

# Southdown

## Annual Report of the Board and Financial Statements

For the year ending 31 March 2025

Regulator of Social Housing  
Registration Number: L1829

The Co-Operative and Community Benefit Societies Act 2014  
Registration Number: 20755R

[southdown.org](https://southdown.org)

## Contents

Board Members, Directors, Advisors and Bankers.....	3
Chair’s Report 2024/25 .....	5
Report of the Board for the Year Ended 31 March 2025 .....	7
About Southdown .....	7
Our Foundations.....	7
Values .....	8
The Southdown Beacon.....	8
Strategic Aims.....	9
Strategic and Operating Environment.....	10
Transforming how we work.....	13
Key achievements and impact 2024/25.....	15
Delivery of Strategic Objectives 2024/25.....	22
Financial Review .....	24
Value for Money .....	27
Environmental Sustainability .....	28
Structure, Governance and Management .....	30
Financial Statements .....	40
Notes to the Financial Statements.....	46

## Board Members, Directors, Advisors and Bankers

---

### Board

The board members who served from 1 April 2024 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:

Simon Nunan	Chair of Audit and Risk Committee
Jo Ellis	Chair of Service Quality Committee
Graeme Allinson	
Cathy Winfield	
Simon Anderson	
Tony Williams	
Neil Blanchard	Joined 8 September 2024
Jane Lodge	Joined 1 January 2025
Cheryl Bannerman	Joined 1 January 2025
Jonathan Senker	Joined 1 January 2025
Tara Osbourne-Wallace	Resigned 18 September 2024
Michelle Baker	Resigned 31 May 2024

### C-Suite and Directors

Neil Blanchard	Chief Executive Officer
Jo Raisey	Chief Experience and Transformation Officer
Michael Barford	Chief Finance Officer and Company Secretary (from 11 November 2024)
Matt Gough	Chief Operations Officer (from 6 January 2024)
Jim Aspdin	Director of Housing and Assets
Colin Farmer	Director of Finance and Performance and Company Secretary (until 31 August 2024)
Sharon Clare	Director of Client Services (until 21 June 2024)

## Registered office

2 Bell Lane  
Lewes  
East Sussex  
BN7 1JU

## Independent Auditors

Beever and Struthers  
Chartered accountants  
Statutory auditor  
150 Minories  
London  
EC3N 1LS

## Internal Auditors

Bishop Fleming  
10 Temple Back  
Bristol  
BS1 6FL

## Solicitors

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

## Banker

NatWest Bank PLC  
Commercial Banking  
1<sup>st</sup> Floor, 27 South Street  
Worthing  
West Sussex  
BN11 3AR

## Chair's Report 2024/25

---

As Chair of Southdown, I am pleased to introduce this year's Annual Report - one that captures not only the scale of achievement across the organisation, but also the strength of leadership, purpose and values that continue to guide us through a period of intense challenge and opportunity.

The external environment in 2024/25 remained turbulent. Across housing, health and social care, organisations like Southdown have had to navigate increasing financial pressures, workforce shortages, and growing complexity of need, all within systems undergoing fundamental reform and regulatory change. These pressures have tested the resilience of the sector and, in particular, not-for-profit providers like us who are commissioned to deliver essential services often without sustainable long-term funding.

In this context, the Board is proud of how Southdown has responded: not only with stability, but with ambition and clarity. One of the most significant milestones this year was the approval of a new Service Delivery Model - a bold, values-driven step change in how the organisation operates and is led. This new model is designed to ensure Southdown is fit for the future, with clearer accountability, improved collaboration, and a C-suite and senior leadership team capable of both delivering excellence and driving transformation.

We also welcomed the conclusion of a co-produced, organisation-wide process to develop a new Strategy for 2025–2030. The Board believes this strategy reflects both the realities of the operating environment and Southdown's ambition to play a leading role in shaping a more integrated, compassionate system of support. This includes the organisation's active engagement in system leadership through its work with the voluntary, community and social enterprise (VCSE) sector and its influential role across Sussex.

As a registered provider of social housing, Southdown has also responded proactively to the new regulatory regime introduced this year by the Regulator of Social Housing. We welcome the increased focus on transparency, tenant engagement, and the quality of homes and services. The Board has worked with the C-suite to ensure that Southdown is well-prepared to meet these expectations, strengthening assurance, data management and insight, investing in our properties and people, and embedding a new Service Quality Committee to further our commitment to continuous improvement and accountability.

The Board has also undertaken its own development this year, following a detailed external governance review that has informed a programme of improvement aligned to best practice. We have welcomed new members to the Board - bringing fresh insight and diversity of experience and thinking to our work.

On behalf of the Board, I would like to thank the C-suite for their leadership and to extend our sincere appreciation to all Southdown staff, volunteers and partners. Their professionalism, compassion and commitment to our mission make Southdown the organisation it is.

I want to take this opportunity to say how immensely proud I am to be Chair of Southdown. This is an organisation that truly lives its values, being a 'force for good' that supports thousands of people every year to live fulfilling lives, and one that constantly looks forward, even when the context is difficult. It is a privilege to work alongside such a dedicated team, and I look forward to all that we will achieve together in the year ahead.



**Pauline Ford**

Chair of Southdown's Board

## Report of the Board for the Year Ended 31 March 2025

---

### About Southdown

Southdown is a values-led, not-for-profit organisation delivering specialist housing, care and support services across Sussex. Established in 1972, we exist to support people facing adversity to feel safe, be well and have choice.

We are proud to be one of the largest and most experienced providers of community-based services in the region. Every year, we support over 11,500 people overcome challenges and fulfil their personal aspirations. Our services are built on trusted relationships, person-centred, trauma-aware practice, and a deep understanding of local needs.

What defines Southdown is not only the scale of our offer, but our long-standing commitment to working in partnership to improve lives. We design services with, and not just for, the people who use them. We deliver value for money through innovation, integration, and collaboration. And we advocate for systems and policies that are inclusive, preventative, and sustainable.

As a trusted leader within the Voluntary, Community and Social Enterprise (VCSE) sector, Southdown plays a central role in strengthening local infrastructure and influencing system development. We are also committed to building capacity and capability across the VCSE sector. As a lead provider in several system-wide programmes, we support smaller partners to thrive, providing infrastructure, mentoring, and collaborative delivery opportunities. Our belief is simple: when the sector succeeds, the people we jointly serve benefit.

Our strength lies in the relationships we build, with clients, tenants, staff, commissioners, partners and peers. We are a stable, experienced organisation with the agility to respond to local priorities, and the ambition to shape the future of care and support in our region.

### Our Foundations

#### Vision

We believe everyone has the right to access support that enables them to feel safe, be well, and live the life they choose.

## Purpose

We provide safe homes, help to move into work, and compassionate care and support for adults in Sussex experiencing mental health challenges, learning and physical disabilities, and homelessness.

## How we do it

- We work alongside individuals and value each person's unique experiences, strengths, and potential.
- Together with partner organisations and people with personal experience, we advocate for and provide accessible, joined-up support that meets the needs of our diverse community.
- As a not for profit, we have agility to respond quickly to emerging needs.

**Why this matters:** Our approach stems from a simple idea: people thrive when they feel safe and included, can learn and grow at their own pace, and have opportunities to shape their own path.

## Values

1. **Force for Good:** We are passionate about making a positive difference in people's lives, championing their strengths and potential.
2. **Brilliant with People:** Compassionate, inclusive, and welcoming—ensuring belonging and individuality are at the heart of everything we do.
3. **United:** Achieving success through working together with local authorities, the NHS, and voluntary sector partners, so everyone feels safe and connected.
4. **Trustworthy:** Acting with integrity and transparency in all operations, nurturing a sense of safety for staff and clients alike.
5. **Responsive:** Listening, learning, and adapting to changing needs—recognising each person's experiences and choice in shaping support.

