



Salix Homes Limited and its subsidiaries  
**Report and Financial Statements**

**FOR THE YEAR ENDING 31 MARCH 2024**

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# Board, executives & advisors

| <b>Board Member</b>  |   | <b>Appointed</b> | <b>Resigned</b> |
|--|---|------------------|-----------------|
| <b>Jim Battle</b>  | Chair   | 28 Mar 2017      |                 |
| <b>Aisling McCourt</b>   | Vice-Chair  | 31 Mar 2020      |                 |
| <b>Ahmed Abdulmalek</b>  |   | 28 Sep 2021      |                 |
| <b>Mark Beyer</b>  | Chair of Remuneration & Governance  | 31 Mar 2020      |                 |
| <b>Charlotte Haines</b>  | Chair of Customer Committee   | 15 Jan 2020      |                 |
| <b>Philip Johnson</b>  | Chair of Assets & Sustainability  | 26 Sep 2023      |                 |
| <b>Greig Lees</b>  | Chair of Growth & Development   | 28 Mar 2017      | 26 Sep 2023     |
| <b>Monika Liskiewicz</b>   |   | 26 Apr 2024      |                 |
| <b>Paul Martin</b>   |   | 28 Sep 2021      |                 |
| <b>Khalil Rehman</b>   |   | 27 Mar 2018      |                 |
| <b>Jason Ridley</b>  |   | 17 Sep 2024      |                 |
| <b>Martin Warhurst</b>   | Chair of Audit & Risk   | 26 Sep 2023      |                 |
| <b>Pamela Welsh</b>  |   | 01 Jul 2020      |                 |
| <b>Paul Whitehead</b>  | Chair of Audit & Risk   | 28 Mar 2017      | 26 Sep 2023     |
| <b>Independent Member</b>  |   | <b>Appointed</b> |                 |
| <b>Greg van Enk-Bones</b>  |   | 25 Sep 2018      |                 |
| <b>Executive Directors</b>                                       |   | <b>Appointed</b> |                 |
| <b>Sue Sutton BA(Hons) MA<br/>Business and Social Enterprise</b> | Chief Executive   | 1 Jan 2021       |                 |
| <b>Eric Tamanis BA(Hons)<br/>ACMA</b>                            | Executive Director of Resources   | 3 Oct 2022       |                 |
| <b>Sian Grant BA(Hons) PG<br/>Dip Housing</b>                    | Executive Director of Customers<br>& Communities                                      | 1 Feb 2021       |                 |
| <b>Liam Turner</b>   | Executive Director of Assets, Growth<br>& Development                                 | 1 May 2023       |                 |
| <b>Other</b>   |   |                  |                 |
| <b>Company Secretary</b>   | Eric Tamanis  |                  |                 |
| <b>Registered Office</b>   | Diamond House, 2 Peel Cross Road, Salford, M5 4DT                                     |                  |                 |
| <b>External Auditor</b>  | Beever & Struthers<br>One Express, 1 George Leigh Street, Ancoats, Manchester, M4 5DL |                  |                 |
| <b>Internal Auditor</b>  | BDO LLP<br>3 Hardman Street, Spinningfields, Manchester, M3 3AT                       |                  |                 |
| <b>Principal Bankers</b>   | NatWest<br>Manchester City Centre Branch, 11 Spring Gardens, Manchester, M2 1FB       |                  |                 |

# Chair's introduction

**On behalf of the Board, I am delighted to present this strategic report and audited financial statements for the year ended 31 March 2024.**

As we reflect on the past 12 months, we're proud to report another year of strong progress and growth, in line with our corporate plan – Our Sustainable Future. We launched our revised corporate plan in 2023 with a renewed focus on three priority areas - our sustainable homes, our sustainable business and our sustainable communities.

This year has been about getting back to our roots and refocusing on our core values to provide good quality homes and services to our customers, through the launch of a new operating model and ways of working. We've been getting to know our customers and their homes better, improving the energy efficiency of our housing stock, delivering new, affordable and sustainable homes and championing building safety.

Our customers are at the heart of everything we do. We're passionate about ensuring their voices are heard and providing opportunities for them to help shape and improve our services.

Sustainability is at the forefront of our priorities, so it was an incredibly proud moment to welcome the first residents to our new Greenhaus development, which is the largest Passivhaus-certified, affordable housing scheme in the North West.

Everyone deserves a place to call home, and the journey that some of our new residents at Greenhaus have been on, really highlights the pressing need for more high quality and safe, social and affordable housing. Greenhaus is testament to the difference that having safe and secure housing can make.

Building safety remains a key focus. With the Building Safety Regulator now established and new duties, laws and safety standards in place, we've been working hard to meet the new requirements to ensure all our homes are safe places to live, both now and in the future.

Social value continues to play a huge part of our business activity. I believe we've made a significant impact upon our customers and communities that goes beyond bricks and mortar - from supporting people into work to investing in grassroots community projects.

We're operating in a very different environment than the one we were in 12 months ago. The spotlight is on the housing sector, the services we provide and the actions we take. We're navigating new regulation, new consumer standards, new ways of working, and a changing political environment, all while continuing to support our customers during an uncertain economic time.

A significant change in senior leadership is also on the horizon for the coming year with the appointment of Martin Warhurst as its new Chair of the Board who will take over in September 2024 and the appointment of a new Chief Executive in 2025. However, with change comes opportunity and we're confident that by working closely with our colleagues, partners, and of course our customers, Salix Homes can continue to face these challenges pro-actively and positively to meet the demands of a modern world, for our customers, our communities and our colleagues.



*Jim Battle*

**Jim Battle**  
Chair

# Report of the Board

## Legal Structure

Salix Homes Limited is a Charitable Society registered under the Co-operative and Community Benefit Societies Act 2014 (Registered number 7051) and is registered with the Regulator of Social Housing (RSH) (Registered number 4609) as a Registered Provider of Social Housing as defined by the Housing and Regeneration Act 2008.

Salix Homes has two wholly owned, private limited subsidiary companies which operate from the same registered address; Salix Homes Developments Limited, reg no 10359332, whose primary aim is the provision of design and construction services and Salix Living Limited, reg no 10359220, whose primary aim is the construction of domestic buildings for sale. Salix Living Ltd is currently inactive.

## Principal Activities

Salix Homes is a not-for-profit registered provider of social housing formed in 2015 after transfer from Salford City Council and is a key delivery partner both in Salford and across Greater Manchester, building homes, delivering services and investing in communities. The principal activity

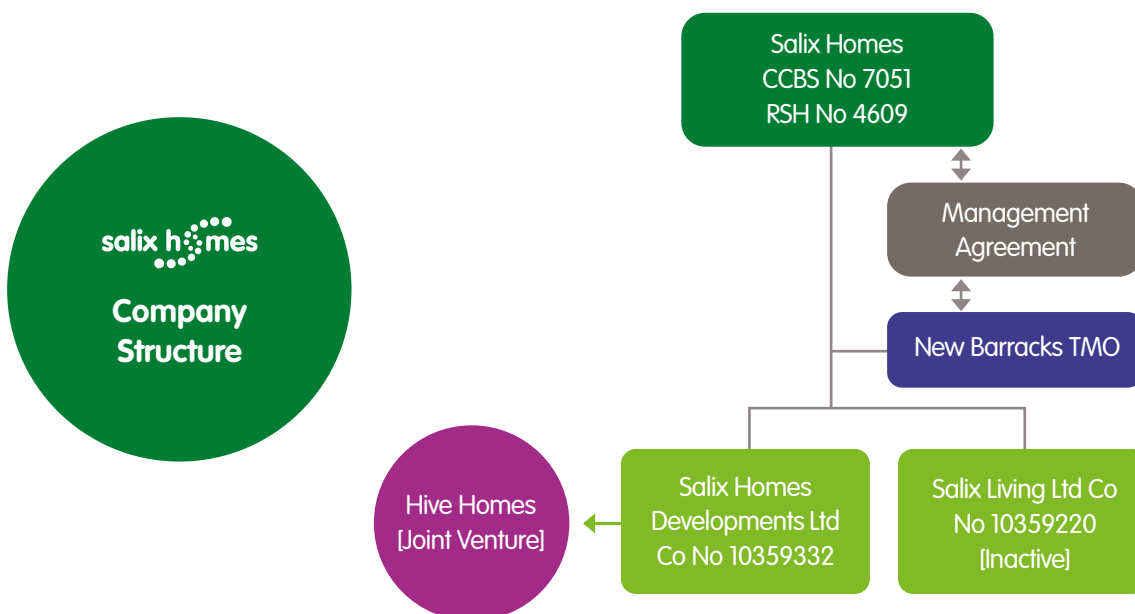
of the Group is the management, maintenance and development of affordable homes.

As of 31 March 2024, Salix Homes owned and managed 7,987 homes, primarily across Salford but including some properties in neighbouring areas. The portfolio of homes includes 20 high-rise blocks, plus a wide range of medium and low-rise apartment blocks, traditional terraced homes, large housing estates and accommodation for older people. Salix Homes also manages properties on behalf private landlords under management and lease arrangements.

Salix Homes is a member of Hive Homes, a Joint Venture along with 9 other housing associations and the Greater Manchester Combined Authority (GMCA). The purpose of Hive Homes is to develop housing for sale, with the aim of generating returns to reinvest into core social housing business.

Although not a subsidiary within the Group structure, a Tenant Management Organisation (TMO), New Barracks, exists within the operational environment. The TMO was established by Salford City Council under a management agreement dating back to 1997.

The legal structure of the group is illustrated in the diagram below.



# Governance Arrangements

## The Board

**The Board of Salix Homes is responsible for the strategic direction of the organisation and ensuring the achievement of the organisation’s vision and the objectives set out in the Corporate Plan.**

To do this, the Board establishes the organisation’s overall strategic direction and monitors compliance with its values and performance targets within a clearly defined framework of delegation and systems of control.

During 2023/24, the Board formally met on seven occasions and held two formal Strategy Days. Additional “teatime” learning sessions were also held to provide additional opportunities for increasing member knowledge and awareness for key areas of the business, including financial and treasury management, building safety and governance/regulation.

The Board currently consists of 10 non-executive members. All Board Members are appointed following application, skills assessment and interview. During 2023/24 two members retired from office and two members joined the organisation.

All Board members complete a thorough induction process and are subject to an annual appraisal. The skills and knowledge of members includes the areas of finance, risk, strategic management, organisational development, equality, diversity and inclusion, and development.

In accordance with the adopted NHF Code of Governance 2020, Board members serve a term

of up to six years. During 2023/24 four Board members, in compliance with the Code, had their term extended to support succession planning.

In planning succession, the Board is committed to achieving equality, diversity and inclusion when considering Board composition and inherent within this planning is the aim to achieve a composition that aligns with the customer base of Salix Homes.

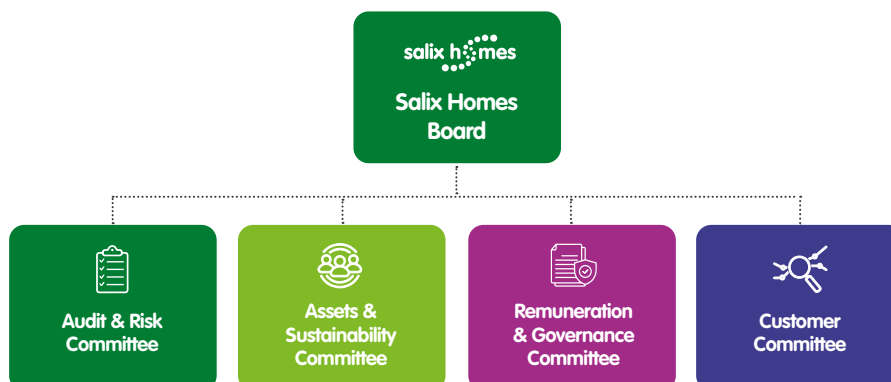
A number of members have direct lived experience of social housing, helping to ensure that the Board is in a strong position to make informed and appropriate decisions for the organisation which always consider the impact on customers and their best interests in a challenging operating environment.

The Board regularly reviews its composition, aiming to ensure that this reflects the communities it serves.

Operational management is delegated to the Executive Team who meet weekly and are in attendance at Board and Committee meetings. The Executive Team have no financial interest in Salix Homes. None of the Executive Team sit on the Board of Salix Homes.

Salix Homes has insurance policies that indemnify Board members and the Executive Team and Officers against liability when acting on its behalf.

At the end of 2023/24, the Board of Salix Homes was supported by four committees: the Audit & Risk Committee, the Assets & Sustainability Committee, the Remuneration & Governance Committee and the Customer Committee.



## Audit & Risk Committee



The Audit & Risk Committee addresses internal and external audit issues and advises the Board on risk management policies and matters of internal control. It also has oversight responsibility for procurement and Value for Money, ICT, data protection, fraud and incident response planning. The Audit & Risk Committee considers the financial statements and recommends their approval to the Board. During 2023/24, the Audit & Risk Committee met five times.

### MEMBERS:

**Paul Whitehead**

(Chair, Resigned 26 Sep 2023)

**Martin Warhurst**

(Chair, Appointed 26 Sep 2023)

**Khalil Rehman**

**Pamela Welsh**

**Greg van Enk-Bones**

(Independent)

## Assets & Sustainability Committee



During 2023/24 following an external Governance Review of the governance arrangements the Growth & Development and Sustainability Committees were merged into an Assets & Sustainability Committee.

The Assets & Sustainability Committee has oversight responsibility for growth, development, building safety and property maintenance, compliance and investment. It monitors the performance of such activities and reviews proposals to create a pipeline of potential development schemes, advising the Board accordingly, whilst taking due account of related risks. It provides additional oversight and focus to the development and implementation of the organisation's sustainability strategy and action plan.

During 2023/24 the Growth & Development Committee met twice, and the Sustainability Committee met once prior to the combined Assets & Sustainability Committee meeting four times from September 2023 through to March 2024.

### MEMBERS:

**Greig Lees**

(Chair of Growth & Development Committee, Resigned 26 Sep 2023)

**Philip Johnson**

(Chair, Appointed 26 Sep 2023)

**Ahmed Abdulmalek**

**Greg van Enk-Bones**

(Independent)

**Charlotte Haines**

**Aisling McCourt**

(previously Chair of the Sustainability Committee)

## Remuneration & Governance Committee



The Remuneration & Governance Committee has oversight of governance matters. It also advises the Board on succession planning, non-executive member remuneration, the appointment of the Chief Executive and Executive Directors, and colleague remuneration taking independent advice as necessary. During 2023/24, the Remuneration & Governance Committee met three times.

### MEMBERS:

**Mark Beyer** (Chair)

**Jim Battle**

**Paul Martin**

**Paul Whitehead**

(Resigned 26 Sep 2023)

**Martin Warhurst**

(Appointed 26 Sep 2023)

## Customer Committee



The Customer Committee ensures the Regulator of Social Housing's Consumer Standards are being met and that agreed local service standards are being adhered to, utilising independent internal audit and scrutiny reviews as necessary to provide assurance. The Committee met five times during 2023/24 and held two Strategy Day.

The Customer Committee scrutinises services and works hand-in-hand with the Board to ensure ongoing compliance with the Consumer Standards and ensure that the customer voice is being heard at the highest level.

The Chair of the Customer Committee is also a member of the Salix Homes Board.

### MEMBERS:

**Charlotte Haines** (Chair)

**Ahmed Abdulmalek**

**Cynthia Alloyda**

**Marta Diaz**

**Gareth Evans**

**Karen Hamilton-Hulse**

**Jason Marland**

**Keri Muldoon**

**Rashidah Owoseni**

**Charlie Williamson**

(Resigned 23 Jan 2024)



## Subsidiary Companies

The Salix Homes Group also includes two wholly owned, private limited subsidiary companies; Salix Homes Developments Limited and Salix Living Limited (currently inactive).

The activities of each subsidiary are overseen by a Board of Directors comprising the Chief Executive and Executive Directors of Salix Homes. The Board of Salix Homes Developments Ltd and Salix Living Ltd report to the Salix Homes Board.

The active subsidiary, Salix Homes Developments Ltd's function is to undertake development services for the parent company, Salix Homes, and to act as the investor vehicle into Hive Homes.

The subsidiaries are not regulated by the Regulator of Social Housing but are constituted under the Companies Act 2006. The Board of Salix Homes maintains oversight of the activities of the subsidiaries, whose purpose is to conduct activities on behalf of the parent.

An Intra-Group Agreement (IGA) and Service Level Agreements are in place to confirm the roles and responsibilities of the parent and subsidiaries within the Group.

Salix Homes Developments Limited has formally adopted the NHF Code of Governance 2020, with key responsibilities of the Code being picked up by the parent under the terms of the IGA. Salix Homes Developments Limited has not recorded any areas of non-compliance against the Code.

## Compliance with Regulatory Standards, the Code of Governance and all relevant law

The Board confirms compliance with the Regulator of Social Housing Regulatory Standards.

A review against the Regulatory Standards is considered by the Board on an annual basis. During 2023/24, Salix Homes implemented processes and systems to ensure compliance with the additional requirements of the Consumer Standards.

## Salix Homes current grades are:

### Governance – G1:

'The provider meets our governance requirements'

### Viability – V2:

'The provider meets our viability requirements. It has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance'

### Consumer – C1:

'Overall, the landlord is delivering the consumer standards outcomes. The landlord has shown that it identifies when issues occur and puts plans in place to remedy them and help prevent them happening again'

During 2024 the Social Housing Regulator has undertaken Regulatory Inspection of Salix Homes and has for the first time assigned a Consumer Grade (C Grade) alongside the Governance, and Viability gradings. In August 2024 Salix Homes was awarded the highest grading C1 in recognition of the homes and services we provide for our customers.

