working with residents to influence planning and decision making’

LRHA’s social purpose as defined by the Board is: *To support people connected to rural communities and in need of a home, through the provision and maintenance of affordable and sustainable homes for life.*

LRHA undertook the annual Tenant Satisfaction Measures (TSM) Survey. It was undertaken completely independently for LRHA. The TSM results shown on page 31 illustrates significant achievement against the Corporate Strategic Objective ‘Residents First’. The TSM report can be found on the website: www.lrha.co.uk.

Four TSM resident groups which include staff and board members have met throughout the year to progress the work around the results of the Survey. The analysis of the results identified six clear areas to focus engagement on:

- 1) Repairs and maintenance;
- 2) How complaints are dealt with;
- 3) Responsible neighbourhood management (communal gardening);
- 4) Contribution to your neighbourhood;
- 5) Customer recovery; and
- 6) Resident involvement.

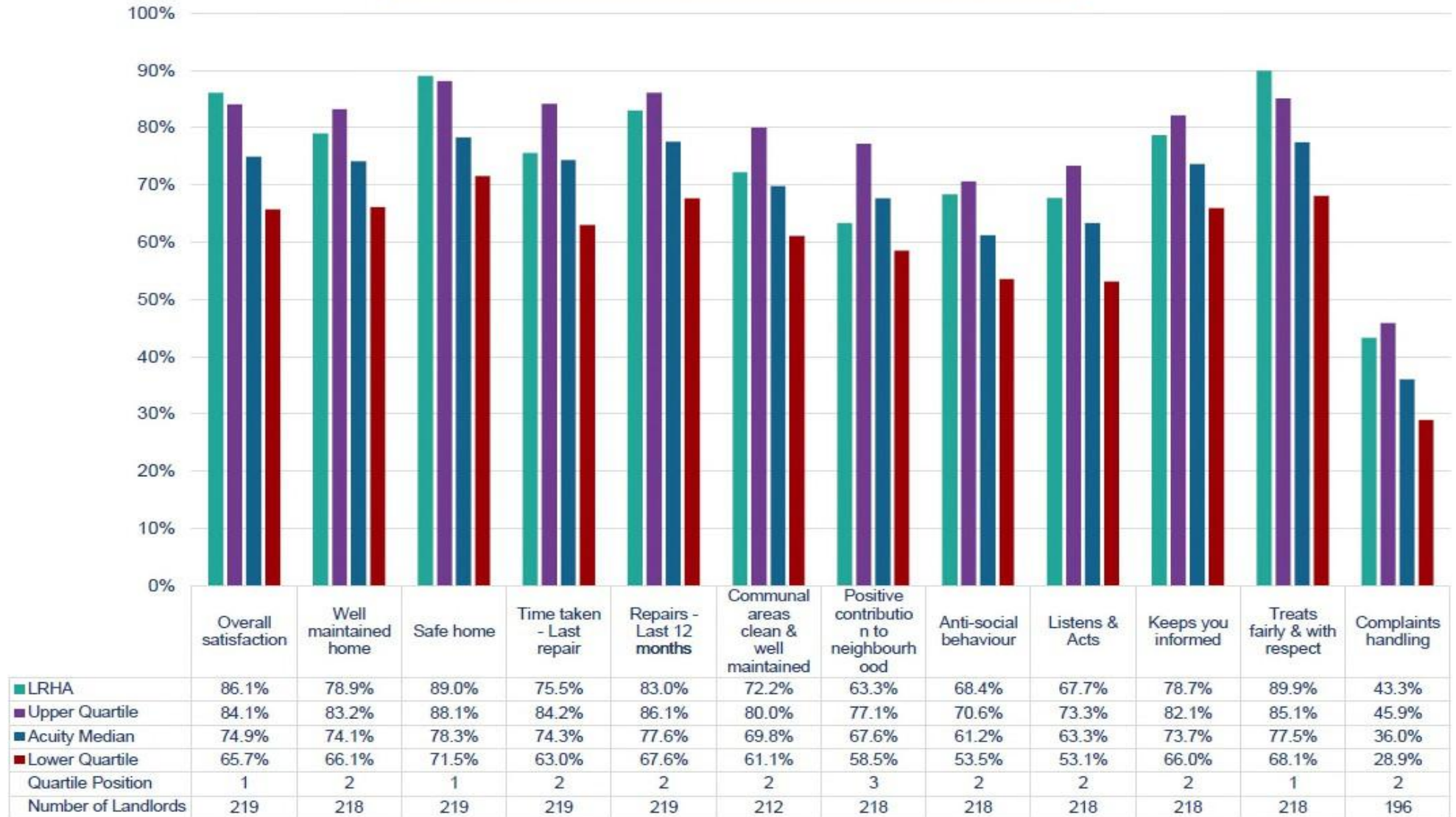
The TSM resident groups complement the work of the Resident Representatives Network. The groups update is reported to the Operation’s Committee and the Board. Moving forward, merging the groups is being considered to facilitate better attendance and more productive discussions. Additionally, residents who wish to work more closely with LRHA and make a difference are invited via various communication methods to join the groups and in particular the ‘Resident Armchair Panel’ group who have the opportunity to influence LRHA’s policies that impact and effect residents.

The Board appointed a Resident Member onto the Operations Committee in 2023 and onto the Board in 2024.

LRHA remains an ambassador member of the National Housing Federation ‘Together with Tenants Ambassadors Initiative’. To ensure ‘Together with Tenants’ continued impact, ambassadors will play a key role in promoting the initiative, encouraging sign up and ensuring its legitimacy in making a positive impact on residents’ lives.

The Complaint Handling Code 2024 became statutory from 1 April 2024 meaning landlords are obliged by law to follow its requirements. The Code aims to achieve best practice in complaint handling and ultimately to provide a better service to residents. The self-assessment is available on the website. The Complaints Procedure and self-assessment of the Code is readily available on the website www.lrha.co.uk, or in hard copy, for residents and others. LRHA uses resident interactions including complaints to learn and incorporate the residents’ voice into LRHA decisions.

Satisfaction Levels Acuity Median 2023/24



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Understanding the population and demography of Lincolnshire, and how it is changing, are important factors for LRHA's future development and improvement programmes. The following population change projections over twenty-five years for selected age groups in Lincolnshire has been taken from the 'ONS Population Projections'.