These values guide how we approach each strategic objective and how we measure "success" beyond numerical targets.

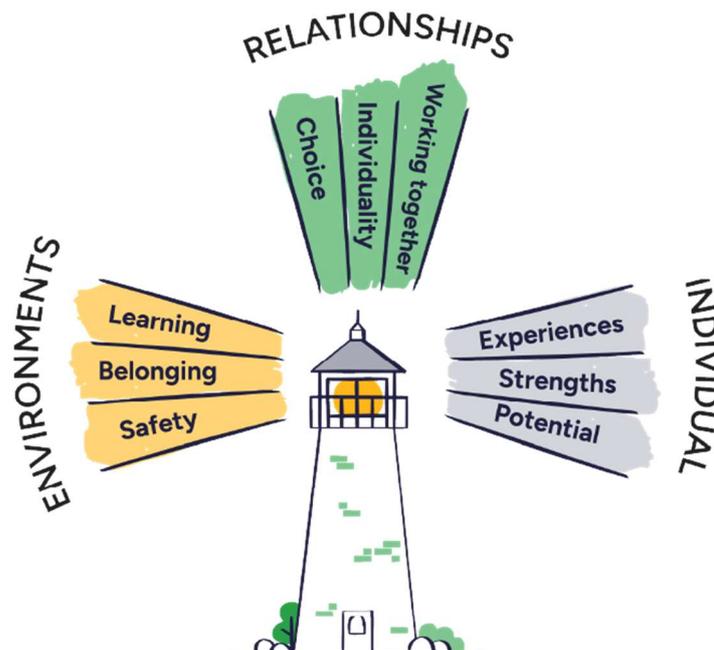
## The Southdown Beacon

The Southdown Beacon is our bespoke and innovative organisational framework for building psychologically informed, trauma-aware, and values-led services. Designed by and for

Southdown, the Beacon integrates lived experience, clinical insight, and workforce voice to create a shared culture rooted in safety, dignity, collaboration and hope. It is not just a toolkit - it is an organisational and system wide approach to how we lead, how we work, and how we support people to live the lives they choose.

At its heart, the Beacon distills ten core principles ranging from belonging and choice, to strengths, safety and potential, into practical ways of working for every part of our organisation. From frontline support to board-level decision-making, the Beacon is the lens through which we design services, lead teams, and measure success. It challenges us to work relationally, reflectively, and with the humility and courage that trauma-informed practice demands.

In 2024/25, we achieved a major milestone: the full roll-out of the Beacon across all staff and Board members, supported by a bespoke e-learning programme featuring powerful contributions from clients, tenants and colleagues. The result is a unifying organisational identity that is as much about how we work as what we do. As one of the first VCSE providers in the region to embed a framework of this kind at scale, Southdown is proud to be at the forefront of culture-led innovation.



## Strategic Aims

As part of our coproduced 2024-25 strategy review, we have agreed four longer-term strategic aims for 2025-30:

1. **Breaking Down Silos:** Ensure that people experience joined-up support, not fragmented services.
2. **Expanding Housing Access:** to ensure significantly more people have safe, high-quality homes that provide long term stability.
3. **Enabling Independence and Meaningful Purpose:** Help people build independence, purpose and connection in their communities.
4. **Creating Financial Flexibility and Resilience:** Ensure Southdown remains financially sustainable, resilient to external pressures, and able to invest in delivering high-quality services that meet the needs of our clients and tenants.

## Strategic and Operating Environment

Southdown operates within a complex and evolving landscape shaped by financial volatility, workforce pressures, public sector reform, rising demand for care and support, and growing regulatory expectations. Across health, housing, and care, providers are navigating unprecedented pressures, where doing more with less has become the norm, where services must constantly adapt to remain relevant, safe, and sustainable.

In this environment, Southdown continues to lead with purpose, drawing on over five decades of experience to remain grounded in our values while responding to change with pragmatism and clarity. Our approach is neither static nor reactive, we continue to adapt our organisation and shape the systems we are part of, supporting the transformation of services to better meet the needs of the people and communities we serve.

This section outlines the major trends we are navigating and the steps we are taking to respond.

### Navigating complexity and financial pressure

The financial context for social care and housing providers remains extremely challenging. Local authorities and NHS systems continue to operate under significant budgetary constraints, with knock-on effects for VCSE providers across the country. Rising workforce costs, real-terms reductions in contracts, and short-notice funding decisions created volatility and placed pressure on providers' ability to plan or invest with confidence. Funding uplifts, where they occur, rarely match the true costs of delivery, particularly where increases to the National Living Wage or National Insurance employer contributions are not reflected in contracts.

These pressures are not new, but they are intensifying. Southdown was required as lead provider to manage an in-year 15% cut to core mental health funding, learning disability fees that did not cover cost inflation and funding levels for housing support services were static.

Alongside these constraints, demand for services is rising. People are presenting with more complex needs, shaped by trauma, inequality, and the cumulative effects of poverty, housing instability, and unmet economic, social and health needs. The expectation to deliver high-quality, trauma-informed, person-led care has never been greater, but the conditions in which to do so are increasingly constrained. These issues place pressure not only on frontline delivery, but also on leadership, systems, and organisational culture.

Southdown has remained proactive and responded by strengthening internal resilience and being honest about what is sustainable. We have reviewed services, streamlined delivery models, and engaged in constructive dialogue with commissioners to secure more realistic expectations. Our internal transformation has focused on ensuring that our structures, governance, and assurance frameworks are aligned with the scale of the challenges we face.

## **Policy reform and system change**

Southdown operates at the intersection of multiple reforms and within an environment of significant structural change. Nationally, the NHS is moving towards more devolved, place-based models of care, but with the ending of NHS England and major changes to Integrated Care Board areas the system faces seismic change. Local government in Sussex is entering discussions about greater devolution and exploring unitary authority models. These changes have the potential to disrupt and reshape commissioning arrangements, particularly in relation to housing, health prevention, and social care funding, but also to unlock greater local accountability and integration.

Southdown is responding by actively engaging in place-based planning, support local transformation agendas, and contributing to national consultation and policy developments. We work closely with partners across the NHS, local government and the VCSE sector to align around shared goals and values. Through our role in local networks, collaboratives and regional VCSE leadership, we are helping ensure that community perspectives, lived experience, and preventative models of care are embedded into the systems being built.

## **Regulation and accountability**

This year has seen a shift in the regulatory landscape, with new Consumer Standards for social housing, the requirements of Awaab's Law, and consultations on the regulation of supported housing all placing a heightened emphasis on safety, accountability, and tenant voice.

In 2024, the Regulator of Social Housing introduced strengthened Consumer Standards with a renewed focus on tenant safety, experience, and empowerment. Awaab's Law has rightly placed greater accountability on landlords to address housing conditions, and a national consultation on the future regulation of supported housing has signaled further oversight on the horizon.

Southdown has welcomed this shift and taken steps to prepare for the future. We have strengthened housing leadership and governance, enhanced our assurance and compliance frameworks, and embedded a more systematic approach to learning from tenant feedback and complaints. Across our services, we are aligning systems and behaviours to meet rising expectations ensuring that we remain compliant, transparent, and accountable to those we support. Our new Service Quality Committee is a key component of this, helping the Board maintain oversight of housing and care standards.

We also recognise that regulation is not only about compliance but about culture. Our aim is to go beyond minimum standards, embedding quality and safety into the heart of how we work.

## **Strategic challenges across our service areas**

In **learning disability and autism support**, the sector continues to face some of the most profound and under-acknowledged pressures in the care system. Research published in 2024 by Hft and Care England reveals a picture of worsening fragility: nearly one-third of providers are operating in deficit, 45% have closed services or handed back contracts in the past year, and a majority report being unable to meet rising levels of need due to cost pressures and workforce shortages.