A regulatory Inspection is commonly undertaken by the Regulator every three to four years and in the interim reinforces or amends the gradings based upon Stability Checks, regular engagement, and reactive engagement to deal with issues as they occur.

The Board approved the adoption of the 2020 NHF Code of Governance in March 2021 and reviews its compliance against the Code annually.

The Board confirms that Salix Homes is fully compliant with the 2020 Code of Governance.

The Regulatory Standards set out the expectation that there must be arrangements for the Board to assure themselves that Salix Homes is complying with all relevant law, including primary and secondary legislation and associated codes and guidance. During 2023/24 an independent legal assessment was reviewed by the Board and confirmed ongoing compliance in this regard.

# Visions & Values

## Vision

Salix Homes' vision is to:  
**live · grow · thrive · together**

Salix Homes is not just about providing good quality affordable homes - it's about transforming lives and supporting our communities. Everything we do is for the benefit of customers and communities.

## Values

Salix Homes believes that social housing is about more than just bricks and mortar and aims to support its customers and provide opportunities for them to grow and thrive – this is woven into the culture, values and actions.

In 2023, as part of a new operating model and ways of working, Salix Homes also launched new values and competencies. These values are borne out of the commitment to get back to Salix's roots and get to know customers and homes better.

The values aim to make it clear what is important at Salix Homes, in terms of defining what the organisation stands for and how services are delivered.

Customers' voices were critical in influencing and shaping Salix's values, that's why the Customer Committee provided their input on the proposed new values and competencies which also incorporate the behavioural elements of the Customer Charter.

The values and competencies underpin how the organisation delivers excellent customer service and influences the approach of everyone connected with Salix Homes.

To embed these values at all levels, Salix Homes has implemented a comprehensive learning and development programme for colleagues. Salix has also launched a reward and recognition system, called Living Our Values, which celebrates those who consistently go above and beyond in their working role, and embody our core values.

## Salix Homes Values are:

### Trustworthy



We gain the confidence and trust of others through integrity and accountability.

**Accountable:** We will keep our promises and take responsibility for our actions.

**Integrity:** We will do the right things for the right reasons.

### Successful



We are constantly improving by remaining informed and work collaboratively to achieve success.

**Informed:** We will listen and learn to continuously improve.

**Collaborative:** We will build strong internal and external partnerships to deliver excellence.

### Inclusive



We advocate for others whilst embracing and promoting inclusion.

**Advocate:** We will speak up for those who are unable to do so for themselves.

**Respectful:** We will respect and value difference, promoting a sense of belonging.

# Corporate Plan

## Our Sustainable Future 2023-2025

Salix Homes Corporate Plan has been set around three key themes accompanied by actions and success measures:

### Our Sustainable Homes

**We aim to provide high quality homes for our customers, making sure they are safe, affordable and energy efficient. We're committed to meeting the needs of our existing and future residents, as we deliver more homes for people in Salford and beyond, that are fit for the future.**

By 2025 we will:

- Maintain 100% home safety compliance.
- Implement a new Salix Homes property standard.
- Be delivering quality, sustainable and affordable homes.

### Our Sustainable Business

**Our business must be fit for today and prepared for tomorrow, making sure we remain efficient and well-governed, as well as being a great place to work so we can attract and retain great talent that live and breathe our Salix Homes values.**

By 2025 we will:

- Optimise our operating performance to enhance our financial strength.
- Be a great place to work with a high-performing workforce.
- Support an inclusive high performing work environment.

### Our Sustainable Communities

**We're about so much more than just providing homes - we deliver services and provide support to help our customers and communities to live, grow and thrive, in safe, clean, green homes and communities. We are committed to providing first class services and investing in our customer service channels to ensure we are meeting and exceeding our customers' expectations.**

By 2025 we will:

- Optimise our service delivery model ensuring the right service is provided at the right time.
- Ensure our services and community investment focus on what matters to customers.
- Ensure a strong and influential customer voice through our customer engagement arrangements.

## Delivery of the Corporate Plan and Achievements during 2023/24

### Some of the key achievements in delivering the Corporate Plan during 2023/24 are:

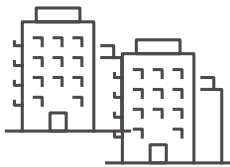
- Approved a **£120m refinancing proposal** to ensure the long-term financial viability of the group, meaning we can continue to invest in our homes and services to customers.
- Approved the **development of new sustainable homes** to ensure we are continuing to provide affordable housing to the people of Salford. This includes the completion of 96 homes at Greenhaus in Salford, 24 new social housing homes in Partington, the ongoing development of 91 homes at Kara Street and the start on site of Willohaus, a 100 home development being built to Passivhaus certified standards. This means that Salix Homes has built or have in development 311 new homes during 2023/24.
- Overseen a **restructure of our housing management teams** to make sure that we are delivering effective services to customers who need them.
- Launched a **project of estate walkabouts and 'Working in Neighbourhoods' days** to establish an improved connection with customers.
- Commenced the **Getting to Know You (GTKY) census** to know and understand customers better.
- Developed a new **Customer Service Strategy**.
- Developed a new **Customer Engagement Strategy** including a menu of engagement to ensure customers can influence services.
- Reviewed and improved the **handling of customer complaints**.
- Reviewed the **performance of the teams** in responding to any cases of damp, mould and condensation or day-to-day repairs and maintenance.
- Reviewed the **financial and operational performance** of all aspects of the business and considered all associated risks to both the housing sector and more specifically to Salix Homes.
- Completed **100% of Gas, Fire, Asbestos, Water and Lift safety checks**.
- Completed **100% of emergency repairs** within timescale.
- Completed **467 homes safety checks**.
- Completed **27,318 repairs** with an 83% satisfaction rate.
- Installed **new kitchens and bathrooms on 1,061 homes**.
- Invested **£12m to improve existing homes** achieving 92.5% customer satisfaction for these works.
- Completed a **root and branch review of the repairs and maintenance service** and identified improvements for implementation.
- Developed **Building Safety Cases for all 20 High Rise buildings** and implemented a Building Safety Customer Engagement Strategy.
- Launched the **'Open the Door' campaign** to encourage customers to allow access for essential checks and repairs.
- Retained a **G1/V2 rating** from the Regulator.
- Launched the **'Live, Grow, Thrive'** campaign for colleagues to embed a culture of learning from complaints.
- Employed a local workforce with **87% of employees living in the Greater Manchester area**.
- Achieved a mean **gender pay gap of -9.75%**; the lowest Salix has recorded.
- Embedded **new values** within the organisation.

# Customers

Salix Homes places customers at the heart of everything it does and is passionate about ensuring voices are heard and providing opportunities for customers to help shape and improve services.

In addition to our Customer Committee, there are several customer groups, who focus on key areas of the organisation and provide suggestions and feedback to help make improvements.

These customer groups include:



## Apartment Living Forum

A focus on high rise blocks.



## Complaints Oversight Group

Working closely with colleagues to develop and review the complaints process and help to improve the experience for customers.



## Procurement Panel

The panel has a say on the appointment of contractors to help ensure Salix Homes is getting a good deal and maximises the social value of our contracts.



## Scrutiny Pool

Made up of 'scrutineers' - a group of over 100 customers who can be called upon by the Customer Committee to take part in in-depth reviews of services.



## Customer voice makes a difference at Salix Homes

Listed below are some highlights and achievements during 2023/24 made possible through effective customer engagement.

- The Customer Committee met five times and agreed to meet monthly in 2024/25.
- The Customer Committee helped to develop and influence the approach to delivering Working in Neighbourhood (WIN) Days.
- The Customer Committee reviewed and influenced customer rent increase letters.
- The Customer sub-groups - Complaints Oversight Group, Procurement Panel and Apartment Living Forum - met six times to help shape and scrutinise policies and procedures.
- It was agreed to relaunch the Community Connectors Forum in 2024.
- Customers have shaped the Repairs Review - improving the customer repairs model and service offering.
- Customers have shaped 'Settle in with Salix' – a new approach for customers starting their new tenancy.
- Customers have shaped new Neighbourhood Action Plans, a Community Involvement Strategy, Customer Engagement Strategy, Building Safety Customer Engagement Strategy and a Customer Service Strategy.
- Customers have been involved in improving our complaints response service.
- Customers have scrutinised the approach to delivering excellent customer service, for which nine recommendations were made.
- Customers have scrutinised the customer communications, for which 10 recommendations were made.

**There is no doubting the positive impact of customer involvement at Salix Homes.**

## The Housing Ombudsman Complaint Handling Code

At its meeting on 4 June 2024, the Board of Salix Homes Ltd confirmed that it is assured that the organisation's approach to handling customer complaints is robust and meets the requirements set out in the Housing Ombudsman's Complaint Handling Code.

The Board is assured that the self-assessment against the Complaints Handling Code is a true reflection of Salix Homes Complaints Handling and notes that both the Board Member Responsible for Complaints, Jim Battle, and the Customer Committee have reviewed all the evidence showing how Salix Homes' meets each element of the Complaints Handling Code.

During 2023/24 Salix Homes placed an even greater focus on learning from feedback and complaints to ensure that the customer voice is heard and to make the necessary improvements to service provision as a result.

There is a commitment to learning from mistakes, sharing the learning with other internal teams and customers, and making positive changes to prevent the same issues from happening again.

As a result, the internal 'Lessons Spotlight' campaign was launched which focusses on one theme at a time, with 'putting yourself in the customer's shoes' as a thread running through all the spotlights.

The first theme was 'Communication' and incorporated a hard-hitting campaign about the importance of effective communication and the impact on customers. Success stories were also shared to ensure that good practices were understood and adopted by different areas of the organisation.

Complaints and learning are a regular agenda item in the monthly meetings with service managers. During these sessions, the latest performance is reviewed and identified learning points shared.

Additionally, Salix Homes has introduced a 'Learning Tracker' to monitor the progress and assess the impact of actions on future complaint themes.

Further information on how Salix Homes manages and responds to complaints can be found at [www.salixhomes.co.uk/contact-us/complaints-and-compliments](http://www.salixhomes.co.uk/contact-us/complaints-and-compliments).



## Colleagues

**Salix Homes prides itself on being a great place to work, offering an inclusive and supportive working environment and providing colleagues with opportunities to grow and thrive.**

During 2023/24, there has been engagement with colleagues on the approach to flexible working, and as a result a new hybrid working policy was launched in July 2023. It is believed that this approach continues to support the commitment to achieving a work life balance without compromising on the quality of service provided.

Further, the introduction of new values and competencies launched in October 2023 along with a new Corporate Plan, 'Our Sustainable Future', reaffirms the commitment to creating a successful organisation that places the customer at the heart of everything.

The new values clearly communicate to colleagues Salix Homes' expectations, and focus on being successful, trustworthy, and inclusive.

Colleagues have been provided with training on these values and competencies and to support the embedding of them, a recognition scheme that celebrates good practice has been established.

During 2023/24, Salix is proud to have achieved 'Member' status in the Greater Manchester Good Employment Charter, in recognition of our commitment to raising employment standards; this recognition perfectly complementing the values embedded within the organisation.

The 'Our Future Together' plan is now implemented and includes a more defined approach to hybrid working and revised organisational structure to promote a better response to the many challenges that the sector is facing, primarily by being customer facing and engaging.

This new approach establishes dedicated housing officers who can provide a more holistic service to customers within dedicated neighbourhoods, allowing them to develop a better understanding of the individual and the community. This change was well received by both colleagues and customers.

This year many of our customers have been particularly impacted by economic events, and this has made providing effective support more challenging. In response resilience workshops for colleagues have been provided and ensured that managers are aware of how to provide support to promote positive mental health.

Salix Homes also undertook a deeper dive into reasons for absence and benchmarked its mental health support with those identified as best practice by the Chartered Institute of Personnel and Development (CIPD) and found that the majority of these were in place. A reduction in the number of absences related to poor mental health is being observed.

**Salix Homes' colleagues are at the heart of making things happen and it is recognised that colleagues need to be engaged, equipped and empowered to perform their roles.**



# Inclusion

Salix Homes entered 2023 against an economic backdrop which was, and remains, particularly uncertain. Recognising the profound impact that increasing interest rates and declining real household incomes had upon customers, Salix Homes chose to prioritise addressing the socio-economic disadvantage that was being experienced. This has resulted in not only ensuring that access to financial support has been made available, but also in providing colleagues with training on how to support customers who are increasingly presenting with poor mental health, as a result in part of this challenging environment.

The organisation is also acutely aware of the continuing need to understand the diversity of customers and therefore we have increased efforts to improve the data held with the launch of the 'Getting to Know You' campaign. Whilst this data is very valuable in informing service design and delivery, it is recognised that to make informed decisions, customers need to be listened to in order to better understand their experiences and priorities. Consequently, in November 2023, Salix Homes re-introduced Working In Neighbourhood days, which provide an opportunity for all colleagues to meet customers face to face within the community on a regular basis. During 2023/24 the focus has been on gathering insight to inform tailored neighbourhood action plans.

From a colleague perspective, a notable change has been the commencement of ethnicity and disability pay gap reporting alongside gender pay gap reporting. This has shown that both women and those with disabilities are in higher paid roles, on average, when compared to males and those without disabilities. However, it also highlights that ethnically diverse colleagues are in lower paid roles, on average. This unfortunately is a common experience in many housing organisations, and Salix Homes, working alongside other Greater Manchester Housing Providers, have established the Boost Leadership programme which aims to diversify the ethnicity of those in leadership roles through a reciprocal mentoring scheme. Salix Homes is represented on the management board for this programme which has at the heart of it a commitment to work together to improve representation.

The inclusion journey continues to be one of learning and growth and Salix Homes is presently reflecting on the priorities and this will be promoted through a new approach to inclusion that will be implemented throughout 2024/25.

Read the latest Equality, Diversity and Inclusion Report on the Salix Homes website: [www.salixhomes.co.uk/about-us/reports-policies-and-transparency](http://www.salixhomes.co.uk/about-us/reports-policies-and-transparency)

# Health and Safety Building Safety

**The Board is aware of its responsibilities on all matters relating to health and safety.**

The Group has a dedicated internal Health and Safety team which oversees health and safety management across all colleague functions, and a dedicated building safety team that looks after all building safety and compliance, bringing in additional external expertise where required. This includes comprehensive health and safety policies, procedures, risk assessments, audit scrutiny, training, advice and retaining ISO45001 certification of the occupational health and safety management system.

Salix Homes owns 20 high rise buildings across Salford, and since the Grenfell Tower tragedy, Salix Homes has been at the forefront of building safety - raising safety standards to existing properties, advising government bodies on future recommendations and piloting and implementing the reforms in the new Building Safety Act.

In March 2023, Salix Homes became one of the very first housing associations to achieve Building a Safer Future Charter Champion Status - a national benchmark, awarded in recognition of the commitment to building safety and culture change.

The Building a Safer Future Charter Champion assessment is a robust benchmarking and verification process launched by the Building a Safer Future Charter to help organisations drive the systemic culture change required to put building safety first.

However, it is recognised that building safety is continuous journey, and with the Building Safety Regulator now established, and new duties, laws and safety standards in place, Salix Homes is committed to continuing to work closely with the wider housing sector, our housing partners across Greater Manchester, the Government, safety experts, and of course customers, to ensure all buildings are safe places to live, both now and in the future.

**In March 2023, Salix Homes became one of the very first housing associations to achieve Building a Safer Future Charter Champion Status.**



# Sustainability and the Environment

## Streamlined Energy and Carbon Reporting (SECR) 2023/24

The Salix Homes' Board has a defined vision for Salix Homes to become a carbon neutral organisation by 2038 – this is being implemented by the organisations Sustainability Strategy.

It continues to deliver upon its environmental and sustainability responsibilities and has a Business and Corporate Plan that supports this aim.

Electricity consumption across the organisation has reduced by 321 kwh across the year which covers its offices and site of operations, and from energy used within communal spaces of high and low-rise flats. As a social housing provider most of Salix Homes emissions result from its housing stock and is committed to ensuring that by 2030 none of the homes it provides are below Energy Performance Certificate (EPC) C.

In 2023/24, through the completion of a mixed programme of energy efficiency improvements (boilers and insulation), 112 properties moved from an EPC of D or below, to a rating of C or above. This now takes Salix to 86% of homes now EPC C or above. A pipeline is in place to ensure 100% of properties meet EPC C ratings by 2030.

Salix Homes was successful in 2023/24 in securing Social Housing Decarbonisation Funding amounting to £4.9m to assist with the decarbonisation of 176 properties. This funding will enable Salix Homes to make considerable progress towards its goal of reducing the carbon footprint of its social housing, while also improving the comfort and energy efficiency for customers.

In addition, annual boiler and insulation programmes continue to benefit homes with low energy efficiency.



**During 2023/24 some notable achievements include:**

Achieved an average **SAP score for our homes of 72.97.**

Achieved '**Gold**' accreditation in the **Sustainable Homes Index for Tomorrow** (SHIFT) assessment.

**Reduced carbon emissions** - our stock now emits 20,920 tonnes of carbon annually, an improvement of 1,608 tonnes since 2022.

**Installed Switchee smart thermostats in 2,445 homes** after securing £679,000 funding.

**Recycled 42.2 tonnes of furniture** through our furniture recycling scheme.

Started work on a **£10million green transformation** of two high-rise buildings.

