Enabling People To Live Life Well

Housing

Housing Support

Learning Disability Support

Mental Health

Annual Review and Accounts for Year Ending 31 March 2022

www.southdown.org

Contents

Board members, directors, advisors and bankers

Board:

Chair	Jane Claxton (due to retire at AGM on 21.09.22)
Vice Chair	Greg Falvey (due to retire at AGM on 21.09.22)

Other Members:

Pauline Ford
Graeme Allinson
Alysha Burrell
Helen Tuddenham (appointed 22.09.21)
Dumindu Witharana (appointed 22.09.21)
Cathy Whitfield (appointed 22.09.21)
Simon Nunan (appointed 22.09.21)

Caroline Hamblett
(due to retire at AGM on 21.09.22)
Tara Osbourne-Wallace
(Co-opted, due to be appointed 21.09.22)
Craig Jones (resigned on 13.10.21)
Phil Cliftlands (retired on 22.09.21)
Beverly Hone (retired on 22.09.21)

Directors / Executive Team:

Chief Executive Officer:	Neil Blanchard
Deputy Chief Executive:	Vikki Hayward-Cripps (resigned 31.12.21)
Director: People, Culture & Change:	Jo Raisey (appointed 11.10.21)
Director: Finance & Business Performance:	Colin Farmer
Director: Client Services:	Sharon Clare
Director: Housing & Business Services:	Jim Aspdin

Company Secretary: Roz Creighton

Registered Office: 2 Bell Lane, Lewes, East Sussex BN7 1JU

Independent Auditors:

Beever and Struthers
Chartered Accountants
Statutory Auditor
15 Bunhill Row,
London
EC1Y 8LP

Internal Auditors:

Mazars LLP
Tower Bridge House
St Katherine's Way
London
E1W 1DD

Board members, directors, advisors and bankers

Solicitors:

Clarke Willmott
Burlington House
Botleigh Grange Business Park
Hedge End
Southampton
SO30 2AF

Mayo Wynne Baxter
3 Bell Lane
Lewes
East Sussex
BN7 1JU

Housing Law Services
HLS House
Watch Oak Business Centre
Chain Lane
Battle
East Sussex
TN33 0GB

Funder and Banker:

NatWest Bank plc
Worthing Commercial Office
C2 Yeoman Gate
Yeoman Way
Worthing
West Sussex
BN13 3QZ

Overview of 2021/2022

As Southdown reaches its 50th anniversary, we celebrate extraordinary achievements and successes, growing to be the leading Sussex based provider of specialist housing, care and support services. We are immensely proud of the exceptional services that we have provided over the past five decades, making significant positive impacts on the lives of individuals and the communities where we work.

As demonstrated in this annual report, alongside noting the amazing achievements we continue to make, we also highlight the challenges we have faced during another tough operating year.

Although the coronavirus pandemic had a major and unprecedented impact on our organisational activities during 2020/21, the second year of managing the situation has had a more significant impact, most notably on the financial performance of learning disability services. High staff absence rates, recruitment difficulties, continued mandatory Covid-related restrictions and reductions in Government financial support, all contributed to a £0.7m deficit for our care division.

The past year is also one full of great celebration for our learning disability services. All our Care Quality Commission (CQC) registered locations have been inspected over the past 2 years, and we are delighted to report that 100% of our supported living services have achieved an overall 'good' rating. This acts as testament to the quality of services we provide, but this can only be maintained if we receive adequate funding to cover costs.

Elsewhere across Southdown, we are making great progress in helping support implementation of the Sussex Mental Health Community Transformation Programme as part of the NHS Long Term Plan. Acting as strategic partner in Brighton and Hove and East Sussex, we are playing a leading role in shaping and coordinating the delivery of new models of care, including expansion of voluntary sector employed roles within Primary Care Networks. We are excited about the opportunities that this will bring to improve pathways of support for local people, moving away from siloed, hard-to-reach services, towards joined-up care and whole population approaches.

Despite our ambitions to increase the supply of supported housing, several external factors have impacted on our ability to deliver this, with a reduction in the number of units leased to us from other landlords and construction cost inflation thwarting our plans to develop a new scheme in Brighton and Hove. Although this has been disappointing, we retain a long-term commitment and financial resources to invest in increasing our housing supply and in 2021 purchased 18 homes from other registered providers as part of their stock rationalisation programmes, with further negotiations in progress for the year ahead.

We have used our 50th milestone as an opportunity to look to the future, setting an exciting and bold Strategic Vision and Five-Year Business Strategy for 2022-2027 to create a modern Southdown; integrated, collaborative, more efficient, insight led, outcome focused and simple to do business with. Delivery of this plan will ensure we can competitively tender, spend more time with our clients and be financially sustainable,

Overview of 2021/2022

enabling us to invest in staffing, pay and benefits because we want all our clients and colleagues to 'live well' as part of the Southdown community.

We would like to take the opportunity to thank all our colleagues for their fantastic contribution and commitment throughout our history. Southdown is a community of amazing people, working together to ensure 'everyone has the right to live their lives well'.

Jane Claxton, Chair of the Board

Neil Blanchard, Chief Executive Officer

> The best thing about my job is being surrounded by other people. It's a rich environment in terms of opinions, ideas, and backgrounds. It's very diverse. I work with clients who are non-judgemental. I'm transgender. That's never been an issue to anybody. I'm accepted for who I am and what I do.

- Service Manager of one of our Learning Disability Support Services

STRATEGIC AIMS

Southdown is a Sussex based not-for-profit specialist provider of care, support and housing services.

Celebrating our 50th anniversary this year, we were established in 1972 by a group of volunteers, who recognised the issues facing people with mental health issues recently resettled in Brighton and Hove from long-stay hospital institutions. They decided to work together to make a difference, ensuring that everyone had the right and opportunity to live well in the community.

Five decades later, although we have grown and diversified our activities significantly, everyone at Southdown remains fully committed and passionate to continue to put our founding principles into practice.

Our foundations

WE BELIEVE

Everyone has the right to live their life well.

OUR MISSION

To provide exceptional community support services across Sussex which enable people to live well.

WHAT WE DO

We deliver specialist, person-centred support:

- 24-hour care & support
- Mental and physical wellbeing
- Peer support
- Homelessness
- Learning & employment
- Social landlord

OUR INCOME SOURCES

- Commissioned contracts
- Rent and service charge income
- Commissioned packages of support for individual clients

As a not-for-profit organisation, we reinvest any surpluses into service delivery and development.

OUR VALUE PROPOSITION (what we do best)

Big enough to be taken seriously, small and local enough to care (approachable & accessible).

Renowned for consistency, quality, reliability and professionalism.

Unique capability to act as an inclusive VCSE Lead Provider.

Being a psychologically informed organisation.

We influence and innovate.

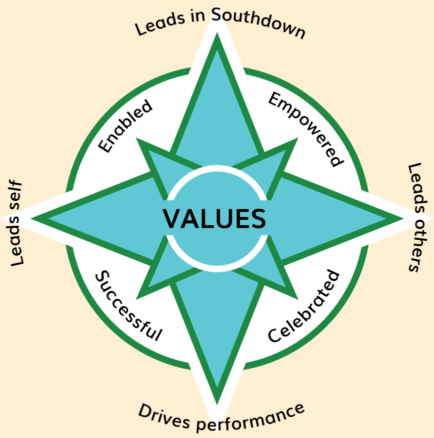
We believe in and stand up for our people (clients and colleagues).

underpinned by

Underpinning and shaping the culture of how Southdown operates are:

SOUTHDOWN LEADERSHIP COMPASS

Navigating the path to great leadership.

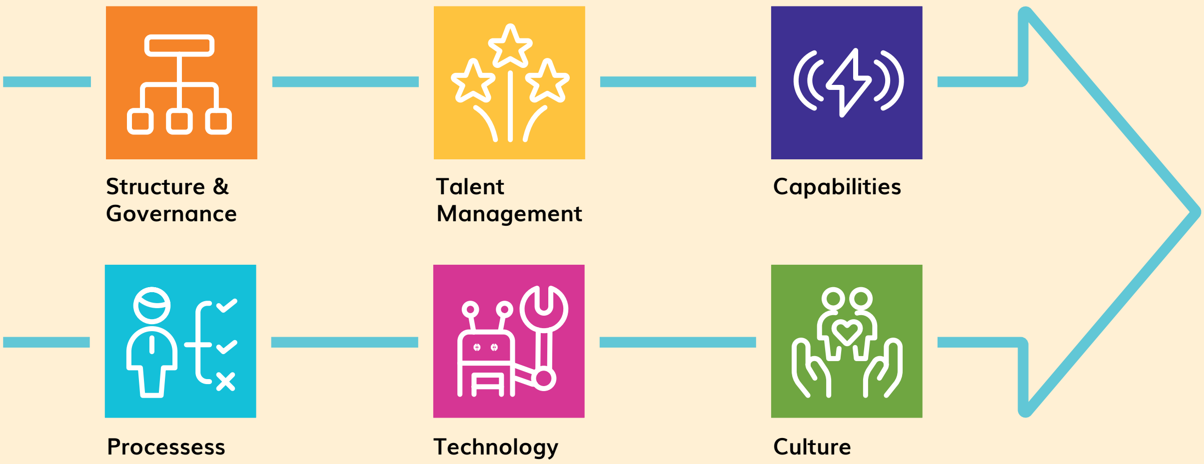


SOUTHDOWN'S GUIDING VALUES

To be developed as part of our 50th Year.

TARGET OPERATING MODEL

How we bring the strategy to life:



STRATEGIC OBJECTIVES

We have taken the opportunity in our 50th year to review and refine the strategic objectives for Southdown.

These describe what we will do to fulfil our mission. They also act as the basis for our performance goals that we can measure our success against.

1.PEOPLE (colleagues & clients)

We are imaginative and creative in how we work with people. Psychologically-informed and co-creation are fundamental to how we do things.

2. CULTURE

We will create a performance culture where contribution is rewarded, diversity is embraced, and learning is celebrated. We will actively seek to alleviate 'in work' poverty and make Southdown a community not just an employer – we want our people to 'live well' in Southdown.

3. OPERATIONAL

We will drive operational excellence across services through greater integration, consistency, and quality & assurance.

4. GROWTH

We will grow and develop our business and market share.

5. FINANCE

We will ensure that our costs are competitive and sustainable with proportionate central services.

6. EFFICIENCY

Improve efficiency through simplification and automation of processes.

Pursuit of the strategic objectives underpins and steers the direction of how Southdown works and prioritises investment and resources. Performance measures for each strategic objective form the basis of quarterly reporting to the Board.

OUR OPERATING ENVIRONMENT

As a not-for-profit specialist provider of care, support and housing services, where the vast majority of our activities are commissioned and contracted by the public sector, by nature, we are operating in a complex and challenging environment and are extremely susceptible to both national and local government policy and strategy changes.

As stated in our core value proposition (on page 8), as one of the largest Sussex based providers, we are committed to play an active and leading role in helping shape and support the continued viability and development of the wider supported housing, care and support sectors to enable those most in need in our communities to live well.

As well as Executive and senior leaders engaging as sector representatives in local and national forums and networks, we actively encourage and support colleagues across Southdown to take an active interest and participate in activities outside of Southdown.

Being Sussex focused and based, we know that it is the personal relationships we develop and sustain over the long-term, that can be the most effective way to help shape and influence how our sector operates and protect the interests of our clients. We are proud of our reputation and commitment to act as an effective strategic partner, where we hope that our expert experience, business acumen and personal candour is recognised and helps the wider system development and transformation.

Through all our wider engagement, we are confident that we have an acute awareness and appreciation of the issues and themes that impact on our business activities. Even though we face multiple and complex challenges, it is this depth of knowledge that enables us to take immediate actions and plan effectively for the future.

