Report and Consolidated Financial Statements

for the 15-month period ended 31 March 2024

WestKent

Places to live. Space to grow.

Contents

Highlights

Operating social housing margin **26%**

Started **14.2** new tenancies every week

Average rent for General Needs **£120.48** (52 weeks)

297 new homes in construction or in contract

Gearing **42%**

Interest cover **175%**

Governance rating **G1/V2**

Increased homes in management to **8,516** (2022: 8,201)

93.4% of Responsive Repairs completed on time

56m invested in new homes

Achieved **99%** occupancy

Staff satisfaction **72%**

Voids turnaround at **52 days**

Delivered **5 new homes** into management every week

Achieved arrears **3.38%**

327 new homes delivered

Customer satisfaction on move in **4.34 out of 5**

£121m loans available for future drawdown

Highlights from 2023/24 include:

- This report covers a fifteen month period as we have changed our financial year end from December to March. This will bring some administrative efficiencies for us and also make it easier to compare our performance to others in the sector.
- Customer satisfaction levels have been maintained. Our overall feedback score for 2023 was 4.3 out of 5 (compared to 4.3 in 2022). This measures repairs, antisocial behaviour, making a complaint, calling our customer services team, moving into a home and buying a shared ownership home. Our first full year of capturing the 'Tenant Satisfaction Measures' show we have improved through the year, with all scoring median or upper quartile at March 24. Overall satisfaction with West Kent as a landlord is 77% (median quartile[1]).
- We have implemented our new housing system in October 2023. We planned for a six week change over and booked fewer numbers of jobs and a reduced customer service availability to allow staff to be trained and settle into new ways of working. This had an impact on our service performance for a short time, shown in longer waiting times when residents called us and an increase in 'no access' for jobs, however customer satisfaction levels were maintained.
- Achieving arrears of 3.38% (compared to 2.17% in 2022 and sector average 3.5%[2]) against a continuing cost-of-living crisis. Supporting 4,809 people with communities work including: 1,189 support interventions to help sustain tenancies, 271 residents benefitted from employment and training services that supported 65 people into employment, another 114 into training and 15 gaining work experience.
- Achieving customer satisfaction of 4.53 out of 5 for our repairs service and achieving 97.1% emergency jobs on time, 95.8% urgent and 93.4% overall jobs on time. We maintained good building safety compliance performance, introducing a pro-active surveying programme identifying households more likely to experience damp and mould and a dedicated fuel efficiency adviser role. We continued to improve voids management, achieving 52 days relet time (63 days in 2022).
- Increasing our homes in management by 327 new builds, achieving £14m sales revenue through the sale of 130 shared ownership homes (against the target of £12.9m for 123 homes).

[1] TSM sector benchmarks have been taken from the Q3 2023/24 Acuity report published in January 2024
[2] Regulator of Social Housing January – March 2024 Quarterly Survey mean 3.5%, median 3.3%

Foreword

As we started this fifteen-month period in January 2023 inflation had reached an all-time high at 10.5%[3], and the sustained increase in day to day living costs is continuing to affect our residents and shared homeowners.

In response to our campaign raising awareness with our residents about how to manage damp and mould we have worked with households to tackle the underlying property failings. This initiative has been invaluable and allowed us to identify 70 vulnerable residents who had not previously contacted us, where we have been able to make improvements to the living conditions of 50 residents. Alongside this work, our financial inclusion service has worked with 345 households to access financial support and improved deals with utility companies.

We also saw an increase in our void property costs and found that there was a high correlation between the age of the resident, length of tenure and the previous refusal of decent homes works. A cross-team approach to work with residents to remove the concerns and barriers preventing these important home improvements has resulted in a reduction to 89 from 133 refusals in October 2023.