Have completed the **Greenhaus development of 96 homes** and started the Willohaus development of 100 units, both to certified Passivhaus standards.

# Financial Report

## Overview

The Group financial statements report an operating surplus of £6.9m (2023: £7.2m) and surplus after taxation of £3.2m (2023: £4.6m).

Group turnover of £45.5m has increased by £6.6m (2023: £38.9m) in the year and operating costs of £40.4m have increased by £5.5m (2023: £34.9m).

The increase in income is mainly attributable to the sales receipts of 25 properties at the Kara Street development (£3.4m) to Salford City Council, and rent increases, including existing social housing rents capped at 7%, generating £3.3m.

Operating costs have correspondingly increased due to the cost of sales of £3.4m associated with the sales of the Kara Street properties and the increased costs of social housing service delivery during the year of £2.1m.

Turnover from social housing lettings has increased by £3.3m to £39.6m (2023: £36.3m) as a result of rent increases, whilst expenditure relating to these lettings has increased by £2.1m to increased service delivery costs.

During 2023/24 Salix Homes sold 30 properties under Right to Buy (RTB) and 2 properties under Right to Acquire (RTA) generating a surplus of £1.8m. This is noticeably fewer than the 59 properties sold under RTB and RTA in 2022/23 generating a surplus of £3.2m and is a position that will be closely monitored during 2024/25.

Fixed Assets have increased by £23.5m from £215.9m to £239.4m, and is representative of new development properties, including Greenhaus, Wynt View and Kara Street (£12.3m), investment in existing properties (£11.9m) less disposals of RTB and RTA properties (£0.7m).

This has been funded by borrowings which increased by £16.2m during the year from £79.8m to £96.0m, and grants of £8.8m.

The statement of financial position records a provision of £33.8m (2023: £47.2) which is offset by a corresponding amount in debtors, this represents the remaining six-year provision for future improvement work as part of a fifteen-year period of work agreed with Salford Council as part of the March 2015 stock transfer agreement. These are the works eligible for the reclaiming of VAT through the VAT shelter that has been approved by HMRC. Salix Homes reached its maximum share in March 2020/21 and continues to report the arrangement.

The Greater Manchester Pension Fund (GMPF) end of year pension report has seen the pension a surplus of £19.4m increasing to £23.4m. This is based on the latest actuarial report issued by the Greater Manchester Pension Fund's actuaries. Following discussions with advisors and auditors the pension fund remeasurement of £4m has been adjusted to a zero-asset ceiling position.

The net actuarial gain during the year was reported at £4.0m (2023: gain £4.5m) reflecting the impact of accounting for retirement benefits in accordance with Financial Reporting Standard 102 Retirement Benefits (FRS 102).

**The Group financial statements report an operating surplus of £6.9m (2023: £7.2m) and surplus after taxation of £3.2m (2023: £4.6m).**

# Treasury Management

**Salix Homes has a Treasury Management Policy and Strategy in place that are reviewed by the Board at least annually.**

Effective treasury management is essential to increasing financial capacity and resilience. During 2022/23 Salix Homes commenced a refinancing exercise to address liquidity and interest rate risk. The refinancing completed on 21 July 2023, with the existing debt being replaced with a restated £120m facility.

A key element of the new facility was a change in the calculation of the Interest Cover requirement to an EBITDA Only requirement. This change has significantly improved the financial resilience of the organisation by increasing the financial headroom available to deal with any unforeseen financial shocks.

Of this £120m facility, £60m has been drawn and fixed for 15 years and £20m for 10 years. The remainder, where drawn, is subject to variable rate.

On 31 March 2024, Salix Homes had total loan facilities of £120m of which £96m had been drawn (2023: £79.8m). 98.2% of the Group's housing properties were charged as loan security (2023: 99.8%).

As of 31 March 2024, the weighted average interest rate was 5.41% (2023: 3.85%). The increase reflects the economic environment at the time that the majority of borrowings were fixed.

The Treasury Management Policy requires that 18 months' liquidity should be available to meet all approved commitments. This requirement has been met throughout 2023/24, however an additional Revolving Credit Facility is currently being agreed with NatWest that will take the total facility to £130m and ensure liquidity is in place to meet future development aspirations.

At the year end, Salix Homes Limited held cash balances totalling £5.5m (2022: £2.2m) of which £5.5m (2022: £2.1m) was held in an overnight deposit account at an annual interest rate of 1.45% (2023: 1.00%).

The reserves of the Group on 31 March 2024 totalled £96.2m (2022: £92.9m). The financial business plan generates surpluses in each year which are re-invested in existing homes, communities, services and planned new developments with some provision for contingencies.

The Board is satisfied that the reserves on 31 March 2024 are at a level that is appropriate.

# Value for Money

Salix Homes is committed to ensuring that all services provide value for money. This is also monitored by the Regulator of Social Housing, the requirements of which are set out in the Value for Money Standard.



## Salix Homes aims to:

Provide a high-quality service to our customers and colleagues.

Optimise our income and financial return on our assets.

Improve the quality of life of our customers and those who live in our communities.

Increase the efficiency in the delivery of our services and use of resources.

Salix Homes uses the PAVE asset evaluation tool to calculate the return on asset investment; this is a net present value (NPV) based asset grading system which classifies properties as red, amber or green (RAG rating), based on stock condition, neighbourhood and other performance and financial data. This helps inform asset related strategies with a view to improving performance across all properties. These results have support strategies relating to property investment and new development.

During 2023/24 it is estimated that approximately £609k of cashable savings were achieved by implementing Value for Money initiatives, and a further £1.1m costs that have been avoided through proactive management.

## Some Value for Money headlines include:

# 84%

of all transactions are now carried out using self-service.

# 99.4%

of repairs appointments were kept.

# 96.3%

of repairs were completed in a single visit.

## Salix Homes has saved

# £508,757

through using the Procure Plus framework to appoint contractors, which also channelled £60,625 into social value projects.

## Provided

# 47 people

with employment or training opportunities with our contractor partners via the Procure Plus framework.

A key component of this good practice is the embedding of key performance indicators relating to procurement which can be measured over time.

**Some of the key measures in 2023/24 are shown in the table below:**

|  | <b>2023/24</b> |
|--|----------------|
| % of spend under contract                              | 81%            |
| Suppliers with an annual spend over £50k               | 71 (of 293)    |
| % of spend over £50k contracts                         | 94%            |
| Spend with SME suppliers                               | £10m           |
| Spend with suppliers located within Greater Manchester | £14.5m         |
| Procurement challenges (by aggrieved suppliers)        | 0              |
| Customer complaints                                    | 0              |
| Waivers issued – quantity                              | 37             |
| Waiver issued - value                                  | £3.5m          |

The strategic procurement function continues to develop, refine, and embed good procurement and contract management practices across the organisation.

The impact of this work continues to be evidenced by improving key performance indicators, a positive internal audit review during the year, and savings and efficiencies generated by this activity.

The Business Plan is constructed in order to ensure that finances are aligned to strategic and operational activities and that VFM is obtained through utilising resources effectively. VFM initiatives deliver benefits throughout the life of the plan, however more specific efficiency targets relating to pensions, ICT, and procurement have been included and are expected within forward projections.

## Value for Money Metrics

The regulator for social housing sets the Value for Money Standard and Code of Practice for social housing. It defines seven key financial metrics to be measured and reported against each year along with comparisons against peer performance.

The table below shows actual performance for 2023/24 compared to budget and also compares 2022/23 performance compared to peers and

The comparator peer group of 10 housing associations has been selected from more recent stock transfer organisations, also taking account of stock numbers and location to reflect similar social demographics.

Overall, the metrics continue to reflect the journey of Salix Homes since transfer and the continued commitment to provide quality homes and services. Salix Homes continues to provide significant financial investment into existing properties to maintain the Decent Homes Standard and to ensure customers' homes provide the highest level of safety.

| VFM Metrics;   | Actual<br>2022/23 | Peer Group<br>2022/23 | Budget<br>2023/24 | Actual<br>2023/24 | Target<br>2024/25 | Target<br>2025/26 | Target<br>2026/27 |
|--|-------------------|-----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>1 – Reinvestment %</b>                                | 12.4%             | 9.6%                  | 11.9%             | 13.5%             | 12.5%             | 12.6%             | 6.8%              |
| <b>2A – New supply (Social housing units) %</b>          | 0.0%              | 1.1%                  | 0.9%              | 1.5%              | 1.6%              | 0.0%              | 2.1%              |
| <b>2B – New supply (Non-social housing units) %</b>      | 0.01%             | 0.00%                 | 0.31%             | 0.34%             | 0.0%              | 0.0%              | 0.0%              |
| <b>3 – Gearing %</b>                                     | 40%               | 40%                   | 43%               | 42%               | 40%               | 44%               | 42%               |
| <b>4 – EBITDA MRI Interest Cover %</b>                   | 114%              | 98%                   | -13%              | -54%              | -119%             | 24%               | 54%               |
| <b>5 – Headline social housing cost per unit £</b>       | £4,083            | £4,406                | £4,988            | £5,120            | £5,989            | £5,234            | £5,270            |
| <b>6A – Operating margin (Social housing lettings) %</b> | 12.4%             | 16.4%                 | 13.2%             | 14.1%             | 18.8%             | 15.3%             | 17.8%             |
| <b>6B – Operating margin (Overall) %</b>                 | 10.3%             | 12.8%                 | 10.7%             | 11.0%             | 13.6%             | 13.4%             | 15.9%             |
| <b>7 – Return on capital employed %</b>                  | 3.0%              | 3.5%                  | 3.9%              | 2.7%              | 4.1%              | 3.6%              | 4.3%              |



## The financial metrics are detailed below with corresponding commentary around performance.

**1 = The reinvestment** metric looks at the investment in properties (existing stock and new supply) as a percentage of the net value of total properties held.

Actual performance is ahead of the in-year target and against peers. This reflects Salix's continued investment in properties to ensure 100% decency and safety as well as a commitment to developing new housing. The targets moving forward reflect the anticipated lower level of investment required, given that all homes are now fully decent.

**2A = The new supply** metric sets out the number of newly constructed social housing properties (either developed or acquired) as a proportion of total social housing properties owned.

Positive performance has been achieved in 2023/24 as Salix continued their development programme with two schemes completing in the year; 24 units at Wynt View in Partington, Trafford and 96 units at Greenhaus in Chapel Street, Salford. Targets moving forward reflect development aspirations to provide much needed affordable homes in Salford.

**2B = The new supply (Non-social housing units) %** metric calculates the number of newly constructed non-social housing properties (either developed or acquired) as a proportion of total social and non-social properties owned.

Actual performance relates to the completion of 25 properties for outright sale to Salford Council as part of the Neighbourhood (Kara Street) development as well as buy backs of properties which were formally subject to the RTB. Future targets reflect a concentrated move towards social housing.

**3 = Gearing %** – assesses how much of adjusted assets are made up of debt. It is calculated by debt (net of cash) as a proportion of the net book value of total properties held;

Actual performance was broadly in line with target and reflects debt or loan drawdowns to fund investment and development programmes during the current and future years.

**4 = EBITDA MRI Interest Cover %** – an indicator of liquidity and investment capacity. It is an acronym for earnings before interest, tax, depreciation and amortisation including major repair improvement and is measured against interest costs. This is an indicator of operating surplus in comparison to interest payable;

The negative % performance calculated is mostly as a result of significant investment works (classified as major work improvement) which is forecast to continue over the next two years. These works include extensive energy efficiency works across two high rise blocks. Salix is then expecting to move into a positive % position as a result of reduction in these investment costs and an increase in operating surplus.

**5 = Headline social housing cost per unit £** – as defined by the regulator this is a calculation of the total social housing costs in the year divided by the total number of social housing units. The headline cost per unit is an important and simple indicator to reflect how much resource is spent in total upon each property owned by an organisation;

Although the number of social housing units Salix owns has increased the total expenditure incurred has increased further resulting in an increase in the headline cost per unit for 2023/24. The increase in expenditure is mainly as a result of high levels of inflation, higher levels of maintenance costs factored into the business plan for the next five years as well as an extensive smart thermostat

rollout programme (following a successful bid from the Social Housing Quality Fund). It should also be noted that the next two years includes significant investment in decarbonisation works at two tower blocks (Grey Friar and White Friar Court). The metric however does not take into account grant funding so performance can appear skewed.

**6A = Operating margin (social housing lettings)**

**%** – This demonstrates profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business;

Salix's core activities show an increase year on year on operating margin which is aligning with average performance of peers. This is as a result of increasing rent offset by increased expenditure. In line with strategic reviews of risk, the VFM standard issued by the Regulator of Social Housing and the corporate plan Salix will continue to review areas to help improve the operating margin.

**6B = Operating margin (overall) %** – profitability overall of operations (before interest and tax); The operating margin is a measure of how much revenue contributes to the Business Plan, essentially the higher the margin the greater contribution to financial capacity as a greater level of reserves can be used, amongst other possibilities, to support loan covenant headroom, ability to repay debt, and generate additional financial resilience.

This metric has improved in 2023/24 due to the reasons the social housing lettings % has improved despite a reduction in the volume of properties sold under the right to buy.

Given the prudent level of efficiency built into the Business Plan, there will be a strong focus to introduce non-budgeted efficiencies that will be captured upon crystallisation. These should translate into an improved operating margin to those currently reported.

**7 = Return on capital employed** – compares operating surplus to total assets less current liabilities and can be used to assess the efficient investment of capital. This is an indicator of the effectiveness on use of capital.

The adjusted operating surplus was less than budgeted due to the reduction in the volume of properties sold under the right to buy however our net asset base continued to grow. Two developments completed in year with another two on site at year end.

Performance is forecast to improve in future years as a result in increased operating surpluses. There is also a long-term debtor within the accounts to reflect the remaining six years of the VAT shelter agreement with Salford City Council and as this starts to reduce in future years this can skew the metric.

## Social Value

Salix Homes is committed to improving social returns in communities both directly by supporting customers into employment, training and apprenticeships and by working with suppliers as part of the procurement process, and through involvement in the Greater Manchester Housing Providers (GMHP) social value projects.

During 2023/24 the Salix Seed Fund was launched, a new initiative that empowers colleagues to make a positive impact in the Salford community. It is a funding pot of £40,000 provided by Salix Homes' contractors and earmarked for 'social value' projects.

The initiative aims to promote community engagement, build better relationships with customers, enhance health and wellbeing, improve lives, and increase opportunities for the people of Salford, by funding social value projects that directly benefit customers and communities.



### Projects funded include:

#### The Shed Creative Health

A project that supports vulnerable men with complex needs including physical and mental health issues, by providing support and access to arts, culture and heritage activities to help improve their health and wellbeing.

#### Salford Loaves and Fishes

A charity which supports homeless, isolated and vulnerable people across Salford. The Salix Seed Fund grant is being used to deliver a Flexible Learning Hub at the charity's Skills For Life Centre, to help people develop digital skills and complete online training courses. This includes maths, English and IT, as well as a range of accredited course in skills such as health and safety and food hygiene to help improve people's employment prospects.

#### School Sensory Garden

Children and staff at Wharton Primary School were left devastated when their sensory garden and all-weather pitch were targeted by vandals. The facilities provide vital outdoor space for children with special educational needs, but the school was left facing a hefty bill to fix the damage caused. Thanks to a helping hand from the Salix Seed Fund, the school is being supported to fix the damage and help enrich the children's education.

#### DoSportUK

A project which provides sporting opportunities to people of all ages with disabilities. The Salford Knights inclusive basketball team is part of the DoSportUK initiative, providing a fun and inclusive environment for people with learning difficulties to play basketball, make friends and feel part of a team. The project is a lifeline for many of its members, helping to tackle the health and social inequalities that exist for people with disabilities.





### Other social value highlights during the year include:

Allocated £50,000 from the Salix Customer Support Fund, helping 244 customers who were experiencing financial hardship.

Helped customers to claim benefits worth £50,454.

Assisted 233 customers with their claims for Universal Credit.

Raised 112 foodbank vouchers, helping 142 adults and 89 children with food parcels.

Made 273 referrals to external support agencies.

# Performance

## Tenancy Satisfaction Measures

The collection of the new Tenant Satisfaction Measures (TSMs) commenced in April 2023 in accordance with the Regulatory requirements. These are reported on the Salix Homes Website and can be accessed using [www.salixhomes.co.uk/about-us/performance](http://www.salixhomes.co.uk/about-us/performance).

There was no comparative data on which to base targets when Salix Homes commenced the recording of TSMs and, therefore, targets had originally been based upon the first quarter of 2023/24 performance outcomes.

These targets were purposely set high for 2023/24 and are applied consistently across the tenant satisfaction measures. This ensured a continual focussed on driving performance improvement during the year and demonstrated a proactive implementation and use of the TSMs to the RSH.

As more data is recorded these targets have been reviewed by the Board in 2024/25, considering primarily aspiration but also using comparative performance with organisations locally and nationally.



The tables on the following pages show operational performance during the year compared to previous year and target indicators.



**Performance at or above expected level**

= 80% satisfaction or above



**Performance below expected level / tolerance**

= 79% satisfaction or below; and / or satisfaction score has fallen by 5% or more during the year.