Current issues and themes that are predicted to have the greatest impact include:


Rapid Rehousing Pathway workers with client (centre) of the housing support service.


Client of one of our learning disability support services.

Future viability of learning disability care sector

As evidenced in the Hft's Sector Pulse check report, three quarters of learning disability care providers turned away new admissions, with more than a third closing services completely in 2021. It cites a combination of workforce pressures and financial strain placing unsustainable pressures on providers, who were already struggling before the pandemic. Recruitment and retention challenges have intensified significantly over the past year, with almost all providers reporting an increase in vacancy rates and one in five new starters leaving their job within the first year of work. 80% of providers do not believe that the fees that they are paid by local authorities will cover costs, with 71% of providers are in deficit or seeing margins reduced.

All these issues are being acutely experienced by Southdown, resulting in us having to refuse referrals where fees to do not cover costs and very sadly, the sensitively planned and managed closure of three services. Our learning disability division has now operated in a deficit position since 2017, with an accumulated loss in excess of £2.4m – with a significant further deterioration during 2021/22.

We have lobbied strongly during the last year, individually and as part of local sector networks, to raise awareness to local commissioners and elected members of the crisis situation facing the learning disability care sector, demanding 'fair funding for fair pay', with minimum fee uplifts of 6%.

With fee levels for 2022/23 now announced by our three local commissioning authorities across Sussex, it is positive to note that in West Sussex and East Sussex consideration has been made to the plight of the provider markets, with respective uplifts of 8% and 6% respectively. This does go some way to address the overall funding shortfall, but we will now be entering negotiations for specific locations which are still operating in significant deficits.

In Brighton and Hove, the response by the local authority has been very disappointing and unacceptable, with a 2% fee uplift across the sector. There is no evidence in their committee papers of any detailed consideration of the plight of care providers, or the local authority's duty to ensure the sustainability of the market when

1. https://www.hft.org.uk/get-involved/campaigns/sector-pulse-check/


Client at our mental health Wellbeing Hub in Brighton.

considering fee levels. With all our Brighton and Hove services operating in a deficit position, with the support of our Board, we will be commencing an appeal of the overall funding decision, with the need to receive increased funding to protect the future of our Brighton and Hove funded services.

Transformation of Community Mental Health Services

Aligned to the NHS Long Term Plan and coordinated locally by the Sussex Health and Care Partnership (Sussex's Integrated Care System) the Mental Health Community Transformation Programme aims to radically transform and improve primary and specialist community services, moving away from siloed, hard-to-reach services, towards joined-up care and whole population approaches delivered by Primary Care Network based multi-disciplinary Emotional Wellbeing Services. The Voluntary, Community and Social Enterprise sector (VCSE) has an increasing role to play as part of the new service models and teams, with dedicated funding of £3.5m up to 2024 to provide roles such as Mental Health Support Coordinators, Peer Specialist and Physical Health Coaches. Southdown is playing a leading role on behalf of the VCSE to help shape and coordinate delivery of the transformation strategy, including hosting two VCSE Transformation Lead roles.

Homelessness reduction

The Department of Levelling up, Housing and Communities announced in February 2022 a further commitment and £174m funding boost to the £433m Rough Sleeping Accommodation Programme, to create over 2,900 move-on homes up to 2024. Southdown have played an active role to assist Local Authority partners to implement schemes such as Housing First and Rapid Rehousing Pathway in East Sussex. These have acted as great examples of multi-agency working to support long-term rough sleepers and newly homeless people to secure and maintain tenancies

Southdown have also been supporting clients originally housed during lockdown as part of the Government's 'Everyone In' initiative to transition and resettle from temporary accommodation into new tenancies.

Although there has been increased central Government investment for those with a history of rough sleeping, we continue to see a reduction in other funding for homeless prevention services commissioned by local authorities.

Fire Safety Act

The Act received Royal Assent in April 2021 and is now an official act of Parliament. Amending the Fire Safety Order 2005, it increases duties to conduct Fire Risk Assessments to cover external walls and front doors of individual homes that open into communal spaces. The Government appreciates the scale and impact on cost that these changes will have on social landlords and is in the final stages of producing further guidance and a risk prioritisation tool. All Southdown properties have existing Fire Risk Assessments, but these are all in the process of being reviewed. With the increased regulation and guidance, we are finding this is often resulting in additional recommendations for high cost improvements. This is common across the social housing sector and we will be following best practice guidance to formulate a planned phased programme of remedial works over coming years.

Consumer Regulation Standards (Tenants)

The Social Housing White paper, published in November 2020, sets out a charter of seven commitments that social housing residents should be able to expect from their landlord. In addition to building quality and safety, it proposes new expectations in relation to tenant voice and transparency. As an outcome, the Regulator for Social Housing has revised its principles for consumer regulation, aiming for providers to deliver against ten standards. Southdown has undertaken a self-assessment against these and reported this to our Board. We will also be using the proposed questions in our tenant survey for 2022.

During the year ahead, the Board will be considering further improvements to the transparency of key performance data and expanding opportunities for greater meaningful involvement in decision making and for the Board to better understand the lived experience of tenants and clients. We will also be reviewing tenant and client representation in governance processes.

Supported Housing Oversight

The Government commissioned pilot review of supported housing's use of exempt rents, published their final evaluation in April 2022. The five pilot areas looked to test ways to improve the quality and value for money of supported housing, following concerns raised due to the rapid rise in specialist providers utilising very high rents via 'enhanced housing management' to expand supply. Although the evaluation includes many positive recommendations, there are concerns about how these will be developed and implemented, with potential risks of Housing Benefit regulation redefinitions and increased rent and service charge scrutiny for supported housing where there are no longer any linked revenue contracts. This includes 40% of Southdown's housing stock.

Inflation and Other Cost Pressures

Cost inflation pressure is identified in our annual Risk Stress Testing and has the potential to significantly impact the organisation. Although at present (pending a new rent resettlement from 2024) income from rents and service charges increase by CPI+1%, this is based on September 2021 figures (4.1%), whereas during 2022/23 it is projected that inflation may raise to as high as 10%. Fortunately for the year ahead, we continue to benefit from some fixed price arrangements with contractors and utility companies, but these will end in 2023. We are beginning to see some other costs increase substantially, one example being corporate insurance, where at re-brokering, the cost increased by 159% due to a hardened insurance market for care and support providers post pandemic.

Inflation also has a major impact for our staff, clients and tenants. For staff, although we have awarded a tiered wage increase in 2022/23: 4% increase for our lowest paid staff where we have the highest vacancy rates and recruitment / retention challenges and 2% for all other staff, clearly this does not compensate for the general level of inflation and other tax changes (national insurance increases introduced). Likewise for clients and tenants, they will also have to contend with rising costs, with real fears for people's ability to pay for food, utilities and other essential items.

"I was sleeping in a pop-up tent in a disused churchyard down in Worthing. It was okay sometimes, but it can be hard - the weather, needing to wash. Sometimes it was freezing, dirty, and muddy. I was quite at home there really. I knew it was one of the safest places in the world. I used to be a gravedigger, you see, I started to get support in March and moved in here in April!

The support from Southdown has been brilliant. My Housing Assistant has been an absolute diamond, like a guardian angel. It's been really overwhelming how many people have helped me set up my home.

The property has come at a good time. It allows me to offer stability for myself, my family, and get me back to normal life. It feels great to have secure housing. It takes things off my shoulders. It's definitely a home."

- Southdown tenant

KEY BUSINESS CHALLENGES AND RISKS

As has been recognised in the Regulator of Social Housing's Sector Risk Profile 2021, providers operating in supported housing and care and support activities face specific additional risks and challenges. It is a low margin, high risk sector. When operating at such tight margins, the need for effective and proactive risk planning and management is vital.

Southdown are expert in navigating this challenging operating environment, with a strong track record of being able to be reactive to live issues, but also using market intelligence and insight to plan ahead.

During 2021/22, recognising the ever-increasing risks facing the organisation and sector, Southdown have undertaken a comprehensive review of their Strategic Risk Framework, which was approved by the Board in April 2022. This new system, cross referenced against issues identified in the Sector Risk Profile, provides a 'dynamic' register of the most significant live risks that are impacting the ability of Southdown to achieve its Strategic Objectives. Each risk has specific detailed mitigation and controls in place, receiving increased scrutiny by the Executive Team, Audit and Risk Committee and Board.

As at March 2022, the Live Strategic Risk Register identified:

Risk	Nature of Risk	Mitigations
Delivery of organisational annual budget	Financial loss / instability with potential to destabilise long-term operations N.B. 2021//22 impacted by loss of housing units, support contracts and increased staff costs due to Covid-19 restrictions in care setting	- Effective budget setting and control in place - Strategic Objective focused on 'efficiency' to drive process and system improvements to reduce overhead costs - Project to obtain improved live financial data and insights in relation to staff costs - Growth target
Financial viability of learning disability services	Level of losses are unsustainable as not able to be cross subsidised by other areas of Southdown beyond 2024. Potential for service closures	- Appealing fee inflation of 2% in Brighton and Hove - Negotiation for fee premiums in hard to recruit to services - Agency spend reduction action plan - Offer voids to local authorities willing to pay fair fee levels - Option for service closure/property repurposing where existing services are unviable

Inability to recruit and retain staff	Inability to recruit and retain staff leads to potential failure to deliver contracts, increases client and staff risks and results in additional costs	- Targeted 2022/23 pay inflation towards lower paid roles, retaining differential above NLW - Recruitment working group established - Review of HR processes to reduce onboarding time - Leadership programme
Reduction of homes in management	Loss of housing income and deterioration of margin that is used to cross-subsidise other parts of Southdown	- Budgets and costs reduced to reflect reduced homes - Linking properties to procurement of new revenue support contracts - Negotiating with local authorities to bid for Homes England repurpose funding
High property voids	Loss of rental and support income reducing Housing and LD Division margins	- Asset Management Strategy assesses future demand for all properties, with recommendations for alternative uses where issues identified - Effective void relet processes in place which meet targets, issue is with referrals needing agreed care packages - Marketing of residential care vacancies to other local authorities
Losing existing support contracts that are more than 5% of turnover	Loss of support contracts/ decommissioning impacts on income and viability of some services/divisions	- Target to replace lost contracts in 2021/22 with alternative new business - Bid writing team in place to mobilise for tenders - Negotiations for care fee increases to ensure services remain viable
Management of Covid-19 pandemic	Coronavirus pandemic depletes staffing capacity and/or client illness or imposed isolation requires significantly different ways of working and costs	- Have successfully managed pandemic since 2020, with effective and tested plans in place - Will deescalate as a live strategic risk from June 2022, unless new variant emerges
Modernising Southdown	Organisational disruption as introduce new structures and ways of working	- 'Design for Success' programme established to oversee delivery, led by Director of People, Culture and Change
Loss of supported housing designation for our housing units	Loss of service charge income relating to provision of Enhanced Tenancy Management, tenants' claims	- Continuing to lobby local authorities and their HB teams to argue the case as supported housing - Appeal individual claims, providing evidence of support provided

In addition to robust control of risks across the organisation, Southdown's strong Balance Sheet & Reserves position provides further assurance of our ability to navigate the complex operating environment, supported by the appreciation of the need to take tough and pragmatic decisions to protect the long-term viability of the organisation and our housing assets.

STRATEGIC REVIEW OF PERFORMANCE

KEY EVENTS, DECISIONS AND ACTIONS

During 2021/22, Southdown successful managed several significant events. Each of these was approached with robust planning and risk management, enabling us to make timely and proportionate decisions and actions.