These pressures on our operating costs, combined with continuing uncertainty on loan interest rates meant that we took proactive measures to ensure that we could continue to meet any further unplanned reactive repair and void costs. The Board supported the decision to slow some areas of discretionary spend, in particular the programme switching electrical testing from 10 years to 5 years (around 10% of our properties are still on a 10-year cycle) and a slowdown in the kitchens and bathrooms programme. Throughout the year West Kent delivered on its landlord responsibilities, ensuring our homes remain safe and meet the decent homes standard. Good progress is being made to achieve the SAP30 sustainability standard by 2030. We continue to have no pressing building safety issues to report.

We successfully refinanced £399m of our borrowing, improving the loan covenant terms and securing within this £175m of new loan facilities. Facing the potential scenario of average loan rates reaching 5.5%, we also took steps to secure a greater proportion of fixed rate loans and entered three interest rate hedge deals which meant we achieved a Weighted Average Cost of Capital (WACC) of 3.9% as at March 2024 (against 4%[4]) with 77% of our loans on fixed rates.

We were pleased to exceed our new homes target delivering 327 homes across 15 schemes over the 15-month period. All the homes were affordable (delivering 12% social rent, 47% Affordable Rent Tenure (ART) and 41% shared ownership) and to a high standard with an average of 1.9 defects per property, and customer satisfaction rated at 4.88 out of 5.

We exceeded our sales targets achieving an average of 35% first tranche sales and ended the year with 12 unsold homes, which were all under offer at the end of March and at the time of writing all have sold. During 2023/24 we had no homes unsold for more than six months. However, we experienced a higher than usual dropout rate with prospective buyers as the mortgage offer market continued to be volatile.

We are particularly proud of the regeneration of three garage sites in Swanley to create 14 new social rent homes, where we took the opportunity to adapt a new home for someone who had a disability.

A major priority this year for us was the implementation of a new housing system and this has impacted every part of our business and how the majority of teams work. This, as anticipated, has impacted our service performance for a short time as we transitioned in October 2023 on to the new system and staff settled into new ways of working. It has been hugely challenging, in part because we were the first to adopt the integrated housing and property management system from Civica, and it is a credit to our staff that customer satisfaction levels have been maintained through this significant change.

2024/25 sees the launch of the new regulatory consumer standards and increasing powers for both the Regulator and the Housing Ombudsman. West Kent will be seeking to effectively balance the competing pressures to deliver improving services that meet the changing needs of our residents (some of whom have increasing levels of vulnerability) and deliver on the increasingly demanding standards for investing in our current homes. Effective asset management, viable regeneration of some homes and recycling the income from asset disposal for those less in demand properties to support the development of new homes will be vital.

The report that follows sets out our good progress against our strategic objectives and details the initiatives delivered during this 15-month period. Together these provide a firm foundation for future operations and the long-term financial viability of West Kent.

Piers White

Chair, Board of Management, West Kent

Tracy Allison

Chief Executive, West Kent

[3] December 2022 CPI
[4] Effective interest rate (excluding breakage costs) 2022/23 Regulator of Social Housing Global Accounts

Strategic Report

Our vision:

We provide great places to live and space for people to grow.

Our mission:

To create in Kent a prosperous, strong and sustainable society; a place of opportunity for all, where people can plan for their futures.

Our values:

West Kent is known for its positive culture of working in partnership with customers and stakeholders to deliver exceptional services in a friendly, solution-focused way.

Our values guide our staff to give customers a richer experience and staff a greater sense of satisfaction. They guide us to make sound decisions for the business and be responsive to all our stakeholders.

Delivering on our promises:

Doing what we say, when we say we'll do it.

Integrity:

Letting your moral compass keep you on the right track.

Self-awareness:

Knowing yourself and the impact you have.

Honesty:

Saying and doing the right thing, even when it's hard.

WestKent
Places to live. Space to grow.

Our strategic objectives:

In March 2020 the Board approved our strategic plan to 2025, which was supported by a three-year plan and the annual plan for 2023/4.

Our strategic plan has the following four strategic objectives:

Excellent services:

We want to continue to deliver excellent services in a friendly, solution-focused way.

Successful communities:

We want to provide homes and build communities residents are proud to live in, with better support to sustain a successful tenancy and manage life changes.