## Salix Performance Measures



| Indicator  | VFM                       | 22-23 Performance | 23-24 Target | 23-24 Performance | Status |
|--|---------------------------|-------------------|--------------|-------------------|--------|
| Overall satisfaction   | High Quality Service      | n/a               | 80%          | 75%               | ✗      |
| Satisfaction with repairs  | High Quality Service      | n/a               | 86%          | 73%               | ✗      |
| Satisfaction with time taken to complete most recent repair                            | High Quality Service      | n/a               | 80%          | 65%               | ✗      |
| Satisfaction that the home is well maintained  | High Quality Service      | n/a               | 87%          | 77%               | ✗      |
| Satisfaction that the home is safe   | High Quality Service      | n/a               | 82%          | 80%               | ✗      |
| Satisfaction that the landlord listens to tenant views and acts upon them              | High Quality Service      | n/a               | 87%          | 77%               | ✗      |
| Satisfaction that the landlord keeps tenants informed about things that matter to them | High Quality Service      | n/a               | 87%          | 85%               | ✓      |
| Agreement that the landlord treats tenants fairly and with respect                     | High Quality Service      | n/a               | 88%          | 88%               | ✓      |
| Satisfaction with the landlord's approach to handling complaints                       | High Quality Service      | n/a               | 80%          | 46%               | ✗      |
| Satisfaction that the landlord keeps communal areas clean and well maintained          | High Quality Service      | n/a               | 80%          | 81%               | ✓      |
| Satisfaction that the landlord makes a positive contribution to neighbourhoods         | Improving quality of life | n/a               | 80%          | 77%               | ✗      |
| Satisfaction with the landlord's approach to handling anti-social behaviour            | Improving quality of life | n/a               | 80%          | 74%               | ✗      |
| Number of stage 1 complaints received per 1,000 homes                                  | High Quality Service      | n/a               | 41.07        | 40.06             | ✓      |
| Number of stage 2 complaints received per 1,000 homes                                  | High Quality Service      | n/a               | 7.34         | 5.8               | ✓      |

## Salix Performance Measures



| Indicator   | VFM   | 22-23 Performance | 23-24 Target | 23-24 Performance | Status |
|---|---|-------------------|--------------|-------------------|--------|
| Stage 1 complaints responded to within Complaint Handling Code timescales                   | High Quality Service                        | n/a               | 80.8%        | 87.5%             | ✓      |
| Stage 2 complaints responded to within Complaint Handling Code timescales                   | High Quality Service                        | n/a               | 72.2%        | 91.3%             | ✓      |
| Number of anti-social behavioural cases opened per 1,000 homes                              | Improving quality of life                   | n/a               | 150.70       | 131.96            | ✓      |
| Number of anti-social behavioural cases that involve hate incidences opened per 1,000 homes | Improving quality of life                   | n/a               | 3.29         | 3.13              | ✓      |
| Repairs completed within target timescale: non-emergency repairs                            | Efficiency in services and use of resources | n/a               | n/a          | 60.7%             | -      |
| Repairs completed within target timescale: emergency repairs                                | Efficiency in services and use of resources | n/a               | n/a          | 100%              | -      |
| Homes that do not meet the Decent Homes Standard  | Improving quality of life                   | 0%                | 0%           | 0.15%             | ✗      |



Performance above expected level or within agreed tolerance



Performance below expected level

- New measure

## Salix Performance Measures



| Indicator   | VFM   | 22-23 Performance | 23-24 Target | 23-24 Performance | Status |
|---|---|-------------------|--------------|-------------------|--------|
| % of customer service officers with satisfactory or above call quality monitoring score   | High Quality Service                        | 100%              | 90.00%       | 94%               | ✓      |
| % of self-service transactions  | Efficiency in services and use of resources | 84.26%            | 83.00%       | 84.14%            | ✓      |
| % of digital transactions via MySalix   | Efficiency in services and use of resources | 17.0%             | n/a          | 14.7%             | -      |
| % of repairs completed in a single visit  | Efficiency in services and use of resources | 95.5%             | 92.0%        | 96.3%             | ✓      |
| % of repairs appointment kept   | Efficiency in services and use of resources | 99.2%             | 99.0%        | 99.4%             | ✓      |
| % of general needs properties currently tenanted  | Efficiency in services and use of resources | 99.4%             | 99.4%        | 99.59%            | ✓      |
| % of sheltered properties currently tenanted  | Efficiency in services and use of resources | 99.0%             | 98.3%        | 99.31%            | ✓      |
| Average managed re-let time (days)  | Efficiency in services and use of resources | 42.54             | 40.00 days   | 37.18             | ✓      |
| Average cost of a void property   | Efficiency in services and use of resources | £3,386            | £3,554       | £4,158            | ✗      |
| Average cost of a void property (including capital costs)                                 | Efficiency in services and use of resources | £3,809            | £4,099       | £4,668            | ✗      |
| Average void rent loss  | Efficiency in services and use of resources | 0.84%             | 0.84%        | 0.81%             | ✓      |
| Rent arrears of current tenants as a percentage of rent due                               | Efficiency in services and use of resources | 1.57%             | 1.54%        | 1.66%             | ✓      |
| Current and former rent and service charge collection rate (exc. arrears brought forward) | Optimising income and financial return      | 98.56%            | 98.56%       | 99.58%            | ✓      |
| Universal credit current and former collection rate (exc. arrears brought forward)        | Optimising income and financial return      | 98.52%            | 98.52%       | 99.40%            | ✓      |
| Average annual days lost per employee due to sickness absence                             | Efficiency in services and use of resources | 10.4 days         | 8.6 days     | 9.9 days          | ✗      |



## Salix Performance Measures



| Indicator  | VFM                                    | 22-23 Performance | 23-24 Target | 23-24 Performance | Status |
|--|--|-------------------|--------------|-------------------|--------|
| Gas safety checks  | Improving quality of life              | 100%              | 100%         | 100%              | ✓      |
| Fire safety checks   | Improving quality of life              | 100%              | 100%         | 100%              | ✓      |
| Water safety checks  | Improving quality of life              | 100%              | 100%         | 100%              | ✓      |
| Lift safety checks   | Improving quality of life              | 100%              | 100%         | 100%              | ✓      |
| Asbestos checks (communal)   | Improving quality of life              | 100%              | 100%         | 100%              | ✓      |
| Domestic electrical safety certificates in place (5 year)                            | Improving quality of life              | n/a               | n/a          | 94.37%            | -      |
| Domestic electrical safety certificates in place (10 year)                           | Improving quality of life              | 99.68%            | 100%         | 99.94%            | ✗      |
| Home Safety Visits (HSV)   | Improving quality of life              | n/a               | 25.0%        | 25.0%             | ✓      |
| Number of open damp and mould cases  | Improving quality of life              | n/a               | n/a          | 122               | -      |
| % of damp and mould cases treated within 4-week timescale (rolling 12 month)         | Improving quality of life              | n/a               | n/a          | 80.27%            | -      |
| Average time to complete damp and mould case (rolling 12 month)                      | Improving quality of life              | n/a               | 28 days      | 19.84 days        | ✓      |
| Total number of Class 1 Hazards identified YTD (opened and closed, rolling 12 month) | Improving quality of life              | n/a               | n/a          | 5                 | -      |
| Total number of Class 2 Hazards identified YTD (opened and closed, rolling 12 month) | Improving quality of life              | n/a               | n/a          | 2,140             | -      |
| Number of properties newly built, acquired or in development                         | Optimising income and financial return | n/a               | 100          | 311               | ✓      |

Overall, performance for 2023/24 is positive during a challenging operational period with the majority of indicators at or above expected levels.

In relation to those areas where performance is below expected actions are ongoing to review these areas and outcomes are reported monthly to the Senior Management Team and quarterly to the Board.

# Risk Management

**Salix Homes has an established Risk Management Framework which is aligned to business activities and supports the achievement of corporate objectives and the Business Plan. The Board has overall responsibility for risk management at Salix Homes although this is supported by the Audit & Risk Committee.**

The Audit & Risk Committee and Senior Management Team have maintained their programme of risk identification and mitigation throughout the year. Risks are considered at all levels across the business and all decisions taken by the Board or Committees consider relevant risks.

A Risk Management Framework is in place to identify, evaluate and manage the significant risks faced by the Group, arising from corporate priorities and wider risks facing the sector and the economic operating environment.

The Board and Audit & Risk Committee are kept informed on the implications of the changing environment to the business, its customers and colleagues.

The key risks are reviewed six monthly, or more frequently by exception by the Board, and controls are in place to mitigate risks. The Audit & Risk Committee review the strategic risk register in detail each quarter and gains assurance that risks are being appropriately managed. External assurance is received annually in relation to the risk register and risk management activities via an independent consultant, Hargreaves Risk and Strategy.

The Board also discussed risk in terms of financial resilience at its Strategy Days during the year, shaping risk appetite and stress testing of the Business Plan. In doing so it considered the Sector Risk Profile 2023 which has provided a broader context to the Board of an operating environment presenting unprecedented challenges in terms of managing risk.

During 2023/24 the risks identified with the highest impact upon the organisation were identified as:

**Data security and cyber-attack**

**Development**

**Asset Management**

**Changes in the External Environment**

**Repairs and Maintenance**

**Rent Arrears & Bad Debts**

**Rent & Service Charge Setting**

**Inability to Insure Assets**

**Contractual failure or dispute impacting delivery and cost**

**Building and property safety**

**Growth and development of the organisation**

**Liquidity**

The Board have an approved Risk Appetite Statement, which currently identifies areas where it has for example a lower appetite in areas such as health & safety and cyber risk, whilst there is a higher-level appetite for risk in development of new homes.

Risk appetite and risk-based stress testing is an integral part of the financial planning process to understand how change impacts on financial viability. This is considered alongside an identified mitigation process.

### Internal Controls Assurance

The Board has ultimate responsibility for establishing and maintaining an effective system of internal control and risk management framework for the Group that is appropriate to the various business environments in which it operates, and for annually reviewing its effectiveness.

The system of internal control is designed to manage rather than eliminate risk that key business objectives and expected outcomes will not be achieved and provide reasonable but not absolute assurance against material misstatement or loss.

The Board has adopted a risk-based approach to internal controls, which is embedded within the day-to-day management and governance processes and the wider control environment. This approach includes the regular evaluation of the risks that the Group may be exposed to.

The Audit & Risk Committee is responsible for monitoring this system and is provided with assurance that key risks are being managed in line with the risk management framework every quarter. Annually, the Audit & Risk Committee reviews the effectiveness of the internal control system.

The Senior Management Team (SMT) are responsible for the identification and evaluation of key risks applicable to their areas of business and work closely with operational managers in the design and operation of suitable internal controls.

The Board reviews the strategic risks and associated controls at least every 6 months and more frequently if the risk profile or operating environment changes. An annual review of the Sector Risk Profile as published by the Regulator of Social Housing (RSH) compared to the risks identified by Salix Homes is reported to and discussed by the Board. The process for identifying, evaluating, and managing risk has been aligned to best practice and this is verified as part of an independent annual review of risk management arrangements via our external risk consultants.

Key performance indicators (KPIs), both financial and non-financial including the Tenant Satisfaction Measures (TSMs), are reported to SMT (monthly) and the Board (quarterly). These KPIs are used to inform discussions at Executive Team meetings and are used to help drive improvements to the internal control framework.

Financial control is exercised through the setting of detailed budgets each year which feed into the annual financial business planning process, coupled with regular, detailed management accounts reports.

Salix Homes has a comprehensive programme of internal audits which is discussed and approved by the Audit & Risk Committee on an annual basis in line with new and emerging risks and delivered by an outsourced internal audit partner (BDO). Agreed recommendations for improvements are implemented by management and progress for the implementation of recommendations is monitored by the Audit & Risk Committee and reviewed by the internal audit partner.

The internal auditors report directly to each meeting of the Audit & Risk Committee. Annually, they provide an opinion on the control systems in place within Salix Homes - to give the Committee assurance on the design and operation of risk management, controls, and governance arrangements. Based on the work undertaken by BDO during the year, it is confirmed that risk management, control and governance arrangements were operating with

sufficient effectiveness to provide assurance that the related risk management, control and governance objectives were achieved for the period under review.

The work of the External Auditor (Beever & Struthers) provides independent assurance over the adequacy of the internal control. The External Auditor's management letter, which is required to report any material weaknesses in internal controls identified during their audit work, has been received and reviewed by Board and Audit & Risk Committee. There were no such weaknesses identified.

The Board has a zero-tolerance to fraud, through its approved Anti-Fraud and Anti-Money Laundering Policy, and in addition to the normal checks and balances to prevent fraud the adopted Code of Conduct (NHF 2022) clearly sets out responsibilities and standards of conduct. A Whistleblowing Policy is also in place and colleagues are encouraged to report any wrongdoing they become aware of. Information with respect to frauds and losses frauds reported or uncovered are recorded in the fraud register and reported to the Audit & Risk Committee six monthly, as a minimum. There have been no reported actual frauds during the period.

**The Board has not identified any weaknesses which have resulted in material misstatement or loss which would require disclosure in the financial statements.**

The Board have reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2024. Up to the date of signing these financial statements, based on the assurances provided by the key elements of the system of internal control, opinions of internal audit and external audit, and other assurance sources it has not identified any weaknesses which have resulted in material misstatement or loss which would require disclosure in the financial statements.



## Donations

There have been no political donations during the year (2023: £nil).

## Going Concern

The Group's business activities, its current financial position, and factors likely to affect its future development are set out within the report and financial statements.

The Group has in place debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the day-to-day operations.

The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lender covenants. As of 31 March 2024, the group had available cash balances of £5.5m and a further £24m of secured but undrawn loan facilities that could be drawn at short notice.

The Board's assessment of going concern involves subjective judgments including, but not limited to potential increased rent arrears, delayed rent collections, increased voids, and increasing inflation and interest rates.

In making their assessment the Board have also considered the possible mitigations available to manage the potential impact on its cashflows and liquidity.

Both single and multi-variate stress tests have been applied to the business plan to assess financial resilience, including the normal suite of scenarios that are tested regularly. These tests include assessment of the impact of sensitivities on the association's cash flow requirements, compliance with debt facilities, as well as covenant compliance. Potential mitigating actions has been considered and approved by the Board.

This stress testing found that the business plan is robust and does not affect the group's ability to meet its obligations.

On this basis, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed.

The Board therefore continues to adopt the going concern basis as set out within Note 2 of the financial statements.

**This stress testing found that the business plan is robust and does not affect the group's ability to meet its obligations.**

# Board's responsibilities in respect of the financial statements

The Board is responsible for preparing this report and the financial statements in accordance with applicable law and regulations. Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board has elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and Association and of the income and expenditure of the Group and Association 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 that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that its 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.

The Board has general responsibility for taking such steps as are reasonably open to safeguard the assets of the Group and Association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Salix Homes website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Disclosure of information to the auditors

Insofar as each of the Board members is aware, at the date of preparing this report there is no relevant information needed by the Group and Association's auditors in connection with preparing their report of which they are unaware, and Board members have taken all steps that they ought to have taken as a Board member in order to make themselves aware of any relevant information needed by Group and Association's auditors in connection with preparing their report and to establish that the auditors are aware of that information.

## Statement of Compliance

The form and content of this strategic report and Report of the Board has been prepared in accordance with the Statement of Recommended Practice for registered social housing providers 2018.

## External Auditors

A resolution to re-appoint Beever & Struthers as external auditors will be put to the Annual General Meeting.

## Annual General Meeting

The Annual General Meeting will be held on 24th September 2024.

The Report of the Board, including the Strategic Report, was approved by the Board on 17th September 2024 and signed on its behalf by:



**Jim Battle**  
Chair

# Report of the independent auditors

## Opinion

We have audited the financial statements of Salix Homes Limited (the Association) and its subsidiaries (the Group) for the year ended 31 March 2024 which comprise the Consolidated and Association Statement of Comprehensive Income, Consolidated and Association Statement of Financial Position, Consolidated Statement of Reserves, Association Statement of Reserves, Consolidated Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. 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 Group's and of the Association's affairs as of 31 March 2024 and of the Group's income and expenditure and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 Group and 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 Group's or 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 and Strategic Report, 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 we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- the Association has not maintained a satisfactory system of control over transactions; or
- the Association has not kept proper accounting records; or
- the Association's financial statements are not in agreement with 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 Board's Responsibilities set out on page 33, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines 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 is responsible for assessing the Group's and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or the Association or to cease operations, or has no realistic alternative but to do so.



## **Auditor's responsibilities for the audit of the financial statements**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's 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, regulations and guidance that affect the Group and Association, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws, regulations and guidance that we identified included the Co-operative and Community Benefit Societies Act 2014, 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 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 regulated nature of the Group's activities.
- We reviewed financial statements disclosures and 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 members of the Association, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and Section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.