Key event and decisions	Actions and impacts
Covid-19 pandemic	Upon reflection, although the coronavirus pandemic had a major and unprecedented impact on our organisational activities during 2020/21, it has been the second year of managing the situation that has caused the most significant impact on Southdown, most notably on the financial performance for our learning disability services. During 2021/22, with higher staff absence rates and continued mandatory Covid-related restrictions on how we could flexibly utilise care staff resources, we saw a marked reduction in Government financial support to cover additional costs. Despite the financial and operational pressures, we are extremely proud of how well our staff teams have safely supported our clients for a second year. The care and compassion that has continued to be shown daily, often by fatigued colleagues, is a true testament to the values of our workforce.
Closure of three learning disability services	Linked to recommendations within our Asset Management Strategy, the decision was taken to close and repurpose three of our learning disabilities services (Grosvenor Road - East Sussex, St Paul's – Worthing and Westbourne Villas – Hove). Each service had been identified as not being viable in the long term due to financial and operational issues. Closures were agreed with commissioners and a sensitive transition plan was successfully followed, with all clients moving to alternative accommodation either within Southdown or with other providers. We are in negotiations with local authority partners to change the use of the properties for different client groups.
Loss of major contract	Southdown had delivered the East Sussex housing support contract (Home Works) since 2009, but following a major service review and re-commissioning exercise, did not secure the new contract. The procurement process raised several major risks concerns for Southdown's Board related to proposed contractual terms and although we were not successful, we feel that we did adopt appropriate due diligence to limit our risk exposure in the bid we submitted.
New Director of People and Culture appointed	Following the planned departure of our Deputy Chief Executive, Vikki Hayward-Cripps, after 23 years of service with Southdown, we took the opportunity to review and realign roles and responsibilities within the Executive Team. This included the recruitment to a new role of Director of People, Culture and Change, with Jo Raisey taking up the role in October 2021. Jo joins Southdown from the John Lewis Partnership and acts as the lead on organisational development and design, ensuring that people strategies, resources and culture assist delivery of the Association's strategic objectives.
Abortive property development opportunity	We had been progressing an exciting opportunity to redevelop a derelict brownfield site in Brighton to create 12 new supported housing flats and a mental health wellbeing centre. Despite securing planning, when we went out for construction tender, costs came back 40% higher than anticipated by our professional consultants. This cost inflation, being experienced across the construction industry, unfortunately meant that the scheme was no longer viable and did not represent value for money. The Board therefore decided to abort this development scheme. This required a write-off of the capital costs incurred, contributing to the reduced margin achieved for our Housing Division.

SIGNIFICANT ACHIEVEMENTS

Despite facing a number of major events and challenges, over the past year, once again, Southdown has also celebrated a number of great achievements in pursuit of its strategic objectives:

- Southdown took the decision three years ago to register each individual learning disability service as a separate 'location' with the Care Quality Commission. We felt that this would provide greater transparency and accountability, previously having all our 23 supported living services identified as a single location. All services have now been inspected and we are delighted to record that 100% of supported living services received a 'good' rating, some with areas assessed as outstanding.
- Southdown purchased 18 one-bed supported housing properties from Peabody and The Guinness Partnership in Brighton and Hove. Acquiring properties through stock rationalisation programmes by other Registered Providers, continues to provide a great opportunity for Southdown to realise it's ambitions to increase our supply of housing, at the same time as protecting the future use of properties as supported housing.
- We continue to take a leading and active role supporting the Sussex Integrated System's transformation of community mental health services. During 2021/22, this has included the employment of new Mental Health Support Coordinators roles in accelerator sites as part of emerging multi-disciplinary Emotional Wellbeing Services, based within Primary Care Networks (PCN) in Brighton and Hove and East Sussex. The target is to expand this workforce to have two Coordinator roles in each PCN by 2023/24. In addition, Southdown have launched new Screen and Intervene services across Sussex, with workers employed to support patients with mental health issues to access an annual physical health check.
- Across Sussex, Southdown has worked with local authority partners to help deliver services as part of the Rough Sleeper Accommodation Pathway, funding by Department of Levelling Up, Housing and Communities. In total this has amounted to £1.2m of additional funding, supporting people with a history of rough sleeping to access and resettle into independent accommodation.
- The new Brighton and Hove Transition and Resettlement housing support contract launched in September 2021. It forms part of the Next Steps Strategy, supporting people transitioning from rough sleeping/homelessness, mental health supported accommodation, emergency accommodation or former clients who are struggling to live independently and sustain a tenancy.
- Building on the success of the mental health Discharge to Assess pilot in Brighton and Hove, we have increased the number of units allocated to the services from 4 to 8.
- We have continued to see an expansion of supported employment, developing new options to complement the work of the CLG East Sussex Drug and Alcohol service, the West Sussex mental health rehabilitation service and to provide specific Covid-19 employment support in Brighton and Hove and West Sussex.
- In April 2021, we launched the new Pathways Home housing support service in West Sussex, operating in Horsham, Crawley, Adur and Worthing, working in partnership with Turning Tides.

Overall, new business gains total £913k (full year equivalent) during 2021/22.

DELIVERY OF STRATEGIC OBJECTIVES

As part of our new Strategic Vision and Five-Year Business Strategy, we are developing a performance dashboard to demonstrate our progress in delivering this Business Strategy and our organisational aims set, through our strategic objectives. When developed, we will include Five-Year performance targets for these strategic objective metrics and will report on these as part of our value for money reporting.

Objective	Aim		Metric measure	Target 2021/22	Performance 2021/22
People (Clients and Colleagues)	We will be market leading in the way we work with people - psychologically informed and co-creation are fundamental to how we do things	1	Client Satisfaction	90%	91%
		2	Tenant Satisfaction	90%	89%
		3	Employee engagement	78%	no survey
Culture	We will create a performance culture where contribution is rewarded, diversity is embraced, and learning is celebrated. We will actively seek to alleviate 'in work' poverty and make Southdown a community not just an employer– we want our people to 'live well' in Southdown	4	Colleague turnover %	18%	35.4%
		5	Colleague sickness days %	4.1%	5.1%
		6	Margin lowest grade (£9.61) above NLW (£8.91)	£0.70	£0.70
		7	Margin lowest grade (£9.61) above RLW (£9.90)	-£0.29	-£0.29
Operational	We will drive operational excellence across services through greater integration, consistency, and quality & assurance	8	CQC 'Good' rating	100%	96.4%
		9	Gas compliance	100%	100%
		10	All property compliance	100%	99.4%
		11	All repairs in target	90%	90.3%
		12	Repair satisfaction	90%	91%
Growth	We will grow and develop our business and market share	13	Turnover	£28.6m	£28.2m
		14	Clients p.a.	10,400	10,060
		15	Homes	555	534
		16	Colleague headcount	815	778
		17	New business p.a.	£300k	-£1,609k
		18	Capital investment	£2,090k	£1,361k
Finance	We will ensure that our costs are competitive and sustainable, proportionate central services	19	Organisational margin %	2.3%	1.2%
		20	HS margin %	1.9%	9.7%
		21	MH margin %	4.4%	8.2%
		22	LD margin %	-1%	-6.3%
		23	Housing margin %	10.7%	-2.0%
		24	Rent collection %	98%	100%
		25	Property voids %	2%	6.02%
		26	LD income lost through voids %	3%	5.4%
		27	LD total staffing budget %	93%	93.4%
		28	Cash reserves	£2.5m	£4.5m
Efficiency	Improve efficiency through simplification and automation of processes	29	Average time to recruit	56 days	62.3 days
		30	Central costs %	13%	12.2%

Comments where specific metrics have not achieved target are detailed below:

Metric	
4	Turnover, removing the impact of the TUPE transfer of staff from the Home Works contract was 28%. This compares to 15% in 2021/22, demonstrating a significant increase. This is in line with more general trends being experienced across the sector but is an area of concern and focus within our staff engagement strategy for 2022/23.
5	Excludes Covid-19 absence of less than 4 weeks. Base rate is above target, with top three reasons being stress, back & limb and mental health.
7	Real Living Wage increased from November 2021 to £9.90. Prior to this it was £9.50, where we retained a differential of £0.11.
8	100% of supported living services (23 locations), with just one of our registered care services being assessed as 'requiring improvement'.
10	We have seen a marked improvement in overall property safety compliance during 2021/22 (86.33% to 99.42%) as we recovered from restrictions to access for non-essential checks in 2020/21. We are on-track to attain 100% early in 2022/23.
13	Income is below target due to the loss of East Sussex Housing Support contract and reduction in number of leased units, part off-set by new business gains.
17	We gained £913k full year equivalent of new business income but allowing for the loss of the East Sussex Housing Support contract of £2,522, this produced an overall net loss.
18	We delayed £0.5m ICT capital expenditure as we fully appraise the benefits of our digital investment plans and £0.2m componet replacements (identified as part of due diligence for one of the new properties purchased this year). These components are planned to be replaced in 2022/23
19	Lower margin due to income losses, full year Covid impact and one-off capital abort costs. Further detail is in the Financial Review on page 23.
22	Higher losses in LD division due to increased agency costs (Covid restrictions) and higher level of client voids with the 3 planned LD service closures this year.
23	Lower Housing margin due to capital abort cost of planned Housing development, higher tenant voids and higher void repair costs.
25	Property voids were impacted by planned closure of three learning disability services. Without these voids the base rate was 3.3%
26	Placement voids were impacted by planned closure of three learning disability services. Without these voids the base rate was within in line with target at 3.1%.
27	This is a measure of LD staffing fill. Recruitment and retention of care and support staff continues to be a challenge across the sector. LD staffing is in line with target, but this is showing an increase in the level of LD vacancies this year (95% posts filled in 2020/21).
29	Streamlining and automating our recruitment process is a priority project linked to our Efficiency strategic objective for 2022/23.
30	We have a target to reduce Central costs as part of our Efficiency strategic objective.

In Southdown's 50th year, colleagues are organising a range of activities to come together, which has included volleyball in Brighton.

"It was so nice to see colleagues and their families from across our services come together."

– Southdown's Chief Executive, Neil Blanchard

FINANCIAL REVIEW

This is the second Covid impacted operating year, which has proved to be more financially challenging than 2020/21. We remain overall profitable but have seen a fall in the level of our overall operating surplus: partly due to the full year impact of higher operating costs under Covid, but we have also encountered some contract and income losses as well as one-off type capital abort costs during the year. Our diverse service portfolio and business model remains robust and continues to generate sufficient cash to fulfill our plans to invest in our services and grow our Housing portfolio.

Total income in the year was £28.7 million (2021: £29.3 million); a £0.6 million decrease, partly due to £0.4m lower Covid-19 funding from our local authority commissioning partners (Learning Disability division). We have also seen some contract income losses in our Housing Support division (homelessness prevention) and reductions in Housing division units managed. These part year losses are largely offset by other new business growth in the year. We set a £0.3 million income growth target this year and exceeded this with over £0.9 million (full year) income growth.

Although our total income has reduced this year, Covid-19 and other cost pressures have caused our total operating costs to increase to £28.4 million (2021: £28.2 million), a £0.2 million increase.

Overall, we achieved a surplus of £0.3 million (2021: £1.1 million). A combination of reduced income and increased operating costs resulted in £0.8 million lower overall surplus this year.

This was impacted by the following financial pressures:

- Loss of contract income (including the Housing Support, LD service closures and reduced Housing units) resulting in some of our operational and central management overhead costs not being fully funded
- Full year impact of operating LD services under a post Lockdown pandemic where Government guidance restricted our ability to deploy staff across different care settings. This severely restricted our ability to deploy our internal, flexible staffing resource and resulted in an increase in agency costs to fill vacant shifts in staff rotas.
- Expensing of abort costs for a planned capital development that could not proceed as 40% build cost increases meant the scheme was no longer viable or represented value for money.
- With planned service closures, we experienced a higher rate of client voids, which resulted in higher property repair costs to prepare our properties for re-let

As described, Covid-19 continues to cause a significant impact on our financial performance. Although we received £0.3m commissioner funding this year, to meet some of the additional cost pressures arising from this pandemic, we spent far in excess of this to ensure we could do all that was possible for our staff and clients. This included paying staff their normal wage if unable to work due to covid, self-isolating or shielding, an overtime premium and other incentives to provide adequate staffing shift cover as well as the additional agency costs referred to above. Operating under Covid restrictions has cost us over £0.6m more than the Covid funding we received this year.