Grow and re-shape:

We want to increase our homes in management to 10,000 by 2025 and begin to re-shape our property portfolio to better meet the current and future local needs across Kent and Medway.

Best in Kent:

We want to be known as Kent's housing provider of choice.

Flexibility:

Doing the right thing so you get the right result.

Compassion:

Putting yourself in the other person's place.

Learning:

Improving by exploring what's there beyond what you know.

Working hard and having fun:

Choosing to enjoy the people and the job.

Performance Overview for 2023/24

Excellent services

We want to continue to deliver excellent services in a friendly and solution focused way.

Our performance[5]:

- Overall satisfaction with our service (Rant and Rave): 4.33 out of 5 from April 2023 - March 2024 (compared to 4.27 out of 5 for January - December 2022).
- Satisfaction with home at let (Rant and Rave): 4.88 out of 5 for new homes and 4.01 out of 5 for relets (compared to 4.46 for new homes and 4.00 for relets for January - December 2022).
- Satisfaction with condition of home and if feel home is safe (Tenant Satisfaction Measure): Residents 85% (Upper Quartile compared to Sector) and for shared owners 83% (Upper Quartile compared to Sector).
- Number of complaints received in from April 2023 to March 2024 were 542 (357 for 12 months to December 2022). Of these 66% were upheld and 23% went to stage two. The Housing Ombudsman reviewed 16 cases and of these seven were not upheld, and for nine a form of maladministration was found. There were no findings of severe maladministration during the period.
- Achieved rolling 12-month average arrears 3.38%, which is an increase of 0.5% compared to March 2023.
- Achieved customer satisfaction of 4.53 out of 5 for our repairs service for April 2023 - March 2024 (compared to 4.34 for January - December 2022) and achieving 97.1% emergency jobs on time, 95.8% urgent and 93.4% overall jobs on time (98% target) for the same period.
- We maintained good building safety compliance performance, introducing a proactive surveying programme identifying households more likely to experience damp and mould and a dedicated fuel efficiency adviser role.
- The void loss for the 15 months was better than target (£685k against a target of £721k) and the re-let time improved throughout the year resulting in 52 days on average (down from 63 days in January - December 2022).
- We achieved an occupancy rate of 99.4%.

Highlights:

Responsive Repairs

In quarter one 2023/24, we saw a significant rise in Responsive Repairs, primarily driven by issues related to damp and mould. This increase was expected as we had pro-actively raised awareness among our residents, encouraging them to report any concerns. From 2022 to 2023, the number of jobs increased by over 700, with notable rises in works associated with damp and mould.

To support this, we developed a comprehensive policy in collaboration with our Resident Scrutiny Panel, aiming to establish a zero-tolerance culture for damp and mould across West Kent. We hired a dedicated surveyor to respond within 5 days if there's a health concern. Additionally, we changed our process to ensure the initial job remains open until all follow-up works are completed. A dedicated team of experienced staff track progress to manage any disrepair or complex cases better. We also conduct a follow-up visit within 3-6 months to ensure there are no recurring issues.

We also introduced a dedicated fuel efficiency adviser role who works with our customers to get the best rates and available financial support from the utility companies and get the most from the heating systems in their home. (See the update below in the Successful Communities section for more information).

We are satisfied that we can demonstrate compliance across the majority of areas of Awaab's Law currently under consultation and we have action plans to strengthen our evidence-based approach and address identified gaps. We are reviewing our Damp and Mould Policy to ensure that we are meeting the recommendations from Awaab's Law and look forward to the outcome of the consultation.

[5] Rant and Rave is an independent survey of customers who have received a service in the last month. Tenant Satisfaction Measures (TSMs) is an independent survey of a sample of our residents every quarter to ask their views on all aspects of our service. The TSMs are reported as a 12-month average, as required by the Regulator for Social Housing. TSM sector benchmarks have been taken from the Q3 Acuity report published in January 2024.

Void property costs

For those void properties that needed a lot of work, we found a high correlation between the age of the former resident, length of tenure and the refusal of decent homes works. We have set up a task and finish group to review cases where works have been refused and by working with residents to resolve their concerns have managed to reduce this from 133 in October 2023 to 89 refusals at March 2024.