Table 7

Change over 25 years	0-15	16-64	65-74	75+	Total
2018	130,311(17.2%)	448,858(59.4%)	98,344(13%)	78,320(10.4%)	755,833
2043	130,579 (15.4%)	464,503 (54.7%)	111,583(13.1%)	142,933(16.8%)	849,598
Change	+0.2%	+3.5%	+13.5%	+82.5%	+12.4%

The Association's Resident Profile by 'Tenancy Holder Age' is:

Table 8

	0-15	16-64	65-74	75+
At June 2025	0%	72%	16%	12%

Taking into account that tenancy agreements cannot be held by the age group 0 – 15, the above tenancy profile is in-line with Lincolnshire's population profile.

- (a) LRHA is home to approximately 1,100 people, which is a significant responsibility;
- (b) 10% of households are in receipt of full Housing Benefit or the housing element of Universal Credit which is paid directly to LRHA, and a further 15% are in receipt of partial Housing Benefit or Universal Credit paid directly to LRHA;
- (c) 87 LRHA properties, 20%, have a single occupancy, with 45% aged over 65, and 11% being aged 80 or over; and
- (d) There are 25 LRHA households with a disabled occupant, and 29 residents classified as being vulnerable.

Affordability

The extent to which LRHA provides homes are genuinely affordable to rural people, who are typically on low-incomes is illustrated in **Table 9**.

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Table 9 provides a 'Rent Affordability Indicator' using available data.

Table 9 LOCAL AUTHORITY	Average 3 Bed LRHA Rent	Local Housing Allowance	Average 3 Bed Private Sector Rent	Affordability indicator of LRHA homes by LA Area R / A / G
General Needs				
Boston Borough	£116.26	£169.15	£205.38	
East Lindsey	£107.88	£145.64	£177.23	
King's Lynn & West Norfolk	N/A	£199.07	£229.38	
North Kesteven	£120.13	£148.05	£198.23	
North Lincolnshire	£123.89	£126.30	£160.62	
Rutland	£125.66	£182.58	£218.08	
South Holland	£128.78	£177.97	£197.08	
South Kesteven	£119.68	£165.41	£207.70	
West Lindsey	£116.00	£135.89	£169.62	

Table 9 illustrates that within each of the nine local authorities the Association operates in, the majority of average rents are below the local housing allowance and significantly lower than the average private sector rent.

Adding Social Value to Tenants and the Community

Table 10 A sample of the Association's social value activities over the year is illustrated below.

Social Value Activity	Outcome	Value of Activity	Source of value / workings
Day to day activities			
Added value provided by the Association's day to day activities	Providing quality homes and services to Residents	£4,222,934	NHF Local Economic Impact Calculator

Benefit, Universal Credit and budgeting support provided to 48 residents including home visits, Resident Support Fund applications and award of Discretionary Housing payments. 33 of these residents hold a clear rent account at the year end.

Provision of secure tenancies for high quality affordable homes and related support is provided by the Association. A home provides shelter, warmth and safety which are fundamental human needs. The benefits of having a safe and secure home are wide ranging and can assist with healthy, happy family environments that enable improved well-being, educational and working achievement. The Association's specialism of providing affordable housing in smaller villages and hamlets supports 'people networks' to deliver LRHA's Vision of 'Helping to Maintain Sustainable Rural Communities'.

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

In addition to the extensive social value that the provision of affordable homes in rural locations provides, examples of the many other social value activities undertaken by the Association include:

- (a) The use of an electric vehicle reducing carbon emissions;
- (b) A proactive support process for vulnerable residents including regular visits and additional support in periods of inclement weather;
- (c) Adaptations to properties to help sustain tenancies;
- (d) Resident Support Fund in place to assist residents in financial hardship; and
- (e) Donations have been made to local charitable causes.

SECTION 6 – CONTINUOUS IMPROVEMENT ‘Making things better by investing and developing in our people and promoting a workplace that motivates everyone to achieve their best’

Staff Wellbeing

The People Strategy has been developed which supports the development of our people to enable LRHA to achieve our Corporate Strategy.

LRHA has developed its first stand-alone plan and policy on succession planning. This sets out a clear process to identify future board and senior executive staffing needs and the people with the skills and potential to perform in these roles. LRHA exists to provide social housing for those in need and effective succession planning is critical to ensuring that board members and members of staff have the right skills, knowledge, and behaviours to meet LRHA’s strategic business objectives, now and in the future and to deliver excellent services to our residents, safeguarding our core purpose and our residents.

The commitment to the Investors in People (IIP) framework since 2005 evidences that the Association places staff progression, well-being, and a positive culture at the forefront. The following illustrates staff satisfaction, which enables high performance. The IIP Gold award, People Strategy, and satisfaction in **Table 11**, illustrates achievement of Corporate Strategy Objective ‘*Continuous Improvement*’.

Table 11

Comparing survey results	2017	2018	2019	2020	2021	2022	2023	2024
My Association is a great place to work	86%	100%	100%	100%	92%	91%	93%	95%
My Association has a plan for the future	-	100%	100%	100%	100%	100%	93%	100%
My Association embraces change	-	84%	100%	100%	77%	82%	85%	95%
My Association has a positive impact on society	85%	100%	100%	100%	100%	82%	100%	100%

All Staff are paid above the living wage, and the Chief Executive-Staff salary ratio is 3.05:1 as at March 2025, (based on the median salary of Staff).

INTEGRATED STRATEGIC REPORT for the year ending 31 March 2025

Nature and Relationship with Shareholders and Stakeholders

People are the defining factor in the business of LRHA. LRHA is accountable to its Stakeholders, who are recruited to act in the interest of the organisation, for the benefit of rural communities, and to act as guardians of the Social Purpose and original objectives for which the Association was formed. The Corporate Strategy is specific in relation to people, with 'Residents First' and 'Continuous Improvement' objectives.

Stakeholders: At the Board's meeting of 22 July 2021, the Board approved the definition of the key Stakeholders as the Residents, Regulator of Social Housing, Funders, Homes England and Shareholders.