Signed by: \_\_\_\_\_

### Beever and Struthers

Statutory Auditor  
One Express  
1 George Leigh Street  
Manchester  
M4 5DL

Date: \_\_\_\_\_

## Statement of comprehensive income

|  | Note      | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--|-----------|------------------------|------------------------|------------------------------|------------------------------|
| Turnover                               | 3         | 45,493                 | 38,918                 | 45,493                       | 39,064                       |
| Surplus on Disposals of Properties     | 3         | 1,846                  | 3,152                  | 1,846                        | 3,152                        |
| Operating Costs                        | 3         | (40,481)               | (34,919)               | (40,474)                     | (34,919)                     |
| <b>Operating Surplus</b>               |           | <b>6,858</b>           | <b>7,151</b>           | <b>6,865</b>                 | <b>7,297</b>                 |
| Interest receivable                    | 8         | 112                    | 3                      | 144                          | 44                           |
| Interest and financing costs           | 9         | (3,819)                | (2,761)                | (3,819)                      | (2,761)                      |
| <b>Surplus for the year before tax</b> |           | <b>3,151</b>           | <b>4,393</b>           | <b>3,190</b>                 | <b>4,580</b>                 |
| Taxation                               | 10        | -                      | 205                    | -                            | 205                          |
| Share of profits in Joint Venture      | 15        | 29                     | -                      | -                            | -                            |
| <b>Surplus for the year after tax</b>  | <b>11</b> | <b>3,180</b>           | <b>4,598</b>           | <b>3,190</b>                 | <b>4,785</b>                 |
| Actuarial gain of pension scheme       |           | 117                    | 4,523                  | 117                          | 4,523                        |
| <b>Total comprehensive income</b>      |           | <b>3,297</b>           | <b>9,121</b>           | <b>3,307</b>                 | <b>9,308</b>                 |

The turnover and operating surplus are derived from continuing operations. The notes form an integral part of these accounts.

There are no recognised surpluses or deficits other than the surplus for the year as stated above.

The financial statements on pages 43 to 79 were approved and authorised for issue by the Board on 17 September 2024 and were signed on its behalf by



*Jim Battle*

**Chair**  
Jim Battle

*Martin Warhurst*

**Chair Audit Committee**  
Martin Warhurst

*Eric Tamanis*

**Secretary**  
Eric Tamanis

## Statement of financial position

|  | Note      | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--|-----------|------------------------|------------------------|------------------------------|------------------------------|
| <b>Fixed Assets</b>                          |           |                        |                        |                              |                              |
| Housing Properties                           | 13        | 213,200                | 194,614                | 213,747                      | 195,130                      |
| Other fixed assets                           | 14        | 1,554                  | 846                    | 1,554                        | 846                          |
| Investment                                   | 15        | 800                    | 573                    | -                            | -                            |
| <b>Debtors due above one year</b>            | <b>16</b> | <b>15,196</b>          | <b>37,264</b>          | <b>15,996</b>                | <b>37,836</b>                |
| <b>Current Assets</b>                        |           |                        |                        |                              |                              |
| <b>Debtors due within one year</b>           | <b>16</b> | <b>30,128</b>          | <b>13,441</b>          | <b>30,216</b>                | <b>13,429</b>                |
| Stock & work in progress                     | 17        | 3,484                  | 3,161                  | 3,622                        | 3,255                        |
| Cash and cash equivalents                    | 18        | 5,496                  | 2,231                  | 5,305                        | 2,211                        |
|  |           | 39,108                 | 18,833                 | 39,143                       | 18,895                       |
| Creditors due within one year                | 19        | (14,234)               | (9,911)                | (14,274)                     | (9,956)                      |
| <b>Net Current Assets</b>                    |           | <b>24,874</b>          | <b>8,922</b>           | <b>24,869</b>                | <b>8,939</b>                 |
| <b>Total Assets less Current Liabilities</b> |           | <b>255,624</b>         | <b>242,219</b>         | <b>256,166</b>               | <b>242,751</b>               |
| Creditors due above one year                 | 22        | (125,699)              | (102,182)              | (125,699)                    | (102,182)                    |
| Provision for other liabilities              | 25        | (33,766)               | (47,175)               | (33,766)                     | (47,175)                     |
| <b>Total Net Assets</b>                      |           | <b>96,159</b>          | <b>92,862</b>          | <b>96,701</b>                | <b>93,394</b>                |
| <b>Reserves</b>                              |           |                        |                        |                              |                              |
| Non-equity share capital                     | 26        | -                      | -                      | -                            | -                            |
| Income and expenditure reserves              |           | 96,159                 | 92,862                 | 96,701                       | 93,394                       |
| <b>Total Reserves</b>                        |           | <b>96,159</b>          | <b>92,862</b>          | <b>96,701</b>                | <b>93,394</b>                |

The financial statements on pages 43 to 79 were approved and authorised for issue by the Board on 17th September 2024 and were signed on its behalf by



**Chair**  
Jim Battle



**Chair Audit Committee**  
Martin Warhurst



**Secretary**  
Eric Tamanis

## Statement of changes in reserves

|                                     | Group<br>2024<br>Income and<br>expenditure<br>reserve<br>£'000 | Group<br>2023<br>Income and<br>expenditure<br>reserve<br>£'000 | Association<br>2024<br>Income and<br>expenditure<br>reserve<br>£'000 | Association<br>2023<br>Income and<br>expenditure<br>reserve<br>£'000 |
|-------------------------------------|--|--|--|--|
| <b>Cost</b>                         |  |  |  |  |
| Balance at start of year            | 92,862   | 83,741   | 93,394   | 84,086   |
| Surplus for the year                | 3,180  | 4,598  | 3,190  | 4,785  |
| Other comprehensive income for year | 117  | 4,523  | 117  | 4,523  |
| <b>Balance at 31 March</b>          | <b>96,159</b>  | <b>92,862</b>  | <b>96,701</b>  | <b>93,394</b>  |

## Statement of cash flows

|   | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|---|------------------------|------------------------|------------------------------|------------------------------|
| <b>Net cash generated from operating activities<br/>(see Note 30)</b> | <b>8,869</b>           | <b>9,762</b>           | <b>9,203</b>                 | <b>9,996</b>                 |
| <b>Cashflow from investing activities</b>                             |                        |                        |                              |                              |
| Purchase of tangible fixed assets                                     | (24,742)               | (24,355)               | (25,239)                     | (24,589)                     |
| Proceeds from sale of tangible fixed assets                           | 2,458                  | 4,317                  | 2,458                        | 4,317                        |
| Outright Sales  | 3,347                  | -                      | 3,347                        | -                            |
| Investment in GMJV  | (1,300)                | (222)                  | (1,300)                      | (222)                        |
| Profit share on GMJV  | 29                     | -                      | -                            | -                            |
| Gift Aid  | -                      | -                      | -                            | 146                          |
| Ethical Lettings Expenditure  | (93)                   | (39)                   | (93)                         | (39)                         |
| Grants received   | 2,918                  | 1,847                  | 2,918                        | 1,847                        |
| Interest received   | 29                     | 3                      | 49                           | 44                           |
| Corporation Tax Paid  | 205                    | (205)                  | 205                          | (205)                        |
| <b>Cashflow from financing activities</b>                             |                        |                        |                              |                              |
| Interest paid and loan fees   | (4,707)                | (2,768)                | (4,707)                      | (2,769)                      |
| New secured loans   | 18,500                 | 18,000                 | 18,500                       | 18,000                       |
| Loan Repayments   | (2,250)                | (6,750)                | (2,250)                      | (6,750)                      |
| <b>Net change in cash and cash equivalents</b>                        | <b>3,265</b>           | <b>(410)</b>           | <b>3,094</b>                 | <b>(224)</b>                 |
| Cash and cash equivalents at start of the year                        | 2,231                  | 2,641                  | 2,211                        | 2,435                        |
| Cash and cash equivalents at end of the year                          | <b>5,496</b>           | <b>2,231</b>           | <b>5,305</b>                 | <b>2,211</b>                 |

The accompanying notes form an integral part of these financial statements.

# Notes to the Accounts

## 1 – LEGAL STATUS

Salix Homes Group Limited is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is Diamond House, 2 Peel Cross Road, Salford, M5 4DT.

The principal activity includes the provision of affordable homes to rent, sheltered and supported accommodation for older people and homelessness services which support vulnerable people.

The group comprises the following entities:

Salix Homes Limited is the Group entity.

Salix Homes Developments Limited, a non-registered subsidiary was incorporated under the Companies Act 2006. Salix Homes Developments was incorporated on 5th September 2016.

Salix Living Limited, a non-registered subsidiary incorporated under the Companies Act 2006. Salix Living Limited was incorporated on 5th September 2016 but was dormant during the period of these statements.

## 2 – PRINCIPAL ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial statements of the Group and Company have been prepared in accordance with applicable Accounting Standards in the United Kingdom including Financial Reporting Standard 102 (FRS102). The financial statements have also been prepared in compliance with the Statement of Recommended Practice for registered social housing providers: SORP 2018 and the Accounting Direction for Social Housing in England 2022.

The accounts are prepared for the year ending 31 March 2024.

Salix Homes Limited is a public benefit entity and has therefore applied the PBE prefixed sections of FRS102.

These financial statements are presented in sterling £, rounded to the nearest £1k.

### (b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of Salix Homes Limited (parent) and its subsidiary undertakings Salix Homes Developments Limited (SHDL) and Salix Living Limited (SLL). Details of these subsidiaries are given in note 32.

### (c) Going Concern

The financial statements have been prepared on a going concern considering the Directors' consideration of budgets and cash flows forecast by the Group.

### (d) Judgements and key sources of estimation uncertainty

**Development expenditure** - development expenditure is capitalised in accordance with the accounting policy described in note 2g. Initial capitalisation of costs is based on management's judgement that any development scheme is confirmed, usually when Board approval has taken place incorporating access to the appropriate level of funding. In determining whether a project is likely to proceed, management monitors the development and considers if changes have occurred that result in impairment.

**Categorisation of housing properties** - a detailed review of the intended use of all housing properties has been undertaken. In deterring the intended use, it has been considered if the asset is held for social benefit or to earn commercial rentals.

**Other properties** - other properties include assets such as commercial units and shops. These properties are accounted for as a fixed assets and carried at historic cost less accumulated depreciation. These are currently in at a nil value.

**Tangible Fixed Assets** - tangible fixed assets are depreciated over their useful lives in accordance with the policy described in note 2h.

**Government Grants** - Government grants are amortised over the expected life of components as described in note 2h. In relation to performance related grants these are released to the statement of comprehensive income once any relevant conditions have been met.

**Impairment of Financial Assets** - a review of potential impairment of housing properties is carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the statement of comprehensive income. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified.

#### **(e) Turnover**

Turnover represents rental and service charge income, it also represents revenue based grants receivable from other government agencies and from the Homes and Communities Agency. This also includes recharges to tenants in relation to repairs and court costs and includes recharges for major repair works.

#### **(f) Bad Debts**

A provision for bad debts is made in line with policy and is dependent on the age of the debt.

#### **(g) Housing Fixed Assets**

Tangible fixed assets are accounted for at cost, with the transferring properties measured at fair value (i.e., EUV-SH for accounting purposes). The assets are depreciated over their useful lives.

### Contingent Liability

If the properties with social housing grant were disposed there would be a liability to repay or recycle the grant identified above. During the period from transfer to 31st March 2024 there has been six preserved right to buy disposals and a scheme change of use. The grant liability of £0.6m was transferred to the Recycled Capital Grant Fund to be utilised accordingly, see note 21 for remaining RCGF balance.

### Depreciation

Completed housing properties have been split between their land and structure costs and a specific set of major components that require periodic replacement. Land is not depreciated.

Replacement of such a component is capitalised and then depreciated over the estimated useful life of the component at the following economic lives:

| <b>Component</b>                                  | <b>UEL (years)</b>            |
|---|-------------------------------|
| <b>Structure Traditional</b>                      | 70 to 100 years straight line |
| <b>Structural Non-Traditional &amp; High Rise</b> | 40 to 60 years straight line  |
| <b>Kitchens</b>                                   | 25 years straight line        |
| <b>Bathrooms (including wet rooms)</b>            | 35 years straight line        |
| <b>Communal Improvements</b>                      | 15 years straight line        |
| <b>Electrics</b>                                  | 40 years straight line        |
| <b>Heating System</b>                             | 30 years straight line        |
| <b>Hydro Pumps</b>                                | 10 years straight line        |
| <b>Boilers Communal</b>                           | 30 years straight line        |
| <b>Boilers Domestic</b>                           | 15 years straight line        |
| <b>Pitched roofs</b>                              | 80 years straight line        |
| <b>Flat Roof (High Rise)</b>                      | 30 years straight line        |
| <b>Roofline</b>                                   | 35 years straight line        |
| <b>Windows</b>                                    | 35 years straight line        |
| <b>External Doors</b>                             | 35 years straight line        |
| <b>Lifts</b>                                      | 20 years straight line        |
| <b>CCTV &amp; Door Entry System</b>               | 15 years straight line        |
| <b>External Curtilage (Parking &amp; Fencing)</b> | 20 years straight line        |
| <b>Cladding &amp; Rendering for Tower Blocks</b>  | 40 years straight line        |
| <b>Insulation (low-rise &amp; houses)</b>         | 30 years straight line        |
| <b>Sprinklers</b>                                 | 40 years straight line        |



### (h) Other Tangible Assets

Depreciation is provided on all other tangible fixed assets, at rates calculated to write off each asset evenly over its expected useful life as follows:

|   |                        |
|---|------------------------|
| <b>Office property improvements</b>       | 4 years straight line  |
| <b>Scheme assets</b>                      | 3 years straight line  |
| <b>Environmental equipment</b>            | 3 years straight line  |
| <b>Computer equipment</b>                 | 4 years straight line  |
| <b>Fixtures, fittings &amp; equipment</b> | 4 years straight line  |
| <b>Commercial units</b>                   | 80 years straight line |

### (i) Disposals

The surpluses or deficits arising from disposal of properties under the preserved right to buy legislation are disclosed within SOCI surplus on disposal of properties.

### (j) Operating Leases

Operating lease rentals paid are charged to the income and expenditure account on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to the Statement of Comprehensive Income over the term of the non-cancellable lease.

### (k) Pensions

The Association participates in 2 pension schemes

- 1) A Local Government Pension Schemes (LGPS), multi-employer defined benefit scheme administered by The Greater Manchester Pension Fund (GMPF). The pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method is recognised in the group's statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. For the year ending March 2024 no refunds or reductions in contributions have been received, or can be expected to be received, and so management's judgement is to adopt the requirements of FRS 102 (para 28.22) and recognise a balance of nil for the pension asset/liability. The net surplus or deficit is presented separately from other net assets on the Statement of Financial Position. The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Actuarial gains and losses are reported in other comprehensive income. Actuarial valuations are obtained at least triennially and are updated at each reporting date. The scheme is now closed to new entrants.

The principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumptions at the 31 March 2024       | Approximate % increase to Defined Benefit Obligation | Approximate monetary amounts (£'000) |
|--|--|--------------------------------------|
| 0.1% decrease in Real Discount Rate              | 2%   | 824                                  |
| 1 year increase in member life expectancy        | 4%   | 1,402                                |
| 0.1% increase in salary increase rate            | 0%   | 40                                   |
| 0.1% increase in the Pension increase rate (CPI) | 2%   | 798                                  |

2) A defined contribution scheme operated by Aviva where contributions payable in the year are charged to the income statement in the period to which they relate. Judgements & Estimation uncertainty in a/c policies, the cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about rates of inflation, discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty and can significantly influence the value of the liability recorded and annual defined benefit expense.

#### (l) Cost Allocation

Employee costs and overheads have been apportioned to the various operating costs in proportion to the amount of time spent on those activities.

Turnover does not include receipts generated from right to buy sales nor from sales of non-social housing assets. Net sales proceeds from right to buy sales and non-social housing assets sales are disclosed within the Income and Expenditure Account as surplus on sale of housing properties.

#### (m) Loan Arrangement Fee

Loan arrangement fees are written off evenly over the life of the related loan. Loans are stated in the balance sheet at the amount of the net proceeds after arrangement costs, with premiums and costs of issue being accounting for in accordance with FRS102 Section 11.

#### (n) Value added tax (VAT)

Salix Homes charges Value Added Tax (VAT) on some of its income and is therefore able to recover part of the VAT it incurs on expenditure. The Financial statements include VAT to the extent that it is suffered by the Company and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or debtor.

#### (o) VAT Shelter

Salix Homes has an approved VAT Shelter which commenced in March 2015 and is expected to last for 15 years from that date. As a result, expenditure incurred on the Improvement Programme under this arrangement is expected to be recovered in full, with these being distributed between Salix Homes and the Council in accordance with the terms in the transfer agreement. The Salix element has now been maximised with all sums now being paid over to the Council. The balance of VAT recoverable at the year-end will be included as a current asset in the statement of financial position.

#### **(p) Corporation tax**

Salix Homes Limited has charitable status and therefore it is exempt from income and corporation tax on its income and gains falling within Chapter 3 Part 11 of the Corporation Tax Act 2010 or S256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

However, if Salix Homes incurs any income or costs that are not considered to be charitable activities, then it will be subject to corporation tax on those costs. Taxation is charged on the surpluses of SHDL and SLL, surpluses in either whole or part are transferred to the parent by gift aid. Corporation tax payable is calculated at the rates prevailing at the balance sheet date.

#### **(q) Finance costs**

Finance costs are charged to the income and expenditure account in the year.

#### **(r) Holiday pay accrual**

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued or prepaid at the balance sheet date.

#### **(s) Provisions for Liabilities**

Provisions represent Salix Homes liability to undertake the refurbishment works under the Development Agreement entered into with Salford City Council, as detailed in Note 25.

#### **(t) Service Charges**

Salix Homes operates variable service charges on a scheme-by-scheme basis in all consultation with residents. The charges will include an allowance for the surplus or deficit from the prior year, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered, they are held as creditors or debtors in the statement of financial position.

Where periodic expenditure is required, a provision may be built up over the years, in consultation with residents. Until these costs are incurred this liability is held in the statement of financial position within long term creditors.

#### **(u) Financial instruments – debt**

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised cost model.