Complaints

The Government has been promoting the right to complain, and in line with the sector we have seen an increase in complaints. Our analysis shows there is no single trend with type of complaint or complainant based on where our residents live or demography and is in line with our resident profile. However, we are keen to better understand how we can improve our handling of complaints and so a panel of directors began in November 2023 to review all stage two complaints over an eight-week period and agreed a set of actions to improve how we manage complaints. One outcome is that we have agreed an organisation wide performance target to reduce the number of complaints escalating to stage two by 10%. Our target for 2024/25 is to have less than 74 (we had 82 in the 12 months to December 2022). We will also pilot an approach for identifying and handling complex cases where multiple teams need to work together or there is the need for intensive housing management support.

In 2024/25 we will update our approach to comply with the new Housing Ombudsman complaints handling code and continue to review with the Board their published findings, to inform our service improvement plans.

In 2023/24 we said we would:

Deliver our new housing system and in doing so improve our business processes and make our services easier for our residents to use.

This was one of our main priorities this year and has impacted every part of our business and how the majority of teams work. We began using the new system in October 2023 and anticipated a six week change over to allow for final testing, the necessary data transfer and validation between systems and staff training. We planned for fewer numbers of jobs being booked and a reduced customer service over this period to allow staff to settle into new ways of working. This, as anticipated, impacted our service performance for a short time with longer wait times when residents called us and an increase in 'no access' for jobs as we re-established text confirmation of appointments. We also saw a reduction in the average time for routine repairs completion and a small increase in arrears during the period following the changeover in systems as we dealt with the backlog in staff tasks.

It has been hugely challenging, in part because we were the first to adopt the integrated housing and property management system from Civica, and it is a credit to our staff that customer satisfaction levels have been maintained through this significant change. Our focus for the beginning of 2024/25 is to continue working with Civica in delivering their package of enhancements that will enable us to benefit from the optimisation of job planning, automated reporting and task management, and for our residents to book a repair online as anticipated.

We are replacing multiple different systems with one and now have our customer data and property data in one system. This proved enormously helpful as we tried to understand what was behind the increase in responsive repairs volumes, void property costs and gain a better understanding of the complaints we receive.

We will incorporate Tenant Satisfaction Measures into our customer service feedback and strengthen our resident scrutiny panel to have oversight of all our resident involvement activity and groups so it can consider and triangulate issues that are coming up for residents.

Our first full year of capturing the 'Tenant Satisfaction Measures' shows we have improved through the year, with all scoring median or upper quartile as of March 2024. Overall satisfaction with West Kent as a landlord is 77% (median quartile).

The resident scrutiny panel is now well established, meets quarterly to review the service performance as reported to our communities and housing committee and uses this to determine which areas to review. They aim to review three areas in a year and report directly to the communities and housing committee. In 2023/24 they reported on resident's voice, community safety and voids.

One of the recommendations made was to provide 'how to' guides for our residents on household maintenance, like 'how to bleed a radiator'. We developed a new range of videos to help residents with these tasks and they have proved to be very popular. In total receiving over 5,000 views across social media and our website in the first three months and over 13,000 in 12 months.

Strategic Report

We will improve our voids management and improve our service charges management.

With voids management, we now have in place pre and post void inspections, agreed standards for each stage of voids management and we monitor satisfaction at re-let. Between January 2023 and March 2024, we let 925 homes including shared ownership properties. We achieved 52 days relet for our rental homes (63 days 2022),4.01 out of 5 satisfaction and our void loss was below target.

With service charges management, we have improved our processes in relation to utilities, with the appointment of a utilities officer who has undertaken an audit of one fifth of our electricity meters during the period to support the rollout of smart meters. We have appointed external consultants to undertake a review of our service charge processes, the results of which will inform our service charge process improvement plan in 2024/25. We consulted with residents to improve the look and content of our annual rent letters.