Public Benefit Entity

As a public benefit entity, the Association has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

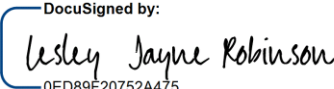
The Board of Management's Statement for Information to the Auditors

Board Members who held office at the date of approval of this Board Report confirm that, to the best of their knowledge, there is no relevant audit information of which the Association's Auditors are unaware; and each Board Member has taken all necessary actions to make themselves aware of any relevant audit information, and to ensure the Association's Auditors are aware of that information.

By order of the Board of Management

Approved by the Board of Management on 3rd July 2025

and signed on its behalf by:

DocuSigned by:

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Lesley Robinson LLB Law

Board of Management Chair

CORPORATE GOVERNANCE REPORT for the year ending 31 March 2025

Composition and Organisation of the Association

Legal Status

LRHA is registered with the Financial Conduct Authority, and as a '*Pre-Commencement Society – Charitable (formerly I&P Society)*' under the Co-operative and Community Benefit Societies Act 2014. The Association is also registered with the Regulator of Social Housing as a '*Register Provider*'.

Principal Activities

The Association's principal activities are the development and management of social housing in rural communities.

Business Review

The total comprehensive income for the year is £323,534 (2023/24 £277,489) on a turnover of £2.8 million (2023/24 £2.6 million).

Principal Financial Policies

All surpluses generated by the Association are reinvested in order to maintain properties in good condition, provide high quality services, and develop new rural affordable housing stock. Accumulated reserves are reinvested in existing housing properties and developing new housing assets, and are not therefore represented by cash balances. The Board have not designated specific reserves for future major repair liabilities. Although these commitments do exist, they are recognised in the organisation's long-term business plan forecasts, using information from stock condition surveys. A stock condition survey will be undertaken on all properties during 2024 to 2026 to enhance data accuracy held on property components and inform long-term planned maintenance and major repairs expenditure achieving the Corporate Strategy Strategic Objective of '*Maintaining and enhancing the quality of our homes*'.

In 2022/23 LRHA completed a loan charging exercise to raise additional finance to enable the delivery of the strategic objectives, and competing priorities, including but not limited to delivering growth and development, planned maintenance including decarbonisation works, cyclical maintenance, responsive repairs, and digitalisation. The Association will maintain sufficient liquid funds to service short, medium, and long-term finance.

The Statement of Financial Position illustrates that at 31 March 2025 the organisation had net current assets of £222k (2023/24 £762k). Current liabilities were £1,051k (2023/24 £808k).

Fixed Assets

Changes to the fixed assets are set out in Note 11 to the Financial Statements.

Board Membership

Membership to 31 March 2025 is detailed on page 4.

CORPORATE GOVERNANCE REPORT for the year ending 31 March 2025

Governance

The Association resolved to adopt the new NHF Code of Governance 2020 in December 2020.

Employee Involvement

The Association maintains systems to provide employees with relevant information on matters of concern to them. These include regular team meetings, staff conferences, annual appraisals, and direct contact with the Board. However, the benefit of being a small organisation is that all staff are key employees, and are involved in the governance / management process. This naturally provides staff involvement in strategic issues.

Employment of Disabled Persons

The Association is committed to employing and engaging people with disabilities, as defined by the Disabled Persons (Employment) Act by:

- (a) Guaranteeing to interview people with disabilities who meet the minimum criteria for job vacancies;
- (b) Consulting disabled employees about how they can develop and use their abilities at work;
- (c) Develop key employees' awareness of disability and employment; and
- (d) Review relevant achievements in meeting these commitments.

Risk Management

The Association recognises the importance of risk management and internal controls in running a complex business. The specific processes in place are detailed in the internal controls section below.

Insurance

For the financial year 2024/25 Board Members' Directors and Officers Liability Insurance was facilitated through Marsh Limited, Housing Public Sector Practice, together with comprehensive insurance policy cover for other areas of the business.

Social and Environmental Responsibility

The Association is committed to facilitate wider improvements in the communities that it serves. This includes working with other agencies to address issues such as anti-social behaviour and social enterprise.

Going Concern

It is the opinion of the Board that the Association has a reasonable expectation of having resources to continue to operate for the foreseeable future. It continues to adopt the going concern basis in preparing the financial statements.

CORPORATE GOVERNANCE REPORT for the year ending 31 March 2025

Board of Management's Statement on Internal Controls

The Board is ultimately responsible for LRHA's system of internal control and for reviewing its effectiveness.

The Board, however, acknowledges that the system of internal controls is designed to manage rather than eliminate risk of failure to achieve the organisation's objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In meeting its responsibilities, the Board uses a risk-based approach to internal controls, based on guidance and best practice within the sector. The framework adopted by the Board in reviewing the effectiveness of the system of internal control included:

The Control Environment:

- (a) During the financial year 2024/25 the Board operated in accordance with the National Housing Federation's (NHF) Code of Governance 2020 (*the Code*). The Board assessed LRHA is generally compliant with the Code on 15 May 2025.
- (b) The Association has conducted business during the financial year 2024/25 in accordance with the Regulator of Social Housing's Economic Standards and Consumer Standards. The Board self-assessed compliance with the Standards at the Board meeting on 15 May 2025; and
- (c) Assessment by the Board in July 2025 concluded that the control environment was ethical, with integrity, ensuring accountability, openness and effective control. There was role clarity for the Board, senior management and staff, and effective structures in place.

Risk Assessment:

- (a) Risk is regularly reviewed at Board, Audit & Risk Committee, Operations Committee, and Management Team meetings and specifically at Workshops during the Governance Cycle. In addition, the Chief Executive provides regular updates to the Board on significant changes affecting key risks;
- (b) A specific review of Risk Management was not undertaken in 2025/26 by TIAA;
- (c) The Association has continued to manage risk efficiently and effectively during 2024/25 and implemented a Risk Management Policy and Framework in 2021/22 which was updated, reviewed and approved in January 2025. Procedures are in place for ensuring appropriate corrective action is taken in respect of any material internal control issues; and
- (d) In accordance with the Regulator's Governance and Viability Standard the Association continues to maintain an accurate and current Asset and Liability Register, and regularly subjects the Business Plan to multiple variant stress testing.

