



Annual Report of the Board
and
Financial Statements
for the year ended 31 March 2024

REGULATOR OF SOCIAL HOUSING
REGISTRATION NUMBER L1829

THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014
REGISTRATION NUMBER 20755R

BOARD MEMBERS, DIRECTORS, ADVISORS AND BANKERS

Board

The Board Members who served from 1 April 2023 up to the date of approval of these financial statements were as follows:

Chair	Pauline Ford
Vice Chair	Helen Tuddenham (Chair of People, Pay and Culture Committee)

Other Members:

Graeme Allinson
Tara Osbourne-Wallace
Cathy Winfield
Simon Nunan (Chair of Audit and Risk Committee)
Simon Anderson
Tony Williams
Jo Ellis (Chair of Service Quality Committee)
Michelle Baker (resigned 31 May 2024)
Dumindu Witharana (resigned on 30th June 2023)
Alysha Burrell (retired on 20th September 2023)

Directors / Executive Team

Chief Executive	Neil Blanchard
Director: People, Culture & Change	Jo Raisey
Director: Finance & Business Performance	Colin Farmer
Director: Client Services	Sharon Clare
Director: Housing & Business Services	Jim Aspdin
Company Secretary	Colin Farmer
Registered Office	2 Bell Lane Lewes East Sussex BN7 1JU

BOARD MEMBERS, DIRECTORS, ADVISORS AND BANKERS

Independent Auditors

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

Internal Auditors

TIAA
Artillery House
Fort Fareham Industrial Estate
Newgate Lane
Fareham
PO14 1AH

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

Banker

NatWest Bank plc
Commercial Banking
1st Floor, 27 South Street
Worthing
West Sussex
BN11 3AR

CHAIR'S REPORT 2023/24

Southdown plays a vital role in supporting individuals who have a range of needs through a comprehensive range of services and a commitment to high-quality care. The organisation contributes significantly to enhancing the lives of those with learning disabilities, mental health issues and those facing homelessness through a deep and long held commitment to developing and delivering exceptional services for clients and tenants.

We have become known for our innovative approaches for care and support, often piloting new projects and programs that address the emerging needs within the community. This is something we are deeply proud of, and we are committed to working with partners to develop further ways to help reduce pressures on critical health, housing, and adult social care services. Equally as important to us is to being the very best employer for our skilled and talented workforce. During the year we continued to develop important channels of influence for colleagues which has led directly to us taking a decision to be bolder on pay, particularly for those working in client facing services ensuring that we can attract and retain the best talent.

All organisations need to strive for continuous improvement and Southdown is no different. In our last annual report we talked about the Southdown Beacon, which is our bespoke psychologically informed framework, which is now being rolled out across Southdown to all staff and our Board. We were delighted that this new way of working contributed to receipt of two prestigious national awards; Supported Housing Landlord of the Year 2023, and the 'Most Innovative Mental Health Intervention' accolade at the Mental Health Awards 2023.

Over the last year, we have invested in internal support services, continuing a programme of modernisation, and being digitally enabled, an example being planning for the introduction of workforce scheduling and applicant tracking systems. We recognise there is still much to do and keeping pace with changes in technology will be a challenge, but it is all in service of freeing up colleagues' time to focus on being with our clients and tenants.

The operating context for housing, care and support remains incredibly challenging, reflecting the turbulence in the economy; pressures on commissioning partners and even greater levels of regulation being driven by national government. The changes in the complexity of societal needs are moving at pace with a lag in developing appropriate services to meet them. It would be easy to get weighed down or distracted, but the Board and Executive of Southdown have sought to balance dealing with the challenges we face now, with looking to the future.

One of our four strategic priorities is voice (client, tenant, stakeholder, and colleagues). In what has been for us a learning year, we commissioned and have undertaken a series of activities to help us understand ourselves better, what we do well and what we need to improve. A perception survey gave us rich insight on how our partners view us and how we could contribute more. We have run multiple workshops with clients, tenants, and colleagues to help build a framework to ensure clients and tenants have greater influence both over our decision making and how we design and deliver services. An external review of the Board's effectiveness has also been completed to guide us in how we can drive further value for all our stakeholders. All this intelligence is being brought together in plans that will see Southdown continue to expand our partnerships and services, increase our advocacy for better funding and policies, and innovate in the delivery of supported housing, care, and support to meet the evolving needs of our clients, tenants, and the wider communities we serve.

On behalf of the Board, I would like to thank all our amazing colleagues for their hard work and commitment to delivering care and support to our clients and tenants.



Pauline Ford, Chair of Southdown's Board

Southdown is a Sussex-based, not-for-profit organisation specialising in the provision of care, support and housing services that respond to the needs of local communities.

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.

Southdown has grown to become one of the leading organisations in its sector, focusing on supporting people with learning disabilities, mental health issues, and those at risk of homelessness to transform their lives, live independently and lead fulfilling lives.

OUR FOUNDATIONS

WE BELIEVE

Everyone has the right to live their life well.

OUR MISSION

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

OUR INCOME SOURCES

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

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

WHAT WE DO

We deliver specialist, person-centred and psychologically informed services:

- 24-hour and community care and support (autism and learning disabilities).
- Mental and physical wellbeing community services.
- Peer support opportunities.
- Homelessness prevention and support.
- Learning and employment.
- Social landlord of supported housing.

OUR VALUE PROPOSITION (what we do best)

- Big enough to be taken seriously, small, and local enough to care.
- 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).

OUR VALUES

To ensure our new values, launched in early 2023, are more than just words on a page, we committed to embedding them in everything we do.



Force for good
We're passionate about making a difference.



Brilliant with people
We're compassionate, inclusive and welcoming; our colleagues and local communities deserve nothing less.



United
Together, we can achieve so much more.



Trustworthy
We're knowledgeable and act with integrity.



Responsive
We listen, learn and adapt.

THE SOUTHDOWN BEACON

In 2023, we also launched our new bespoke psychologically informed framework (The Southdown Beacon). This acts as a practical guide and training tool equipping colleagues with the skills and knowledge to recognise and respond to people's psychological needs.

The framework was co-produced and piloted over 18 months with input and support from colleagues and clients from across the organisation and it has been clinically reviewed by external psychologists, providing additional assurance and quality benchmarking.

As shown in the pictorial representation below, The Beacon comprises of three domains; Environment, Relationships and Individual, with nine 'beams'; each of which acts as a focus for specific training and team discussions as we embed the tool.



STRATEGIC PRIORITIES

Following a review in 2023, we agreed four longer-term strategic priorities for 2023-2028:

- 1. Voice (clients, colleagues, and sector):** Create opportunities to express opinion, respond and influence.
- 2. Growth in partnership:** Expand the role of Southdown as a sector leader in delivery of community support services and housing.
- 3. Income generation:** Develop profitable income streams to enable us to have greater autonomy in achieving our mission.
- 4. Digitally enabled care and support services:** Modernise ways of working to improve systems, data insight, integration, connectivity, and client experience.

BUSINESS OBJECTIVES

In addition, Southdown has six strategic objectives that describe how we will deliver our business to fulfil our mission. They also act as the basis for our performance goals that we measure our success against.

- 1. PEOPLE (our colleagues):** Be an exceptional employer, maximising pay and development opportunities.
- 2. PEOPLE (our clients and tenants):** Provide exceptional services to our clients and tenants.
- 3. ASSURANCE:** Operate safely and meet regulatory standards.
- 4. GROWTH:** Develop partnerships to expand services offered.
- 5. FINANCE:** Maintain long-term financial security.
- 6. EFFICIENCY:** Modernise ways of working to reduce overheads and improve experience.

OPERATING ENVIRONMENT

Southdown operates within a complex and dynamic environment influenced by regulatory frameworks, funding challenges, policy changes, workforce pressures and societal needs.