We will start work on understanding the demand for our Emerald (older people's) homes as part of a wider long-term project to ensure our homes are fit for the future.

We commissioned an external review of the condition of our accommodation, our service offer and consulted with residents. This confirmed that our properties are in good condition, are well placed to meet the future needs of our existing residents. It recommended we review our service offer to better meet the priorities of our current and future residents. This will be taken forward in 2024/25.

In addition, in 2023/24 we have assessed how well we comply with the Regulator of Social Housing's new consumer standards due to be in place from April 2024 and consultation on Awaab's Law.

We are satisfied that we can demonstrate compliance across the majority of areas under consultation and we have action plans to strengthen our evidence-based approach and address identified gaps.

In 2024/25 we will:

- Complete the implementation of our new housing system and deliver the service improvements to make it easier for our residents to interact with us either online or by phone.
- Deliver our action plan to ensure compliance with the Regulator of Social Housing's new Consumer Standards and the Housing Ombudsman Complaints Handling Code.
- Pilot a way to manage complex cases and improve overall complaints handling and reduce the number of complaints escalating to stage two.
- Consult with residents to improve our customer portal, website and use of online documents to enable more self-service for; rent balance enquiries, to report and book a repair, the updating of tenancy details and general enquiries.
- Pilot a digital service offer for our shared ownership customers.
- Complete options appraisals on those Emerald schemes identified as a priority and begin consultation with residents on how to update our service offer.

Successful communities

We want to provide homes and build communities residents are proud to live in, with better support to sustain a successful tenancy and manage life changes.

Services include community investment, tenancy sustainment, estate services and management of anti-social behaviour (ASB).

Our performance[6]:

Performance with Tenant Satisfaction Measures shows us in line with the Sector Median or just below for the following three measures:

- Satisfaction with communal areas (Tenant Satisfaction Measure): Residents 64% (Sector Median 66%) and shared owners 42% (Sector Median 44%).
- Satisfaction with our approach to handling anti-social behaviour (Tenant Satisfaction Measure): Residents 63% (Sector Median 63%) shared owners 38% (Sector Median 40%).
- Satisfaction we make a positive contribution to neighbourhoods (Tenant Satisfaction Measure): Residents 68% (68% Sector Median) shared owners 43% (43% Sector Median).

Community investment highlights:

Between January 2023 and March 2024, we supported 4,809 people with communities work. This included:

- Providing furniture to 707 residents and 1,438 local customers through our Abacus Furniture Project. Abacus also hosted 209 volunteer hours, recycled 914 furniture donations, diverting 85k kilos of waste from landfill.
- Supporting 351 residents through our new tenancy sustainment team to live positively in their homes and sustain their tenancy.
- Generating £458k of social value support for West Kent activities through our partnerships.
- Making payments of £79.6k from the West Kent Hardship Fund to support 219 residents.
- Securing over £300k of increased benefit payments and small grants to support residents directly.

[6] Tenant Satisfaction Measures is an independent survey of a sample of residents every quarter to ask their views on all aspects of our service. Sector benchmark information taken from Q3 Acuity report published January 2024.

In 2023/24 we said we would:

Support our residents through the cost-of-living crisis

As we started this fifteen-month period in January 2023 inflation had reached an all-time high at 10.5%[7], and the sustained increase in day to day living costs has continued to affect our residents and shared homeowners. Our support with financial advice, employment and training support has been enhanced by a hardship fund, available to provide on-off emergency help such as food vouchers, fuel payments, household basics such as replacement cooker or fridge. During the period we gave £79.6k from the West Kent Hardship Fund to support 219 residents and worked with external agencies to arrange emergency food vouchers. This work was supported by our dedicated cost of living campaign 'Help for You', launched in February 2023, which has been used to communicate sources of support to residents.