CORPORATE GOVERNANCE REPORT for the year ending 31 March 2025

Control Activities:

- (a) The Board, Executive and Staff have operated throughout the year in general compliance with control activities, legislation, and regulation. There was one control failure entered into the 'Control Failure Register' during the financial year related to a GDPR breach, however the data was low risk (email addresses only) and not reportable.
- (b) Significant review of Policies has been progressed to improve internal control;
- (c) Management have complied with 'Delegated Authorities';
- (d) Internal Audit Services Contract has been provided by TIAA Ltd since April 2022 following a tender exercise. The audits completed in 2024/25 and outcomes are as follows:
 - (a) **Budgetary Control and Delegated Framework** – substantial assurance;
 - (b) **Data Protection** – substantial assurance;
 - (c) **ICT Review of Cyber Security** – reasonable assurance.
- (e) Beever and Struthers (B&S) have been the Association's External Auditors for over twenty years. The external audit services were re-tendered in 2012 with Beever and Struthers tender being successful. The Board re-negotiated the contract with Beever & Struthers in 2016 and on 15 December 2016 the Board approved the extension to contract for three years, with an option for a further two years. The contract was formulated with Beever and Struthers, on the basis that a new Audit Partner was responsible for the Association's audit. The Audit & Risk Committee approved a further 3-year contract extension up to and including the 2024/25 financial year with an annual inflationary increase cap of 5% agreed.

Information and Communications:

- (a) Predetermined Board and Committee meetings were serviced with relevant and timely information for well informed decision making; and
- (b) Board and Committee members are provided with information through intranet systems enabling real time access to performance data, risk assessment and other issues relevant to well-informed governance activity and responsibility.

Monitoring:

- (a) The Board regularly monitors key performance indicators at Board meetings;
- (b) The internal computerised management system ensures up-to-date and accurate information to control operations effectively;
- (c) The Board is kept fully apprised of the evolving operating environment regularly;
- (d) Value for Money Metrics have been monitored by the Board and are included within this Annual Report; and
- (e) There were no losses from fraudulent activity.

CORPORATE GOVERNANCE REPORT for the year ending 31 March 2025

Conclusion:

- (a) The Board has received the Chief Executive's '*Annual Internal Controls Assurance Report*'; has conducted an annual review of the effectiveness of the system of internal control, and has taken account of any changes required to maintain the effectiveness of risk management and control processes;
- (b) The Board has completed a review for the year ending 31 March 2025 and is satisfied that controls are in place and effective to ensure that the Association continues to be a well-governed, well-managed and a viable organisation; and
- (c) The Board confirms there is an on-going process for identifying, evaluating, and managing the significant risks faced by the Association. This has been in place for the year under review, and up to the date of approval of the Annual Report and accounts, and is regularly reviewed.

Statement of the Board's Responsibilities in Respect of the Financial Statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations. The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which provide a true and fair view of the state of affairs of Lincolnshire Rural Housing Association Limited, and of the Statement of Comprehensive Income for the period of account.

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

- (a) Select suitable accounting policies and then apply them consistently;
- (b) Make judgements and estimates that are reasonable and prudent;
- (c) State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (d) Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Society Act 2014, the Housing Act 1996 and Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, the Housing SORP 2018, UK Generally Accepted Accounting Practice FRS102 and the Companies Act 2006. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE REPORT for the year ending 31 March 2025

Statement of Compliance

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

Approved by the Board of Management on 3 July 2025

and signed on its behalf by:
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Lesley Robinson LLB Law

Chair of the Board of Management

Appendices

[Appendix 1 – Business Model](#)

[Appendix 2 – Governance Structure](#)

Independent Auditor's Report to the Members of Lincolnshire Rural Housing

Association

Opinion

We have audited the financial statements of Lincolnshire Rural Housing Association "the Association" for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves and the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the Board of Management

As explained more fully in the Statement of the Board's responsibilities set out on pages 4-6, the Board of Management is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Use of our report

This report is made solely to the Association, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014. 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.

Beever and Struthers

Beever and Struthers, Statutory Auditor
The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Date: 21 August 2025

Lincolnshire Rural Housing Association Ltd
6.1 – Statement of Comprehensive Income
For the Year Ended 31 March 2025

	Notes	2025 £	2024 £
Turnover	2	2,761,367	2,637,753
Operating expenditure	2	(2,154,300)	(1,903,111)
Gain on disposal of property, plant and equipment	5	24,385	-
Operating surplus		631,452	734,642
Interest receivable		4,663	179
Interest payable and similar charges	6	(344,271)	(359,051)
Surplus before tax		291,844	375,770
Taxation	8	24,690	(31,281)
Surplus for the year after tax		316,534	344,489
Other comprehensive income			
Actuarial gains/(losses) in respect of pension scheme	10	7,000	(67,000)
Total comprehensive income for the year		323,534	277,489

All amounts relate to continuing activities.

The above surpluses are the historical cost surpluses.

The notes on pages 50 to 70 form an integral part of these accounts.

The financial statements on pages 46 to 70 were approved by the Board of Management for issue on 3 July 2025 and were signed on its behalf by:

Board Member: DocuSigned by: *Lesley Jayne Robinson*
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Board Member: Signed by: *Kevin Hornsby*
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Secretary: DocuSigned by: *Michelle Turner*
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Lincolnshire Rural Housing Association Ltd
6.2 – Statement of Financial Position
As at 31 March 2025

Co-operative and Community Benefit Societies
 Act 2014 Reg. No 25276R

	Notes	2025 £	2024 £
Tangible Fixed assets			
Housing Properties	11 12	23,322,418	23,209,710
Other fixed assets	11	<u>186,944</u>	<u>84,338</u>
		23,509,363	23,294,048
Current assets			
Stock	13	62,609	50,410
Trade and other debtors	14	187,723	214,728
Cash at bank and in hand		<u>1,022,689</u>	<u>1,305,114</u>
		1,273,021	1,570,252
Less Creditors			
Amounts falling due within one year	15	<u>(1,050,618)</u>	<u>(808,309)</u>
Net current assets		<u>222,402</u>	<u>761,943</u>
Total assets less current liabilities		<u>23,731,765</u>	<u>24,055,991</u>
Amounts falling due after more than one year	16	(15,603,428)	(16,154,502)
Provisions for liabilities			
Pension – defined benefit liability	10	(211,000)	(283,000)
Other provisions	19	<u>-</u>	<u>(24,690)</u>
Total Net Assets		<u><u>7,917,337</u></u>	<u><u>7,593,799</u></u>
Reserves			
Non-equity share capital		36	32
Income and expenditure reserve		<u>7,917,301</u>	<u>7,593,767</u>
Total Reserves		<u><u>7,917,337</u></u>	<u><u>7,593,799</u></u>

The notes on pages 50 to 70 form an integral part of these accounts.