With over 50 years of experience, Southdown is expert in recognising and responding to the issues, and the need to achieve an appropriate balance between providing quality, safe, accessible, and flexible services, whilst also ensuring that the organisation remains financially viable and continues to invest and plan.

We achieve this through the adoption of robust internal business practices, as well as playing a leading role within local and national sector networks to help lobby, shape and improve the operating environment.

Despite embedding effective ways of working and assurance processes, Southdown, alongside other peers, recognise that the issues and requests we are required to manage are continually increasingly in complexity, placing further pressures on already stretched capacity and resources.

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

Social Housing Regulatory Oversight

The regulatory landscape for social housing in the UK is undergoing significant changes, driven by the Social Housing (Regulation) Act 2023. This new legislation aims to strengthen the regulatory framework, improve tenant protections, and ensure higher standards across the sector. Key Changes and New Standards include:

1. Proactive Regulation and Enforcement:

The Regulator of Social Housing (RSH) has been empowered to take more proactive measures to ensure compliance with consumer standards. The previous "serious detriment" test has been removed, allowing the RSH to intervene before tenants are at risk. This change enables the RSH to address issues more swiftly and effectively.

2. Consumer Standards:

New consumer standards are set to take effect from April 2024. These standards cover safety, transparency, neighborhood maintenance, and tenancy management. Social landlords are required to; ensure tenant safety and good quality homes, engage with tenants, handle complaints promptly, and maintain transparency; work with other agencies to maintain safe and well-maintained neighborhoods and fairly allocate and manage tenancies.

3. Tenant Satisfaction Measures (TSMs):

Social landlords must report on TSMs, which will help assess performance in areas such as property maintenance, safety, and complaint handling. This data will be collected and published to provide transparency and hold landlords accountable.

4. Building safety:

The Building Safety Act, which came into full effect in late 2023, has introduced a stringent regulatory framework aimed at improving safety standards in higher-risk buildings. This includes the establishment of a new regulator under the Health and Safety Executive, which oversees compliance and safety measures for residential buildings over 18 meters in height or with significant fire risks.

5. Awaab's Law:

Named after a tragic case of a young child who died due to severe mould exposure, Awaab's Law mandates that social landlords address serious health hazards like damp and mould within specified timeframes. This law aims to prevent health issues arising from poor housing conditions.

6. Enhanced Role of the Housing Ombudsman:

The Housing Ombudsman now has increased powers to investigate systemic issues and enforce compliance with its Complaint Handling Code. This ensures that complaints are resolved more efficiently and effectively, and systemic failings can be addressed promptly.

The impact on Social Landlords is significant and for Southdown include the need for increased and transparent oversight and accountability, the need for robust data collection and management systems to track performance and identify areas for improvement, further work to listen and respond to feedback from tenants, and training and qualifications for housing management staff.

NHS pressures

Over the past 10 years, Southdown has developed its role and reputation as a preferred VCSE strategic partner for NHS providers, working to help reduce pressure on acute and primary health services and supporting the transformation of community mental health services. This has seen Southdown develop new innovative support offers that increasingly see our staff integrated within NHS services (as well as hosting NHS clinicians within our own services), as part of evolving multi-disciplinary teams.

Through this activity we are acutely aware of the severity of pressures facing the NHS and the threats to delivery of timely and safe services to patients, as well as the longer-term viability of the overall health system. These pressures stem from various sources, including demographic changes, financial constraints, workforce challenges, and systemic inefficiencies. The scale of the issues is so significant that only a comprehensive and radical new approach that includes adequate funding, strategic workforce planning, system efficiencies and effective integration of services will help relieve pressure.

Southdown, supported through the role of its Chief Executive in chairing the Sussex VCSE Mental Health Strategic Leadership Group, is advocating for the role that the VCSE can and should play in helping design and deliver new approaches at a local level. Although good progress is being made through such initiatives as The Sussex Compact with Sussex Partnership NHS Foundation Trust that agrees principles of collaborative working and commissioning, the VCSE faces enormous challenges in working alongside the NHS, most notably a lack of

funding and contract stability, in-year efficiency target of 15% cuts in 2024/25, and increasingly complex data recording requirements. Although Southdown remain committed to helping support NHS system pressures, it must be on a sustainable and manageable basis that does not pose risks to the core purpose of the organisation.

Financial viability of Learning Disability services

As evidenced yet again in the excellent 'Hft and Care England Sector Pulse Check Report 2023', the learning disability care sector continues to operate against significant financial and workforce challenges.

- Despite a £7.5 billion funding boost announced in the 2022 Autumn Statement, the sector remains in a sustained financial crisis. A notable 40% of providers reported being in deficit in 2023, consistent with the previous year. This financial strain is exacerbated by rising energy costs and unfunded increases in the National Living Wage. Furthermore, 84% of providers stated that recent government funding initiatives made no significant difference to their financial sustainability.
- The workforce crisis continues to be a critical issue with staffing shortages pervasive. Low pay and poor perceptions of social care as a viable career option contribute to this problem. In 2023, 44% of organisations had to turn down admissions due to staff shortages, and 43% closed services or handed back contract.

Although Southdown continues to provide high-quality and safe care and support services to our learning disability clients, the majority of whom have additional complex physical and behavioural needs, during 2023/24 this business activity faced serious financial pressures that required us to take decisive and focused actions to rectify. The root cause was the high cost of agency staff due to workforce recruitment and retention issues, alongside an increase in voids and specific complex behavioural needs of some clients. This was despite implementation of a bold pay strategy on 2023/24 that saw core support worker salaries increase to £11.50, with enhanced rates in complex services and harder to recruit to locations.

Identifying the trends by mid-year, we were able to successfully turnaround the situation by year end through collaborative focused work by operational managers and our finance team, but it sharply demonstrates the fragility of the sector. This has been further compounded for 2024/25, with fee increases from commissioners being lower than cost inflation which we are in the process of appealing and renegotiating where it places the future viability of specific placements and services at risk. As highlighted in the Hft report, Southdown has also already had to delay or decline referrals due to operating and financial pressures, which we find so disheartening when we have a passion and commitment to continue to be a trusted strategic partner to meet current and emerging needs for clients, we know we have the skills and expertise to support.

Future of supported housing and homeless prevention

Supported housing, including housing for older people, is low-cost rental accommodation provided in conjunction with support, supervision or care for people who often have complex and multiple needs, to help them live independently in their community. It provides a vital service to those in our society who most need support, from survivors of domestic abuse and young care leavers to adults with a learning disability. Supported housing residents have complex needs, with 9 out of 10 (NHF 2023) having at least one health condition or disability, and half more than one condition.

As a specialist supported housing provider, we are acutely aware of the demise of available revenue funding and strategic planning over the past decade, that now places the sector at significant risk and an inability to meet the needs of vulnerable populations. The National Housing Federation in research undertaken in 2023 has highlighted several key issues contributing to the reduction and strain on supported housing services, including Government funding cuts, welfare reform impacts due to transition to Universal Credit, rising operational costs to meet compliance and safety requirements, inflation pressures, policy uncertainty, increasing complexity of presenting needs and lack of affordable housing.

Nationally there has been a 22% reduction in the number of supported housing homes in the UK, down from 651,500 in 2015 to 509,873 in 2023 (House of Lords Library). Locally, Southdown has experienced a continued and significant reduction in linked revenue funding contracts for its supported housing homes as commissioners end contracts, resulting in a loss of 24% of actual homes in management since 2019 (661 to 502), and of those in management, 275 (53%) no longer have a linked revenue funding. Southdown continues

to receive nominations to its supported housing from local authorities, meeting the additional needs of tenants via enhanced tenancy management charges used to employ dedicated staff resources.