We have increased the social value through our procurement this year. Suppliers bidding for large long-term contracts are asked to consider what they can do to support our residents and communities. Activities have included:

- Brenwards who provide our responsive repairs and planned maintenance programme contributed £37,500 to the West Kent Community Chest, which funded 45 projects in 2023 and a further five projects in the first quarter of 2024. Projects funded included youth residential trips, social events at various schemes for older people and a new gazebo at Woodlands Court, Swanley. Brenwards also part funded a van to support our neighbourhood activities.
- Civica, the supplier implementing our new housing system, delivered a successful careers event at Orchards Academy in Swanley, followed by work placements for two students who learnt about working in a global software business.
- Capsticks, one of our legal advisers, awarded a £2,500 grant towards our detached youth work.
- Ian Williams, our cyclical decorations contractor, provided new carpets worth £3,000 at Montgomery Road scheme in South Darenth.

Establish an organisational approach to tackling fuel poverty

We introduced a dedicated fuel efficiency adviser who works with our residents to get the best rates, access financial support from utility companies and get the most from the heating systems in their home.

From January 2023 until March 2024, our financial inclusion service supported 345 households with welfare benefit and fuel efficiency advice.

Case study:

A 90-year-old visually impaired resident was supported with energy efficiency advice.

The resident had issues with utility meters, which meant that they were receiving inaccurate bills. Our fuel efficiency adviser worked closely with the energy provider to obtain a refund for overpayments with the resident receiving a refund of £1,000.

Our fuel efficiency adviser also added the resident to priority service registers for electricity and water and arranged for large print bills.

The resident also had a water bill of more than £11k, following a water leak. Our fuel efficiency adviser worked with the provider to erase the debt and add the resident to a social tariff.

Deliver our new communities offer across West Kent neighbourhoods

Broadband offer

We improved the broadband at 16 of our over-55 schemes and piloted the introduction of Wi-Fi to residents as part of a digital inclusion initiative at three schemes (Montgomery Court, Queens Court and Jerwood House) providing access to SkyQ, TV streaming and gaming systems through a specialist partner ensuring a secure and safe way to access digital services.

At Vine Court Road, Wi-Fi was introduced which opened digital avenues and opportunities for the residents there which included:

- Opportunities to complete online applications/CVs.
- Ability to bid for properties on HomeChoice.
- Ability to connect to others on social media.
- Ability to attend online support groups/sessions.
- Ability to pursue their interests like gaming.
- Ability to communicate on WhatsApp.

Resident Action Groups

Following on from our work in St Mary's, we have built on our success with the Resident Action Group introducing regular Resident Action Groups at White Oak and in our community in Edenbridge during the period.

[7] 10.5% December 2022 CPI

Swanley Community Hub

We worked closely with the local church in Swanley to support them in establishing a charity that could act as a community hub supporting the local community in a range of issues. During its first year of operation, Swanley Community Hub has been able to establish and extend an allotment and food distribution project. They have already raised £10,000 towards the food distribution service, which is now providing a weekly food delivery service for residents in financial need.

Establish an approach to community development in new schemes.

We want to ensure that our residents feel part of a wider community when they move into our homes. That is particularly important when we are building new homes and new neighbourhoods in areas where our new schemes will mean we have a significant presence locally. We will establish an approach that:

- Supports our residents in understanding and accessing their local neighbourhood and the services within it.
- Helps build relationships within schemes, across tenures and within wider communities.

We are already developing this approach for our scheme at Castor Park where we are building 106 new homes, which will be part of a new community in an existing neighbourhood.

Support the resident scrutiny panel to deliver no less than two scrutiny exercises, to include how West Kent listens and acts upon the voice of residents.

Our resident scrutiny panel has carried out reviews on the voice of the resident and community safety.

Key findings from the voice of the resident

Residents want West Kent to be visible in their communities and to know who they can contact for help and when. The resident scrutiny panel concluded there needs to be a face-to-face offer for residents and communities, alongside an improved digital offer and both methods should consistently be offered and tailored to need.

The resident scrutiny panel recommended a greater number of resident involvement opportunities and that resident feedback, both formal and informal should be brought together internally to support improvement plans. The panel also recommended the renaming of tenancy service officers.