As in previous years, the largest single area of expenditure continues to be on staffing, which accounted for 77.4% of operating costs this year (2021: 78.7%) – this reduction is due to the part year removal of the Housing Support contract losses this year. Average full time equivalent staff numbers also reduced during the year: 658 to 31

March 2022 (2021: 685).

Cash has reduced by £0.6 million as we have spent £1.1 million on capital expenditure expanding our Housing property portfolio, with 2 new property purchases and replacing property components in our existing housing stock. We also spent a further £0.3m capital expenditure on non property assets, mostly being investment in modernising our ICT systems and equipment used by staff.

Despite the reduction in surplus this year, our business remains robust, and our operations generate sufficient cash to allow the continued investment in our planned capital programme and to repay our existing bank loans. The cash balance on 31 March 2022 was £5.2 million (2021: £5.8 million). Of this cash holding, £2.5 million, representing over one month's operating expenditure, is treated as a strategic liquid reserve and the remainder is available to develop services and improve operating efficiencies through further investment in our infrastructure.

Treasury Management

Our funding and treasury activities operate within a framework of clearly defined Board approved policies, procedures and delegated authorities. Southdown has adopted The Chartered Institute of Public Finance and Accountancy's (CIPFA's) "Treasury Management in the Public Service", as far as it is practical to do so.

Creditor Payment Policy

We operate a standard 30-day creditor payment policy that applies to all suppliers unless separate terms have been agreed when we enter binding contracts. We abide by these terms and pay our suppliers promptly when we are satisfied that the supplier has provided the goods and services in accordance with agreed terms and conditions.

Risk Management

We have a good track record of identifying issues and developing strategies to manage risk impacts over the medium term. A key element of this success is recognising the importance of risk management through a clearly defined strategy and framework (renewed during 2021/22). Risk can be any event or combination of events, positive or negative, which impact our ability to meet strategic objectives or cause us to incur unexpected losses and reputational damage.

Key elements of our approach to effective management of risk include:

- All major operational and strategic risks being identified and recorded
- The evaluation of risk is set in the context of the overall activities of the organisation
- Risks are prioritised to ensure that management and resources are focused on the critical areas
- Southdown's strategic approach to risk is based on a clear understanding of the organisation's appetite for risk, which is regularly reviewed and set by the Board
- Our Business Strategy is modelled in our five-year financial plan with the impact of all major risks assessed as part of downside scenario modelling
- The combined impact of multiple risks is further understood and managed through stress testing that aims to consider what event or combination of events might 'break' the organisation
- Using all events that involve or trigger risks as important learning opportunities, keeping issue and decision logs during events and holding post event reviews.

This risk management framework is built upon the following fundamental principles:

- Overall responsibility for risk management lies with the Board who delegate operational responsibility to the Executive Team
- The management of risk is a continuous process involving regular monitoring and reviewing
- The management of risk should be subject to external scrutiny on a periodic basis.

Southdown's internal audit programme provides a useful and objective tool to assess if we have appropriate controls, governance and risk management systems in place and to highlight any areas for improvement.

The Board are confident that appropriate action is being taken to mitigate and/or manage risks.

VALUE FOR MONEY

We continue to strive to be a robust, professional and efficient business, committed to delivering Value for Money. Our new strategic vision and five year business strategy further evidences this as we aim to deliver One Southdown – an insight led, outcome focused organisation that is simple to do business with.

Value for Money within Southdown does not mean simply doing things at the lowest cost but demonstrating how we deliver our strategic vision. We have set 6 new strategic objectives and are developing five year performance targets [check this is so] for these priorities to monitor and report progress with our business strategy.
Our strategic objectives include:

People – we will be market leading in the way we work with our clients and colleagues

Culture – we will create a performance culture and actively seek to alleviate 'in-work' poverty. We want our people to 'live well' in Southdown

Operational – drive for operational excellence across all our services

Growth – grow and develop our business and market share

Finance – Ensure that we are competitive and operate with proportionate central costs

Efficiency – improve through simplification and automation

Our current performance against the strategic objectives is shown on page 18 of this report and form part of quarterly Board reporting for delivery of our business strategy.

Housing cost benchmarking and performance

Value for Money is one of the standards of the Regulator of Social Housing (RSH), who oversee our activities as a Registered Provider of social housing.

In this section of the report, we assess progress against our strategy in relation to our landlord functions by monitoring our progress against the key financial metrics developed as part of the RSH Standard on Value for Money and the social housing 'Sector Scorecard'. Since 2017, we have also participated in the Acuity benchmarking tool for smaller RPs. We have used available data from both the Sector Scorecard and Acuity to benchmark against as part of our Value for Money assessment for 2021/22.

We are only able to compare our current year performance against the Acuity benchmarking data for 2020/21, with the 2021/22 benchmarking metrics only being available in the autumn. Although we are not able to compare our current performance with Acuity, we have included our own internal performance for 2021/22, comparing this with the previous year and 2019/20. Comparing our current year performance against prior year benchmarking peer groups is a challenge, as the cost pressures we have seen this year (including the full year impact of Covid restrictions) are not reflected in the benchmark comparison data and could give rise to a deterioration in performance of the benchmarked peer groups when their 2021/22 comparison data is available later this year.

There are nine sector scorecard metrics, which we are required to report on as part of the value for money standard. One of these is not relevant to us, as we do not operate non-social housing properties.

Table One below, compares our performance in these metrics across three years and benchmarks this against the following peer groups:

- Acuity SPBM – Benchmarking club made up of over 150 smaller housing association providers (with less than 1,000 units)
- Acuity Supported - A subgroup of Acuity SPBM comprising of 27 specialist, supported housing providers.
- HouseMark – National benchmarking of larger housing association providers (over 1,000 units) made up of over 400 organisations.

Value for money headlines

We have a good track record of demonstrating year on year improvement against our own performance and our peer group comparators: typically exceeding prior year and Acuity benchmarked performance (other supported housing providers) in 5-6 of the 8 relevant sector scorecard metrics. However, as the majority of the sector scorecard metrics are financially driven, our performance against last year and the Acuity peer group has dipped a little in this tough operating year that has seen higher (covid impacted) operating costs and some income reductions, causing pressure on our margins, as described in the Financial Review on page 23 of this report.

Of the eight relevant RSH sector scorecard metrics, we have improved or matched our headline performance in 2021/22 in two of these core metrics (which increases to three metrics when the development abort (one off) cost is excluded). Our performance trends against the sector scorecard metrics and benchmarked comparisons are shown in Table One below. This shows our actual current year performance and an adjusted performance to exclude the impact of the one-off development abort costs. Commentary on this performance follows Table One and Two below, but of the six metrics where the year on year performance has dipped (five metrics when excluding the abort costs), one (Gearing) is due to our cash outflow this year (property purchases), the other five are all due to a combination of higher operating costs and lower income / Housing units in management this year.

Of these eight RSH sector scorecard metrics, our current year performance exceeds the Acuity Supported peer group performance in four of these key metrics (we exceeded this peer group performance in five metrics last year).

We also measure our performance against other benchmarked metrics (shown in Table Two) and client/tenant satisfaction ratings. We are extremely proud that annual performance and satisfaction ratings are consistently high year on year (89% in 2021/22) and are above sector averages.

Of the five other metrics benchmarked, we have improved or matched our performance in 2021/22 in three of these core metrics and have matched or exceeded Acuity Supported peer group performance in all five of these key metrics.

Despite the margin pressures we have faced this year, we feel this performance demonstrates our culture of delivering Value for Money through the achievement of our core priorities and these core sector metrics.

Our performance against these metrics is shown in the following tables, along with an outline of our interpretation of this performance:

Table One: Performance against Sector Scorecard benchmarking metrics

Table Two: Performance against additional Acuity benchmarking metrics

Table One: Sector Scorecard	2021/22			2020/21					2019/20
Acuity Sector Scorecard results Supported = 24 organisations SPBM = 150+ organisations HouseMark = 400+ organisations	**Southdown**	Trend against 2020/21 Southdown	Trend excluding Covid impact	**Southdown**	Acuity Supported	Our Trend against Acuity Supported	Acuity SPBM	All HouseMark	Southdown
RSH Sector Scorecard core metrics									
Reinvestment %	**4.6%**	↑	No impact	**0.4%**	**3.5%**	↑	2.0%	7.2%	**4.8%**
New supply delivered %	**Nil**	↔	No impact	**Nil**	**0.8%**	↓	n/a	1.5%	**1.0%**
Gearing %	**(20.5%)**	↓	(21.4%) ↓	**(23.6%)**	**3.1%**	↑	12.5%	44.0%	**(15.0%)**
EBITDA MRI interest cover %	**4,020%**	↓	5,267% ↑	**5,223%**	**585%**	↑	356%	170%	**2,139%**
Headline social housing cost per unit	**£7,861**	↓	£7,511 ↓	**£6,825**	**£9,802**	↑	£4,890	£3,830	**£6,730**
Operating Margin % (Social housing)	**4.4%**	↓	8.7% ↓	**15.5%**	**9.2%**	↓	20.0%	25.7%	**10.9%**
Operating Margin % (overall)*	**1.2%**	↓	1.9% ↓	**3.9%**	**8.0%**	↓	20.0%	23.1%	**2.4%**
Return on capital employed (ROCE)	**1.2%**	↓	1.9% ↓	**4.0%**	**2.7%**	↓	2.7%	3.4%	**2.5%**

Table Two: Additional Acuity benchmarking metrics	2021/22		2020/21					2019/20
	Southdown	Trend against 2020/21 Southdown	Southdown	Acuity Supported	Trend against Acuity Supported	Acuity SPBM	All HouseMark	Southdown
Value for Money								
Overheads as % of turnover*	12.2%	↓	10.2%	12.2%	↔	16.8%	11.3%	11.0%
Allocation and lettings								
% of rent lost to voids	4.4%	↓	2.3%	5.9%	↑	5.8%	6.2%	2.5%
Income management								
% rent collected supported housing	100.4%	↔	100.4%	99.4%	↑	99.9%	101.1%	100.1%
Quality housing experience								
Planned & cyclical repair cost per unit	£1,169	↓	£631	£523	↓	£870	£1,415	£1,838
Quality housing experience								
Responsive & void repair cost per unit	£722	↑	£600	£704	↑	£733	£760	£788

* All value for money metrics that relate to turnover include other income

NARRATIVE ON BENCHMARK PERFORMANCE - TABLE ONE RSH SECTOR SCORECARD

Reinvestment % - Our ambition and five-year business strategy is to increase the supply of accommodation we own. However, Government intervention in the social housing sector has created some challenges (3 years of rent reductions to 2020 and the continued uncertainty with the future funding regime for supported housing). As a specialist supported housing provider, this has limited our ability to deliver our growth aims. Despite these uncertainties, we continue to invest in our housing stock: we have completed 2 property purchases this year, which delivered a Reinvestment rate of 4.6%. This exceeds our previous year performance and is higher than both SPBM and Acuity Supported peer groups.

New Supply Delivered % - This metric measures the development of new social housing units. We have been progressing an opportunity to create 12 new social housing flats in Brighton, along with Wellbeing Centre for our Mental Health services. However, the tender for the development works resulted in a 40% increase in build costs, which made this scheme unviable and did not represent value for money.

Gearing % - We do not have any additional borrowing this year and our actual level of bank borrowing has reduced. This Gearing ratio includes the year end cash holding - meaning we have negative gearing as our cash at bank balance is higher than our loan liability. Our (negative) gearing has reduced a little this year because of our cash outflow: we invested some of our cash holding in our Housing stock (purchased 2 new properties) resulting in a lower cash holding this year. As a business we continue have very low gearing performance, which is significantly lower than all benchmarked peer groups.