The financial statements on pages 46 to 70 were approved by the Board of Management for issue on 3 July 2025 and were signed on its behalf by:

DocuSigned by:
 Board Member:..... Lesley Jayne Robinson.....
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 Signed by:
 Board Member:..... Kevin Hornsby.....
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 DocuSigned by:
 Secretary:..... Michelle Turner.....
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Lincolnshire Rural Housing Association Ltd
6.3 – Statement of Changes in Reserves
For the Year Ended 31 March 2025

	Income and Expenditure Reserve £
Balance as at 1 April 2023	7,316,278
Total Comprehensive Income	344,489
Other Comprehensive Income	(67,000)
Balance at 31 March 2024	7,593,767
Total Comprehensive Income	316,534
Other Comprehensive Income	7,000
Balance at 31 March 2025	7,917,301

Lincolnshire Rural Housing Association Ltd
6.4 – Statement of Cash Flows
For the Year Ended 31 March 2025

	Notes	Year Ended 31 March 2025	Year Ended 31 March 2024
Net cash generated from operating activities		1,201,414	964,152
Cash flow from investing activities			
Purchase of tangible fixed assets	11	(774,554)	(276,817)
Proceeds from sale of tangible fixed assets		24,385	-
Interest received		4,663	179
		455,908	687,514
Cash flow from financing activities			
Interest paid		(344,271)	(359,051)
(Redemption)/Issue of ordinary shares	20	4	(2)
New secured loans		-	-
Repayment of borrowings		(394,066)	(385,265)
Net change in cash and cash equivalents		(282,425)	(56,804)
Cash and cash equivalents at start of the year		1,305,114	1,361,918
Cash and cash equivalents at end of the year		1,022,689	1,305,114

Note i

		Year Ended 31 March 2025 £	Year Ended 31 March 2024 £
Cash flow from operating activities			
Surplus/(deficit) for the year		323,534	277,489
Adjustments for non-cash items			
Depreciation of tangible fixed assets	11	559,239	534,269
Amortisation of intangible fixed assets	17	(138,708)	(138,708)
Decrease/(increase) in stock	13	(12,199)	(6,459)
Carrying amount of tangible fixed asset disposal		-	-
Decrease/(increase) in trade and other debtors		27,005	(59,877)
(Decrease)/increase in trade and other creditors		224,009	985
(Decrease)/increase in provisions		(24,690)	3,581
(Decrease)/increase in SHPS pension liability		(72,000)	(6,000)
Adjustments for investing or financing activities			
Proceeds from the sale of tangible fixed assets		(24,385)	-
Interest and financing costs		344,271	359,051
Interest received		(4,663)	(179)
Net cash generated from operating activities		1,201,414	964,152

6.4 – Notes to the Financial Statements For the Year Ended 31 March 2025

Legal Status

Lincolnshire Rural Housing Association Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Registered Provider of Social Housing. The registered office is Markime House, Pooles Lane, Spilsby, Lincolnshire, PE23 5EY. Lincolnshire Rural Housing Association Limited's principal activity is to provide social housing.

1. Principal Accounting Policies

Basis of accounting

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

The financial statements are prepared on the historical cost basis of accounting and are presented in sterling £ for the year ended 31 March 2025.

The financial statements have been prepared in compliance with FRS102.

The Association meets the definition of a public benefit entity (PBE).

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years unless otherwise stated.

Going Concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and therefore we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

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

a) Development expenditure

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

b) Categorisation of housing properties

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that all properties held are for social benefit.

6.4 – Notes to the Financial Statements For the Year Ended 31 March 2025

Other key sources of estimation and assumptions:

a) Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values. The carrying value of tangible fixed assets at 31 March 2025 was £23,509,363.

b) Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. The Association uses the SHPS online tool for the calculation and consider the discount rate used to ensure it is within an acceptable range to reflect the market yields at the reporting date on high quality corporate bonds.

c) Impairment of non-financial assets

Properties are reviewed for impairment annually, and where housing properties have suffered a permanent diminution in value, the fall in value is recognised after taking account of any related capital grants.

No impairment triggers were identified in the reporting period.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, income from the sale of shared ownership properties and income generated from photovoltaics.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Photovoltaic income is recognised in relation to the period it was generated.

Service Charges

Service charge income and costs are recognised on an accruals basis. The Association operates fixed service charges on a scheme by scheme basis in full consultation with tenants.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

Loan finance issue costs

Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

6.4 – Notes to the Financial Statements For the Year Ended 31 March 2025

The association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

The useful economic lives for identified components are as follows:

Component	Years
Hot water cylinder	10
Boiler	15
Kitchen	20
Air source heat pump	20
Photovoltaics	25
Windows	30
Doors	30
Bathroom	30
Heating	30
Electrical	30
Roof	60
Structure	100

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

Depreciation is charged on other tangible assets on a straight-line basis using the rates as follows:

Office	2.00%
Vehicle	25.00%
Computers, Tools and Office Equipment	
Office furniture and equipment	20.00%
Computer equipment	25.00%

Shared ownership properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as property sales in operating profit. Shared ownership properties are not depreciated due to the high residual value.

Grants received for shared ownership properties are accounted for using the accrual model and recognised in income on a systematic basis over the expected useful life of the asset.

Capitalisation of interest and administration costs

Interest on loans financing development is not capitalised.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property to their intended use.

6.4 – Notes to the Financial Statements For the Year Ended 31 March 2025

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

Social Housing and Other Grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure, under the accruals model.

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

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

Recycling of Capital Grant

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

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to administration expenses and then allocated to each of the Association's departments over the periods benefiting from the employees' services.

A liability for the Group's pension obligations is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Further details of the assumptions and the pension plans are in note 10.

Financial Instruments

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

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

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Financial instruments held by the Association are classified as: Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method. Financial liabilities such as loans are held at amortised cost using the effective interest method.