#### **(v) Investment**

The Group has approved a £3m investment into Hive Homes which is a Greater Manchester Joint Venture, there is a £29k profit share included in the financial year with further future cash flows forecast to be distributed from 2024/25.

### 3 – Turnover, operating costs and operating surplus (group)

2024

| Group                             | Note | Turnover<br>£'000 | Operating<br>Costs<br>£'000 | Surplus on<br>Disposals<br>£'000 | Operating<br>Surplus<br>£'000 |
|-----------------------------------|------|-------------------|-----------------------------|----------------------------------|-------------------------------|
| Social Housing Lettings           | 4    | 39,570            | (34,010)                    |                                  | 5,560                         |
| <b>Other Social Housing</b>       |      |                   |                             |                                  |                               |
| Development Services              |      | -                 | (64)                        |                                  | (64)                          |
| Exceptional                       |      | -                 | (65)                        |                                  | (65)                          |
| Surplus on disposal of properties |      |                   |                             | 1,846                            | 1,846                         |
| Profit on sale of OFA             |      | 10                | (2)                         |                                  | 8                             |
| <b>Non-Social Housing</b>         |      |                   |                             |                                  |                               |
| Other                             |      | 672               | (903)                       |                                  | (231)                         |
| Communal Heating                  |      | 352               | (536)                       |                                  | (184)                         |
| Managed for others                |      | 491               | (488)                       |                                  | 3                             |
| Outright Sales                    |      | 3,415             | (3,434)                     |                                  | (19)                          |
| Roof Space Income                 |      | 101               | (23)                        |                                  | 78                            |
| Private Sector Owned              |      | 173               | (62)                        |                                  | 111                           |
| Private Sector Leasing            |      | 709               | (894)                       |                                  | (185)                         |
|                                   |      | <b>45,493</b>     | <b>(40,481)</b>             | <b>1,846</b>                     | <b>6,858</b>                  |

## 2023

| Group                             | Note | Turnover<br>£'000 | Operating<br>Costs<br>£'000 | Surplus on<br>Disposals<br>£'000 | Operating<br>Surplus<br>£'000 |
|-----------------------------------|------|-------------------|-----------------------------|----------------------------------|-------------------------------|
| Social Housing Lettings           | 4    | 36,273            | (31,781)                    |                                  | 4,492                         |
| <b>Other Social Housing</b>       |      |                   |                             |                                  |                               |
| Development Services              |      | -                 | (70)                        |                                  | (70)                          |
| Surplus on disposal of properties |      |                   |                             | 3,152                            |                               |
| Profit on sale of OFA             |      | 24                | (8)                         |                                  | 16                            |
| <b>Non-Social Housing</b>         |      |                   |                             |                                  |                               |
| Other                             |      | 719               | (1,202)                     |                                  | (483)                         |
| Communal Heating                  |      | 216               | (301)                       |                                  | (85)                          |
| Managed for others                |      | 688               | (689)                       |                                  | (1)                           |
| Outright Sales                    |      | -                 | -                           |                                  | -                             |
| Roof Space Income                 |      | 111               | (23)                        |                                  | 88                            |
| Private Sector Owned              |      | 167               | (40)                        |                                  | 127                           |
| Private Sector Leasing            |      | 720               | (805)                       |                                  | (85)                          |
|                                   |      | <b>38,918</b>     | <b>(34,919)</b>             | <b>3,152</b>                     | <b>7,151</b>                  |

### 3 – Turnover, operating costs and operating surplus (association)

2024

| Association                       | Note | Turnover<br>£'000 | Operating<br>Costs<br>£'000 | Surplus on<br>Disposals<br>£'000 | Operating<br>Surplus<br>£'000 |
|-----------------------------------|------|-------------------|-----------------------------|----------------------------------|-------------------------------|
| Social Housing Lettings           | 4    | 39,570            | (34,010)                    |                                  | 5,560                         |
| <b>Other Social Housing</b>       |      |                   |                             |                                  |                               |
| Development Services              |      | -                 | (57)                        |                                  | (57)                          |
| Exceptional                       |      | -                 | (65)                        |                                  | (65)                          |
| Surplus on disposal of properties |      |                   |                             | 1,846                            | 1,846                         |
| Profit on sale of OFA             |      | 10                | (2)                         |                                  | 8                             |
| <b>Non-Social Housing</b>         |      |                   |                             |                                  |                               |
| Other                             |      | 672               | (903)                       |                                  | (231)                         |
| Communal Heating                  |      | 352               | (536)                       |                                  | (184)                         |
| Managed for others                |      | 491               | (488)                       |                                  | 3                             |
| Outright Sales                    |      | 3,415             | (3,434)                     |                                  | (19)                          |
| Roof Space Income                 |      | 101               | (23)                        |                                  | 78                            |
| Private Sector Owned              |      | 173               | (62)                        |                                  | 111                           |
| Private Sector Leasing            |      | 709               | (894)                       |                                  | (185)                         |
|                                   |      | <b>45,493</b>     | <b>(40,474)</b>             | <b>1,846</b>                     | <b>6,865</b>                  |

## 2023

| Association                          | Note | Turnover<br>£'000 | Operating<br>Costs<br>£'000 | Surplus on<br>Disposals<br>£'000 | Operating<br>Surplus<br>£'000 |
|--------------------------------------|------|-------------------|-----------------------------|----------------------------------|-------------------------------|
| Social Housing Lettings              | 4    | 36,273            | (31,781)                    |                                  | 4,492                         |
| <b>Other Social Housing</b>          |      |                   |                             |                                  |                               |
| Development Services                 | -    | -                 | (70)                        |                                  | (70)                          |
| Exceptional                          |      |                   |                             | 3,152                            |                               |
| Surplus on disposal<br>of properties |      | 146               | -                           |                                  | 146                           |
| Profit on sale of OFA                |      | 24                | (8)                         |                                  | 16                            |
| <b>Non-Social Housing</b>            |      |                   |                             |                                  | (483)                         |
| Other                                |      | 719               | (1,202)                     |                                  | (483)                         |
| Communal Heating                     |      | 216               | (301)                       |                                  | (85)                          |
| Managed for others                   |      | 688               | (689)                       |                                  | (1)                           |
| Outright Sales                       |      | -                 | -                           |                                  | -                             |
| Roof Space Income                    |      | 111               | (23)                        |                                  | 88                            |
| Private Sector Owned                 |      | 167               | (40)                        |                                  | 127                           |
| Private Sector Leasing               |      | 720               | (805)                       |                                  | (85)                          |
|                                      |      | <b>39,064</b>     | <b>(34,919)</b>             | <b>3,152</b>                     | <b>7,297</b>                  |

## 4 – INCOME AND EXPENDITURE FROM SOCIAL HOUSING (Group and Association)

|   | General Needs<br>Housing<br>£'000 | Sheltered<br>Housing<br>£'000 | Intermediate<br>Market Rent<br>£'000 | 2024<br>Total<br>£'000 | 2023<br>Total<br>£'000 |
|---|-----------------------------------|-------------------------------|--------------------------------------|------------------------|------------------------|
| <b>Income from Social Housing Lettings</b>          |                                   |                               |                                      |                        |                        |
| Rent Receivable                                     | 33,407                            | 1,164                         | 1,047                                | 35,618                 | 33,330                 |
| Service Charge Income                               | 2,100                             | 285                           | -                                    | 2,385                  | 2,032                  |
| Amortised Grant                                     | 338                               | -                             | -                                    | 338                    | 314                    |
| Government Grant taken to Income                    | 957                               | -                             | -                                    | 957                    | 320                    |
| Charges for Support Services                        | -                                 | 71                            | -                                    | 71                     | 69                     |
| Other Income  | 199                               | 1                             | 1                                    | 201                    | 208                    |
| <b>Total Income from Social Lettings</b>            | <b>37,001</b>                     | <b>1,521</b>                  | <b>1,048</b>                         | <b>39,570</b>          | <b>36,273</b>          |
| <b>Expenditure on Social Housing Lettings</b>       |                                   |                               |                                      |                        |                        |
| Management  | 9,506                             | 570                           | 387                                  | 10,463                 | 10,689                 |
| Service Charge costs                                | 2,935                             | 525                           | 150                                  | 3,610                  | 4,375                  |
| Routine Maintenance                                 | 11,041                            | 370                           | 19                                   | 11,430                 | 9,511                  |
| Planned Maintenance                                 | 1,459                             | 76                            | 23                                   | 1,558                  | 1,874                  |
| Major Works Maintenance                             | 1,539                             | 63                            | 5                                    | 1,607                  | 262                    |
| Rent Loss from Bad Debts                            | 182                               | 8                             | 4                                    | 194                    | 147                    |
| Depreciation of housing properties                  | 4,696                             | 120                           | 227                                  | 5,043                  | 4,762                  |
| Component Disposals                                 | 99                                | -                             | -                                    | 99                     | 154                    |
| Other Costs   | 6                                 | -                             | -                                    | 6                      | 7                      |
| <b>Total Expenditure on Social Housing Lettings</b> | <b>31,463</b>                     | <b>1,732</b>                  | <b>815</b>                           | <b>34,010</b>          | <b>31,781</b>          |
| <b>Operating Surplus on Social Housing Lettings</b> | <b>5,538</b>                      | <b>(211)</b>                  | <b>233</b>                           | <b>5560</b>            | <b>4,492</b>           |
| Void Losses   | 276                               | 22                            | 8                                    | 306                    | 301                    |



## 5 – EMPLOYEES

| Average Number Employed             | 2024<br>No | 2023<br>No |
|-------------------------------------|------------|------------|
| Executive Officers                  | 4          | 3          |
| Office, estate<br>& operative staff | 190        | 192        |
| Maintenance                         | 64         | 62         |
| Caretakers and cleaners             | 25         | 25         |
|                                     | <b>283</b> | <b>282</b> |
| Part-time                           | 15         | 15         |
| Full-time                           | 268        | 267        |
| Total                               | 283        | 282        |
| Full time equivalents               | 283        | 282        |

Full time equivalents have been calculated using the normal hourly week of 36 hours or 38 hours for repair operatives.

| Staff Costs for the<br>Above | 2024<br>No    | 2023<br>No    |
|------------------------------|---------------|---------------|
| Salaries                     | 10,257        | 9,669         |
| Social Security Costs        | 1,055         | 1,007         |
| Other Pension Costs          | 1,270         | 2,400         |
|                              | <b>12,582</b> | <b>13,076</b> |

| Employee Remuneration<br>(including employer<br>pension) greater<br>than £60,000 | 2024<br>No | 2023<br>No |
|--|------------|------------|
| £60,000 - £70,000  | 6          | -          |
| £70,000 - £80,000  | 3          | 4          |
| £80,000 - £90,000  | 1          | -          |
| £90,000 - £100,000   | 2          | -          |
| £100,000 - £110,000  | -          | 2          |
| £110,000 - £120,000  | 1          | -          |
| £120,000 - £130,000  | 2          | -          |
| £170,000 - £180,000  | 1          | 1          |
| Total  | 16         | 7          |

## 6 – DIRECTORS REMUNERATION

| Association  | 2024<br>£'000 | 2023<br>£'000 |
|--|---------------|---------------|
| The aggregate amount of emoluments payable or receivable by executive Directors and former executive directors | 596           | 433           |
| The aggregate amount of emoluments payable to Board of Management  | 114           | 124           |
| The emoluments by member is as follows, rounded to the nearest £'000:  |               |               |
| Ahmed Abdulmalek   | 5             | 5             |
| Aisling McCourt  | 7             | 7             |
| Charlotte Haines   | 7             | 7             |
| Charlotte Williamson   | 5             | 5             |
| Cynthia Alloyoa  | 5             | 5             |
| Gareth Evans   | 5             | 5             |
| Greg van Enk-Bones   | 5             | 5             |
| Greig Lees   | 4             | 7             |
| James Battle (Chair)   | 9             | 9             |
| Jason Marland  | 5             | 5             |
| Jo Tripney   | 0             | 4             |
| Karen Hamilton – Hulse   | 5             | 5             |
| Keri Lee Muldoon   | 5             | 5             |
| Khalil Rehman  | 5             | 5             |
| Margaret Bryant  | 0             | 4             |
| Mark Beyer   | 7             | 7             |
| Marta Diaz   | 5             | 5             |
| Martin Warhurst  | 3             | 0             |
| Pamela Welsh   | 5             | 5             |
| Paul Martin  | 5             | 5             |
| Paul Whitehead   | 4             | 7             |
| Philip Johnson   | 3             | 0             |
| Rashida Owoseni  | 5             | 5             |
| Victoria Gallagher   | 5             | 5             |
|  | <b>114</b>    | <b>122</b>    |
| The emoluments (excluding pension contributions) of the highest paid Director (the Chief Executive) were:      | 144           | 145           |
| Total expenses reimbursed to the Board of Management   | 0             | 0             |

## 6a Directors remuneration

The Chief Executive is an ordinary member of the pension scheme as detailed in Note 12. The pension scheme is a career average salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by the employer of £26,685 (2023: £28,416) was paid in addition to the personal contributions of the Chief Executive.

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Senior Management Team or its equivalent.

## 7 – SURPLUS ON SALE OF HOUSING PROPERTIES

|                                  | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|----------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| Disposal Proceeds                | 2,442                  | 4,354                  | 2,442                        | 4,354                        |
| Carrying value of asset          | (569)                  | (945)                  | (569)                        | (945)                        |
| Repayment of Grant               | -                      | (238)                  | -                            | (238)                        |
| Other costs associated with sale | (26)                   | (19)                   | (26)                         | (19)                         |
|                                  | <b>1,846</b>           | <b>3,152</b>           | <b>1,846</b>                 | <b>3,152</b>                 |

## 8 – INTEREST RECEIVABLE

|                                  | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|----------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| Finance income from bank deposit | 29                     | 3                      | 29                           | 3                            |
| Interest from GMJV               | 83                     | -                      | -                            | -                            |
| Intra Group Interest receivable  | -                      | -                      | 115                          | 41                           |
|                                  | <b>112</b>             | <b>3</b>               | <b>144</b>                   | <b>44</b>                    |

## 9 – INTEREST AND FINANCING COSTS

|   | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|---|------------------------|------------------------|------------------------------|------------------------------|
| Finance costs on secured housing loans                              | 4,414                  | 2,491                  | 4,414                        | 2,491                        |
| Non-utilisation fees  | 56                     | 272                    | 56                           | 272                          |
| Write off 2015 loan costs   | 259                    | 0                      | 259                          | 0                            |
| Amortisation of loan fees   | 126                    | 160                    | 126                          | 160                          |
| Other associated fees   | 52                     | 18                     | 52                           | 18                           |
| Finance costs on pension actuarial gains                            | 2                      | 105                    | 2                            | 105                          |
|   | <b>4,909</b>           | <b>3,046</b>           | <b>4,909</b>                 | <b>3,046</b>                 |
| Less: interest capitalised on housing properties under construction | <b>1,090</b>           | <b>285</b>             | <b>1,090</b>                 | <b>285</b>                   |
|   | <b>3,819</b>           | <b>2,761</b>           | <b>3,819</b>                 | <b>2,761</b>                 |

During 2024 capitalised interest was charged at an average of 4.45% (2023: capitalisation rate was 3.10%). The Weighted Average Cost of Capital (WACC) as at 31st March 2024 was 5.41% (WACC as at 31st March 2023 was 3.85%).

## 10 – TAXATION

Salix Homes has charitable status and therefore is exempt from corporation tax on its income and gains falling within chapter 3 Part 11 of the Corporation Tax Act 2010 or S256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. The taxation shown below relates to non-social activities classed as non-charitable trading activities.

| 10a Taxation for the current year is nil  | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|---|------------------------|------------------------|------------------------------|------------------------------|
| Current Tax:  |                        |                        |                              |                              |
| UK Corporation Tax charge for the year  | -                      | -                      | -                            | -                            |
| Under/(over) provision in previous years  | -                      | (205)                  | -                            | (205)                        |
| Tax on surplus on ordinary activities   | -                      | <b>(205)</b>           | -                            | <b>(205)</b>                 |
| <b>(b) Factors affecting tax charge in period</b>   |                        |                        |                              |                              |
| Surplus on ordinary activities before tax   | 3,151                  | 4,393                  | 3,190                        | 4,580                        |
| Surplus on ordinary activities multiplied by standard rate of corporate tax in UK of 25% (2022:19%) | 788                    | 835                    | 798                          | 870                          |
| Effects of: Surplus relating to charitable activities   | (820)                  | (849)                  | (849)                        | (887)                        |
| Items not allowable for tax purposes  | -                      | -                      | -                            | -                            |
| Increase/(decrease) in losses/utilisation of charges on income                                      | 32                     | 15                     | 51                           | 17                           |
| Adjustment in respect of prior years  | -                      | (205)                  | -                            | (205)                        |
| <b>Tax on profit on ordinary activities</b>   | -                      | <b>(205)</b>           | -                            | <b>(205)</b>                 |

## 11 – SURPLUS ON ORDINARY ACTIVITIES

| The surplus on ordinary activities is stated after charging: | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--|------------------------|------------------------|------------------------------|------------------------------|
| Depreciation - Housing Properties                            | 5,043                  | 4,762                  | 5,043                        | 4,762                        |
| Depreciation - Component Disposals                           | 99                     | 154                    | 99                           | 154                          |
| Depreciation - Other Fixed Assets                            | 347                    | 673                    | 347                          | 673                          |
| <b>Amounts due in respect of operating leases:-</b>          |                        |                        |                              |                              |
| - Land & Buildings   | 819                    | 650                    | 819                          | 650                          |
| - Other  | 328                    | 370                    | 328                          | 370                          |
| <b>Auditor's remuneration:-</b>                              |                        |                        |                              |                              |
| - in their capacity as auditors                              | 26                     | 23                     | 24                           | 21                           |
| - other than as auditors                                     | 5                      | 4                      | 5                            | 4                            |

## 12 – PENSIONS

### Local Government Pension Scheme

The Organisation participates in the Greater Manchester Pension Fund, a defined benefit career average pension scheme. The assets of the scheme are invested and managed independently of the finances of the organisation. Contributions to the fund are made in accordance with valuations made by professionally qualified independent actuaries. The total contributions made for the year ended 31 March 2024 were £1,245,457 of which employer's contributions totalled £899,148 and employees contributions totalled £346,399. The LGPS offers two sections: a main section and a 50/50 option. When you first join the scheme, you are automatically enrolled in the main section, where you pay standard contributions and build up full benefits. Only after becoming a member of the main section can you elect in writing to switch to the 50/50 option, if you wish. Under the 50/50 option, you pay half the standard contribution rate and, in return, build up half the pension benefits compared to those in the main section. The agreed contribution rates for future years are 18.5% for employers and range from 5.5% to 12.5% for employees in the main section, depending on salary. For members who opt into the 50/50 section, these employee contribution rates are halved.