EBITDA MRI interest cover % - Our ratio of interest cover has decreased due to the pressure on our margin this year. However, this metric does show a small improvement on last year when the "one off" development abort cost is excluded. We have seen low interest rates, meaning low bank loan interest charges this year and we expect this EBITDA to return to circa 2,500% over time. Like Gearing, our interest cover remains very strong and is over 7 times higher than the comparable sector measures.

Headline Social Housing Cost per Unit - This cost ratio has increased this year, although some of this is due to the "one off" development abort costs. However, the main cause of this increase is reduction of Housing units managed this year: reduce by 59 units down to 534. This is due to the reducing short leased properties - Independent Living Scheme (ILS) units and loss of a management contract from the start of this year. Our performance continues to be higher than the smaller Housing Association peer group (SPBM), but our value for money is demonstrated by our significantly lower operating cost when compared to the other supported housing provider (Acuity Supported) peer group. Supported housing provider costs are usually higher than the more general needs providers (SPBM).

Operating Margin % (social housing and overall margin %) - Both, our social housing and overall operating margins have reduced this year as a result of the margin pressures seen this year, including the development abort costs, full year impact of Covid infection control restrictions and lower Covid funding. The peer group comparisons are difficult as the 2020/21 benchmark margin comparisons have nearly doubled on the previous year – higher margins in the first year of Covid (Lockdowns), but we have seen increased financial pressures (and lower margins) in the second year of Covid – given the timing and availability of the benchmarked data, we are not yet able to see our peer groups margin performance for the second Covid impacted year (not available until the autumn). We expect to restore our margins and be typically aligned with the Acuity Supported peer group and significantly lower than SPBM margins generated by the smaller general needs providers. This performance continues to demonstrate the value we deliver by operating at small margins than our peer groups.

ROCE - Just like the margin metrics, this rate of return metric has also decreased this year with the margin pressures. Our ROCE is lower than all benchmark comparisons.

NARRATIVE ON BENCHMARK PERFORMANCE - TABLE TWO ACUITY BENCHMARK METRICS SCORECARD

Overall performance overview – We have matched or improved our performance in 2021/22 in three of these core metrics and have matched or exceeded Acuity Supported peer group performance in all five of these key metrics.

Overheads as a % of Turnover – This cost metric has increased by 2% on last year, now reaching 12.2%, which is in line with the Acuity Supported peer group and lower than the SPBM peer group. This performance has been impacted by the income losses and cost increases, notably ICT and Business Support functions where we have invested in modernising technology and implementing Microsoft 365. Recruitment costs have also increased this year. This is an area of focus under our new strategic priorities, where we will deliver efficiency through automation and simplification to deliver proportionate and competitive central costs.

% of Rent Lost to Voids – We have seen a higher level of rent void loses this year as we have closed some services as part of our asset management strategy. Voids are a high risk area for the business, especially when a rent void is linked to a resident with a learning disability care package. This heightened level of rent void rate remains lower than all benchmarked peer groups.

% of Rent Collected Supported Housing - We have consistently strong rent collection rates, which is in line with our last year performance and remains above benchmarked peer groups.

Planned and Cyclical Repair Costs per Unit – Our spend levels reduced in 2020/21 due to the delays in our capital programme and property acquisitions following the pandemic and Lockdown of services. This has now been restored as unit cost investment has increased in 2021/22 and is back above Acuity Supported and SPBM peer group comparators.

Responsive and Void Repair Cost per Unit – Similarly, this metric has also seen an increase in 2021/22 and is above prior year and benchmark comparisons. We have seen extra void repair costs this year with the high void rate and service closure and would expect some reduction in the coming year.

Social Impact

Social value outcomes achieved by our support services

Through delivery of our operational services, we make a significant impact to the communities in which we work. During 2021/22, we supported 8,000 clients across Sussex to maximise their independence and achieve their personal goals (this is 2,000 clients lower than last year due to the loss of the Home Works service in November 2021). Each contracted service is monitored and reviewed by its public sector commissioner against a set of quality standards and performance indicators. A key element of the review process is to evidence the outcomes that are being achieved as a direct result of the support provided by our staff.

To demonstrate the difference that our support and housing services have made each year we produce an annual 'Impact Report'. The report for 2021/22 will be published in July 2022 and will be available on our website.

Procurement exercises require us to complete financial templates of the additional Social Value that we contribute when delivering services under contract. We are required to report on performance against these calculations.

Social impact within the Sussex economy

With a total income of £28.7 million and employing over 800 local people, Southdown makes a significant contribution to the local Sussex economy. Working within our financial regulations we aim to prioritise awarding procurement contracts to local businesses, and with the majority of staff living locally, they reinvest their salaries to further stimulate the local economy.

We invest time and resources to support local professional networks and community initiatives as part of our corporate social responsibility.

Value for Money summary

With a strategic objective to improve efficiency through simplification and automation, we remain committed to continually promote and achieve business improvement across the organisation. Our current year performance against the stated value for money metrics, shows how challenging this priority can be, in the current operating environment, which is still adversely impacted by additional, Covid related cost pressures. We have also seen some income losses, regretful service closures due to operational viability reasons and capital abort costs that have impacted on our level of margin delivery this year. That said, we have still exceeded our peer group comparator performance (Acuity Supported benchmark group) in half the sector scorecard metrics and in 4 (matching the 5th) of 5 other metrics measured.

We feel our consistently good performance against peer group comparators demonstrates our delivery of value for money and progress against our stated aims.

ENVIRONMENTAL SUSTAINABILITY

In 2019, the UK became the first major economy in the world to pass laws to end its contribution to global warming. The target will require the UK to bring all greenhouse gas emissions to net zero by 2050. After transport, housing is the UK's second-largest emitter of greenhouse gases.

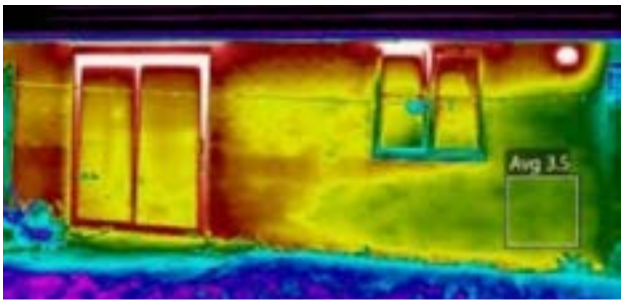
Our Sustainability Strategy seeks to guide and focus our activity over several years and progressively decrease the harm that we cause to the local and global environment, aiming to become carbon neutral by 2050. To achieve this, we will need to deploy financial and staff resources, both to improve the energy performance of our existing properties and to ensure they are resilient to a changing climate.

Many of our building components have 25-year replacement cycles, we therefore need to be preparing for changes now. We will be seeking to better understand our stock through data gathering and modelling and address issues with our buildings' thermal efficiency before seeking to introduce lower carbon heating technologies. Where we have addressed heat loss through the building fabric we are initially choosing to focus upon space and water heating as these are likely to account for approximately 81% of the energy use in properties.

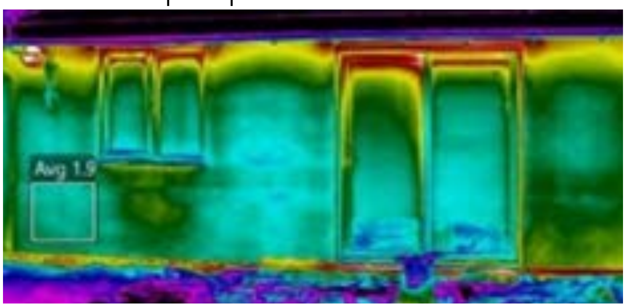
The Government has set an additional expectation that all rented properties will have reached Energy Performance Certificate Band C by 2030. For Southdown, 35% of current homes are below this level. We appreciate that applying sustainability and carbon reduction objectives to social housing is complex and multi-faceted with rapidly shifting sands of legislation, funding and technological solutions, but we are fully committed to plan and prepare ourselves for the journey towards carbon-neutrality. To this effect, we have commissioned an external assessment of all our stock to identify a programme of works to achieve Band C by 2030, which will be included in our five-year financial planning from 2023. We recognise that many of our tenants and staff are passionate about environmental issues, but do not have the means to make some of the necessary changes themselves. Southdown are committed to addressing the climate emergency as well as maximising the quality of life for our tenants and clients by proactively addressing issues of energy poverty and affordability. This has become acutely significant as we face hyperinflation of utility costs due to world events.

Sustainability pilot project- Marlow Avenue

In January 2022 we completed our first targeted sustainability project at a home on our Marlow Avenue scheme in Eastbourne. One home has been fitted with an air-source heat pump (ASHP) and treated with a new form of insulating render, and thermally insulating paint on the interior. Initial thermal images taken (below right image) against an untreated comparator property (below left image) are very promising. We will be continuing to engage with the new tenant of the recently treated property to gain their feedback on their energy costs and the usability and ongoing performance of the heat pump.



Untreated property



Treated property

Structure, Governance & Management

Regulatory Information

Southdown Housing Association Limited is:

- A Public Benefit Entity, as defined in Financial Reporting Standard 102.
- A Registered Society under the Co-operative and Community Benefit Societies Act 2014 – registration number 20755R. As a Co-operative and Community Benefit Society, it is registered with the Financial Conduct Authority and is a non-registered charity.
- A Registered Provider, registered with the Regulator of Social Housing (RSH) and Homes England - registration number L1829.
- A member of the National Housing Federation – membership number 2469.

Southdown is regulated by the RSH (Regulator of Social Housing) and the CQC (Care Quality Commission).

Our support contracts are subject to scrutiny by Local Authorities, Health Authorities and other commissioners.

Southdown is fully compliant with the National Housing Federation Code of Governance 2020 and the RSH's Governance and Financial Viability standards and Consumer standards as they relate to Registered Providers with under 1,000 units.

Beneficiaries

Southdown is formed for the benefit of the community. Its objects shall be to carry on for the benefit of disadvantaged people and the community in the business of providing housing or other accommodation, assistance with the provision of housing, and care and support.

Board

The Board currently comprises of 11 members – 10 non-executive directors and 1 co-opted member Members of the Board are required to hold a single £1 share. The appointment of the co-opted Board member is due to be confirmed at the next Annual General Meeting in September 2022.

At 31 March 2022, the 11 issued shares were held by the 10 existing non-executive Board members and 1 former Board member. The Directors listed on page 3 hold no interest in the share capital of Southdown. Only new Board members are now admitted as shareholders. Historically, Board members who retired or resigned from the Board had been allowed to retain their share and remain in membership of Southdown if they so wished, but now they are asked to agree to their share being cancelled.

3 Board members: Phil Cliflands, Beverly Hone and Criag Jones left the Board in September/October 2021 and we are very grateful for their contribution and service to Southdown over many years. The Board has a robust system for reviewing members' skills, performance and tenure with a programme for recruitment and succession management in place to ensure Board skills are maintained and vacancies are filled in a timely manner.

Board Responsibilities

Southdown follows the principles of the 2020 National Housing Federation Code of Governance and the 2018 updated Statement of Recommended Practice on Accounting Standards for registered social housing providers.

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

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

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates, which are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board meets regularly to lead, control and monitor Southdown's overall performance. The Executive Team and senior management supply the Board with appropriate and timely information and attend Board and subcommittee meetings to provide advice.