Notes to the Financial Statements
For the Year Ended 31 March 2025

2. Turnover, Operating Expenditure and Operating Surplus

	2025			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£	£	£	£
Social Housing Lettings	2,610,760	-	(2,062,600)	548,160
Other Social Housing Activities:				
First tranche low cost home ownership sales	-	-	-	-
Development costs			(82,954)	(82,954)
Other	150,607		(8,746)	141,861
TOTAL	2,761,367	-	(2,154,300)	607,067

	2024			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£	£	£	£
Social Housing Lettings	2,428,635	-	(1,813,105)	615,530
Other Social Housing Activities:				
First tranche low cost home ownership sales	-	-	-	-
Development costs			(75,266)	(75,266)
Other	209,118		(14,740)	194,378
TOTAL	2,637,753	-	(1,903,111)	734,642

Notes to the Financial Statements For the Year Ended 31 March 2025

3. Turnover and Operating Expenditure from Social Housing Lettings

	General Needs Housing £	Shared Ownership £	Total 2025 £	Total 2024 £
Income				
Rent receivable net of identifiable service charges and net of voids	2,347,101	94,934	2,442,035	2,260,224
Service charge income	27,209	4,007	31,216	31,184
Net rents receivable	2,374,310	98,941	2,473,251	2,291,408
Amortised government grants	133,096	5,612	138,708	138,708
Total Turnover from Social Housing Lettings	2,507,406	104,553	2,611,959	2,430,116
Operating Expenditure				
Management	533,710	35,384	569,094	512,724
Service charge costs	51,802	3,547	55,349	51,409
Routine maintenance	654,426	-	654,426	585,840
Planned maintenance	90,730	-	90,730	55,498
Major repairs expenditure	150,457	-	150,457	86,023
Bad debts	2,423	-	2,423	1,489
Depreciation of Housing Properties	540,121	-	540,121	520,122
Operating expenditure on Social Housing Lettings	2,023,669	38,931	2,062,600	1,813,105
Operating Surplus On Social Housing Lettings	483,737	65,622	549,359	617,011
Void Losses	1,199	-	1,199	1,481

The expenditure figures include charges relating to the pension deficit:-

Service charge costs	2025: -£ 2,310	2024: -£ 2,550
Management	2025: -£42,350	2024: -£46,750
Routine Maintenance	2025: -£19,250	2024: -£21,250
Planned Maintenance	2025: -£ 6,160	2024: -£ 6,800
Other	2025: -£ 6,930	2024: -£ 7,650
Total	2025: -£77,000	2024: -£85,000

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

4. Accommodation owned, managed and in development

	2025		2024	
	No of properties Owned	Managed	No of properties Owned	Managed
Owned and managed:				
General needs at social rent	371	-	371	-
General needs at affordable rent	32	-	32	-
General needs at intermediate rent	2	-	2	-
Shared Ownership	23	-	23	-
	428	-	428	-

5. Gain/(loss) on disposal of property, plant and equipment (fixed assets)

	Property Sales	Others	Total 2025	Total 2024
	£	£	£	£
Proceeds of sales	-	24,385	24,385	-
Less: Cost of Sales	(-)	-	-	(-)
Surplus	-	24,385	24,385	-

6. Interest payable and financing costs on financial liabilities measured at amortised cost

	2025	2024
	£	£
On loans repayable within five years	34,527	17,315
On loans wholly or partly repayable in more than five years	297,744	329,736
On defined benefit pension scheme	12,000	12,000
	344,271	359,051

7. Surplus/(Deficit) on ordinary activities

	2025	2024
	£	£
The operating surplus is stated after charging/(crediting):		
Auditors remuneration (excluding VAT) In their capacity as auditors	8,500	7,965
Depreciation of housing properties	540,121	520,122
Depreciation of other fixed assets	19,118	14,147
Amortisation of Government Grants	(138,708)	(138,708)

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

8. Tax on Surplus on ordinary activities

(a) Analysis of the charge in the period

The tax charge on the surplus on ordinary activities for the year was as follows:

	2025	2024
	£	£
Current tax:		
UK Corporation Tax charge for the year	-	27,700
Under/(over) provision in previous years	<u>-</u>	<u>-</u>
Total current tax	-	27,700
Deferred tax:		
Origination and reversal of timing differences	(24,690)	(2,345)
Change in tax rates	<u>-</u>	<u>5,926</u>
Tax on surplus on ordinary activities	<u>(24,690)</u>	<u>31,281</u>

(b) Factors affecting the tax charge for the period

Surplus on ordinary activities before tax	<u>375,770</u>	<u>375,770</u>
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023:19%)	56,711	93,943
Effects of:		
Charitable activities not chargeable to tax	(56,711)	(67,358)
Capital allowances in excess of depreciation	-	3,085
Utilisation of losses	-	-
Difference due to change in tax rates	-	(1,970)
Deferred Tax	-	-
	<u>-</u>	<u>27,700</u>

	2025	2024
Deferred tax provision		
Deferred tax liability	-	24,690

Notes to the Financial Statements For the Year Ended 31 March 2025

9a. Key Management Personnel Remuneration

Key management personnel comprise the executive and non-executive directors. Total remuneration amounted to £140,325 (2024: £135,342).

Remuneration for executive directors for the year ended 31 March:

	2025	2024
	£	£
Wages and salaries	99,082	92,860
Expense allowances	629	588
Pensions contributions	7,926	7,429
Estimated monetary value of non-cash benefits	1,594	1,385
Total	109,231	102,262

Non-executive Board and Committee Member remuneration

	2025	2024
	£	£
Lesley Robinson	5,500	5,000
Robert Culliford	895	2,606
Robert Anderson	2,667	3,000
Drew Cook	3,000	3,000
Sally Lewis	667	1,000
Andrew Turner	194	1,910
Nicholas Doyle	2,000	2,000
Christopher Rennison	2,000	2,000
John Baker	1,554	1,000
Kevin Hornsby	3,000	3,000
Christine Paxton	3,000	2,500
Hugh Unwin	2,000	2,000
Alex Fury	2,333	2,000
Claire Harrington	1,730	1,000
Jonathan Lovelle	-	1,064
Adam Jacobs	554	-
Total	31,094	33,080

Remuneration payable to the highest paid director in relation to the period of account amounted to £100,676 (2024: £94,245) excluding pension contributions.