Unlike other areas of adult social care, learning disability support is dominated by not-for-profit providers such as Southdown, who operate on thin margins, often without the ability to cross-subsidise from private-pay services. The report also highlights the widening gap between rising complexity of need (especially among people with additional autism, forensic or mental health diagnoses) and the sector's capacity to respond safely and sustainably.

Building on the progress made in 2024/25, including a successful financial recovery plan, Southdown is consolidating and strengthening its learning disability and autism services, with a continued focus on sustainable delivery, high-quality care, and workforce stability. Alongside this, we are working with local and regional partners to strengthen provider leadership, amplify sector voice, and make the case for fairer investment and long-term planning. We will continue to lobby, negotiate and appeal for fee rates that reflect actual costs and commissioners' statutory duties under the Care Act. However, even where hourly fee rates have improved, we are seeing a concerning trend of commissioner-led reassessments that significantly reduce the number of support hours allocated to individuals. This poses not only risks to operational delivery and financial viability, but also potential harm to the people we support, particularly where reductions are made without thorough evidence or appropriate safeguarding consideration.

In **mental health**, the landscape continues to be defined by rising demand, systemic fragmentation, and deepening inequality of access. According to research published by the Centre for Mental Health and Mind in 2024, more people are experiencing poor mental health than ever before, with those already experiencing disadvantage such as poverty, housing insecurity, or discrimination facing the greatest barriers to timely and effective

support. This is mirrored in NHS data, with community mental health teams seeing sharp rises in acuity and lengthening waiting lists.

As statutory services become overstretched, the burden increasingly shifts to community and VCSE providers, often filling critical gaps deliver innovation and reach underserved communities but without the investment or security needed to innovate or scale.

Southdown remains a key voice in mental health transformation in Sussex, working within and alongside the NHS to support the integration of models, the embedding of lived experience, and the strengthening of early help pathways.

In **housing support**, the need for services has never been more pressing. Across Sussex and the UK, homelessness is rising, housing affordability is worsening, and the closure of some supported housing services has left increasing numbers of people with complex needs without appropriate, stable accommodation. While national evidence, including 2024 research from the National Housing Federation, continues to show the value of supported housing and housing support, including reducing pressure on health and social care systems, the sector faces persistent uncertainty.

These findings align strongly with Southdown's own experience and reinforce the urgent need for sustained and strategic investment in preventative housing services. Southdown continues to make the case is preparing to engage with the next stage of regulatory reform to ensure that models remain viable, personalised, and locally grounded.

We are also closely monitoring the government's planned consultation on a new regulatory regime for supported housing. While Southdown welcomes the drive for consistency, transparency and quality across the sector, it will be essential that any new framework recognises the diverse and complex needs of supported housing residents and avoids unintended consequences that could lead to further service withdrawal or market fragility.

## **Leading with clarity and collaboration**

We believe that what sets Southdown apart is not simply our ability to respond to complexity, but our commitment to lead through it. We are a stable force in an uncertain system, providing leadership not only within our own organisation, but across the wider VCSE and public sectors.

Our 2025–2030 Strategy and new Service Delivery Model are grounded in this context. They are designed not only to meet today's challenges, but to shape the future with compassion, accountability, and ambition.

## **Transforming how we work**

In 2024/25, Southdown undertook one of the most significant transformations in its history. Recognising the growing complexity of the environment we operate in and the evolving

expectations of commissioners, regulators, and the people we support, we made a deliberate, values-led decision to reshape how we work.

At the heart of this change was the design and implementation of a new Service Delivery Model (SDM). This model defines how Southdown's functions and teams align to deliver the greatest possible value to our clients, tenants, partners and funders. It marks a strategic shift from a model shaped by organic growth over five decades, to one designed for coherence, adaptability, and long-term sustainability.

The SDM was not a surface-level restructure. It represented a cultural and operational reimagining of our organisation clarifying our purpose, strengthening accountability, and investing in the capabilities we need to deliver both excellence and transformation. It also addressed legacy complexity and created clearer pathways for quality assurance, service development, and innovation.

To support this model, we established a refreshed C-suite Leadership Team, including the appointment of a Chief Operating Officer, Chief Finance Officer, and Chief Experience and Transformation Officer. These roles reflect our dual focus: delivering high-quality, day-to-day services while building the systems and culture needed to evolve and lead. A new Operational Performance Group was also introduced to provide space for senior managers to focus on delivery, freeing the C-suite to focus on strategic alignment and future planning.

This internal transformation has already delivered early benefits. Staff report clearer lines of accountability, increased collaboration, and a greater sense of shared purpose.

At Board level, the creation of a Service Quality Committee has strengthened oversight and assurance, while aligning governance more closely with the SDM. And externally, partners are increasingly recognising Southdown as both a dependable provider and a strategic system partner capable of delivering value at both local and regional levels.

Aligned with the implementation of the SDM, this year also saw the development of Southdown's new Strategy for 2025–2030. This process involved extensive engagement with staff, clients, tenants, and partners, and has helped reaffirm Southdown's purpose, role, and values in a changing world. The strategy builds directly on the strengths of our new delivery model, setting out a long-term direction that is rooted in community, grounded in co-production, and focused on enabling people to live the lives they want to lead.

While the strategy will launch formally in the first quarter of 2025/26, the work to develop it has already begun to shape internal alignment, cultural renewal, and future planning. It signals Southdown's continued ambition not just to deliver services, but to help shape a more inclusive, responsive, and sustainable system of support across Sussex.

Through the SDM, strategic realignment, and leadership renewal, Southdown has shown that we are prepared to evolve not only in what we do, but in how we work together to deliver on our mission. This transformation strengthens our ability to respond to challenge, but also our capacity to lead, partner and influence. We move into the new year confident

that we are ready not just for what's coming, but for what's possible without ever losing sight of who we are.

## Key achievements and impact 2024/25

### A year of progress, resilience, and leadership

In a year defined by constraint and complexity, Southdown continued to deliver impact where it matters most: in the lives of the people and communities we serve. We remained focused on outcomes, innovation and inclusion while progressing significant organisational redesign and embedding new ways of working.

Our achievements this year span service delivery, transformation, workforce development, partnership and influence. They reflect not just what we've done, but how we've done it guided by our values, shaped by the people we support, and delivered through collaboration at every level.

### Making a difference in people's lives

We supported over 11,500 people across Sussex through our mental health, learning disability, housing and employment services. We are proud to have sustained high performance across our core service areas.

In **mental health**, we:

- Sustained high-quality support for thousands of people across Sussex, while navigating an in-year 15% funding reduction to our core community contracts. This required complex service redesigns, managed with integrity and care for both clients and staff.
- Successfully launched the UOK East Sussex Mental Health Support Service, co-designed with VCSE and NHS partners to expand access, improve coordination, and embed lived experience within delivery.
- Co-produced a major redesign of the UOK East Sussex Wellbeing Centres model, which concluded with a new multi-agency provider network following an open procurement process.
- Enhanced clinical integration in our Staying Well Crisis Cafés, transitioning to an open-access model and embedding NHS practitioners into the team delivering over 4,500 support sessions.
- Strengthened our leadership role in system transformation—co-chairing the new Neighbourhood Mental Health Team workstreams ensuring VCSE perspectives

shape local care pathways.

- Expanded digital access to early help through the launch of Qwell, a new online platform providing free, anonymous mental health support across Sussex.
- Submitted bids to continue as lead provider for UOK Brighton & Hove and to extend our role into West Sussex, further embedding our integrated, community-led approach across the county.
- Opened a new city-centre office and UOK Brighton & Hove Recovery College space.
- Extended our IPS employment support programmes with new NHS investment and sector leadership via IPS Grow.