The Board undertakes an annual review of Board effectiveness and governance arrangements and the following Board Governance Structure has been in place since May 2018:

- A strategically focused Board
- Members are all non-Execs and remunerated for their services
- The Board meets 10 times per annum including two Away Days
- Two Board sub Committees: Audit & Risk and Remuneration & Nominations (roles outlined below)
- Board members have a maximum tenure of up to six years (although a further extension is possible in exceptional circumstances)

The Board and Committee roles are summarised as follows:

- **Board** – the main remit is to focus on strategy, compliance, finance, our purpose and achievements. The Board will also retain oversight of organisational performance, risk management, as well as human resources matters, strategic asset management and developments.
- **The Audit and Risk Committee** – has a responsibility for oversight of Southdown's quality assurance activities, including internal and external audit and scrutiny of all Southdown risk management processes. This committee also has oversight of all operational activities, including safeguarding.
- **The Remuneration and Nominations Committee** – with responsibility for Executive, staff and Board remuneration and benefits, as well as oversight of Board composition, including Board skills, knowledge and recruitment.

While the Audit and Risk Committee has detailed oversight of the Association's risk management processes, the Board collectively still holds overall responsibility for this. Awareness and the management of risk remains a core part of the remit of all committees and the Board as a whole.

Authority is delegated to the Chief Executive, the Executive Team and senior management to implement strategy and to lead and manage the day-to-day operations of Southdown.

Internal Controls and Risk Management

The Board is responsible for ensuring that adequate systems of risk management and internal control are in place across Southdown. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss.

The key means of identifying, evaluating and managing the system of internal controls comprise:

- A formal approach to risk management, incorporating regular review that aims to identify the key risks for the business and to put in place systems and procedures to mitigate and monitor these risks. This includes comprehensive risk stress testing.
- Corporate governance arrangements, written financial regulations and delegated authorities.
- The use of policy and procedure manuals that are monitored by regular review.
- Management structures with experienced and suitably qualified staff, which take responsibility for important business functions and provide balance and focus within Southdown.
- An annual, risk-based internal audit plan alongside quality assurance measures and practices. All audit reports are reviewed by the Audit and Risk Committee, which also receives updates on the implementation of agreed external and internal audit recommendations.
- A five-year Business Strategy and Financial Plan. Both are regularly updated to monitor progress and inform our annual business planning cycle.
- A comprehensive annual business plan and budget with a monthly reporting cycle that identifies variances and their underlying causes. The reporting arrangements also allow the Board and senior management to monitor achievements against Key Performance Indicators, regulatory requirements and service objectives, with variances being investigated and acted upon.
- A confidential reporting (whistle blowing) policy, with anti-fraud and anti-corruption policies and procedures.
- The appraisal and approval by senior management and/or Board members of all significant investments, major commitments and new projects in accordance with Southdown's financial and governance regulations.

The Chief Executive has reviewed the internal control and assurance arrangements by reference to checks based on the above points. No weaknesses were found in internal controls, which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements. The Chief Executive has reported to the Board that he is satisfied with the effectiveness of the control systems.

Appreciation of Commissioning Partners

We would like to record our appreciation for the ongoing support of our commissioning partners: the local authorities and NHS organisations who procure our services. We continue to believe that developing credible and long-lasting relationships with these partners, enables us to work collaboratively for the benefit of our clients. Our main commissioning partners, who we work with include:

- East Sussex County Council
- West Sussex County Council
- Brighton & Hove City Council
- Sussex Health and Care Partnership
- Brighton and Hove City Clinical Commissioning Group
- East Sussex Clinical Commissioning Group
- West Sussex Clinical Commissioning Group
- Primary Care Networks across Sussex
- Sussex Partnership NHS Foundation Trust
- NHS England
- Department for Work and Pensions

Going Concern

We delivered a lower operating surplus this year, which is expected to continue into next year, as we work to reduce operating costs (reduce reliance on higher cost agency staff in LD services) and continue to grow and replace the lost income seen this year. Despite the lower margins, our five-year financial plan remains robust and we continue to generate and hold sufficient cash to meet our medium-term liabilities and operating commitments.

We have a resilient annual budget setting process, underpinned by a risk stress tested five-year financial plan and on this basis, Board members are confident that Southdown is financially sound and has adequate resources to continue in operational existence for the foreseeable future.

Information for Auditors

We the members of the Board who held office at the date of approval of these Financial Statements confirm, so far as we are aware, that there is no relevant audit information of which the Association's auditors are unaware; and we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Approved by the Board and signed on its behalf by:

Jane Claxton
Chair
13 July 2022

REPORT OF THE INDEPENDENT AUDITORS

Opinion

We have audited the financial statements Southdown Housing Association Limited (the 'Association') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash flows and the Statement of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies in Note 1. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the Association's affairs as at 31 March 2022 and of its surplus 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 2019.

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 Report of the Board, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which Co-operative 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

As explained more fully in the Statement of Responsibilities of the Board set out on pages 26-27, the Board are 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 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 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 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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- We obtained an understanding of laws and regulations that affect the Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Co-operative and Community Benefit Societies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, 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.

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

- 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 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 them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association for our audit work, for this report, or for the opinions we have formed.

Beever and Struthers
Chartered Accountants
Statutory Auditor

15 Bunhill Row
London
EC1Y 8LP

Date: 29 July 2022

Beever and Struthers

Financial Statements

Statement of Comprehensive Income for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Turnover	1&2	**28,459**	28,673
Other Income	1&2	**263**	619
Total Income		**28,722**	29,292
Less; Operating costs	2	**(28,376)**	(28,154)
Operating surplus		**346**	1,138
Interest receivable and similar income	6	**(1)**	9
Interest payable and similar charges	7	**(15)**	(30)
Surplus and total comprehensive income for the year		**330**	1,117

All activities are classed as continuing.

The financial statements on pages 42 to 64 were approved by the Board of Southdown Housing Association on 13th July 2022 and were signed on behalf of the Board by:

Jane Claxton
Chair

Pauline Ford
Board Member, as Chair of the Audit and Risk Committee

Roz Creighton
Secretary

Statement of Changes in Reserves

	Income and expenditure reserve	Revaluation reserve	Total
	£'000	**£'000**	**£'000**
Balance as at 1 April 2020	17,499	2,026	19,525
Surplus from statement of comprehensive income for the year	1,117	-	1,117
Transfer from revaluation reserve to income and expenditure reserve	11	(11)	-
Balance at 31 March 2021	18,627	2,015	20,642
Surplus from statement of comprehensive income for the year	330	-	330
Transfer from revaluation reserve to income and expenditure reserve	11	(11)	-
Balance at 31 March 2022	**18,968**	**2,004**	**20,972**

Statement of Financial Position as at 31 March 2022

	Notes	2022 £'000	2021 £'000
Fixed Assets			
Housing properties & day centre – depreciated cost	8	**20,362**	19,644
Other tangible fixed assets	9	**4,123**	4,090
Total Tangible Fixed Assets		**24,485**	23,734
Current Assets			
Debtors	10	**1,876**	2,152
Cash at bank and in hand	11	**5,215**	5,756
		7,091	7,908
Creditors: amounts falling due within one year	12	**(3,071)**	(3,321)
Net Current Assets		**4,020**	4,587
Total Assets less Current Liabilities		**28,505**	28,321
Creditors: amounts falling due after more than one year	13	**(7,530)**	(7,676)
Net Assets		**20,975**	20,645
Capital and Reserves			
Share capital	15	**3**	3
Income and Expenditure reserve		**18,968**	18,627
Revaluation reserve		**2,004**	2,015
Total Capital and Reserves		**20,975**	20,645

The financial statements on pages 42 to 64 were approved by the Board of SouthdownHousing Association on 13th July 2021 and were signed on behalf of the Board :

Jane Claxton
Chair

Pauline Ford
Board Member, as Chair of the
Audit and Risk Committee

Roz Crieghton
Secretary

Statement of Cash Flows for the year ended 31 March 2022

	Notes	2022 £'000	2021 £'000
Net cash generated from operating activities	(i)	**937**	1,905
Cash flow from investing activities			
Acquisition, construction and works to housing properties		**(1,071)**	(87)
Other fixed asset additions		**(290)**	(143)
Receipt of new grant		**-**	-
Interest received		**(1)**	9
Net cash used in investing activities		**(1,362)**	(221)
Cash flow from financing activities			
Repayment of borrowings		**(101)**	(104)
Interest paid		**(15)**	(30)
Net cash used in financing activities		**(116)**	(134)
Increase/(Decrease) in cash and cash equivalents		**(541)**	1,550
Cash and Cash Equivalents at beginning of year		**5,756**	4,206
Cash and Cash Equivalents at end of year	(ii)	**5,215**	5,756

Statement of Cash Flows For the year ended 31 March 2022

i) Reconciliation of operating surplus to net cash flow from operating activities

	2022	2021
	£'000	£'000
Operating surplus for the year	**346**	1,138
Depreciation	**667**	576
Reversal of impairment charge	**(57)**	-
Amortisation of government grants	**(85)**	(85)
(Increase)/Decrease in debtors	**276**	(344)
Increase/(Decrease) in creditors	**(210)**	620
Net cash generated from operating activities	**937**	1,905

ii) Cash and cash equivalent

	2021	2020
	£'000	£'000
Cash at bank and in hand	**5,215**	5,756

Analysis of movement in net debt

	At 1 April 2021	**Cash flows**	**Other non-cash changes**	**At 31 March 2022**
	£'000	**£'000**	**£'000**	**£'000**
Cash	5,756	(541)	-	5,215
Overdraft	-	-	-	-
Total cash and cash equivalents	5,756	-	-	5,215
Bank borrowings due within 1 year	(101)	101	(48)	(48)
Bank borrowings due in more than 1 year	(916)	-	48	(868)
Total borrowings	(1,017)	101	-	(916)
Net cash	4,739	(440)	-	4,299

Notes to the Financial Statements

1. Accounting policies

Legal Status

Southdown Housing Association is a public benefit entity incorporated under the Co-operative and Community Benefit Societies Act 2014 in the United Kingdom, registered number 20755R, and is a registered provider of social housing with the Regulator of Social Housing (RSH), registration number L1829. The registered office is 2 Bell Lane, Lewes, East Sussex, BN7 1JU.

Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including The Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements are also prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008.

The Association meets the definition of a public benefit entity as defined by FRS 102.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain housing properties at the date of transition under the 'deemed cost' option of FRS 102.

The principal accounting policies of the Association are set out below.

Significant judgements and estimates
The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Significant management judgements
The following are the significant management judgements made in applying the accounting policies of the Association that have the most significant effect on the financial statements:

Impairment

Most of Southdown's tenants qualify for Housing Benefit, where their accommodation continues to be recognised as supported housing, with the tenants receiving a linked support package. Where support services are decommissioned or are de-linked from specific units of accommodation, tenants are likely to transition from Housing Benefit to Universal Credit for their housing costs. Although there are additional challenges for Southdown with the operation of Universal Credit, Southdown believes core rental costs will continue to be met by the benefits system and there will be no impairment of the value of the Association's property portfolio.

Cash generating units for impairment purposes

Southdown aggregates the costs of all property units in an individual address when considering impairment. This is deemed appropriate given that Southdown's properties are domestic in scale and often include shared facilities. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value less costs to sell or its value in use.

Estimation uncertainty

Information about the key estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

Capitalisation of property costs

The cost of a completed building bought from a third party includes the cost of any professional fees needed to complete the purchase, together with any VAT, if applicable. When a fully completed building is purchased, Southdown ascribes 45% of the total cost to land, with the remaining 55% being apportioned to building shell and the various component elements. The split of the 55% portion across the component elements is based on a stock condition survey which is commissioned prior to purchase and which identifies the cost of replacement of all of the component elements in the building. The survey also identifies when the component element will be due for replacement. The estimated current value of the component is then calculated using this information, with the balance being ascribed to the property shell.

When a property is built by Southdown, the final build cost will include the costs of the build itself, together with any fees and VAT as applicable. Land will have a separate value – either brought forward in Southdown's books if the site was already owned by Southdown or from a separate purchase where the price is identifiable. The build cost is apportioned across building shell and components by the quantity surveyor/builder.