### Principal Actuarial Assumptions

The following information is based upon a full actuarial valuation of the fund 31 March 2022 updated to 31 March 2024 by a qualified independent actuary.

|  | 2024 | 2023 |
|--|------|------|
| Rate of increase for pensions in payment / inflation | 2.8% | 3.0% |
| Rate of increase in salaries                         | 3.6% | 3.8% |
| Discount rate for scheme liabilities                 | 4.9% | 4.8% |

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations at retirement age of 65 are:

|                             | 2024       | 2023       |
|-----------------------------|------------|------------|
| <b>Retiring today</b>       |            |            |
| Males                       | 19.6 years | 19.7 years |
| Females                     | 23.3 years | 23.5 years |
| <b>Retiring in 20 years</b> |            |            |
| Males                       | 20.7 years | 20.9 years |
| Females                     | 24.7 years | 24.9 years |

## 12 – PENSION OBLIGATION (CONTINUED)

Local Government Pension Scheme (continued)

| Analysis of the amount charged to operating costs in the Statement of Comprehensive Income | 2024<br>£'000 | 2023<br>£'000 |
|--|---------------|---------------|
| Employer service cost (net of employee contributions)                                      | 1,014         | 2,199         |
| Past service cost  | -             | -             |
| <b>Total operating charge</b>  | <b>1,014</b>  | <b>2,199</b>  |
| Analysis of pension finance income / (costs)   |               |               |
| Expected return on pension scheme assets   | 2,575         | 1,503         |
| Interest on pension liabilities  | (2,577)       | (1,608)       |
| <b>Amounts charged/credited to financing costs</b>   | <b>(2)</b>    | <b>(105)</b>  |
| <b>Movement in Assets and Obligations for the year</b>                                     |               |               |
| Pension Scheme Assets  | 58,492        | 53,963        |
| Scheme obligations   | (35,056)      | (34,574)      |
| <b>Net Actuarial asset/(obligation) on scheme recognised</b>                               | <b>23,436</b> | <b>19,389</b> |

| <b>Movement in (deficit) / surplus during year</b>    | <b>2024</b><br>£'000 | <b>2023</b><br>£'000 |
|---|----------------------|----------------------|
| (Deficit)/Surplus in scheme at beginning of year      | -                    | (3,222)              |
| Movement in year:                                     |                      |                      |
| Employer service cost (net of employee contributions) | (1,014)              | (2,199)              |
| Employer contributions                                | 899                  | 1,003                |
| Past service cost                                     | -                    | -                    |
| Net interest/return on assets                         | (2)                  | (105)                |
| Re-measurements                                       | 23,553               | 23,912               |
| Surplus not recognised*                               | (23,436)             | (19,389)             |
| <b>Surplus/(Deficit) in scheme at end of year</b>     | <b>-</b>             | <b>-</b>             |

\*The plan has a gross surplus at the reporting date of £23,436 million and the Association can recognise an asset in the balance sheet to the extent that it is able to recover either through reduced contributions in the future, or through refunds from the plan. The plan surplus (asset ceiling) has been calculated by the scheme actuary to be zero and therefore the surplus of £23,436 million has not been recognised in the balance sheet as a result.

## 12b. AVIVA PENSION SCHEME

The Aviva Pension Scheme is a defined contribution scheme and is Salix Homes' auto enrolment scheme. Contributions are based on a fixed percentage of salary. Participation as an employer in the scheme commenced on 1st April 2017. The total contributions for the year ending 31 March 2024 were £419,012 (2023: £342,918). Made up of £251,407 employer and £167,605 employee contributions. The employer contribution rates are 1.5 times the employee rates, the latter ranging between 3.2% minimum to 6% maximum.



## 13 – HOUSING PROPERTIES

|                            | Properties Held for Letting Social Housing<br>£'000 | Properties Held for Letting IMR Housing<br>£'000 | Properties under construction Social Housing<br>£'000 | Properties Held for Letting Non-Social Housing<br>£'000 | Association 2024 Total Properties<br>£'000 | Group 2024 Total Properties<br>£'000 |
|----------------------------|---|--|---|---|--|--------------------------------------|
| <b>Cost</b>                |   |  |   |   |  |                                      |
| At start of year           | 175,938   | 15,619   | 23,390  | 1,423   | 216,370                                    | 215,854                              |
| Addition of properties     | -   | -  | 15,870  | -   | 15,870                                     | 15,795                               |
| Addition of components     | 11,954  | 12   | -   | 9   | 11,975                                     | 11,975                               |
| Interest Capitalised       | -   | -  | 1,090   | -   | 1,090                                      | 1,090                                |
| Reclassification           | (150)   | -  | -   | 150   | -  | -                                    |
| Transfer to Current Assets | -   | -  | (367)   | -   | (367)                                      | (323)                                |
| Transfer to LA             | -   | -  | (3,434)   | -   | (3,434)                                    | (3,434)                              |
| Property Disposals         | (660)   | -  | -   | -   | (660)                                      | (660)                                |
| Component Disposals        | (121)   | -  | -   | -   | (121)                                      | (121)                                |
| Transferred on completion  | 8,396   | 16,593   | (25,895)  | 99  | (807)                                      | (807)                                |
| <b>At end of year</b>      | <b>195,357</b>                                      | <b>32,224</b>                                    | <b>10,654</b>   | <b>1,681</b>  | <b>239,916</b>                             | <b>239,369</b>                       |
| <b>Less Depreciation</b>   |   |  |   |   |  |                                      |
| At start of year           | 20,737  | 416  | -   | 86  | 21,239                                     | 21,239                               |
| Charge for year            | 4,920   | 227  | -   | 22  | 5,169                                      | 5,169                                |
| Reclassification           | (1)   | -  | -   | 1   | -  | -                                    |
| Property Disposals         | (91)  | -  | -   | -   | (91)                                       | (91)                                 |
| Component Disposals        | (148)   | -  | -   | -   | (148)                                      | (148)                                |
| <b>At end of year</b>      | <b>25,417</b>                                       | <b>643</b>                                       | <b>-</b>  | <b>109</b>  | <b>26,169</b>                              | <b>26,169</b>                        |
| <b>Net Book Value</b>      |   |  |   |   |  |                                      |
| <b>At start of year</b>    | <b>155,201</b>                                      | <b>15,203</b>                                    | <b>23,390</b>   | <b>1,337</b>  | <b>195,131</b>                             | <b>194,615</b>                       |
| <b>At end of year</b>      | <b>169,940</b>                                      | <b>31,581</b>                                    | <b>10,654</b>   | <b>1,572</b>  | <b>213,747</b>                             | <b>213,200</b>                       |

Additions to properties during the period include capitalised interest and finance costs of £1,090k (2023:£285k) and additions to components include capitalised staff costs of £715k (2023: £479k). Works to existing properties totalled £26,621k for 2024 (2023: £18,441k), of which £11,975k (2023:£5,500k) was capitalised and the remainder expensed to operating costs. Costs for the Salix Group are presented less than for the association as a result of consolidation accounting for the inter group activity between Salix Homes and Salix Homes Developments Limited.

### 13a – EXPENDITURE ON WORKS TO EXISTING PROPERTIES IN THE YEAR

| Group & Association   | 2024<br>£'000 | 2023<br>£'000 |
|---|---------------|---------------|
| Components capitalised  | 11,975        | 5,500         |
| Amounts charged to expenditure                                | 14,646        | 12,941        |
| Total expenditure on works to existing properties in the year | <b>26,621</b> | <b>18,441</b> |

## 14 – OTHER FIXED ASSETS

|                          | Office<br>Properties<br>£'000 | Computer<br>Equipment<br>£'000 | Scheme<br>Assets<br>£'000 | Furniture,<br>Fittings and<br>Equipment<br>£'000 | Commercial<br>Units<br>£'000 | 2024<br>Total<br>£'000 | 2023<br>Total<br>£'000 |
|--------------------------|-------------------------------|--------------------------------|---------------------------|--|------------------------------|------------------------|------------------------|
| <b>Cost</b>              |                               |                                |                           |  |                              |                        |                        |
| At start of year         | 1,014                         | 2,857                          | 51                        | 299  | 277                          | 4,498                  | 4,309                  |
| Additions                | 74                            | 110                            | 41                        | 25   | 809                          | 1,058                  | 242                    |
| Disposals                | -                             | -                              | -                         | (33)   | -                            | (33)                   | (52)                   |
| At end of year           | <b>1,088</b>                  | <b>2,967</b>                   | <b>92</b>                 | <b>292</b>                                       | <b>1,086</b>                 | <b>5,524</b>           | <b>4,499</b>           |
| <b>Less Depreciation</b> |                               |                                |                           |  |                              |                        |                        |
| At start of year         | 858                           | 2,584                          | 30                        | 175  | 6                            | 3,653                  | 3,024                  |
| Charge for year          | 111                           | 179                            | 7                         | 47   | 3                            | 347                    | 672                    |
| Disposals                | -                             | -                              | -                         | (30)   | -                            | (30)                   | (43)                   |
| At end of year           | <b>969</b>                    | <b>2,763</b>                   | <b>37</b>                 | <b>191</b>                                       | <b>9</b>                     | <b>3,970</b>           | <b>3,653</b>           |
| <b>Net Book Value</b>    |                               |                                |                           |  |                              |                        |                        |
| At start of year         | 156                           | 273                            | 21                        | 124  | 271                          | 846                    | 1,285                  |
| At end of year           | <b>119</b>                    | <b>204</b>                     | <b>55</b>                 | <b>100</b>                                       | <b>1,077</b>                 | <b>1,554</b>           | <b>846</b>             |

## 15 – INVESTMENTS

### GROUP

In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs).

Active trading joint ventures, all established in the UK, as of 31 March 2024 were as follows:

| Joint venture entity | Partner(s)                            | Interest % | 2024                       |                                  | Interest % | 2023                       |                                  |
|----------------------|---------------------------------------|------------|----------------------------|----------------------------------|------------|----------------------------|----------------------------------|
|                      |                                       |            | Equity investment<br>£'000 | Loans provided<br>to JV<br>£'000 |            | Equity investment<br>£'000 | Loans provided<br>to JV<br>£'000 |
| GMJV Fundco<br>LLP   | Salix Homes<br>Development<br>Limited | 10%        | 800                        | 1461                             | 10%        | 573                        | 389                              |

Salix Homes Development has entered into a joint venture arrangement with nine other Registered Providers to create GMJV Fundco LLP. GMJV Fundco LLP, together with the Greater Manchester Combined Authority, have invested in Hive Homes (Greater Manchester) LLP (Hive Homes) which is a delivery vehicle to build homes for outright sale. This is a financial arrangement where Salix Homes Developments will be investing up to £3m as a mix of debt and equity into Hive Homes.

### 15.1 - share of profit/(loss) in Joint Venture

|   | 2024<br>£'000 | 2023<br>£'000 |
|---|---------------|---------------|
| Share of profit / (loss) in Joint Venture | 29            | 0             |

## 16 – DEBTORS

|   | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|---|------------------------|------------------------|------------------------------|------------------------------|
| Arrears of rent, service charges and other debt | 2,678                  | 2,441                  | 2,678                        | 2,441                        |
| Less: Provision for bad and doubtful debts      | (1,177)                | (1,172)                | (1,177)                      | (1,172)                      |
|   | <b>1,501</b>           | <b>1,269</b>           | <b>1,501</b>                 | <b>1,269</b>                 |
| Amounts due from Group undertakings             | -                      | -                      | 171                          | 3                            |
| HMRC  | 413                    | 430                    | 412                          | 416                          |
| Prepayments                                     | 652                    | 758                    | 652                          | 758                          |
| <b>Trade debtors</b>                            | <b>229</b>             | <b>129</b>             | <b>229</b>                   | <b>129</b>                   |
| GMJV  | 83                     | -                      | -                            | -                            |
| Social Housing Grant receivable                 | 6,459                  | -                      | 6,459                        | -                            |
| Other receivables                               | 760                    | 554                    | 760                          | 554                          |
| Prepayment of improvement contract              | 20,031                 | 10,300                 | 20,031                       | 10,300                       |
|   | <b>30,128</b>          | <b>13,441</b>          | <b>30,215</b>                | <b>13,429</b>                |
| Due after more than one year                    |                        |                        |                              |                              |
| Inter Company Loan                              | -                      | -                      | 2,261                        | 961                          |
| Prepayment of Improvement Contract              | 13,735                 | 36,875                 | 13,735                       | 36,875                       |
| Loan to Joint Venture (note 15)                 | 1,461                  | 389                    | -                            | -                            |
|   | <b>15,196</b>          | <b>37,264</b>          | <b>15,996</b>                | <b>37,836</b>                |

## 17 – STOCK & WORK IN PROGRESS

| Outright Sale & S/O properties | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| At start of year               | 3,161                  | 3,161                  | 3,255                        | 3,255                        |
| Transfer in                    | 3,738                  | -                      | 3,782                        | -                            |
| Transfer out                   | (3,415)                | -                      | (3,415)                      | -                            |
|                                | <b>3,484</b>           | <b>3,161</b>           | <b>3,622</b>                 | <b>3,255</b>                 |

## 18 – CASH AND CASH EQUIVALENTS

|              | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--------------|------------------------|------------------------|------------------------------|------------------------------|
| Cash at bank | 5,496                  | 2,231                  | 5,305                        | 2,211                        |
|              | <b>5,496</b>           | <b>2,231</b>           | <b>5,305</b>                 | <b>2,211</b>                 |

## 19 – CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

|                                     | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|-------------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| Finance costs payable               | 860                    | 57                     | 860                          | 57                           |
| Rent received in advance            | 1,980                  | 1,835                  | 1,980                        | 1,835                        |
| Accruals                            | 1,799                  | 1,683                  | 1,795                        | 1,683                        |
| Amounts due to contractors          | 6,592                  | 3,945                  | 5,765                        | 2,855                        |
| Amounts due to Group undertakings   | -                      | -                      | 868                          | 1,136                        |
| Deferred Grant                      | 941                    | 444                    | 941                          | 444                          |
| General payables                    | 1,236                  | 932                    | 1,236                        | 931                          |
| Grant in Advance (Ethical Lettings) | 99                     | 191                    | 99                           | 191                          |
| HMRC                                | 256                    | 228                    | 256                          | 228                          |
| Recycled Capital Grant Fund         | -                      | 89                     | -                            | 89                           |
| Trade payables                      | 474                    | 507                    | 474                          | 507                          |
|                                     | <b>14,237</b>          | <b>9,911</b>           | <b>14,274</b>                | <b>9,956</b>                 |

## 20 – DEFERRED GRANT INCOME

|   | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|---|------------------------|------------------------|------------------------------|------------------------------|
| <b>Opening Balance</b>                                  | 22,933                 | 21,899                 | 22,933                       | 21,899                       |
| - Grants received during the year                       |                        |                        |                              |                              |
| Purchase/development of properties                      | 8,773                  | 1,379                  | 8,773                        | 1,379                        |
| Grants Recycled in the year                             | 343                    | -                      | 343                          | -                            |
| Grant disposed in year                                  | (29)                   | (31)                   | (29)                         | (31)                         |
| Released to income in year                              | (338)                  | (314)                  | (338)                        | (314)                        |
|   | <b>31,682</b>          | <b>22,933</b>          | <b>31,682</b>                | <b>22,933</b>                |
| To be released to the statement of comprehensive income |                        |                        |                              |                              |
| Within one year   | 941                    | 444                    | 941                          | 444                          |
| Greater than one year                                   | 30,741                 | 22,489                 | 30,741                       | 22,489                       |
|   | <b>31,682</b>          | <b>22,933</b>          | <b>31,682</b>                | <b>22,933</b>                |

## 21 – RECYCLED CAPITAL GRANT FUND

|                                | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--------------------------------|------------------------|------------------------|------------------------------|------------------------------|
| <b>Opening Balance</b>         | 343                    | 102                    | 343                          | 102                          |
| Proceeds utilised              | (343)                  | -                      | (343)                        | -                            |
| Proceeds recycled              | -                      | 237                    | -                            | 237                          |
| Notional finance costs charged | 10                     | 4                      | 10                           | 4                            |
| Closing Balance                | <b>10</b>              | <b>343</b>             | <b>10</b>                    | <b>343</b>                   |
| Due in less than one year      | -                      | 89                     | -                            | 89                           |
| Due in greater than one year   | 10                     | 254                    | 10                           | 254                          |
|                                | <b>10</b>              | <b>343</b>             | <b>10</b>                    | <b>343</b>                   |