In **housing management**, we:

- Achieved a 97% satisfaction rate among tenants who said their home is safe and well maintained, and 90% of tenants said they feel treated fairly and with respect.
- Implemented the new Consumer Standards introduced by the Regulator of Social Housing, enhancing governance, assurance, and tenant involvement.
- Strengthened our complaints handling processes, fully aligning with the Housing Ombudsman's Complaint Handling Code, and promoting a learning culture based on tenant feedback.
- Continued to invest in safe, quality housing with upgrades to compliance systems, asset management planning, and repairs performance monitoring.
- Delivered improved tenancy sustainment and reduced arrears through strengthened support and system upgrades.
- Increased the proportion of repairs completed within timescales and improved communication with tenants on progress and outcomes.
- Delivered training to all Board members and staff on the new regulatory framework to ensure shared accountability and understanding of our landlord responsibilities.
- Actively contributed to the national debate on supported housing reform and responded to the government's consultation on a future regulatory framework ensuring the voices of people we support, and our frontline teams are reflected in policy shaping.

## In **learning disabilities and autism**, we:

- Delivered a major financial recovery plan—reducing agency reliance, improving internal controls, and ending the year with a positive operating margin in Learning Disability (LD) services for the first time in several years.
- Rolled out the Southdown Beacon as a cultural and practice framework across all LD services, enabling trauma-informed and psychologically aware delivery rooted in dignity, consistency, and relationship-based care.
- Supported people to resume community engagement and group activities post-pandemic, with a specific focus on addressing loneliness and improving the sense of belonging responding to findings from our client surveys and national research.
- Contributed to work nationally on workforce reform, and locally to dementia care planning for people with learning disabilities, exploring future service development in line with demographic trends and complexity of need.
- Sustained strong relationships with individuals, families and commissioners throughout a year of change.
- We continue to meet CQC requirements across all 24 registered services, reflecting our sustained commitment to high standards, whilst acknowledging that ratings are based on historic inspections.

## In **housing support**, we:

- Delivered integrated housing support and homelessness prevention to hundreds of people across Sussex, including through Housing First, Rough Sleeper Initiative (RSI), Complex Needs, and move-on services.
- Secured agreement to deliver a newly remodeled outreach service for RSI, co-designed with commissioners to better meet needs, enhance weekend provision, and provide a more resilient service structure.
- Maintained continuity for service users through periods of funding transition, drawing praise from commissioners for our constructive, partnership-based approach.
- Supported successful transitions from hospital, custody, or street homelessness into stable tenancies, helping to reduce avoidable crisis episodes and demand for statutory services.

- Used insight from client feedback and satisfaction surveys to refine service design, including new digital tools to support real-time case management and cross-service collaboration.

## Strengthening client and tenant voice

This year, we made significant progress in embedding client and tenant voice across Southdown's governance, service improvement, and organisational culture. We recognise that people who draw on our services are experts by experience and their insight is vital in shaping delivery that is respectful, effective, and inclusive. Key achievements include:

- Established a new Service Quality Committee of the Board, creating a formal governance structure to ensure tenant and client voices directly inform strategic decision-making, service improvements, and organisational accountability.
- Co-production of the new Tenant Handbook, with tenants directly influencing the content, flow and tone, and contributing quotes that reflected their lived experience. Their involvement ensured the final product was welcoming, accessible, and genuinely useful.
- Local engagement leading to meaningful service change: Teams responded to feedback from our annual survey with 17 local service pledges, ranging from better communication to improving opportunities for connection and learning. In many cases, clients participated in implementing these pledges as well as shaping them.
- Active roles in system and process improvement: Tenants and clients were involved in the redesign of our complaints handling framework including participation in Scrutiny Panels and workshops reviewing outcomes of real cases alongside staff.
- Housing Support Services re-established quarterly feedback forums, which were well received and resulted in tangible service adaptations.
- Clients contributed to the co-design of LD tools and training, such as the "My Plan" framework, demonstrating the power of collaborative practice in driving relevance and quality.

To support this work at scale, we appointed a dedicated Client and Tenant Involvement Lead (CTIL). They coordinate activity, share learning across the organisation, and ensure our commitments are translated into action. The CTIL also facilitates 4–8 weekly updates to clients and staff, shares impact via posters and digital tools, and feeds into quarterly board reporting.

Quotes from clients and tenants from these activities include:

- *I didn't think I had anything to offer, but now I'm part of the recruitment process, and it makes me feel valued.* - **Client involved in co-producing recruitment activities**
- *I've had bad experiences in the past with services not listening. This is the first time I've felt truly heard.* - **Tenant sharing feedback on participation in client voice activities**
- *Being part of the Working Together group has helped me grow in confidence and speak up more.* - **Member of the Working Together Group**
- *It's not just talk – Southdown actually acts on what we say.* - **Client responding to how feedback was used to shape services.**
- *Staff explained everything clearly and made me feel part of the decision-making.* - **Tenant describing a positive interaction with housing services.**

Going forward, we are taking deliberate steps to further embed client and tenant voice into the structure, systems and governance of Southdown. Priorities for 2025/26 include:

- Establishing a Client and Tenant Assembly to enable strategic-level input, offer direct dialogue with senior leaders, and create a platform for raising new ideas and solutions.
- Playing client voice videos at Board meetings, ensuring that lived experience perspectives directly inform governance conversations.
- Requiring all new project proposals to demonstrate client and tenant involvement from the outset, particularly those impacting delivery and support.
- Co-producing elements of our Quality Assurance Framework and reviewing surveys to ensure they generate useful, actionable insight.
- Improving accessibility and awareness of involvement opportunities through better comms, visual calendars, and platforms like Padlet or website hubs.

We are proud of the energy, care, and insight clients and tenants bring to our work. Their voices will continue to guide how we lead, serve, and learn.

## Strengthening organisational capability

As well as the implemented our new Service Delivery Model (SDM), key organisational support developments and enablers this year included:

- A new project management and assurance framework, with the Project Scrutiny and Assurance Board (PSAB) and Operational Performance Group (OPG) introduced to oversee delivery, risk, and benefit realisation.
- A full rollout of the Southdown Beacon, underpinned by e-learning for staff and Board members to embed psychologically informed, trauma-aware values across our culture and practice.
- InForm2 (Salesforce) went live - providing a modern client record management platform for staff and partners, supporting real-time collaboration and data sharing.
- We made strong progress on core digital and workforce infrastructure, including:
  - A new workforce scheduling platform to optimise resourcing across services
  - A revised job architecture and grading framework, linked to competency-based role profiles
  - Design of a new performance management approach based on consistent expectations and outcomes
  - Development of an applicant tracking system to streamline recruitment and strengthen candidate experience
- We also prepared for the next stage of improvement through the design of a data architecture project—a foundational step toward more consistent, insightful, and strategic use of organisational data and KPIs.
- Retained our Investors in People Gold accreditation, recognising our commitment to staff development, culture and wellbeing.
- Embedded principles of environmental sustainability into our office strategy, travel planning, and procurement.

## Promoting equality, diversity and inclusion

This year, we deepened our commitment to creating a workplace and service culture where everyone feels they belong, can thrive, and are treated with dignity and respect. Progress against our six EDI priorities set out in our *'This Is Us'* framework has been significant, with new initiatives launched, meaningful change embedded, and national recognition achieved.

We were proud to retain our Investors in People Gold accreditation, with EDI work specifically commended by the assessors for its authenticity, impact, and visibility. We also maintained our Disability Confident accreditation, became an Age Friendly Employer, and were named a Top 30 Employer for Working Families.