When a property already owned by Southdown undergoes substantial remodeling, any remaining net book value of property components being replaced is written off. The cost of work undertaken is apportioned across components and property shell by the quantity surveyor/builder, with a separate amount being estimated and expensed to represent the cost of cyclical and planned maintenance being brought forward as a result of the renovation.

Period of amortisation of grants

Social Housing Grant or other grant obtained as part of the funding for a purchase or build will assume the same useful life as the building shell of the project to which it relates.

Useful lives of assets

Southdown ascribes standard lives to its assets based on a combination of practical experience coupled with, in the case of property components, experience from other housing associations and published information from surveyors. In some cases, such as solar panels, we use the life ascribed to the panels by the manufacturer and which was used when assessing the economic case for purchase. Four years is chosen as the asset life for general computer equipment to reflect the relatively short life of such assets driven by changes in technology, as much of the actual wearing out of the underlying asset. However, longer life specialist software application systems are treated as having an asset life of up to 10 years.

Southdown estimates that the residual value for all of its depreciated assets at the end of their useful life will be zero.

Southdown uses a relatively long life for our property core structure at 125 years. This is because many of our properties are period properties of a type that will last, if properly maintained, for this length of time. All of our properties are also of a high standard of construction using conventional materials and we maintain our properties to a high standard, which will support their life expectancy. We also believe that there will always be demand for our property given the popularity of living on coastal towns where most of our properties are situated and the general proximity of our Sussex base to London.

Debt provisioning policy

The vast majority of our debt is with quasi-Government bodies such as Local Authorities or Clinical Commissioning Bodies and thus our fee related bad debt is negligible.

Because of the nature of the clients we house, most of the rent debts are settled directly by Housing Benefit and thus do not incur problem debts. In relation to debt due directly from tenants, we review the debtors ledger each month for any debt we might consider doubtful. Because of the supported housing nature of our business, we have a good knowledge of each and every client and can make judgements concerning the likelihood or otherwise of collecting any non-current debt. We identify any specific problem rent debts and categorise them as high risk, in which case we provide 100% of the debt or medium risk in which case we provide for 50% of the debt. The balance of tenant rent debtors other than current debt are provided at 25%.

We apply the same process for tenant recharge debts but in this case provide 50% of the general debtor balance, based on our practical experience of collecting this type of debt.

Leasehold dilapidations

We provide for leasehold dilapidations where our business strategy indicates that we will seek to exit a particular lease at a future date. Dilapidations are provided taking into account our knowledge of how much it might cost to paint and decorate a site before hand back or how much it might cost to strip out amendments we have made to the site during our tenure in order to return it to its original condition.

Income

Total income includes Turnover and Other Income. Turnover includes rental and service charge income from residential and commercial properties in respect of the year and any other income such as legacies received in the year. Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Additional grant and furlough income arising for the additional costs incurred as a result of the Coronavirus pandemic are shown separately as Other Income. All fees and grants receivable from local authorities in respect of revenue are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Grants received for housing properties are recognised in income on a systematic basis over the life of the property to which it relates.

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation and any recognised impairment loss. Southdown accounts for its expenditure on housing properties on a historic cost basis, with the exception of those properties where deemed cost at 31 March 2014 has been substituted for the original historic cost. Southdown accounts for its expenditure on housing and day centre properties (excluding shared ownership properties) using component accounting. Under component accounting, the housing property is divided into those major components, which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives. The particular components identified by Southdown and their respective useful economic lives are as follows:

Core structure	125 years
Roof	60 years
Windows	25 years
Bathrooms	25 years
Electrics	25 years
Heating systems	25 years
Lifts	25 years
Solar panels	20 years
Fire sprinkler systems	20 years
Kitchens	20 years
Boilers	15 years

Where a separately identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised.

Expenditure incurred which relates to an improvement, which is defined as an increase in the net rental income stream or the life of a property, has been capitalised.

Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the statement of comprehensive income in the period in which it is incurred.

Depreciation

Freehold shared ownership properties are depreciated on a straight line basis over their expected useful economic life of 125 years. Freehold land is not depreciated.

No depreciation is provided on housing properties in the course of construction.

Leasehold housing properties and land are depreciated over the remaining term of the lease or useful economic life, whichever is the shorter.

Depreciation is charged on a straight line basis over the expected useful economic life of the other fixed assets, which are as follows:

Leasehold offices - Bell Lane, Lewes	65 years
Office furniture and equipment	5 years
Motor vehicles	6 years
Computer equipment and software	4 years, or up to 10 years for longer life applications

A transfer is made from the Revaluation Reserve to the Income and Expenditure Reserve on an annual basis for any difference between the actual depreciation charge and that which would have been incurred if the housing properties had been held at their historic cost.

Impairment

Housing properties are assessed for impairment when there is an indicator of impairment. Where indicators are identified, an assessment for impairment is undertaken comparing the asset's 'carrying amount' to its 'recoverable amount'. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down.

The recoverable amount is the higher of the fair value of the asset (less estimated cost to sell) and the 'value in use' of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in the Statement of Comprehensive Income. Where an asset is deemed not to be providing service potential to the organisation, its recoverable amount is the higher of the value in use and its fair value less costs to sell.

In estimating the value in use of an asset based on its service potential, Southdown believes that a ready market for the types of specialist properties we use does not exist. Depreciated Replacement Cost is therefore deemed to equate to the cost of building an equivalent asset (as adjusted for depreciation).

When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods.

Revaluation reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken.

Government Grant

Social Housing Grant (SHG) is receivable from Homes England (HE) and is utilised to reduce the capital costs of housing properties, including land costs.

The Association has taken advantage of transitional relief for deemed cost in respect of a number of properties and all grant in respect of these properties on transition to FRS 102 has been treated under the performance model and released to the Income and Expenditure reserve. Subsequent to the date of transition, Government Grants received for housing properties are recognised in income over the useful life of the housing property structure on a pro rata basis under the accruals model. The unamortised element of the government grant is recognised as deferred capital grant in creditors.

Grants due from other government organisations such as local authorities or health bodies are treated in the same way as Social Housing Grant.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate. Until the revenue grants are recognised as income they are recorded as liabilities.

On sale of a property, Government Grants may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the balance sheet in creditors.

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

Taxation

Southdown has charitable status qualifying for exemption from Income and Corporation Tax. A certificate to this effect has been received from HMRC.

Pension Costs

Southdown operates a Group Personal Pension Scheme with Aviva. Employer contributions are charged to the Statement of Comprehensive Income when payable. Southdown also has "Direction" status with the NHS Pension Scheme, which is an unfunded multi-employer final salary pension scheme. As such, it is not possible to separately identify assets and liabilities relating to Southdown and so, in accordance with FRS102, the scheme is accounted for as if it was a defined contribution scheme.

The NHS scheme currently has a shortfall of assets compared to liabilities and a deficit payment plan which has been agreed between the participating employers and the scheme. In line with FRS 102 requirements, this payment plan has been recognised as a liability in the Statement of Financial Position and is measured at the reporting date by discounting future cash flows at the rate of a high quality corporate bond. The unwinding of the discounting is recognised as a finance charge in the period to which it relates.

Loan interest costs

Loan interest costs are calculated using the effective interest rate that exactly discounts estimated future cash payments or receipts through the expected life of a financial instrument and is determined based on the carrying amount of the financial liability at initial recognition.

Loan finance issuance costs

Arrangement fees, agency fees and related legal fees payable when entering new loans are capitalised then charged to the statement of comprehensive income over the life of the loan via the effective interest method.

Operating leases

Southdown holds various operating leases for housing properties and office premises. Leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Value Added Tax

Southdown is not registered for VAT and therefore all expenses are stated inclusive of VAT.

Shared ownership

Southdown historically undertook some shared ownership arrangements, whereby Southdown disposed of an interest, usually between 27% and 68%, in housing units to persons who occupy them. The occupier normally has the right to purchase further equity tranches at the current valuation up to 100%.

In line with the requirements of SORP 2018, all shared ownership properties are split between fixed assets and current assets. The proportion of the split is determined by the percentage of the property to be sold under a first tranche sale. The split between fixed and current assets at the financial year end is made by reference to the best information available.

Subsequent tranches sold ('staircasing') are reflected in the operating surplus as a surplus or deficit on disposals of fixed assets. Income from first tranche sales are recognised at the point of legal completion of the sale.

Financial Instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Association becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and are measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Association will not be able to collect all amounts due.

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

Interest bearing bank loans, overdrafts and other loans, which meet the criteria to be classified as basic financial instruments, are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported as a surplus or deficit.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Society's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Loans

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially, and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted

Going Concern

These accounts are prepared on the basis that Southdown remains a going concern. Southdown prepares a five-year business strategy, which is underpinned by a risk stress tested, five-year financial plan that demonstrates the organisation has appropriate controls in place to manage the risks faced, to safeguard its assets and to ensure medium term commitments and liabilities can be met.

We have considered the impact of the Coronavirus pandemic, which does bring a significant risk to our business model and income streams if future variants were to translate into increased mortality rates. We have taken a very proactive approach to shielding clients and rigorously following public health and sector guidelines. As a result of this, Southdown has seen low Covid-19 infection rates and with robust pandemic response plans in place, we believe this significantly mitigates the financial risks associated with this pandemic. We recognise there is some exposure to increased costs from this pandemic, but we remain confident this will be covered by available funds.

On this basis, and as we do not expect to lose significant levels of income, coupled with our solid liquidity and low gearing, we do not believe this pandemic will adversely impact on our medium-term business model and are confident that the preparation of the financial statements on a going concern basis remains appropriate.

2a. Social Housing Income and Expenditure

	2022		
	Turnover £'000	**Operating expenditure £'000**	**Operating surplus /(deficit) £'000**
Social Housing	4,391	(4,198)	193
Activities other than Social Housing			
Support Service Contracts	24,068	(24,178)	(110)
Other income	263		263
Total	**28,722**	**(28,376)**	**346**

	2021		
	Turnover £'000	Operating expenditure £'000	Operating surplus /(deficit) £'000
Social Housing	4,790	(4,047)	743
Activities other than Social Housing			
Support Service Contracts	23,883	(24,107)	(224)
Other income	619		619
Total	29,292	(28,154)	1,138

2b. Particulars of turnover and operating expenditure for Social Housing

	2022 Supported Housing £'000	2021 Supported Housing £'000
Income		
Rent receivable net of identifiable service charges	2,683	2985
Service charge income	1,604	1677
Amortised government grant	85	85
Other income from Social Housing Lettings	19	43
Total turnover from Social Housing Lettings	**4,391**	4,790
Operating expenditure		
Management	359	343
Service charge costs	1,603	1,531
Routine Maintenance	462	334
Planned Maintenance	213	263
Bad debts	72	66
Depreciation of Housing properties	406	325
Impairment of Housing Properties	(57)	(2)
Lease Costs	953	1,187
Other Costs	187	-
Operating expenditure on Sociall Housing Lettings	**4,198**	4,047
Void losses	(205)	(113)

3. Directors' emoluments (including key Management Personnel)

The Directors are defined for the purpose of emoluments as the non-executive Board members, the Chief Executive and other members of the Executive reporting directly to the Chief Executive. The emoluments of these individuals, who are also regarded as key management personnel, were as follows:

Executive team emoluments

	2022	2021
	£'000	£'000
Emoluments (including benefits in kind)	**496**	553
Pension Contributions	**38**	39
	534	592

Non-executive Board member emoluments

	2022	2021
	£'000	£'000
Emoluments including travel expenses		
Jane Claxton	**9**	9
Greg Falvey	**6**	5
Pauline Ford	**6**	3
Phil Cliftlands	**3**	5
Caroline Hamblett	**3**	3
Graeme Allinson	**3**	2
Alysha Burrell	**3**	2
Beverly Hone	**2**	3
Craig Jones	**2**	2
Simon Nunan	**2**	-
Helen Tuddenham	**2**	-
Catherine Winfield	**2**	-
Dumindu Witharana	**2**	-
Tara Osboutne-Wallace	**1**	-
Jill Garner (retired 23/09/20)	**-**	2
Helen Perry-Bowen (resigned 11/06/20)	**-**	1
Rachael Swann (resigned 22/01/21)	**-**	1
	46	38

Employer National Insurance relating to Key Management Personnel

	2022	2021
	£'000	£'000
Executive team	**62**	70
Non-executive Board members	**-**	-
	62	70

3. Directors' emoluments (including key Management Personnel) cont.

The Chief Executive's pension contribution from the employer is 10% (£12,494) of his gross salary, being in line with standard Southdown Housing Group Personal Pension Scheme arrangements existing at the time the Chief Executive joined the Scheme.