## 22 – CREDITORS (AMOUNTS FALLING DUE AFTER ONE YEAR)

| Group & Association  | 2024<br>£'000  | 2023<br>£'000  |
|--|----------------|----------------|
| <b>Housing property loans</b>  | 94,948         | 79,438         |
| Deferred Grant (note 20)   | 30,741         | 22,488         |
| Recycled Grant Fund (note 21)  | 10             | 254            |
|  | <b>125,699</b> | <b>102,180</b> |
| <b>Housing Property Loans are repayable as follows:-</b>               |                |                |
| Within 5 years   | 96,000         | 79,750         |
| Less Loan arrangement fees   | 1,052          | 312            |
|  | <b>94,948</b>  | <b>79,438</b>  |
| <b>Housing Loans were advanced by:-</b>                                |                |                |
| Banks  | 96,000         | 79,750         |
|  | <b>96,000</b>  | <b>79,750</b>  |
| As at 31 March 2024 all loans were in respect of Housing Properties.   |                |                |
| Fixed Facility at fixed rate of 3.29% (inc margin of 1.6%)             | 0              | 15,000         |
| Fixed Facility at fixed rate of 3.40% (inc margin of 1.6%)             | 0              | 15,000         |
| Fixed Facility at fixed rate of 4.18% (inc margin of 1.6%)             | 0              | 15,000         |
| Fixed Facility at fixed rate of 1.7995% (inc margin of 1.6%)           | 0              | 10,000         |
| Fixed Facility at fixed rate of 5.20% (inc margin of 1.35%)            | 20,000         | 0              |
| Fixed Facility at fixed rate of 5.17% (inc margin of 1.4%)             | 60,000         | 0              |
| Revolving Facility at variable rate plus 1.6% margin                   | 0              | 3,000          |
| Revolving Facility at variable rate plus 1.05% margin                  | 16,000         | 10,000         |
| Fixed Term Facility at variable rate plus 1.6% margin                  | 0              | 11,750         |
|  | <b>96,000</b>  | <b>79,750</b>  |
| Total facilities undrawn at 31st March 2024 were £24m (2023: £40.250m) |                |                |
| <b>Loan Facility Undrawn</b>   |                |                |
| Term   | 10,000         | 23,250         |
| Revolving facility   | 14,000         | 17,000         |
|  | <b>24,000</b>  | <b>40,250</b>  |

## 23a – ANALYSIS OF CHANGES IN LONG TERM FINANCING

|                                      | Group<br>Housing Loans<br>2024<br>£'000 | Group<br>Housing Loans<br>2023<br>£'000 | Association<br>Housing Loans<br>2024<br>£'000 | Association<br>Housing Loans<br>2023<br>£'000 |
|--------------------------------------|---|---|---|---|
| Balance at start of year             | 79,750                                  | 68,500                                  | 79,750  | 68,500  |
| Shares issued                        | -                                       | -                                       | -   | -   |
| Shares surrendered                   | -                                       | -                                       | -   | -   |
| Changes in financing within one year | -                                       | -                                       | -   | -   |
| Cash inflow from financing           | 18,500                                  | 18,000                                  | 18,500  | 18,000  |
| Loan repayments                      | (2,250)                                 | (6,750)                                 | (2,250)                                       | (6,750)                                       |
| Balance at end of year               | <b>96,000</b>                           | <b>79,750</b>                           | <b>96,000</b>                                 | <b>79,750</b>                                 |

## 23b – RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

|  | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--|------------------------|------------------------|------------------------------|------------------------------|
| Opening Cash at 1 April                      | 2,231                  | 2,641                  | 2,211                        | 2,435                        |
| Increase/(Decrease) in cash<br>in the period | 3,265                  | (410)                  | 3,094                        | (224)                        |
| <b>Closing Cash</b>                          | <b>5,496</b>           | <b>2,231</b>           | <b>5,305</b>                 | <b>2,211</b>                 |
| Repayment of loans                           | 2,250                  | 6,750                  | 2,250                        | 6,750                        |
| Loans received                               | (18,500)               | (18,000)               | (18,500)                     | (18,000)                     |
| Changes in net debt                          | (12,985)               | (11,661)               | (13,156)                     | (11,474)                     |
| Net debt at 1 April                          | (77,520)               | (65,859)               | (77,539)                     | (66,065)                     |
| Net debt at 31 March                         | <b>(90,505)</b>        | <b>(77,520)</b>        | <b>(90,695)</b>              | <b>(77,539)</b>              |



## 24 – OPERATING LEASES

As at 31 March 2024 Salix Homes Group had total commitments under non-cancellable operating leases as set out below:

| Group & Association           | 2024<br>£'000 | 2023<br>£'000 |
|-------------------------------|---------------|---------------|
| <b>Land &amp; Buildings</b>   |               |               |
| Lease period ending:          |               |               |
| within 1 year                 | 562           | 514           |
| 2-5 years                     | <b>1,196</b>  | <b>1,610</b>  |
| 5 + years                     | 97            | 408           |
|                               | <b>1,855</b>  | <b>2,532</b>  |
| <b>Other Operating Leases</b> |               |               |
| within 1 year                 | 72            | 262           |
| 2-5 years                     | 69            | 63            |
| 5 + years                     | 0             | 0             |
|                               | <b>141</b>    | <b>325</b>    |

## 25 – PROVISIONS

| Group & Association | 2024<br>£'000 | 2023<br>£'000 |
|---------------------|---------------|---------------|
| Opening balance     | 47,175        | 53,493        |
| Utilised            | (13,409)      | (6,318)       |
| Closing balance     | <b>33,766</b> | <b>47,175</b> |

The provision for future improvement work is part of an agreement with Salford City Council to improve properties within the Salford Stock Transfer. The agreement commenced on 23rd March 2015 and is for a fifteen-year period. This provision is offset by a prepayment debtor disclosed in note 16.

## 26 – NON-EQUITY SHARE CAPITAL

|  | Group<br>2024 | Group<br>2023 | Association<br>2024 | Association<br>2023 |
|--|---------------|---------------|---------------------|---------------------|
| <b>Shares of £1 each Issued and Fully Paid</b> | £             | £             | £                   | £                   |
| At beginning of year                           | 9             | 10            | 9                   | 10                  |
| Issued during the year                         | 1             | 0             | 1                   | 0                   |
| Surrendered during the year                    | 0             | (1)           | 0                   | (1)                 |
| At end of year                                 | <b>10</b>     | <b>9</b>      | <b>10</b>           | <b>9</b>            |

The shares are not transferable or redeemable. The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions. Each member's liability is limited to £1 on a winding up of the Company.

## 27 – GRANT (SOCIAL HOUSING ASSISTANCE)

|  | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--|------------------------|------------------------|------------------------------|------------------------------|
| Total accumulated government grant and financial assistance received or receivable | 13,890                 | 13,570                 | 13,890                       | 13,570                       |
| Recognised as income in statement of   |                        |                        |                              |                              |
| Comprehensive income   | 957                    | 320                    | 957                          | 320                          |
| Held as deferred capital grant   | 76                     | -                      | 76                           | -                            |
|  | <b>14,923</b>          | <b>13,890</b>          | <b>14,923</b>                | <b>13,890</b>                |

## 28 – CAPITAL COMMITMENTS

|   | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|---|------------------------|------------------------|------------------------------|------------------------------|
| Revenue & Capital expenditure that has been contracted for but not provided for in the financial statements | 36,657                 | 20,084                 | 36,675                       | 20,361                       |
| Proposed method of financing:-  |                        |                        |                              |                              |
| Cashflow  | 10,500                 | 7,445                  | 10,518                       | 7,722                        |
| Grant   | 7,134                  | 2,220                  | 7,134                        | 2,220                        |
| Property Sales  | 7,597                  | 10,419                 | 7,597                        | 10,419                       |
| Agreed Loans  | 11,426                 | 0                      | 11,426                       | 0                            |
| <b>Total</b>  | <b>36,657</b>          | <b>20,084</b>          | <b>36,675</b>                | <b>20,361</b>                |
| Capital expenditure that has been authorised by the Board of Management but not contracted for              | 25,595                 | 15,489                 | 26,388                       | 15,489                       |
| Proposed method of financing:-  |                        |                        |                              |                              |
| Cashflow  | 6,075                  | 3,525                  | 6,868                        | 3,525                        |
| Grant   | 9,520                  | 1,849                  | 9,520                        | 1,849                        |
| Agreed Loans  | 10,000                 | 10,115                 | 10,000                       | 10,115                       |
|   | <b>25,595</b>          | <b>15,489</b>          | <b>26,388</b>                | <b>15,489</b>                |

## 29 – CONTINGENT LIABILITIES

As at 31 March 2024 Salix Homes Limited has a contingent liability in respect of properties which were subject to government grant of £9.8m. The fair value of the grant is reflected in the fair value of the housing properties. If the properties with social housing grant were disposed of there would be a liability to recycle or repay the grant. To date there have been six property disposals and a scheme change of use trigger which has resulted in £0.6m being recycled leaving a balance of £9.2m.

## 30 – CASHFLOW FROM OPERATING ACTIVITIES

|  | Group<br>2024<br>£'000 | Group<br>2023<br>£'000 | Association<br>2024<br>£'000 | Association<br>2023<br>£'000 |
|--|------------------------|------------------------|------------------------------|------------------------------|
| Surplus for the year                                     | 3,180                  | 4,598                  | 3,190                        | 4,785                        |
| <b>Adjustments for non-cash &amp; other items:</b>       |                        |                        |                              |                              |
| Depreciation of tangible fixed assets                    | 5,489                  | 5,589                  | 5,489                        | 5,589                        |
| (Increase)/Decrease in trade and other debtors           | (480)                  | 129                    | (614)                        | 131                          |
| Increase/(Decrease) in trade and other creditors         | 9                      | (465)                  | 499                          | (379)                        |
| Amortised government grants                              | (338)                  | (314)                  | (338)                        | (314)                        |
| Corporation Tax  | (205)                  | -                      | (205)                        | -                            |
| Pension cost less contributions payable                  | 115                    | 1,196                  | 115                          | 1,196                        |
| Carrying amount of tangible fixed asset                  | 567                    | 945                    | 567                          | 945                          |
| Cost of properties for outright sale                     | 3,434                  | -                      | 3,434                        | -                            |
| <b>Adjustments for investing or financial activities</b> |                        |                        |                              |                              |
| Ethical Lettings   | (93)                   | -                      | (93)                         | -                            |
| Government grants utilised in year                       | (604)                  | (320)                  | (604)                        | (320)                        |
| Proceeds from the sale of tangible fixed assets          | (2,493)                | (4,354)                | (2,493)                      | (4,354)                      |
| Proceeds from the sale of outright sales                 | (3,415)                | -                      | (3,415)                      | -                            |
| Interest and financing costs                             | 3,819                  | 2,761                  | 3,819                        | 2,761                        |
| Interest received  | (112)                  | (3)                    | (144)                        | (44)                         |
|  | <b>8,869</b>           | <b>9,762</b>           | <b>9,203</b>                 | <b>9,996</b>                 |

## 31 – ACCOMMODATION

### Group & Association

|   |              |              |
|---|--------------|--------------|
| <b>Social housing accommodation in management</b>     | <b>2024</b>  | <b>2023</b>  |
| Social rent   | 7,305        | 7,304        |
| Affordable Rent                                       | 24           | 11           |
| Housing for Older Persons (HOPS)                      | 299          | 297          |
| Keyworker   | 26           | 26           |
| Intermediate Market rent (Rent to Buy)                | 180          | 108          |
| Temporary Accommodation                               | 14           | 14           |
| <b>Total Units</b>                                    | <b>7,848</b> | <b>7,760</b> |
| <b>Social housing managed by others</b>               |              |              |
| Social rent   | 116          | 116          |
| <b>Total Units</b>                                    | <b>116</b>   | <b>116</b>   |
| <b>Non-social housing accommodation in management</b> |              |              |
| Asylum Seekers  | 9            | 9            |
| Other - PSL Owned                                     | 14           | 13           |
| Managed for others                                    | 106          | 197          |
| Leaseholders  | 528          | 512          |
| <b>Total Units</b>                                    | <b>657</b>   | <b>731</b>   |
| <b>Non-residential in management</b>                  |              |              |
| Shops   | 36           | 35           |
| Office  | 2            | 1            |
| Garages   | 165          | 165          |
| <b>Social Units in Ownership</b>                      |              |              |
| Social Housing Accommodation                          | 7,848        | 7,760        |
| Tenant Management Organisation (TMO)                  | 70           | 70           |
| Temporary Accommodation managed by others             | 46           | 46           |
|   | <b>7,964</b> | <b>7,876</b> |

**The social housing owned units movement is as follows:**

| Reason for movement                                  | No's      | No's        |
|--|-----------|-------------|
| Development of newbuild properties                   | 120       | -           |
| Properties disposed under the Preserved Right to Buy | (30)      | (4)         |
| Properties disposed under the Right to Acquire       | (2)       | (5)         |
| <b>Total movement in year</b>                        | <b>88</b> | <b>(59)</b> |

## 32 – GROUP UNDERTAKINGS

The consolidated financial statements incorporate the financial statements of the association/parent organisation; SHL with the two subsidiaries; SHDL and SLL

|  | <b>2004</b><br>£'000 | <b>2003</b><br>£'000 |
|--|----------------------|----------------------|
| Amounts contracted for with SHDL by SHL                          | 4,308                | 7,782                |
| Amounts charged to SHDL for management and administration by SHL | 122                  | 245                  |
| Amounts charged for interest payable to SHDL by SHL              | 115                  | 41                   |

These transactions are not included within Group as they are netted off on consolidation.

A parent guarantee was issued by SHL for the initial phase of the Beech Farm development that was contracted for by SHDL to Vistry Partnerships Limited at a contract sum of £6,680k. The only sum outstanding is the retention element of £92k which is disclosed in note 28. This retention remains unpaid due to outstanding planning conditions in relation to highways.

## 33 – RELATED PARTIES

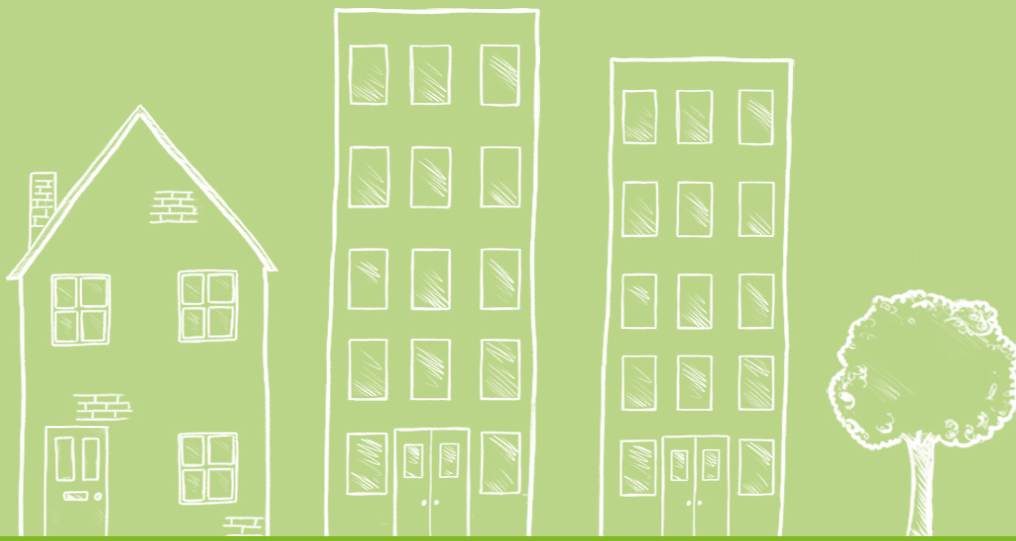
The Company retains a register of Directors interest. During the year there were no interests in related parties that require to be declared.

Salix Homes Limited had one board member who was a tenant, during the year. This was on the Company's normal terms and they could not use their position as a Board Member to their advantage. Rent and services charged to tenant board members was £5,289 (2023: £4,943). There are no arrears to report on the tenancy at the reporting period end 31st March 2024 (2023: Nil).

No other transactions took place with Directors.

**Accounts payable & accounts receivable transactions with entities in which Board or Directors had declared an interest are summarised below:**

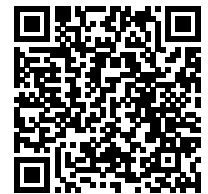
|  | 2004<br>£'000  | 2003<br>£'000 |
|--|----------------|---------------|
| Athena Greater Manchester                    | -              | 8             |
| Derive (Salford CC)                          | 527            | 457           |
| Foundation for the Future                    | -              | 5             |
| GMCA (Greater Manchester Combined Authority) | -              | (33)          |
| MSV House                                    | -              | 2             |
| One Manchester                               | (10)           | (15)          |
| Salford City Council                         | (1,818)        | 1,740         |
| Unite Union                                  | 3              | 3             |
| University of Salford                        | 1              | 1             |
| <b>Total</b>                                 | <b>(1,297)</b> | <b>2,168</b>  |



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