Highlights this year included:

- A full review and upgrade of our mandatory EDI e-learning, complemented by face-to-face diversity training for managers that enhances personal awareness and equips leaders to tackle discrimination.
- The growth of staff-led employee networks focused on LGBTQ+, menopause, neurodiversity, wellbeing, and parent/carer experiences, now formally linked to the EDI Leadership Group.
- Creation of inclusive spaces in our estate, including a quiet room at Bell Lane and a low-stimulation neurodivergent workspace in Brighton.
- A focused drive to improve leadership diversity through support for ethnic minority staff accessing the Skills for Care Moving Up programme, leading to internal promotions and powerful individual testimonies of empowerment.
- Enhancements to recruitment processes, including the rollout of an applicant tracking system that enables anonymised shortlisting and deeper insight into barriers for underrepresented groups.
- Development of new policies including a neonatal leave policy and a revised reward framework to reinforce our commitment to equity and transparency.

Looking ahead, we will continue to embed the National Housing Federation EDI data set, deepen our insight into intersectional experiences across the employee lifecycle, and explore new ways to amplify client and tenant voice within our EDI Leadership Group. A £3,500 budget has been ringfenced to support employee networks and grassroots activity, and we will launch a staff pulse survey in May 2025 to provide a refreshed understanding of inclusion and belonging across Southdown.

## **Leading in systems and across the sector**

- Throughout 2024/25, Southdown continued to play an active role in shaping policy, strategy and service transformation across the region. We have worked in partnership across sectors to support the design of new commissioning models, champion collaborative delivery, and ensure that VCSE voices are present at key

decision-making forums.

- Our leadership of Sussex-wide mental health and learning disability leadership networks reflects our belief that solutions to complex challenges require shared responsibility and joined up ways of working. Positive outcomes include the development of local Sussex VCSE sector Market Position Statements and contribution to sector lobbying campaigns.
- We have supported the establishment of a new Brighton & Hove VCSE Lead Provider Collaborative, working with five other VCSE organisations to expand sector innovation, synergy and efficiency by sharing intelligence and co-designing solutions that meet citywide need. A pilot example has been Together Co and Southdown combining their single points of access for clients in their lead provider roles.

## Delivery of Strategic Objectives 2024/25

Aligned to the Business Strategy for 2023-2025, we set annual targets for each strategic objective. From 2025 we have a new strategy, strategic aims and objectives, but for the purposes of this report we summarise performance in line with the current strategy.

Strategic Objective	Aim	Metric measure	Target 24/25	Performance 24/25
<b>People – Colleagues</b>	Be an exceptional employer, maximising pay, & development opportunities	Colleague overall engagement	80	<b>80</b>
		Colleague compassion satisfaction survey	84%	<b>79%</b>
		Colleague establishment vacancy rate	7%	<b>9.6%</b>
		Colleague turnover	17%	<b>22.1%</b>
<b>People - Clients &amp; Tenants</b>	Provide exceptional services to our clients and tenants	Client stating support has made a positive difference to their lives	90%	<b>94.9%</b>
		Client satisfaction with support service	90%	<b>95.3%</b>
		Client complaints relative to size	0.2%	<b>0.14%</b>
		% supported to maintain tenancy	99.5%	<b>98.6%</b>
		Tenant aggregate satisfaction (TSM TP01)	83.3%	<b>87.8%</b>
		Tenant complaints relative to size (TSM CH01)	-	<b>2.0%</b>
<b>Assurance</b>	Operate safely and meet regulatory standards	CQC 'Good' rating	100%	<b>100%</b>
		% homes that fail to meet Decent Homes Standard (TSM RP01)	0%	<b>0%</b>
		Emergency repairs completed in target (TSM RP02)	90%	<b>90.7%</b>
		Non-emergency repairs completed in target (TSM RP02)	90%	<b>91.5%</b>
		Gas safety checks in date	100%	<b>100%</b>

		Fire Risk Assessment overdue actions (high importance)	2	1
		All property compliance (TSM BS02-05)	99.5%	<b>99.3%</b>
<b>Growth</b>	Develop partnerships to expand services	Clients p.a.	11,000	<b>11,725</b>
		Homes in management	495	<b>488</b>
		Contracts due for tender retained	£7.2	<b>£6.8m</b>
<b>Finance</b>	Maintain long-term financial security	Organisational margin %	0.9%	<b>1.7%</b>
		Learning Disability margin %	-0.3%	<b>1.2%</b>
		Housing Support margin %	3.1%	<b>10.8%</b>
		Mental Health margin %	-1.4%	<b>-2.5%</b>
		Housing margin %	6.6%	<b>0.9%</b>
<b>Efficiency</b>	Modernise ways of working	LD income lost through voids %	4.5%	<b>4.9%</b>
		Central costs as % of income (excl. training)	16.1%	<b>15.8%</b>
		Procurement savings in year	-	<b>£125k</b>
		Onboarding – Offer to start	40 days	<b>47.5 days</b>
		Onboarding – Closing date to offer	17 days	<b>16 days</b>

Metric	Comments where measures have not achieved target
Colleague compassion satisfaction survey	Score remained at 79% as we delayed repeat of compassion satisfaction for 24/25 due to Investors in People 3-yearly reaccreditation that involved its own survey process. We retained a 'Gold' standard with Investors in People, with positive feedback on the supportive culture within Southdown. We will undertake the compassion satisfaction survey in summer 2025.
Colleague establishment vacancy rate	Vacancy rate is influenced by budgeted hours (establishment), staff turnover, and onboarding levels; any shifts in these factors can impact the overall rate. Recruitment success was 54% last year, though this varies by function and is affected by challenges in attracting suitable candidates, often requiring repeat advertising. We will launch a new Applicant Tracker System in early 25/26. Pilots have shown this should improve the speed and experience of recruitment. We will continue work within our People Strategy focused on terms and conditions and talent management to support retention of colleagues.
Colleague turnover annual equivalent	Overall turnover is 22%, with voluntary turnover at 18.4%; early-year resignations remain high, though this trend is consistent with previous years. Turnover varies by service: Housing Support at 35% (31% voluntary), Mental Health at 27% (21% voluntary), and Learning Disability at 19% (17% voluntary). Overall, there were 31 more leavers compared to 2023/24.
% tenants supported to maintain tenancy	Unplanned moves/evictions from properties remained very low at 5 for 2024/25, unchanged from 2023/24.
All property compliance	Overall, property compliance remains very high at 99.3% but in 2024/25 we did experience some time-limited delays in obtaining Energy Performance Certificates (EPC) ahead of relets and obtaining access for smoke alarm servicing.

Homes in management	As predicted, we have continued to experience a reduction in properties leased to us by other Registered Providers and local authorities via our Independent Living Scheme as they choose to manage future lets themselves. Our revised business strategy 2025-30 looks to address this trend through investment in acquiring and developing additional homes in our direct ownership.
Mental Health margin %	The margin for mental health services was significantly impacted by a 15% in-year reduction in funding for the VCSE sector. This has required us to review service offers and reduce staff resources which incurred additional redundancy costs. We are implementing plans to improve the divisions performance within 2025/26.
Housing margin %	Housing has continued to experience the impact of higher than budgeted property repair costs, with a specific focus on Damp and Mould remediation works. We have also experienced high one-off repair costs due to tenant damage in several services for tenants with complex behavioural needs. We will be undertaking a major review of our asset management plans in 2025/26 that looks to improve stock condition and financial performance.
LD income lost through voids %	Overall, void rates have reduced from 5.6% in 2023/24 but remain slightly above target. We have continued to experience delays in approval for support packages that lengthens void periods. In 2025-26 we will review the long-term appropriateness of built environments as part of the asset management strategy to ensure properties continue to meet future client needs.
Onboarding (offer to start)	We have continued to reduce onboarding time, down from 52 days in 2023/24, but anticipate further improvements during 2025/26 as we implement a new automated applicant tracking system. For 2025/26 annual averages were highest in Housing Support (55 days), followed by Learning Disabilities (50 days) and Mental Health (46 days), with delays often linked to DBS clearance.