Emoluments (excluding pension contributions) include amounts paid to:

	2022	2021
	£'000	£'000
Highest paid director	**126**	125

The number of staff who received emoluments and compensation for loss of office during the year (including pension contributions) in the following ranges were:

	2022 Number	2021 Number
Salary Ranges		
£40,001 - £50,000	**1**	-
£60,001 - £70,000	**-**	-
£70,001 - £80,000	**1**	-
£80,001 - £90,000	**2**	3
£90,001 - £100,000	**1**	2
£131,001 - £140,000	**1**	1

There are 5 Director posts in 2022. Showing 6 as we had a period of overlap with a part year leaver and new starter in post.	**2022**	2021
	£'000	£'000
Expenses reimbursed to directors not chargeable to UK income tax	**-**	-

4. Employee information

The average monthly number of full time equivalent persons, based on 37 hours per week, including directors (but excluding the non-executive Board members) employed during the year was:

	2022	2021
	Number	Number
Average full time equivalent persons	**658**	685
Staff costs	**£'000**	£'000
Wages and salaries	**19,635**	19,785
Social security costs	**1,593**	1,610
Pension costs (Note 20)	**737**	759
	21,965	22,154

5. Surplus on ordinary activities

	2022 £'000	2021 £'000
Surplus on ordinary activities is stated after charging:		
Operating lease rentals – land and buildings	**756**	818
Depreciation of other fixed assets	**257**	231
Depreciation of housing / day centre properties	**410**	345
Reversal of impairment charge	**(57)**	-
Auditor's remuneration in capacity as auditors	**19**	15
Auditor's remuneration for other services	**-**	-

6. Interest receivable and similar income

	2022 £'000	2021 £'000
Bank and unlisted investments	**(1)**	9

7. Interest payable and similar charges

	2022 £'000	2021 £'000
Interest on loans and overdrafts	**15**	30

8. Tangible fixed assets

	Housing Properties £'000	Short Leasehold Housing Properties £'000	Shared Ownership Properties £'000	Day Centre Properties £'000	Total £'000
Cost at 1 April 2021	20,504	104	1,820	931	23,359
Additions – Components	1,071	-	-	-	1,071
Disposals	(181)	-	-	-	(181)
At 31 March 2022	**21,394**	**104**	**1,820**	**931**	**24,249**
Depreciation and Impairment at 1 April 2021	3,400	104	147	64	3,715
Charge for year	387	-	13	10	410
Reversal of impairment charge	(57)	-	-	-	(57)
Eliminated on disposal	(181)	-	-	-	(181)
At 31 March 2022	**3,549**	**104**	**160**	**74**	**3,887**
Net book value at 31 March 2022	**17,845**	**-**	**1,660**	**857**	**20,362**
Net book value at 31 March 2021	17,104	-	1,673	867	19,644

The net book value of Housing Properties comprise: Freeholds £13,435,000 (2021: £12,880,000) and Long Leaseholds £4,410,000 (2021: £4,224,000). The total expenditure on repairs to existing properties charged to the Statement of Comprehensive Income in the year was £335,000 (2021: £341,000). An amount of £233,000 (2021: £87,000) was capitalised in the year, representing the value of component replacements and other building work.

9. Other tangible fixed assets

	Offices	Computer Equipment	Furniture and Fittings	Motor Vehicles	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost at					
1 April 2021	3,749	1,878	510	219	6,356
Additions	-	241	20	29	290
Disposals	-	(47)	(12)	(16)	(75)
At 31 March 2022	**3,749**	**2,072**	**518**	**232**	**6,571**
Depreciation at					
1 April 2021	373	1,328	440	125	2,266
Charge for year	31	165	28	33	257
Eliminated on disposal	-	(47)	(12)	(16)	(75)
At 31 March 2022	**404**	**1,446**	**456**	**142**	**2,448**
Net book value at 31 March 2022	**3,345**	**626**	**62**	**90**	**4,123**
Net book value at 31 March 2021	3,376	550	70	94	4,090

Offices includes one Freehold office £371,000 (2021: £374,000) and one Leasehold office £2,974,000 (2021: £3,002,000)

10. Debtors

	2022	2021
	£'000	£'000
Amounts falling due within one year		
Rent arrears	**327**	300
Less: Provision for bad and doubtful debts	**(186)**	(136)
Net rent arrears	**141**	164
Prepayments	**553**	316
Other debtors	**1,182**	1,672
	1,876	2,152

11. Cash at bank and in hand

	2022	2021
	£'000	£'000
Current and deposit accounts	**4,905**	5,449
Corporate appointee – client accounts	**310**	307
	5,215	5,756

Corporate appointee – client accounts contain funds owned by clients which are managed by Southdown on behalf of those clients who do not have the capacity to manage their own finances.

12. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Corporate appointee – client accounts	**310**	307
Trade creditors	**652**	462
Other creditors	**442**	432
Rent and Service charge paid in advance	**32**	19
Other taxation and social security	**386**	509
Housing loans repayable	**48**	101
Other accruals and deferred income	**929**	1,192
Deferred capital grant (Note 14)	**85**	85
Annual Leave accrual	**187**	214
	3,071	3,321

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

	2022	2021
	£'000	£'000
Housing loans	**868**	916
NHS Pension creditor	**71**	84
Deferred capital grant (note 14)	**6,591**	6,676
	7,530	7,676

	2022	2021
	£'000	£'000
The Housing loans are repayable by instalments as follows:		
Less than one year	**48**	101
Between one and two years	**104**	48
Between two and five years	**243**	160
In five years or more	**521**	708
	916	1,017

The loan is repayable over the term, which is 25 years, ending in 2035. Since August 2020, interest is only charged at a variable rate, currently between 1.71% and 1.74%. Prior to August the fixed element of loan was charged at 5.3%. Housing loan is secured by fixed charges on individual properties with a carrying value of £2,783,000

14. Deferred capital grant and recycled capital grant fund

Deferred Capital Grant

	2022	2021
	£'000	£'000
At 1 April	**6,761**	6,846
Released to income in the year	**(85)**	(85)
Recycled grant	**-**	-
New grant received in the year	**-**	-
At 31 March	**6,676**	6,761

	2022	2021
	£'000	£'000
Amounts to be released within one year	**85**	85
Amounts to be released in more than one year	**6,591**	6,676
	6,676	6,761

Total accumulated government grant and financial assistance received or receivable (before amortisation) at 31 March 2022 was £8,257,000.

15. Share capital

	2022	2021
	£	£
Allotted, issued and fully paid during the year		
At 1 April	**10**	9
Issued during the year	**4**	5
Cancelled during the year	**(3)**	(4)
At 31 March	**11**	10

Each Board member of Southdown holds one £1 share, which carries no dividend rights. The remaining £1 share is held by a previous Board member. Unless otherwise agreed, Board members' shares are cancelled upon their resignation from the Board. Only shareholders have the right to vote at the AGM, special or general meetings.

The £3,000 balance disclosed in the Statement of Financial Position relates to accumulated share capital reserves of Southdown.

16. Capital commitments

Capital expenditure authorised by the Board but not contracted for: None (2021: £1,886,000).

17. Contingent liabilities

There are no contingent liabilities (2021: £nil)

18. Operating leases

Some properties and equipment are held under non-cancellable operating leases. Southdown had outstanding commitments for future minimum payments under non-cancellable operating leases as follows:

	2022	2021
	Land and Buildings	Land and Buildings
	£'000	£'000
Less than one year	**154**	172
Between one and five years	**66**	131
After five years	**536**	515
	756	818

19. Accommodation in management

Number of units	Supported Housing	Care Homes	Low Cost Home Ownership	Total in Management
At 1 April 2021	539	32	22	593
Net movement	(59)	-	-	(59)
At 31 March 2022	480	32	22	534

20. Pensions

Southdown operates a Group Personal Pension Scheme with Aviva. Employer and employee contributions are paid monthly to Aviva who administer the scheme on behalf of the Trustees. Employer contributions of between 4% and 10% are charged to the Statement of Comprehensive Income in the year to which they relate and are paid over to Aviva on a monthly basis. The money is invested in appropriate funds as determined by each member of the scheme.

In addition to the scheme above, several staff who have joined Southdown in previous years under TUPE arrangements remain members of the NHS Pension Scheme. Southdown has Direction Body Status with the NHS Pension Scheme and contributes 14.38% of relevant employees' salary to this scheme as an employer contribution. Employees pay contributions of between 5.6% and 9.3% of their pensionable pay. No other employees of the Association are eligible to join the Scheme.

It is an unfunded, multi-employer final salary pension scheme that covers NHS employers, general practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. It is not possible for the Association to identify its share of the underlying assets and liabilities of the Scheme. The last formal actuarial valuation of the scheme was completed as at 31st March 2012.

The Government Actuary's estimate of scheme liabilities at 31st March 2014 was £337.2 billion (2013: £284.2 billion). This liability is underwritten by the Exchequer. As at 31 March 2022, the Association had 21 (2020/21: 22) employees in the Scheme compared to a total Scheme contributing membership of 1.4 million at 31st March 2014.

The employer's contribution amounted to £736,624 in the year ended 31 March 2022 (2021: £758,723). At this year end, accrued pension charges amounted to £112,762 (2021: £124,704).

21. Legislative provisions

Southdown is governed by the provisions of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014.

22. Controlling parties

There are no controlling parties connected with Southdown.

23. Related parties

There are no related party transactions, other than as disclosed in note 3.

24. Reserves

Revaluation Reserve - Represents the difference between the valuation of completed housing properties and their historical cost carrying value (net of depreciation).

25. Financial Instruments

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

	2022	2021
	£'000	£'000
Financial assets		
Financial assets measured at cost	**5,215**	5,756
Cash and Cash Equivalents		
Financial assets measured at amortised cost		
Rent and Service Charge Debtors	**327**	300
Total financial assets	**5,542**	6,056
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade Creditors	652	462
Other Creditors	474	451
Housing Loans Payable	916	1,017
	2,042	1,930

Southdown

Providing specialist housing, care and support in Sussex since 1972

We are a robust and successful organisation supporting around 6,000 people a year (approximately 539 of whom are tenants), employing around 850 staff and with a turnover of £27.5 million.

We provide a range of services in East and West Sussex, and in Brighton and Hove including: mental health recovery, housing and housing related support, supported employment, peer support schemes and learning disability support services. Our clients and tenants have mental health difficulties or learning disabilities or are people who are or have been homeless. A smaller number have addiction issues or sensory or physical disabilities. All are offered the support they need to live a more fulfilled and independent life.

Southdown has grown to become one of the largest voluntary sector employers in Sussex and has an excellent reputation for staff training and development. Everything we do is driven by our core values, which are adopted and enacted day in, day out in all our services.

www.southdown.org

facebook.com/SouthdownHA/

twitter.com/southdownha

youtube.com/channel/UCaGwj1baNHwxNdWHqaus6EA