Although there is a reduction in available funding, demand, and the complexity of this demand, is increasing. Without coordinated and strategic planning and strategies at both national and local levels we hold real concerns over the future of the supported housing model, despite Southdown being willing and able to respond to both increase the supply of homes through capital investment and providing quality and innovative support solutions.

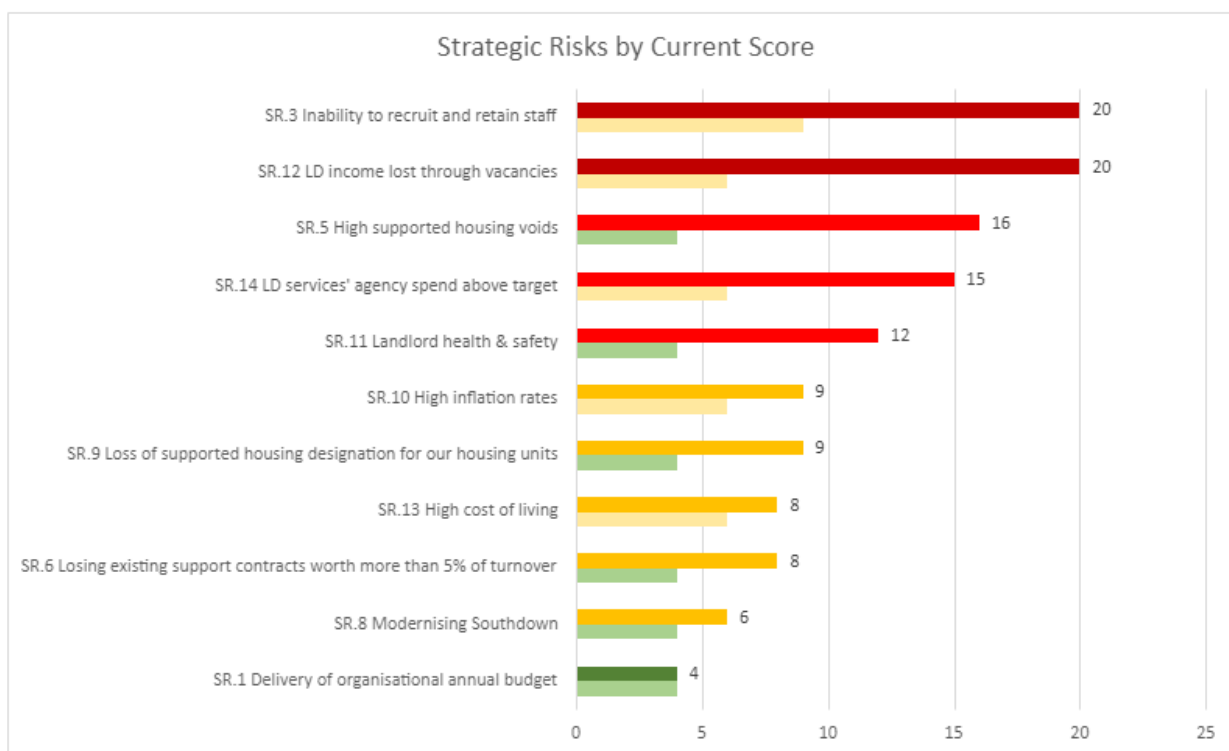
KEY BUSINESS CHALLENGES AND RISKS

As has been recognised in the Regulator of Social Housing’s Sector Risk Profile 2023, 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 is expert in navigating this challenging operating environment, with a strong track record of being reactive to live issues, but also using market intelligence and insight to plan.

Significant business risks, where current controls are assessed as not adequately mitigating or treating the issue, are recorded on a Strategic Risk Register. This system provides a ‘dynamic’ register of the most significant live risks that are impacting the ability of Southdown to achieve its Strategic Priorities and Objectives. Each risk has specific detailed mitigation and controls in place, receiving increased scrutiny by our Executive Team, Audit and Risk Committee and Board.

As at March 2024, the Live Strategic Risk Register identified:



Higher bar - current score

Lower bar - target score

STRATEGIC REVIEW OF PERFORMANCE

SIGNIFICANT ACHIEVEMENTS

Against an increasingly complex operating environment, Southdown has made considerable progress in line with our 2023-28 Business Strategy and delivering against strategic priorities and objectives.

Growth in Partnership

Agreed as one of our new strategic priorities in 2023, Southdown aims to expand its role as a provider and sector leader in delivery of community care, support, and housing services. Appreciating the scale of the challenges at system and societal level to achieve this requires us to work increasingly in collaboration with other statutory and VCSE providers. By working in this way, we can fully utilise our organisational advantages and experience to make the biggest difference to help tackle complex issues.

During the past year we have been able to successfully put this into practice, expanding our role as an inclusive VCSE Lead Provider through the award of the East Sussex Mental Health Support Services contract (known as UOK East Sussex). This £3.4m p.a. contract launched from April 2024, tasks Southdown with responsibility for delivery of service provision, as well as coordinating the VCSE response to align and support community mental health transformation, creating a future where individuals seeking mental health support experience a seamless and compassionate pathway to care. To achieve this aim, Southdown will be looking to maximise connections and sub-contracting relationships with VCSE partners, including capacity building with smaller organisations. This builds on our five-year experience as Lead Provider for UOK Brighton & Hove, where we have developed a partnership of 18 VCSE partners.

Sector Leadership

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 VCSE sector. Championed by our Chief Executive, who represents the sector at numerous local and national forums and networks, during 2023/24 we led on several initiatives to increase VCSE engagement as a valued and respected strategic partner in the future development and provision of transformed community and health support services.

Progress being made includes the agreement of The Sussex Compact, a working together agreement with the Sussex Partnership NHS Foundation Trust that commits to principles of new ways of working with a joint ambition and commitment to expand the strategic role of the VCSE in helping shape and deliver non-clinical mental health services in partnership with the mental health trust.

In addition to lobbying nationally for the supported housing sector, the Director of Housing & Business Services has taken on a central role on driving collaboration across East Sussex in housing retrofit and net zero agenda.

Delivery of our People Strategy

At the heart of our people strategy is the commitment to differentiate on experience and provide competitive financial rewards in recognition of the demanding and important work our colleagues do. In April 2023 we made a pledge to pay at least the real living wage and increased our lowest paid roles by 12% to achieve this.

Southdown Voice provides the infrastructure for colleague inclusion and influence. It was introduced at the end of 2022 and has now become fundamental to the way we operate in Southdown ensuring a culture of transparency and constructive challenge. It includes Southdown Assembly (supporting the Executive Team in their decision making), Community Voice (bringing opinion to the attention of functional leaders), EDI Leadership Group (directing the EDI workplan), a growing portfolio of employee led networks, and, anonymous engagement surveys hosted on our WorkBuzz platform.

Creating a psychologically informed environment is a core component of our people strategy and, this year, The Beacon (our psychologically informed model) moved from development to implementation with the roll out of

training for all managers and the introduction of guidance to support the updating of policies and procedures when their review is due.

Experiencing the best ‘hands on’ management is crucial to colleague engagement and satisfaction and the latest pilot of our new management development programme introduced a strengths-based profiling tool (approved by the British Psychological Society) to provide each attendee with 360-degree feedback and a personalised development plan in line with new leadership behaviours.

Overall, our people strategy is bold and ambitious. It is supported by a clear roadmap and we are delighted with the progress made in 2023/24.

Client and Tenant Voice

Confirmed within our new strategic priorities, expanding opportunities that enable clients and tenants to express their opinions and influence direction and decision making are areas of increased focus and investment across the organisation. This builds on a strong foundation and above sector average satisfaction levels, but we are passionate to ensure that we listen and respond to the views of the most important stakeholders within Southdown. We have invested in additional dedicated resources within our Organisational Design and Development function, with bold plans that will firmly embed co-production across all service areas. This work is overseen by The Service Quality Committee.