## Financial Review

The global economic environment continued to be challenging during 2024/25, affected by war and significant political changes in Europe and beyond. The new UK government brings different priorities and approaches to economic policy. While there are some reasons for hope that investment in the health and social care sector could be a positive factor for Southdown, they will be balanced against the desire of the new government to maintain very strong spending controls. In planning for 2025/26, we have had to take account of the significant impact of the Employers National Insurance increase, along with our commitment to meeting Real Living Wage commitments.

The operating environment for non-profit organisations in the health and social care sector was difficult in the year, with pressure on local authority and NHS funding, as well as property and other non-pay costs. The National Living Wage increased by 9.8% from April 2024. To maintain competitiveness in a challenging employment market and meet our commitments, we increased pay for our lowest paid staff by 5.2% from April 2024. Our drive to control spending in our Learning Disability service was very successful, with agency staff

costs coming in on budget and overall performance beating expectations. Management of unoccupied voids in service locations will be a priority through subsequent periods. Other notable financial impacts came from property repair spending exceeding what was planned, increased inflationary pressures in the housing sector, and the implementation of our new Service Delivery Model and structural changes. The programme of change continues through 2025/26, making Southdown fit for the future and our forthcoming 2025-30 business strategy, as well as the need to attract and retain staff and comply with significant new regulatory requirements.

Total income for the year was £32.3m, a £1.3m increase over 2023/24. This is mainly due to fee and charge increases across services. Total operating costs at £31.9m, against £30.6m in the prior year, increased in line with income growth.

The largest area of Southdown spending is staffing, with the 2024/25 total at 75.9% of income (compared with 76.8% for the previous year). The average number of full-time equivalent establishment staff employed during the year fell to 626 from 637 in 2023/24. Southdown achieved a surplus of £0.6m for 2024/25, compared with £0.7m in the prior year. This was ahead of the budget for the year, reflecting effective management of challenges and change throughout the period.

The cash position at year end was almost unchanged at £6.2m. We maintain a policy of protecting £2.5m as a liquid reserve to protect against unforeseen business pressures. The remainder will become a foundation for new strategic developments to support the 2025-30 strategy and pursue our goals of financial resilience and sustainability.

## **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" protocols, as far as practical.

## **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 impacts our ability to meet strategic objectives or causes 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, which delegates operational responsibility to the C-Suite.
- 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.

Southdown's approach to the management of strategic risks is being developed with a new Business Assurance Framework during 2025/26, which will strengthen discipline and monitoring and enhance Board assurance in all areas of operation.

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

## Value for Money

We strive to ensure that Value for Money (VFM) is achieved across all Southdown activities. Our aim is to make the best use of our assets and income generated by what we do. The target is to achieve the best mix of economy (money spent to deliver services), efficiency (what we get for money spent) and effectiveness (impact of services). These aims are reflected in our business strategy, business planning each year for all operations, and the objectives of every member of our team.

Southdown monitors Value for Money in several ways:

- VFM is embedded in strategic aims and objectives, which drive the annual business planning process. This process enables VFM approaches to filter down to individual colleague objectives.
- The Board approves an annual budget designed to achieve strategic objectives.
- Management accounts and key performance indicators are reviewed by the Board and relevant sub-committees on a quarterly basis.
- VFM principles are followed in the initiation of any Southdown project and in planning any capital investment.
- Southdown's C-Suite and senior management team review financial performance and key performance indicators at monthly meetings, with specific attention given to VFM outcomes.
- Southdown benchmarks VFM performance with other organisations through Acuity Benchmarking.

The Regulator of Social Housing (RSH) requires providers of social housing to publish a mandatory set of seven VFM metrics to facilitate comparison between organisations. Southdown reported metrics below include additional non-mandatory performance measures.

Metric 2023/234	2024/25	2023/24	Peer group median
<b>Reinvestment</b> <i>Capital works a % of property value</i>	2.7%	3.2%	2.7%
<b>Gearing</b> <i>Net debt as % of property value</i>	N/A	N/A	17.3
<b>EBITDA interest cover</b> <i>EBITDA as % of interest payable</i>	3,344%	51,500%	200%
<b>Operating margin (social housing)</b> <i>Margin as % of social housing turnover</i>	0.9%	10.5%	18.5%

<b>Operating margin (overall)</b> <i>Margin as % of total turnover</i>	1.3%	1.8%	15.5%
<b>Return on capital employed</b> <i>Margin on % of net assets</i>	1.9%	2.0%	2.5%
<b>New supply delivered</b> <i>New units as % of total units</i>	Nil	Nil	Nil
<b>Social housing cost per unit (£K)</b> <i>Average cost per unit</i>	£11,711	£8,719	£6,447

## VFM Headlines

The reinvestment ratio is slightly lower than last year but consistent with the peer group. This is expected to shift in the medium term, as a new strategy for investment and services is developed.

The gearing metric from last year has been restated to ensure consistent reporting. Southdown has no outstanding debt and therefore no gearing.

The EBITDA interest cover metric is distorted in Southdown's case because relevant financing costs are so low. This would change if housing asset development plans entailed future borrowing.

The social housing operating margin reduced sharply due to high utilities, maintenance and repairs costs over a relatively small total unit measure. The same impacts are evident in the social housing cost per unit measure.

The Return On Capital Employed ratio is consistent with last year and as expected in relation to the peer group, influenced by the business mix within Southdown and the small number of units under management.

With a new 2025-30 organisational strategy to be launched during 2025, Southdown will continue to focus on achieving maximum value for money and social value for every pound spent on delivering services to our clients and tenants.

## 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 resources into efforts to improve the energy efficiency and environmental sustainability of our stock.

Our Director of Housing & Assets continues to chair the Climate Change and Net Zero sub-group of the East Sussex Housing Partnership Board in addressing the challenges of decarbonisation through a focus on costs and finance, technical solutions and supply chains and building true cross-sector collaboration.

Southdown continues to address energy efficiency in its properties and building expertise in energy modelling, targeting retrofit and in delivering funded solutions. Eighteen homes saw improvements in energy efficiency bringing them up to EPC C or above of which nine were delivered through co-funding from the Social Housing Decarbonisation Fund.

Southdown continues partner with Clarion Housing Group and saw success in its bid to the Warm Homes Social Fund to secure co-funding to retrofit a further 26 homes over the next three years.

# 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 was formed for the benefit of the community. Its objects are 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 12 members, which includes 11 non-executive directors and as from September 2024, the CEO. All members of the Board (except CEO) are required to hold a single £1 share.

On 31 March 2025, the 12 issued shares were held by the 11 existing non-executive Board members and 1 former Board member. The C-Suite members 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.

Two Board members, Tara Osbourne-Wallace and Michelle Baker, left the Board in 2024, and Southdown is very grateful for their contribution and service 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 C-Suite 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 was introduced from April 2024:

- A strategically focused Board.
- Members (apart from the former Board member) are all non-Executives and remunerated for their services.
- The Board meets six 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 C-Suite, 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 into 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 Southdown'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 C-Suite. 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 new 2025-30 Business Strategy has been developed for launch in mid-2025.

- 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. During 2025 a new Business Assurance Framework will be developed, designed to improve risk management and effectiveness in running the business.
- 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 that 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 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 (1.8% 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, operating commitments, and to support development ambitions that will be set out in our new strategy from 2025.

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

*16 July 2025*

## 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 2025 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 2025 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](http://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. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association 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*

### **Beever and Struthers**

Chartered Accountants and Statutory Auditor  
150 Minories  
London EC3 1LS

**Date: 3 September 2025**

# Financial Statements

## Statement of Comprehensive Income for the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Turnover	1 & 2	<b>32,277</b>	30,989
Operating expenditure	2	<b>(31,867)</b>	(30,601)
Other income	1 & 2	-	183
Gain/(loss) on disposal of property, plant and equipment	3	<b>18</b>	-
Operating surplus		<b>428</b>	571
Interest receivable and similar income	7	<b>181</b>	136
Interest payable and similar charges	8	<b>(16)</b>	(1)
Surplus and total comprehensive income for the year		<b>593</b>	706

All activities are classed as continuing.