As a result of these recommendations, we have created new pages on our website showcasing the variety of resident involvement opportunities, we have set up an improvement group which brings together all forms of feedback, we are working to improve the digital offer and ways residents can contact us and we have renamed our tenancy service officers to neighbourhood housing officers to give more clarity to the role.

Satisfaction with how we listen to views of residents and act upon them is in line with sector median or above for our two tenant groups. Residents: 66% (median quartile where 70% is upper quartile). Shared owners: 49% (upper quartile).

Key findings from the community safety review

The resident scrutiny panel reviewed the handling of community safety cases following low feedback scores. Overall, the panel were impressed with the changes that have been made to improve our case handling. We have implemented a new housing management system including improved case management and reporting. We have also introduced a new app for residents to report anti-social behaviour. In addition to this the scrutiny panel recommended that we provide clear explanations of what the possible outcomes could be in a case and ensure we provide running commentary to the resident on the progress of their case, we will be incorporating this into our process improvements in 2024/25.

Satisfaction with our approach to handling ASB has improved over the 15 months. Residents: 63% (median quartile). Shared owners: 38% (lower quartile). This is a 17% increase compared to our survey results from November 2022 for residents, and a 9% increase from November 2022 for our shared owners.

In the past 15 months residents have been involved in two procurement exercises for our grounds' maintenance contractor and communal cleaning contractor.

Wind-down our charitable subsidiary West Kent Extra and transfer the services it provides to West Kent Housing Association to provide.

This has been achieved and West Kent Extra will formally liquidate in 2024/25.

In 2024/25 we will:

- Develop our approach for building communities where we build new homes.
- Develop a digital inclusion plan for those that want to engage with us digitally but may not have access to broadband or equipment.
- Consult with residents on our estate standards and how we deliver our estate services.

Grow and re-shape

We want to increase our homes in management to 10,000 by 2025 and begin to re-shape our property portfolio to better meet the current and future local needs across Kent and Medway.

Asset management

Our performance:

- Building safety 99.9% compliant. At the end of the year there were three overdue gas safety checks (all are proceeding through the no access process).
- 100% of our homes meet the Decent Homes Standard
- We reduced the number of resident refusals to 89 (March 2024) from 133 refusals (October 2023). We received 13 disrepair claims in the period of which 2 were upheld.
- Zero fire risk assessments overdue.
- We completed the replacement of defective cladding on the tall tower, Tennyson Lodge – in collaboration with the owners Kent County Council and Bouygues UK Ltd.
- We reduced properties with EPC D or below to 906 (from 1,552).
- We replaced external doors at 1,002 homes and 64 homes had new windows installed.

In 2023/24 we said we would:

Move away from a 'just in time' approach to a five-year plan for replacing windows and doors.

We planned to replace 1,193 external doors and the windows of 78 homes and delivered 1,002 and 64 respectively.

Take a proactive approach to damp and mould including visits to every property that requires one and trialling new technology solutions to address properties with inherent design issues.

In February 2023 we assessed our approach against the Housing Ombudsman Services guidance on damp and mould and this informed a number of initiatives delivered in the year.

Find your silence: we reviewed our property records for any homes where we had not received a contact over the previous 12 months and linked this to our customer insight. We contacted 70 households we felt were more at risk (due to age and length of tenure) completed a survey for 60 and completed necessary works for 50. The most frequent comments when asked why the resident had not been in touch was that they 'didn't want to trouble us', 'they were not aware of the issue', and 'they were concerned about any disruption'.

We took a proactive approach to communicating our updated damp and mould policy, procedure, and the support available to our residents. Working closely with residents, we developed a series of animations, how-to-videos, and printed materials to help provide the right information tailored to differing resident needs, based on feedback and insight.

We presented this to the Kent Housing Group, forum for housing associations in Kent and Medway, whose members adopted some of our best practice. We were also involved in supporting Baily Garner, a construction consultancy firm, with a comprehensive guide on dealing with damp and mould which was launched at the Houses of Parliament.