Quality Care

We are immensely proud that 100% of our 24 Learning Disability registered care and supported living services have maintained a ‘Good’ rating by CQC and following the full lifting of Covid restrictions in early 2023, clients have been able to resume community activities.

Despite recruitment and funding challenges, Southdown never compromises on ensuring that we provide safe staffing levels. This did result in additional unplanned expenditure on agency staff in Q2/3, but through the dedication and focus of managers and finance colleagues, we were able to rectify the underlying position by Q4, without any adverse impact on the services to clients or the experience of colleagues.

Improving access to mental health support

Working with NHS Sussex and Primary Care Networks (PCN), Southdown continues to build on its role embedding VCSE support staff within integrated and multi-disciplinary community mental health teams and GP practices. Southdown are the preferred strategic partner across Brighton & Hove and East Sussex through the employment of mental health support coordinators, alongside other VCSE roles including employment specialist, community connectors (social prescribing) and physical health advisors. We have now expanded service provision (subject to available funding) across the majority of PCNs. Integrating with multi-disciplinary teams has not been without challenges, most notably bringing together different cultures and responding to data reporting and clinical governance requirements. What is positive is that Southdown are now co-chairing workstream groups taking forward the delivery of new Neighbourhood Mental Health Teams which enables us to ensure issues for the VCSE are recognised and responded to.

Another area of achievement has been the transition of our three Staying Well out-of-hours mental health crisis prevention services to an open access model with clinical practitioners as part of the core team. This has been an important delivery goal as part of the NHS Sussex Urgent and Emergency Care Pathway to ensure that people receive mental health support in the most suitable environment, reducing impacts on emergency and acute health settings. Our collaborative and flexible approach to working with the NHS for the Staying Well service was externally acknowledged in receiving the ‘Most Innovative Mental Health Intervention accolade at the Mental health Awards 2023.

Providing safe, quality affordable housing

Southdown prides itself on being an exceptional landlord, and in 2023 were honoured to have this recognised as the Inside Housing ‘Supported Housing Landlord of the Year’. This prestigious award made specific mention of the work we have done to embed the Southdown Beacon psychological informed framework across our landlord

activities, alongside the approaches we are taking to respond to regulatory, environmental, and building safety requirements, which received positive endorsements from tenants.

Appreciating the increase in regulation, although we are working from a strong base evidenced through our internal audits, we are further developing funded long-term plans to ensure that we meet future requirements and our value commitments to tenants.

Digital, Data and IT

2023 saw the launch of our refreshed Digital, Data & ICT strategy, setting out an ambitious roadmap to leverage the power of data and digital technologies to drive efficiencies and improve the experience of colleagues, clients, and tenants. The strategy recognised the need to digitise our remaining paper-based processes, build digital processes centred around self-service and automation, optimising our use of business applications and deepen our focus on data and ICT security. A number of successful Digital and ICT projects were delivered over the year which will both support our long-term viability and facilitate our long-term strategic objectives. The development of a Programme Management Office over the last year has allowed Southdown to begin to embed project management best practice across the business.

DELIVERY OF STRATEGIC OBJECTIVES

We set specific annual and longer-term targets for each Strategic Objective. To evidence progress, we have established a base year of 2022 (the starting point for our latest five-year strategy), as well as a five-year goal. Performance and progress against these are reviewed monthly by the Executive Team and quarterly by the Board.

Strategic Objective	Aim	Metric measure	Target 2023/24	Performance 2023/24
People – Colleagues	Be an exceptional employer, maximising pay, & development opportunities	Colleague overall engagement	78	80
		Colleague compassion satisfaction survey	84%	79%
		Roles filled through promotion	Base year	10%
		Colleague establishment vacancy rate	7%	10.9%
		Colleague turnover	18%	17.4%
People - Clients & Tenants	Provide exceptional services to our clients and tenants	Client stating support has made a positive difference to their lives	90%	92.6%
		Client satisfaction with support service	90%	93.2%
		Client complaints relative to size	0.2%	0.1%
		% supported to maintain tenancy	99%	99%
		Tenant aggregate TSM satisfaction score	New	76.8%
		Tenant complaints relative to size	2.2%	0.4%
Assurance	Operate safely and meet regulatory standards	CQC 'Good' rating	100%	100%
		Decent Homes Standard (TSM RP01)	100%	99.8%
		All repairs completed in target	90%	94.5%
		Gas safety checks in date	100%	100%
		Fire Risk Assessment overdue actions (high importance)	2	9
		All property compliance (TSM BS02-05)	99%	99.7%
Growth	Develop partnerships to expand services	Clients p.a.	10,000	11,367
		Homes in management	455	502
		Contracts due for tender retained	£6m	£6.3m
		New business p.a.	£300k	£59k
Finance	Maintain long-term financial security	Organisational margin %	2.1%	2.3%
		Learning Disability margin %	0.6%	-3.4%
		Housing Support margin %	0.6%	2.0%
		Mental Health margin %	1.1%	0.9%
		Housing margin %	9.5%	3.8%
		LD income lost through voids %	4.0%	5.6%
Efficiency	Modernise ways of working	Central costs as % of income (excl. training)	14.1%	13.2%
		Procurement savings in year	£40k	£53k
		Selling corporate services	£30.3k	£33.5k
		Onboarding- Vacancy to advert	new	tbd 24/25
		Onboarding – Closing date to offer	17	20 days
		Onboarding – Offer to start	40 days	52 days

Metric	Comments where measures have not achieved target
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Colleague compassion satisfaction survey	Target of 84% added. We are slightly below the Compassion Satisfaction target score. This is not unexpected, as this forms a baseline benefit measurement of the Southdown Beacon, and we are at the start of our journey to becoming a psychologically informed organisation. We hope to see this figure rise as we roll out our training programme and implement the Beacon into our BAU.
Colleague establishment vacancy rate	The establishment rate is affected by 3 factors – 1) level of recruitment and onboarding within the month; 2) monthly changes in the establishment budgeted hours and 3) turnover. We have internal projects focused on strategic workforce management that include improvements in automation of onboarding processes and roster management, alongside a comprehensive People Strategy focused on terms and conditions and talent management to support recruitment and retention of colleagues.
Decent Homes Standard (TSM RP01)	We have one property that does not meet the Decent Homes Standard due to thermal insulation. This is an attic property within a learning disability supported living service that will require a sensitive decant process due to client needs to enable us to undertake the work. We have improved our compliance from 98.3% during 2023/24 following investment in window replacement at a 10-unit property.
Fire Risk Assessment overdue actions (high importance)	Due to the dynamic nature of identified works following assessments, we are likely to always have some outstanding actions, often due to works being required by head landlords. We actively prioritising and escalate outstanding actions as required. Some delays have been caused over the year due to delays in supply chains to source specialist equipment.
New business p.a.	Considerable focus has been on successfully retaining existing business in 2023/24 (all achieved). Predicted growth has also been slower due to complexity in commissioners being able to agree funding and expansion of service models, particularly for mental health community transformation.
Learning Disability margin %	In addition to lost rental income from learning disability services' voids, where vacancies remain for long periods of time, we experience a loss of placement fees to cover fixed costs (not being able to fully reduce staffing levels when fewer clients are resident). Delays in referrals are an indication of funding pressures on commissioners, but we have also had to delay accepting new clients where we have not been able to recruit to sufficient staffing levels. We experienced a significant increase in agency spend in Q2/3 Monthly agency spend peaking in June/July at £129k but following a focused recovery plan this reduced to circa £30k across final 3 months of the year.
Mental Health margin %	The margin for mental health services year end result is impacted by slower expansion of some joint activities with NHS as well as lower fee increases awarded this year.
Housing margin %	Housing Margin behind budget due to higher property repair costs (Responsive, Void and Fire Safety works). Property overspend / lower margin somewhat offset by higher number of homes in management compared to budget predictions with a slower return of sub-leased properties to head landlords.
LD income lost through voids %	LD management continue to focus on reducing the time taken to fill voids. Also reviewing long term approach to voids in the context of the asset management strategy.
Onboarding	We have made good progress during 2023/24 to reduce onboarding time, with further improvements anticipated in 2024/25 as we implement increased automation of processes.