The Chief Executive is a member of a defined contribution pension scheme. The scheme was funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the RP of £7,926 (2024: £7,429) was paid in addition to the personal contributions of the Chief Executive.

9b. Employee Information

	2025 Number	2024 Number
The average weekly number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office Staff	12.12	11.92
Direct Labour Operatives	3.00	2.27
Staff Costs (for the above persons)	£	£
Wages and salaries	606,000	543,282
Employers National Insurance Costs	58,227	54,155
Other pension costs	<u>138,164</u>	<u>133,534</u>
	<u>802,391</u>	<u>730,971</u>

Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the period:

	2025	2024
£60,000 to £69,999	1	1
£70,000 to £79,999	-	-
£80,000 to £89,999	-	-
£90,000 to £99,999	1	1

Notes to the Financial Statements For the Year Ended 31 March 2025

10. Pension

Social Housing Pension Scheme

The Association participates in one scheme, the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer pension scheme administered by TPT Retirement Solutions (TPT). The accounting policy in relation to SHPS is set out on page 53.

FOR THE PERIOD FROM 31 MARCH 2024 TO 31 MARCH 2025

EMPLOYER: E3716 - LINCOLNSHIRE RURAL HOUSING ASSOCIATION LIMITED PLAN: SOCIAL HOUSING PENSION SCHEME

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2025	31 March 2024
	(£000s)	(£000s)
Fair value of plan assets	1,232	1,275
Present value of defined benefit obligation	1,443	1,558
Surplus (deficit) in plan	(211)	(283)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(211)	(283)
Deferred tax	*	*
Net defined benefit asset (liability) to be recognised	*	*

* to be completed by the employer if required

RECONCILIATION OF THE IMPACT OF THE ASSET CEILING

	Period from 31 March 2024 to 31 March 2025 (£000s)
Impact of asset ceiling at start of period	-
Effect of the asset ceiling included in net interest cost	-
Actuarial losses (gains) on asset ceiling	-
Impact of asset ceiling at end of period	-

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from 31 March 2024 to 31 March 2025 (£000s)
Defined benefit obligation at start of period	1,558
Current service cost	-
Expenses	3
Interest expense	74
Member contributions	-
Actuarial losses (gains) due to scheme experience	61
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	(172)
Benefits paid and expenses	(81)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	1,443

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from 31 March 2024 to 31 March 2025 (£000s)
Fair value of plan assets at start of period	1,275
Interest income	62
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(104)
Employer contributions	80
Member contributions	-
Benefits paid and expenses	(81)
Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	1,232

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was (£42,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	Period from 31 March 2024 to 31 March 2025 (£000s)
Current service cost	-
Expenses	3
Net interest expense	12
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCl)	15

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2024 to 31 March 2025 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(104)
Experience gains and losses arising on the plan liabilities - gain (loss)	(61)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	172
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	7
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in Other Comprehensive Income - gain (loss)	7

ASSETS

	31 March 2025 (£000s)	31 March 2024 (£000s)
Global Equity	138	127
Absolute Return	-	50
Distressed Opportunities	-	45
Credit Relative Value	-	42
Alternative Risk Premia	-	40
Liquid Alternatives	228	-
Emerging Markets Debt	-	17
Risk Sharing	-	75
Insurance-Linked Securities	4	7
Property	62	51
Infrastructure	-	129
Private Equity	1	1
Real Assets	147	-
Private Debt	-	50
Opportunistic Illiquid Credit	-	50
Private Credit	151	-
Credit	47	-
Investment Grade Credit	38	-
High Yield	-	-
Cash	17	25
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	-	8
Secure Income	21	38
Liability Driven Investment	373	519
Currency Hedging	2	(1)
Net Current Assets	3	2
Total assets	1,232	1,275

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

KEY ASSUMPTIONS

	31 March 2025 % per annum	31 March 2024 % per annum
Discount Rate	5.82%	4.89%
Inflation (RPI)	3.10%	3.17%
Inflation (CPI)	2.79%	2.77%
Salary Growth	3.79%	3.77%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2025	20.5
Female retiring in 2025	23.0
Male retiring in 2045	21.7
Female retiring in 2045	24.5

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

11. Tangible Fixed Assets

	<u>Housing Properties</u>			<u>Other Fixed Assets</u>			
	Housing Properties Completed	Shared Ownership Properties Completed	Total Housing Properties	Offices	Vehicle	Computers, Tools, and Office Equipment	Total Other Fixed Assets
Cost	£	£	£	£	£	£	£
At start of the year	29,837,981	1,400,648	31,238,629	164,874	104,319	211,837	481,030
Additions	652,830	-	652,830	-	118,285	3,439	121,724
Disposals	(191,016)	-	(191,016)	-	(103,619)	(2,584)	(106,203)
Transfer from SO to GN	-	-	-	-	-	-	-
At end of the year	30,299,795	1,400,648	31,700,443	164,874	118,985	212,692	496,551
Depreciation and Impairment							
At start of the year	8,028,919	-	8,028,919	92,075	103,621	200,996	396,692
Charge for the year	540,121	-	540,121	3,298	10,717	5,103	19,118
Disposals	(191,016)	-	(191,016)	-	(103,619)	(2,584)	(106,203)
Transfer to stock	-	-	-	-	-	-	-
At end of the year	8,378,024	-	8,378,024	95,373	10,719	203,515	309,607
Net book value at end of the year	21,921,770	1,400,648	23,322,418	69,501	108,266	9,177	186,944
Net book value at start of the year	21,809,062	1,400,648	23,209,710	72,799	698	10,841	84,338

The additions figure of £597,825 relates to component replacements and £55,005 relates to a deposit for three new properties.

The disposals figure of £191,016 relates to component disposals.

The net book value of housing properties secured against the Association's loans is £18,279,119 (2024: £18,210,437).

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

12. Tangible Fixed Assets

Works to existing properties in the year:

	2025	2024
	£	£
Improvement works capitalised	-	-
Components capitalised	597,825	276,200
Amounts charged to expenditure for major repairs	150,457	86,023
Total for year	748,282	362,223

Development administration costs capitalised in the year totalled £ (2024:£NIL)

Housing Properties comprise:	2025	2024
	£	£
Freeholds	20,198,836	20,023,735
Long leaseholds	3,123,584	3,185,975
	23,322,420	23,209,710

The aggregate amount of interest and finance costs included in the cost of housing properties in the year totalled £ (2024: £NIL).