The financial statements on pages 40-67 were approved by the Board of Southdown Housing Association on 16 July 2025 and were signed on behalf of the Board by:

**Pauline Ford**  
Chair



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



**Michael Barford**  
Secretary



## Statement of Changes in Reserves

	Income and expenditure reserve <b>£'000</b>	Revaluation reserve <b>£'000</b>	Total <b>£'000</b>
Balance as of 1 April 2023	19,803	1,901	21,704
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>
Surplus from statement of comprehensive income for the year	593	-	593
Transfer from revaluation reserve to income and expenditure reserve	10	(10)	-
Balance at 31 March 2025	<u><b>21,122</b></u>	<u><b>1,881</b></u>	<u><b>23,003</b></u>

## Statement of Financial Position as at 31 March 2025

	Notes	2025 £'000	2024 £'000
<b>Fixed Assets</b>			
Housing properties & day centre	9	21,205	20,489
Other tangible fixed assets	10	3,684	3,825
<b>Total Tangible Fixed Assets</b>		<b>24,889</b>	<b>24,314</b>
<b>Current Assets</b>			
Debtors	11	2,124	1,804
Cash at bank and in hand	12	6,158	6,118
		<b>8,282</b>	<b>7,922</b>
<b>Creditors:</b> amounts falling due within one year	13	<b>(3378)</b>	<b>(2,994)</b>
<b>Net Current Assets</b>		<b>4,904</b>	<b>4,928</b>
<b>Total Assets less Current Liabilities</b>		<b>29,793</b>	<b>29,242</b>
<b>Creditors:</b> amounts falling due after more than one year	14	<b>(6,788)</b>	<b>(6,829)</b>
<b>Net Assets</b>		<b>23,005</b>	<b>22,413</b>
<b>Capital and Reserves</b>			
Share capital	17	3	3
Income and Expenditure reserve		21,122	20,519
Revaluation reserve		1,880	1,891
<b>Total Capital and Reserves</b>		<b>23,005</b>	<b>22,413</b>

The financial statements on pages 40 to 67 were approved by the Board of Southdown Housing Association on 16 July 2025 and were signed on behalf of the Board by:

**Pauline Ford**

Chair



**Simon Nunan**

Board Member, as Chair of the  
Audit and Risk Committee



**Michael Barford**

Secretary



## Statement of Cash Flows for the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
<b>Net cash generated from operating activities</b>	(i)	1,178	1,876
<b>Cash flow from investing activities</b>			
Acquisition, construction and works to housing properties		(1,215)	(764)
Other fixed asset additions		(87)	(134)
Proceeds from sales of tangible fixed assets		-	-
Receipt of new grant		-	-
Interest received		181	136
<b>Net cash used in investing activities</b>		<u>(1,121)</u>	<u>(762)</u>
<b>Cash flow from financing activities</b>			
Repayment of borrowings		-	-
Interest paid		(16)	(1)
<b>Net cash used in financing activities</b>		<u>(16)</u>	<u>(1)</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>		<u>40</u>	<u>1,113</u>
Cash and Cash Equivalents at beginning of year		6,118	5,005
<b>Cash and Cash Equivalents at end of year</b>	(ii)	<u><u>6,158</u></u>	<u><u>6,118</u></u>

## Statement of Cash Flows for the year ended 31 March 2025

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

	2025 £'000	2024 £'000
Surplus for the year	593	706
Adjustments for non-cash and non-operating items:		
Depreciation of tangible fixed assets	617	647
Reversal of Impairment charge	-	-
Carrying amount of tangible fixed asset disposals	110	-
(Increase)/Decrease in debtors	(319)	1,272
Increase/(Decrease) in creditors	428	(524)
Proceeds from the sale of tangible fixed assets	-	-
Amortisation of government grants	(86)	(90)
Interest paid	16	1
Interest received	(181)	(136)
<b>Net cash generated from operating activities</b>	<b><u>1,178</u></b>	<b><u>1,876</u></b>

### ii) Cash and cash equivalent

	2025 £'000	2024 £'000
Cash at bank and in hand	<b><u>6,158</u></b>	<b><u>6,118</u></b>

## Analysis of Movement in Net Debt

	At 1 April 2024	Cash flows	Other non- cash changes	At 31 March 2025
	£'000	£'000	£'000	£'000
Cash	6,118	40	-	6,158
Overdraft	-	-	-	-
<b>Total cash and cash equivalents</b>	<b>6,118</b>	<b>40</b>	<b>-</b>	<b>6,158</b>
Bank borrowings due within 1 year	-	-	-	-
Bank borrowings due in more than 1 year	-	-	-	-
<b>Total borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash</b>	<b>6,118</b>	<b>40</b>	<b>-</b>	<b>6,158</b>

# 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. 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 accruals basis. The Association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. 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	69 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.



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

	<b>2025</b>	2024
	<b>Supported</b>	Supported
	<b>Housing</b>	Housing
	<b>£'000</b>	£'000
<b>Income</b>		
Rent receivable net of identifiable service charges	2,920	2,804
Service charge income	2,100	1,987
Amortised government grant	86	90
Other income from Social Housing Lettings	9	8
<b>Total turnover from Social Housing Lettings</b>	<b>5,115</b>	4,889
<b>Operating expenditure</b>		
Management	482	450
Service charge costs	1,910	1,765
Routine Maintenance	591	511
Planned Maintenance	465	407
Bad debts	74	57
Depreciation of Housing properties	351	350
Lease Costs	865	837
Other Costs	(22)	-
<b>Operating expenditure on Social Housing Lettings</b>	<b>4,716</b>	4,377
<b>Void losses</b>	(250)	(195)

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

	<b>2025</b>	2024
	<b>£'000</b>	£'000
Proceeds of sales	145	-
Less: Costs of sales	(127)	-
Surplus	<b>18</b>	-

## 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:

#### C-Suite emoluments

	2025	2024
	£'000	£'000
Emoluments (including benefits in kind)	539	512
Pension Contributions	37	37
	<u>576</u>	<u>549</u>

#### Non-executive Board member emoluments

	2025	2024
	£'000	£'000
Emoluments including travel expenses		
Pauline Ford	11	10
Simon Nunan	6	6
Helen Tuddenham	6	6
Johanna Ellis	6	4
Michelle Baker (resigned 31.05.24)	1	4
Graeme Allinson	4	4
Catherine Winfield	4	4
Tara Osbourne-Wallace (resigned 18.09.24)	2	4
Simon Anderson	4	4
Anthony Williams	4	4
Alysha Burrell (resigned 20/09/23)	-	2
Dumindu Witharana (resigned 30/06/23)	-	1
Caroline Hamblett (resigned 21/09/22)	-	-
Jane Claxton (resigned 21/09/22)	-	-
Greg Falvey (resigned 21/09/22)	-	-
Jonathan Senker (joined 01.01.25)	1	-
Jane Lodge (joined 01.01.25)	1	-
Cheryl Bannerman (joined 01.01.25)	1	-
Abbey Darling (Committee Co-Optee 01.01.25)	-	-
	<u>51</u>	<u>53</u>

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

#### Employer National Insurance relating to Key Management Personnel

	2025	2024
	£'000	£'000
Executive team	51	64
Non-executive Board members	-	-
	<u>51</u>	<u>64</u>

The Chief Executive's pension contribution from the employer is 10% (£13,788) 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:**

	<b>2025</b>	2024
	<b>£'000</b>	£'000
Highest paid director	<u>139</u>	<u>135</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:

<b>Salary Ranges</b>	<b>2025</b>	2024
	<b>Number</b>	Number
£40,001 - £50,000	2	-
£50,001 - £60,000	-	-
£60,001 - £70,000	-	-
£70,001 - £80,000	-	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	2
£100,001 - £110,000	1	2
£110,001 - £120,000	1	-
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

	<b>2025</b>	2024
	<b>£'000</b>	£'000
Expenses reimbursed to directors not chargeable to United Kingdom income tax	<u>-</u>	<u>-</u>

## 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:

	2025 Number	2024 Number
<b>Average full time equivalent persons</b>	<b>626</b>	637
<b>Staff costs</b>	<b>£'000</b>	£'000
Wages and salaries	21,771	21,211
Social security costs	1,751	1,766
Pension costs (Note 22)	935	777
	<u>24,457</u>	<u>23,754</u>

## 6. Surplus on ordinary activities

	2025 £'000	2024 £'000
Surplus on ordinary activities is stated after charging:		
Operating lease rentals – land and buildings	713	694
Depreciation of other fixed assets	228	256
Depreciation of housing / day centre properties	388	391
Reversal of impairment charge	-	-
Auditors' remuneration (excluding VAT)		
In their capacity as auditors	18	16
In respect of other services	-	1

## 7. Interest receivable and similar income

	2025 £'000	2024 £'000
Bank and unlisted investments	<u>181</u>	<u>136</u>

## 8. Interest payable and similar charges

	2025 £'000	2024 £'000
Interest on loans and overdrafts	<u>16</u>	<u>1</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 2024	21,834	126	1,727	949	331	24,967
Additions – Components	425	-	-	10	780	1,215
Disposals	(124)	-	(94)	-	-	(219)
<b>At 31 March 2025</b>	<b>22,135</b>	<b>126</b>	<b>1,633</b>	<b>958</b>	<b>1,111</b>	<b>25,963</b>
Depreciation and Impairment at 1 April 2024	4,105	101	178	93	-	4,477
Charge for year	365	1	12	10	-	388
Eliminated on disposal	(102)	-	(5)	-	-	(107)
<b>At 31 March 2025</b>	<b>4,368</b>	<b>102</b>	<b>185</b>	<b>103</b>	<b>-</b>	<b>4,758</b>
<b>Net book value at 31 March 2025</b>	<b>17,767</b>	<b>24</b>	<b>1,448</b>	<b>855</b>	<b>1,111</b>	<b>21,205</b>
Net book value at 31 March 2024	17,729	25	1,548	856	331	20,489

The net book value of Housing Properties comprises: Freeholds £13,489,000 (2024: £13,443,000) and Long Leaseholds £4,242,000 (2024: £4,286,000). The total expenditure on repairs to existing properties charged to the Statement of Comprehensive Income in the year was £422,000 (2024: £367,000). An amount of £1,215,000 (2024: £764,000) 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 2024	3,749	2,123	524	238	6,634
Additions	-	37		50	87
Disposals	-	(48)		(37)	(85)
<b>At 31 March 2025</b>	<b>3,749</b>	<b>2,112</b>	<b>524</b>	<b>251</b>	<b>6,636</b>
Depreciation at					
1 April 2024	468	1,728	468	145	2,809
Charge for year	32	146	20	30	228
Eliminated on disposal	-	(48)	-	(38)	(86)
<b>At 31 March 2025</b>	<b>500</b>	<b>1,826</b>	<b>489</b>	<b>137</b>	<b>2,952</b>
<b>Net book value at 31 March 2025</b>	<b>3,249</b>	<b>286</b>	<b>35</b>	<b>113</b>	<b>3,684</b>
Net book value at 31 March 2024	3,281	395	56	93	3,825

Offices include one Freehold office £361,000 (2024: £365,000) and one Leasehold office £2,888,000 (2024: £2,917,000)

## 11. Debtors

	2025 £'000	2024 £'000
<b>Amounts falling due within one year</b>		
Rent arrears	228	317
Less: Provision for bad and doubtful debts	(105)	(170)
Net rent arrears	123	147
Prepayments	298	287
Other debtors	1,703	1,370
	<b>2,124</b>	<b>1,804</b>

## 12. Cash at bank and in hand

	2025 £'000	2024 £'000
Current and deposit accounts	5,875	5,855
Corporate appointee – client accounts	282	263
	<u>6,158</u>	<u>6,118</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

	2025 £'000	2024 £'000
Corporate appointee – client accounts	282	263
Trade creditors	709	551
Other creditors	585	576
Rent and Service charge paid in advance	37	20
Other taxation and social security	415	405
Housing loans repayable	-	-
Other accruals and deferred income	1,091	918
Deferred capital grant (Note 15)	86	90
Annual Leave accrual	173	171
	<u>3,378</u>	<u>2,994</u>

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

	2025 £'000	2024 £'000
NHS Pension creditor	38	49
Deferred capital grant (note 15)	6,332	6,464
Recycled capital grant (note 16)	418	316
	<u>6,788</u>	<u>6,829</u>

## 15. Deferred capital grant

	2025 £'000	2024 £'000
At 1 April	6,554	6,644
Released to income in the year	(86)	(90)
Recycled grant in the year	(50)	-
New grant received in the year	-	-
At 31 March	<u>6,418</u>	<u>6,554</u>

	2025 £'000	2024 £'000
Amounts to be released within one year	84	90
Amounts to be released in more than one year	6,334	6,464
	<u>6,418</u>	<u>6,554</u>

Total accumulated government grant and financial assistance received or receivable (before amortisation) at 31 March 2025 was £8,338,000.

## 16. Recycled capital grant fund

	2025 £'000	2024 £'000
At start of the year	316	315
<b>Inputs to fund:</b>		
Grants recycled	85	-
Interest	17	1
<b>At 31 March</b>	<b>418</b>	<b>316</b>

	2025 £'000	2024 £'000
Amounts to be released within one year	254	-
Amounts to be released in more than one year	164	316
<b>At 31 March</b>	<b>418</b>	<b>316</b>

## 17. Share capital

	2025 £	2024 £
<b>Allotted, issued and fully paid during the year</b>		
At 1 April	11	13
Issued during the year	3	-
Cancelled during the year	(2)	(2)
<b>At 31 March</b>	<b>12</b>	<b>11</b>

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 (2024: None).

## 19. Contingent liabilities

There are no contingent liabilities (2024: £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:

	<b>2025</b>	2024
	<b>Land and Buildings £'000</b>	Land and Buildings £'000
Less than one year	<b>133</b>	120
Between one and five years	<b>29</b>	29
After five years	<b>550</b>	545
	<b>712</b>	694

## 21. Accommodation in management

<b>Number of units</b>	<b>Supported Housing</b>	<b>Care Homes</b>	<b>Low-Cost Home Ownership</b>	<b>Total in Management</b>
At 1 April 2024	452	29	21	502
Net movement	(13)		(1)	(14)
<b>At 31 March 2025</b>	<b>439</b>	<b>29</b>	<b>20</b>	<b>488</b>

## 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 5.2% 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 14 (2023/24:16) 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 £946,231.13 in the year ended 31 March 2025 (2024: £776,757). At this year end, accrued pension charges amounted to £161,812 (2024: £127,615).

## 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:

	2025	2024
	£'000	£'000
<b>Financial assets</b>		
<b>Financial assets measured at cost</b>		
Cash and Cash Equivalents	6,158	6,118
<b>Financial assets measured at amortised cost</b>		
Rent and Service Charge Debtors	228	317
<b>Total financial assets</b>	<b>6,386</b>	<b>6,435</b>
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade Creditors	709	551
Other Creditors	614	596
Housing Loans Payable	-	-
	<b>1,323</b>	<b>1,147</b>

# Southdown



Southdown  
2 Bell Lane  
Lewes  
East Sussex  
BN7 1JU



01273 405 800



[info@southdown.org](mailto:info@southdown.org)

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).