FINANCIAL REVIEW

Our operating environment remains challenged with local authority and NHS funding pressures impacting the fee increases that we receive. Operating margins are also impacted by increased property costs including energy as well workforce pressures: National Living Wage increased by 9.7% from April 2023. To ensure our pay is competitive, we increased our lowest paid staff pay rates by 12.5% from April 2023. Despite this, our Learning Disability services incurred an increased use of high-cost agency staff due to recruitment and retentions challenges along with increased behavioural support needs for some of our clients. We were able to intervene and reduce the increased agency use by year end and improve the financial performance of our Learning Disability services going forward.

We mitigate non-staff inflationary pressures with fixed price tariffs where appropriate, which has protected our business from most of the energy price increases. Our 2-year fixed price ended in September '23 resulting in increased energy costs in the second half of this year.

Total income this year was £31.0 million (2023: £28.6 million); a £2.4 million increase, mostly due to fee inflation and growth (primarily MH services: expansion of mental health coordination roles within Primary Care Networks):-

Total operating costs of £30.6 million (2023: £28.4 million) have increased in line with income.

As in previous years, the largest single area of expenditure continues to be on staffing, which accounted for 77.6% of operating costs this year (2023: 77.3%). Average full time equivalent staff numbers increased during the year: 637 to 31 March 2023 (2023: 612).

Overall, we achieved a surplus of £0.7 million, which is in line with last year (2023: £0.7 million).

Cash has increased by £1.1 million ending the year with £6.1 million. This is mostly due to improved debtor collection performance - Brighton and Hove City Council cleared over £1.0 million of sales debt this year.

Despite the pressures in the operating environment, our business remains robust, and our operations generate sufficient cash to allow the continued investment in our planned capital programme. The cash balance on 31 March 2024 was £6.1 million (2023: £5.0 million). Of this cash holding, £2.5 million, representing 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. 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 regularly monitored with live actions to manage the risks 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 strategic vision and five-year business strategy further evidence 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. Our Board has set 6 strategic objectives and 4 strategic priorities with five-year performance targets for these priorities to monitor and report progress with our business strategy.

Our current performance against the strategic objectives is shown on page 16 of this report and forms 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 oversees 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 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 2023/24.

We are only able to compare our current year performance against the Acuity benchmarking data for 2022/23, with the 2023/24 sector benchmarking metric performance not being available until the autumn. Although we are not able to compare our current performance with Acuity, we have included our own internal performance for 2023/24, comparing this with the previous year and 2021/22.

With the main sector scorecard, two of the metrics (Operating margin % (overall) and Return on Capital Employed (ROCE)) are calculated on our overall business profitability and not just our regulated social housing activities. As mentioned in the Finance Review, agency costs increased in our Learning Disability services this year. In our value for money assessment (Table One, below), we have shown our actual metric performance (per the Financial Statements) and we have also included an adjusted performance to exclude the increased (non-Housing) agency costs to show a more appropriate benchmarked comparison.

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 160 smaller housing association providers (with less than 1,000 units).
- **Acuity Supported** – A subgroup of Acuity SPBM comprising of 30 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 Supported benchmarked performance (other supported housing providers) in five or six of the eight relevant sector scorecard metrics. Our target is to match or exceed prior year and the Acuity Supported benchmark performance in six of the eight sector scorecard metrics.

Of the eight relevant RSH sector scorecard metrics, we have improved or matched our headline performance in 2023/24 in five of these core metrics (which increases to seven metrics in the adjusted performance where we exclude the increased agency costs incurred in our (non-Housing) Learning Disability division this year). Our

performance trends against the sector scorecard metrics and benchmarked comparisons are shown in Table One below. Commentary on each metric performance follows Table One and Two below, but in summary, our year-on-year performance has dipped in just one of the metrics (when excluding the increased agency costs) – the Headline Social Housing Cost per unit has increased due to higher energy and property repair costs this year.

Of these eight RSH sector scorecard metrics, our current year performance exceeds or matches the Acuity Supported peer group performance in four of these key metrics (we exceeded this peer group performance in six metrics last year). The two metrics that are now lower than benchmark is Overall ROCE (due to the increased non-Housing agency spend) and New Housing Units Supply Delivered.

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 (90% overall client satisfaction with the support received and 96% tenant satisfaction with the landlord service in 2023), which are both consistently above sector averages.

Of the five other metrics benchmarked, we have again improved or matched our performance in 2023/24 in three of these core metrics and have matched or exceeded Acuity Supported peer group performance in four of the five key metrics.

We feel this performance, along with the progress delivering our Strategic Objectives (refer to the Strategic Review of our Performance section of this report) demonstrates our culture of delivering Value for Money through the achievement of our core priorities and these benchmarked core sector metrics.

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

Table One: Performance against Sector Scorecard benchmarking metrics.

Table Two: Performance against additional Acuity benchmarking metrics.

Table One: Sector Scorecard	2023/24			2022/23					2021/22
Acuity Sector Scorecard results Supported = 30 organisations SPBM = 160 organisations HouseMark = 400+ organisations	Southdown	Trend against Southdown Prior Year	Trend excluding increased agency costs	Southdown	Acuity Supported	Our Trend against Acuity Supported	Acuity SPBM	All HouseMark	Southdown
RSH Sector Scorecard core metrics									
Reinvestment %	3.2%	↑	No impact	1.6%	3.5%	↓	3.9%	6.5%	4.6%
New supply delivered %	Nil	↔	No impact	Nil	1%	↓	Nil	1.4%	Nil
Gearing %	(30.3%)	↑	No impact	(24.5%)	8.5%	↑	14.2%	44.1%	(20.5%)
EBITDA MRI interest cover %	51,500%	↑	↑	2,791%	363%	↑	175%	146%	4,020%
Headline social housing cost per unit	£8,719	↓	No impact	£8,050	£10,877	↑	£5,528	£4,150	£7,861
Operating Margin % (Social housing)	10.5%	↑	No impact	8.2%	9.8%	↑	13.5%	23.3%	4.4%
Operating Margin % (overall)*	1.8%	↓	3.8% ↑	2.6%	6.5%	↓	13.1%	20.5%	1.2%
Return on capital employed (ROCE)	2.0%	↓	4.0% ↑	2.6%	2.6%	↓	2.0%	3.2%	1.2%

Table Two: Additional Acuity benchmarking metrics	2023/24		2022/23					2021/22
	Southdown	Trend against Southdown Prior Year	Southdown	Acuity Supported	Trend against Acuity Supported	Acuity SPBM	All HouseMark	Southdown
Value for Money								
Overheads as % of turnover*	12.3%	↑	13.0%	14.1%	↑	19.2%	16.1%	12.2%
Allocation and lettings								
% of rent lost to voids	3.8%	↑	6.9%	5.4%	↑	5.4%	6.6%	4.4%
Income management								
% rent collected supported housing	100.5%	↑	100.4%	97.9%	↑	98.4%	99.9%	100.4%
Quality housing experience								
Planned & cyclical repair cost per unit	£731	↓	£662	£976	↑	£1,306	£1,177	£1,222
Quality housing experience								
Responsive & void repair cost per unit	£1,100	↓	£881	£813	↓	£829	£847	£910

* 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, this has not been possible this year due to rising construction costs as well as the uncertainty with linked revenue support services provided to our Housing tenants. Our Housing reinvestment is 3.2% (of property cost) this year, which is higher than last year due to increased investment in maintaining our existing Housing stock. This performance is however, a little lower than the benchmarked comparators. In 2024, we will work with our Board to review our Housing Strategy to re-establish our property development / acquisition strategy.