13. Stock

	2025	2024
	£	£
Materials stock	62,609	50,410
	62,609	50,410

14. Trade and other debtors

Amounts falling due within one year	2025	2024
	£	£
Rent arrears	35,837	36,203
Less: provision for bad debts	(7,861)	(6,376)
Other debtors	59,721	76,797
Prepayments and accrued income	100,026	108,104
	187,723	214,728

Notes to the Financial Statements For the Year Ended 31 March 2025

15. Creditors

Amounts falling due within one year	2025 £	2024 £
Rent in advance	99,602	91,078
Trade creditors	198,922	61,269
PAYE and National Insurance Contributions	15,029	11,959
Accruals and deferred income	179,108	76,646
Loan repayments in one year or less (Note 16b)	420,100	401,800
Deferred Capital Grant (Note 17a)	137,857	137,857
Corporation Tax		27,700
	<u>1,050,618</u>	<u>808,309</u>

16a. Creditors

Amounts falling due after more than one year	2025 £	2024 £
Deferred Capital Grant (Note 17a)	10,558,173	10,696,882
Recycled Capital Grant (Note 17b)	-	-
Loans (Note 16b)	5,045,255	5,457,620
	<u>15,603,428</u>	<u>16,154,502</u>

16b. Debt analysis

Loans repayable by instalments:	2025 £	2024 £
Within one year	420,100	401,800
In one year or more but less than two years	438,400	420,100
In two years or more but less than five years	928,200	1,065,400
In five years or more	3,678,655	3,972,120
Less: loan issue costs	-	-
Total drawn borrowings	<u>5,465,355</u>	<u>5,859,420</u>

These loans are secured by specific charges on the Association's individual housing properties and are repayable monthly or quarterly at varying rates of interest and are due to be repaid between the years 2027 and 2050.

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

16b. Debt analysis (continued)

The interest rate profile of the Association at 31 March 2025 was:

	Total £k	Variable rate £k	Fixed rate £k	Weighted average rate %	Weighted average term of fixing in years
Instalment loans	5,465	1,215	4,250	%	13

17a. Deferred Capital Grant

	Housing Properties Completed £	Housing Properties Under Construction £	Shared Ownership Properties Under Construction £	Total Housing Properties £
At start of the year	10,834,738	-	-	10,834,738
Released to income	(138,708)	-	-	(138,708)
Recycled Capital Grant	-	-	-	-
Disposal	-	-	-	-
At end of the year	10,696,030	-	-	10,696,030
			2025 £	2024 £
Amount due to be released < 1 year			137,857	137,857
Amount due to be released > 1 year			10,558,173	10,696,881

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

17b. Recycled Capital Grant Fund

	2025	2024
	£	£
At start of the year	-	-
Inputs to fund:		
Grants recycled from deferred capital grants Fund (Note 17a)	-	-
Interest Accrued	-	-
Recycling of grant:		
Property addition	-	-
	<hr/>	<hr/>
At end of the year	<hr/> <hr/>	<hr/> <hr/>

Withdrawals from the recycled capital grants fund in 2022/23 were used for downward staircasing to prevent repossession and homelessness.

18. Analysis of changes in net debt	At Beginning of the Year	Cash Flows	Non-Cash Movements	At End of the Year
	£	£	£	£
Cash and Cash Equivalents	1,305,114	(282,425)	-	1,022,689
Housing Loans Due in One Year	(401,800)	394,066	(412,361)	(420,095)
Housing Loans Due After One Year	(5,457,621)	-	412,361	(5,045,260)
	<hr/>			
At the end of the year	(4,554,307)	111,641	-	(4,442,666)
	<hr/> <hr/>			

19. Provision for liabilities and charges

	2025	2024
	£	£
At the start of the year	24,690	21,109
Deferred tax	(24,690)	3,581
	<hr/>	
At the end of the year	<hr/>	<hr/>
	-	24,690
	<hr/> <hr/>	

**Notes to the Financial Statements
For the Year Ended 31 March 2025**

20. Non-Equity Share Capital

	2025	2024
	£	£
Allotted Issued and Fully Paid		
At start of the year	32	34
Issued during the year	5	-
Forfeited during the year	(1)	(2)
	<hr/>	<hr/>
At the end of the year	36	32
	<hr/>	<hr/>

The par value of each share is £1. The shares do not have a right to any dividend or distribution in a winding-up, and are not redeemable. Each share has full voting rights.

21. Capital Commitments

	2025	2024
	£	£
<i>Capital expenditure that has been authorised by the Board of Management but has not been provided for in the financial statements</i>	£438,480	-
	<hr/>	<hr/>
<i>These commitments are expected to be financed within the next 24 months with:</i>		
<i>Cash resources and loan funding</i>	-	-
	<hr/>	<hr/>

The above figures include the full cost of shared ownership properties contracted for.

22. Taxation Status

The Association has charitable status.

23. Contingent Liability

At the balance sheet date there were no known contingent liabilities.

24. Related Parties

The Association considers the following to be related parties:

The Association paid expenses to Board and Committee Members in the year of £1,942 (2024: £2,649).

Notes to the Financial Statements For the Year Ended 31 March 2025

25. Grant and financial assistance

	Social Housing Grant 2025 £	Social Housing Grant 2024 £
The total accumulated government grant and financial assistance received or receivable at 31 March:		
Held as deferred capital grant	10,696,028	10,834,736
Recognised as income in Statement of Comprehensive Income	3,227,538	3,088,830
	<u>13,923,566</u>	<u>13,923,566</u>

26. Financial Instruments

Total loan and credit facilities

The Association had total borrowing facilities of £ (2024: £8,154,421) available at 31 March 2025, of which £ (2024: £2,295,000) were undrawn.

The Association had the following financial instruments:

	2025 £	2024 £
Financial assets:		
Rental debtors	82,853	75,718
Cash at bank and in hand	1,022,689	1,305,114
	<u>1,105,542</u>	<u>1,380,832</u>
Financial liabilities:		
Loans	7,760,355	8,154,421
Trade creditors	198,922	61,269
	<u>7,959,277</u>	<u>8,215,690</u>