New Supply Delivered % - This metric measures the development of new social housing units. We have not delivered any new Housing supply for the last three years, which is similar for both SPBM and supported peer group comparisons. Our aim is to expand our property portfolio to deliver more supported housing to vulnerable tenants.

Gearing % - This year we have generated more cash from our operating activities, mostly due to one of our local authority commissioners clearing a large outstanding debtor balance at the end of last year. We also have no bank borrowing (repaid last year to protect our business from increased borrowing costs). As this gearing ratio includes the year end cash balance and with no borrowing, we therefore have negative gearing. This negative gearing has increased this year due to the additional cash generated and significantly exceeds all benchmarked comparators.

EBITDA MRI interest cover % - This metric has significantly improved this year where we repaid all our external borrowing in 2023. Now we only incur interest charges on Recycled Capital Grant Funds. Like Gearing, our EBITDA performance has always been strong, and this interest cover performance significantly exceeds all sector benchmarked comparisons.

Headline Social Housing Cost per Unit - This cost ratio has increased again this year due to the ever-increasing cost of providing supported social housing. The increase this year is due to higher energy costs (end of a two-year fixed price tariff) and increased property repairs costs. Despite the year-on-year increase, our unit cost remains significantly lower than the supported housing provider (Acuity Supported) peer group and our unit cost will always be higher than the smaller Housing Association peer group (SPBM) as supported housing provider operating costs are usually higher than the more general needs providers (SPBM).

Operating Margin % (social housing and overall margin %) – Our social housing margin has increased this year despite the increased operating costs incurred (energy & property repairs) and our performance remains above the Acuity Supported peer group comparison. However, our overall operating margin has reduced this year, primarily due to the additional (non-Housing) agency costs incurred – without this additional spend our overall margin would have improved to 3.8%. We operate at low margins, which demonstrates the value for money we provide to our tenants and clients. Our margin performance is always lower than the wider, general needs providers (SPBM and HouseMark) benchmarked comparators.

ROCE - Just like the margin metric, this overall rate of return metric has also reduced this year due to the higher agency costs incurred. Our ROCE is above last year and peer group comparisons when the increased cost this year is removed.

Narrative on benchmark performance – Table Two Acuity Benchmark Metrics

Overall performance overview – We have matched or improved our performance in 2023/24 in three of these five core metrics and have exceeded Acuity Supported peer group performance in four of the five key metrics. Performance is only down in the property repair cost areas where costs have increased and where we have continued to invest in improvements at some of our properties.

Overheads as a % of Turnover – This cost metric has reduced this year mostly due to recruitment delays and unfilled staff vacancies. We do expect this metric to increase as we invest in central overhead capacity to deliver improvement and efficiency, like our Programme Management resource and change initiatives. Our five-year plan includes a target to reduce this metric performance to 12% by 2027/28 as planned improvement initiatives are progressed. This overhead performance continues to perform better than all benchmarked comparators.

% of Rent Lost to Voids – Our rent void losses have improved this year to 3.8%, which is better than all benchmarked comparators.

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

Planned and Cyclical Repair Costs per Unit – We have spent more on planned and major repairs (component replacements) than last year but less than our benchmarked comparisons. This demonstrates value for money with our investment in maintaining good quality homes with lower spend on responsive breakdown repairs.

Responsive and Void Repair Cost per Unit – Despite a lower level of voids, our responsive and void repair costs per unit have increased this year. This spend is also higher than the Acuity Supported benchmark performance.

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 2023/24, we supported 11,367 clients across Sussex to maximise their independence and achieve their personal goals. 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 2023/24 will be published in August 2024 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 £31.0 million and employing over 750 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 most 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 maintain long term financial security and to improve efficiency through modernisation, 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 we are achieving this in the current and challenging operating environment. This year we have exceeded our peer group comparator performance (Acuity Supported benchmark group) in four (five when exclude the increased non-Housing agency costs) sector scorecard metrics and in four of the five other metrics measured.

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

ENVIRONMENTAL SUSTAINABILITY

Southdown remains 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. Southdown continues to invest capital and people resource into efforts to improve the energy efficiency and environmental sustainability of our stock.

Our Director of Housing continues to chair East Sussex the Climate and Net Zero sub-group of the East Sussex Housing Partnership Board – building collaboration across East Sussex in addressing the challenge of decarbonisation. This group has made good progress in terms of data modelling, skills and shared supply chains and will in-turn, provide access for Southdown to specialist technical resources.

We continue to make energy efficiency improvements across our stock – predominantly through fabric-first measures at voids. Although we continue to pursue retrofit measures through the Social Housing Decarbonisation Fund, progress remains slow as we have encountered difficulties in sourcing the necessary Retrofit Assessors and Retrofit Coordinators. Despite the many competing demands on Southdown as a supported housing provider, retrofit remains a priority for us going forward and we continue to pursue partnerships which will allow us to accelerate energy efficiency improvements.

STRUCTURE, GOVERNANCE AND 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, which include 10 non-executive directors. All members of the Board are required to hold a single £1 share.

On 31 March 2024, 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.

2 Board members: Alysha Burrell and Dumindu Witharana left the Board in 2023, 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.

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 a new Board Governance Structure is introduced from April 2024:

- A strategically focused Board.
- Members (apart from the former Board member) are all non-Execs and remunerated for their services.
- The Board meets 6 times per annum including two Away Days.
- Three Board sub-Committees: Audit & Risk; People, Pay and Culture; and Service Quality (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 internal and external audit and scrutiny of all Southdown risk management processes. This committee also has oversight of all operational performance activities and financial risk.
- **The People, Pay and Culture Committee** –has responsibility for Executive, staff and Board remuneration and benefits, as well as oversight of Board composition, including Board skills, knowledge, and recruitment. This Committee also has oversight of the People Strategy modernisation programme and Equality Diversity and Inclusion policy.
- **The Service Quality Committee** – has responsibility for insight and assurance of the quality and compliance of services provided and to ensure tenant and client voices are heard.

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.
- NHS Sussex.
- Primary Care Networks across Sussex.
- Sussex Partnership NHS Foundation Trust.
- Department for Work and Pensions.

Going Concern

We continue to operate with a planned, low level of operating surplus (2.3% of Turnover achieved this year). Despite the low operating 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.

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 2022. 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.

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:



Pauline Ford
Chair of Southdown's Board
3 July 2024

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SOUTHDOWN HOUSING ASSOCIATION LIMITED

Opinion

We have audited the financial statements Southdown Housing Association Limited (the 'Association') for the year ended 31 March 2024 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 of 31 March 2024 and of its surplus for the year then ended.
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for Opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the 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 page 29, 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 2022, tax legislation, health and safety legislation, and employment legislation.

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the nature of the Association's activities and the regulated nature of the Association's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

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

Use of our report

This report is made solely to the Association's members as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to 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 and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

**Beever and Struthers
Chartered Accountants
Statutory Auditor**

150 Minories
London
EC3 1LS

Date:

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Turnover	1 & 2	30,989	28,645
Operating expenditure	2	(30,601)	(28,441)
Other income	1 & 2	183	-
Gain/(loss) on disposal of property, plant and equipment	3	-	532
Operating surplus		<u>571</u>	<u>736</u>
Interest receivable and similar income	7	136	30
Interest payable and similar charges	8	(1)	(34)
Surplus and total comprehensive income for the year		<u><u>706</u></u>	<u><u>732</u></u>

All activities are classed as continuing.

The financial statements on pages 33 to 55 were approved by the Board of Southdown Housing Association on 3 July 2024 and were signed on behalf of the Board by:

Pauline Ford
Chair



.....

Simon Nunan
Board Member, as Chair of the
Audit and Risk Committee



.....

Colin Farmer
Secretary



.....

Statement of Changes in Reserves

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance as of 1 April 2022	18,968	2,004	20,972
Surplus from statement of comprehensive income for the year	732	-	732
Transfer from revaluation reserve to income and expenditure reserve	103	(103)	-
Balance at 31 March 2023	<u>19,803</u>	<u>1,901</u>	<u>21,704</u>
Surplus from statement of comprehensive income for the year	706	-	706
Transfer from revaluation reserve to income and expenditure reserve	10	(10)	-
Balance at 31 March 2024	<u>20,519</u>	<u>1,891</u>	<u>22,410</u>

Statement of Financial Position as at 31 March 2024

	Notes	2024 £'000	2023 £'000
Fixed Assets			
Housing properties & day centre	9	20,489	20,116
Other tangible fixed assets	10	<u>3,825</u>	<u>3,947</u>
Total Tangible Fixed Assets		24,314	24,063
Current Assets			
Debtors	11	1,804	3,076
Cash at bank and in hand	12	<u>6,118</u>	<u>5,005</u>
		7,922	8,081
Creditors: amounts falling due within one year	13	(2,994)	(3,519)
Net Current Assets		4,928	4,562
Total Assets less Current Liabilities		29,242	28,625
Creditors: amounts falling due after more than one year	14	(6,829)	(6,918)
Net Assets		22,413	21,707
Capital and Reserves			
Share capital	17	3	3
Income and Expenditure reserve		20,519	19,803
Revaluation reserve		1,891	1,901
Total Capital and Reserves		22,413	21,707

The financial statements on pages 33 to 55 were approved by the Board of Southdown Housing Association on 3 July 2024 and were signed on behalf of the Board by:

Pauline Ford
Chair



.....

Simon Nunan
Board Member, as Chair of the
Audit and Risk Committee



.....

Colin Farmer
Secretary



.....

Statement of Cash Flows for the year ended 31 March 2024

	Notes	2024 £'000	2023 £'000
Net cash generated from operating activities	(i)	1,876	30
Cash flow from investing activities			
Acquisition, construction and works to housing properties		(764)	(372)
Other fixed asset additions		(134)	(104)
Proceeds from sales of tangible fixed assets		-	1,056
Receipt of new grant		-	100
Interest received		136	30
Net cash used in investing activities		(762)	710
Cash flow from financing activities			
Repayment of borrowings		-	(916)
Interest paid		(1)	(34)
Net cash used in financing activities		(1)	(950)
Increase/(Decrease) in cash and cash equivalents		1,113	(210)
Cash and Cash Equivalents at beginning of year		5,005	5,215
Cash and Cash Equivalents at end of year	(ii)	6,118	5,005

Statement of Cash Flows

For the year ended 31 March 2024

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

	2024 £'000	2023 £'000
Surplus for the year	706	732
Adjustments for non-cash and non-operating items:		
Depreciation of tangible fixed assets	647	655
Reversal of Impairment charge	-	-
Carrying amount of tangible fixed asset disposals	-	524
(Increase)/Decrease in debtors	1,272	(1,200)
Increase/(Decrease) in creditors	(524)	457
Proceeds from the sale of tangible fixed assets	-	(1,056)
Amortisation of government grants	(90)	(86)
Interest paid	1	34
Interest received	(136)	(30)
Net cash generated from operating activities	1,876	30

ii) Cash and cash equivalent

	2024 £'000	2023 £'000
Cash at bank and in hand	6,118	5,005

Analysis of movement in net debt

	At 1 April 2023 £'000	Cash flows £'000	Other non- cash changes £'000	At 31 March 2024 £'000
Cash	5,005	1,113	-	6,118
Overdraft	-	-	-	-
Total cash and cash equivalents	5,005	1,113	-	6,118
Bank borrowings due within 1 year	-	-	-	-
Bank borrowings due in more than 1 year	-	-	-	-
Total borrowings	-	-	-	-
Net cash	5,005	1,113	-	6,118

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 2022. 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 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 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 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

Most 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 debtor's 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 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 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 accrual's 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 during 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).

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 is 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 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.

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.

On this basis and coupled with our solid liquidity and no borrowing we are confident that the preparation of the financial statements on a going concern basis remains appropriate.

2a. Social Housing Income and Expenditure

	2024		
	Turnover £'000	Operating expenditure £'000	Operating surplus /(deficit) £'000
Social Housing	4,889	(4,377)	512
Activities other than Social Housing			
Support Service Contracts	26,100	(26,224)	(124)
Other income	183	-	183
	31,172	(30,601)	571
Gain on disposal of property, plant and equipment (fixed assets)			-
Total			571
	2023		
	Turnover £'000	Operating expenditure £'000	Operating surplus /(deficit) £'000
Social Housing	4,534	(4,162)	372
Activities other than Social Housing			
Support Service Contracts	24,111	(24,279)	(168)
Other income	-	-	-
	28,645	(28,441)	204
Gain on disposal of property, plant and equipment (fixed assets)			532
Total			736

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

	2024 Supported Housing £'000	2023 Supported Housing £'000
Income		
Rent receivable net of identifiable service charges	2,804	2,642
Service charge income	1,987	1,797
Amortised government grant	90	86
Other income from Social Housing Lettings	8	9
Total turnover from Social Housing Lettings	4,889	4,534
Operating expenditure		
Management	450	458
Service charge costs	1,765	1,618
Routine Maintenance	511	422
Planned Maintenance	407	425
Bad debts	57	43
Depreciation of Housing properties	350	353
Lease Costs	837	843
Other Costs	-	-
Operating expenditure on Social Housing Lettings	4,377	4,162
Void losses	(195)	(328)

3. Gain/(Loss) on disposal of property, plant and equipment (fixed assets)

	2024 £'000	2023 £'000
Proceeds of sales	-	1,056
Less: Costs of sales	-	(524)
Surplus	<u>-</u>	<u>532</u>

4. 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

	2024 £'000	2023 £'000
Emoluments (including benefits in kind)	512	496
Pension Contributions	37	35
	<u>549</u>	<u>531</u>

Non-executive Board member emoluments

	2024 £'000	2023 £'000
Emoluments including travel expenses		
Pauline Ford	10	9
Simon Nunan	6	5
Helen Tuddenham	6	5
Johanna Ellis	4	2
Michelle Baker	4	2
Graeme Allinson	4	4
Catherine Winfield	4	4
Tara Osbourne-Wallace	4	4
Simon Anderson	4	2
Anthony Williams	4	2
Alysha Burrell (resigned 20/09/23)	2	4
Dumindu Witharana (resigned 30/06/23)	1	4
Caroline Hamblett (resigned 21/09/22)	-	2
Jane Claxton (resigned 21/09/22)	-	5
Greg Falvey (resigned 21/09/22)	-	3
	<u>53</u>	<u>57</u>

4. Directors' emoluments (including key Management Personnel) continued

Employer National Insurance relating to Key Management Personnel

	2024 £'000	2023 £'000
Executive team	64	65
Non-executive Board members	-	-
	<u>64</u>	<u>65</u>

The Chief Executive's pension contribution from the employer is 10% (£13,387) 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:

	2024 £'000	2023 £'000
Highest paid director	<u>135</u>	<u>133</u>

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

Salary Ranges	2024 Number	2023 Number
£60,000 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	1
£90,001 - £100,000	2	2
£100,001 - £110,000	2	1
£110,001 - £120,000	-	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1

5. 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:

	2024 Number	2023 Number
Average full time equivalent persons	637	612
Staff costs	£'000	£'000
Wages and salaries	21,211	19,572
Social security costs	1,766	1,714
Pension costs (Note 22)	777	686
	<u>23,754</u>	<u>21,972</u>

6. Surplus on ordinary activities

	2024 £'000	2023 £'000
Surplus on ordinary activities is stated after charging:		
Operating lease rentals – land and buildings	694	658
Depreciation of other fixed assets	256	280
Depreciation of housing / day centre properties	391	357
Reversal of impairment charge	-	-
Auditors' remuneration (excluding VAT)		
In their capacity as auditors	16	16
In respect of other services	1	1

7. Interest receivable and similar income

	2024 £'000	2023 £'000
Bank and unlisted investments	<u>136</u>	<u>30</u>

8. Interest payable and similar charges

	2024 £'000	2023 £'000
Interest on loans and overdrafts	<u>1</u>	<u>34</u>

9. Tangible fixed assets

	Housing Properties	Short Leasehold Housing Properties	Shared Ownership Properties	Day Centre Properties	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2023	21,529	104	1,727	935	-	24,295
Additions – Components	394	25	-	14	331	764
Disposals	(89)	(3)	-	-	-	(92)
At 31 March 2024	21,834	126	1,727	949	331	24,967
Depreciation and Impairment at 1 April 2023	3,824	104	167	84	-	4,179
Charge for year	370	-	12	9	-	391
Eliminated on disposal	(89)	(3)	-	-	-	(92)
At 31 March 2024	4,105	101	179	93	-	4,478
Net book value at 31 March 2024	17,729	25	1,548	856	331	20,489
Net book value at 31 March 2023	17,705	-	1,560	851	-	20,116

The net book value of Housing Properties comprise: Freeholds £13,443,000 (2023: £13,370,000) and Long Leaseholds £4,286,000 (2023: £4,335,000). The total expenditure on repairs to existing properties charged to the Statement of Comprehensive Income in the year was £367,000 (2023: £213,000). An amount of £764,000 (2023: £372,000) was capitalised in the year, representing the value of component replacements and other building work.

10. Other tangible fixed assets

	Offices £'000	Computer Equipment £'000	Furniture and Fittings £'000	Motor Vehicles £'000	Total £'000
Cost at					
1 April 2023	3,749	2,069	522	224	6,564
Additions	-	70	39	25	134
Disposals	-	(16)	(37)	(11)	(64)
At 31 March 2024	3,749	2,123	524	238	6,634
Depreciation at					
1 April 2023	436	1,576	478	127	2,617
Charge for year	32	168	27	29	256
Eliminated on disposal	-	(16)	(37)	(11)	(64)
At 31 March 2024	468	1,728	468	145	2,809
Net book value at 31 March 2024	3,281	395	56	93	3,825
Net book value at 31 March 2023	3,313	493	44	97	3,947

Offices includes one Freehold office £365,000 (2023: £368,000) and one Leasehold office £2,917,000 (2023: £2,945,000)

11. Debtors

	2024 £'000	2023 £'000
Amounts falling due within one year		
Rent arrears	317	331
Less: Provision for bad and doubtful debts	<u>(170)</u>	<u>(177)</u>
Net rent arrears	147	154
Prepayments	287	615
Other debtors	1,370	2,307
	<u>1,804</u>	<u>3,076</u>

12. Cash at bank and in hand

	2024 £'000	2023 £'000
Current and deposit accounts	5,855	4,722
Corporate appointee – client accounts	263	283
	<u>6,118</u>	<u>5,005</u>

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.

13. Creditors: amounts falling due within one year

	2024 £'000	2023 £'000
Corporate appointee – client accounts	263	283
Trade creditors	551	920
Other creditors	576	498
Rent and Service charge paid in advance	20	17
Other taxation and social security	405	569
Housing loans repayable	-	-
Other accruals and deferred income	918	937
Deferred capital grant (Note 15)	90	90
Annual Leave accrual	171	205
	<u>2,994</u>	<u>3,519</u>

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

	2024 £'000	2023 £'000
NHS Pension creditor	49	49
Deferred capital grant (note 15)	6,464	6,554
Recycled capital grant (note 16)	316	315
	<u>6,829</u>	<u>6,918</u>

15. Deferred capital grant

	2024 £'000	2023 £'000
At 1 April	6,644	6,676
Released to income in the year	(90)	(86)
Recycled grant in the year	-	(46)
New grant received in the year	-	100
At 31 March	<u>6,554</u>	<u>6,644</u>

	2024 £'000	2023 £'000
Amounts to be released within one year	90	90
Amounts to be released in more than one year	<u>6,464</u>	<u>6,554</u>
	<u>6,554</u>	<u>6,644</u>

Total accumulated government grant and financial assistance received or receivable (before amortisation) at 31 March 2024 was £8,388,000

16. Recycled capital grant fund

	2024 £'000	2023 £'000
At start of the year	315	-
Inputs to fund:		
Grants recycled	-	315
Interest	1	-
At 31 March	316	315

	2024 £'000	2023 £'000
Amounts to be released within one year	-	-
Amounts to be released in more than one year	316	315
At 31 March	316	315

17. Share capital

	2024 £	2023 £
Allotted, issued and fully paid during the year		
At 1 April	13	11
Issued during the year	-	5
Cancelled during the year	(2)	(3)
At 31 March	11	13

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.

18. Capital commitments

Capital expenditure authorised by the Board but not contracted for: None (2023: None).

19. Contingent liabilities

There are no contingent liabilities (2023: £nil)

20. 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:

	2024	2023
	Land and Buildings £'000	Land and Buildings £'000
Less than one year	120	121
Between one and five years	29	27
After five years	545	510
	694	658

21. Accommodation in management

Number of units	Supported Housing	Care Homes	Low-Cost Home Ownership	Total in Management
At 1 April 2023	464	32	21	517
Net movement	(12)	(3)	-	(15)
At 31 March 2024	452	29	21	502

22. 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 monthly. 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 5.1% and 9.8% 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 2020.

The Government Actuary's estimate of scheme liabilities at 31st March 2020 was £380.1 billion (2016: £297.5 billion). This liability is underwritten by the Exchequer. As at 31 March 2024, the Association had 16 (2022/23: 18) employees in the Scheme compared to a total Scheme contributing membership of 1.8 million at 31st March 2023.

The employer's contribution amounted to £776,757 in the year ended 31 March 2024 (2023: £685,756). At this year end, accrued pension charges amounted to £127,615 (2023: £116,924).

23. 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.

24. Controlling parties

There are no controlling parties connected with Southdown.

25. Related parties

There are no related party transactions, other than as disclosed in note 4.

26. Reserves

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

27. Financial Instruments

The Association's financial instruments may be analysed as follows

	2024 £'000	2023 £'000
Financial assets		
Financial assets measured at cost		
Cash and Cash Equivalents	6,118	5,005
Financial assets measured at amortised cost		
Rent and Service Charge Debtors	317	331
Total financial assets	<u>6,435</u>	<u>5,336</u>
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade Creditors	551	920
Other Creditors	596	515
Housing Loans Payable	-	-
	<u>1,147</u>	<u>1,435</u>



Southdown is an exempt charity registered with the Regulator of Social Housing (L1829) and committed to the National Housing Federation’s code of governance. Southdown is also a registered society under the Co-operative and Community Benefits Societies Act 2014 (20755R)