Treat residents fairly, know your property and know who lives in your property: Our dedicated team has addressed all reports of damp and mould, investigating the root causes and rectifying the issues. By analysing our repair, asset, and resident data, we proactively contacted those identified at higher risk, enabling us to identify and resolve previously unnoticed damp and mould problems in their homes.

Additionally, we have successfully trialled various technologies, such as Thermocill and Internet of Things devices, in our properties, to support our ongoing management of damp and mould.

Where we have identified properties that will be hard to retrofit to meet future energy efficiency standards, we are putting in place a planned maintenance programme to cover the time it will take to complete the review and implement any regeneration decisions. For example, Bevan Place in Swanley has been identified as a scheme with the potential to regenerate. We are completing works on void properties at this scheme in 2024/25 to enable us to let them as temporary accommodation, meeting a high priority for Sevenoaks District Council. For the occupied properties at the scheme we have consulted with residents and completed investment to improve these properties for the short to medium term. This investment will allow them to continue to meet the local housing need while we review regeneration options for this site.

Deliver our asset management plans

Over the last 15 months we delivered home improvements and reduced the number of properties with a Band D or below rating. We have continued to improve our understanding of the work required to meet energy efficiency standards for each of our homes and compare this to how well the property and its location meets the needs of our residents. We have identified that just over 300 of our properties should be considered for disposal when they next become vacant as they are in areas with a low demand or the cost to meet energy efficiency standards would be prohibitive. We have also identified just over 400 properties of non-traditional construction (such as Wimpey No Fines) where we feel the cost of meeting energy efficient standards in the future would be prohibitive and so we are exploring options for some of these for regeneration.

We also saw an increase in our void property costs and found that there was a high correlation between the age of the resident, length of tenure and the previous refusal of decent homes works. A cross-team approach to work with residents to remove the concerns and barriers preventing these important home improvements has resulted in a reduction to 89 from 133 refusals in October 2023.

We had an independent review of the quality of our stock condition surveys, and this confirmed that our dataset is highly comprehensive with a confidence level of 98.33% accuracy supported with high quality digital images for each property. Like many others we are seeing an increase in claims driven by direct marketing to estates offering a ‘no win no fee’ basis. Our concern is the targeting of the more vulnerable of our residents, who find themselves unable to withdraw a claim as they become liable for their own costs. To tackle this, we have communicated with residents through our website, social media and run articles in our Neighbourhood News magazine to promote early contact if they have concerns about the condition of their home.

In 2023/24 we will:

- Reduce properties with EPC D or below to 632 (from 906).
- Replace 323 boilers, 1,360 doors, windows in 81 homes; and complete 153 loft insulations and 99 cavity walls.
- Develop our pipeline for disposals (which we assume at around ten per annum) and proactively engage with those households identified as high risk that the property is no longer suitable for their needs working with them to support a move to more suitable accommodation.
- Begin work to update our asset management strategy reflecting new legislation (Awaab’s Law), updated Consumer Standards and emerging energy efficiency standards.

Growth in homes

Our performance[8]:

- We built 327 new homes over the period against our target of 295.
- Achieved £14m from 130 sales with a 27% sales margin on shared ownership sales (against our target of £12.9m from 123 sales at a margin of 28%).
- Customer satisfaction with new homes (Rant and Rave): 4.88 out of 5 for new homes.
- Satisfaction with condition of home and if feel home is safe (Tenant Satisfaction Measure): shared owners 83% (sector upper quartile).

We have continued to work with strategic partners to secure a five-year development pipeline with highlights being:

- We acquired land for our largest land led development of 106 homes at Castor Park, Allington in Tonbridge and Malling.
- We are engaged in a strategic partnership that has led to opportunities at Ebbsfleet Garden Village, and the potential to establish a longer-term relationship.

In 2023/24 we said we would:

Deliver 295 new homes including Mills Crescent, a low carbon pilot and the first rural exception homes in Sevenoaks for 15 years and completion of the regeneration of three garages sites to construct 14 new homes for social rent houses.

We exceeded our new homes target delivering 327 homes across 15 schemes over the 15-month period. All the homes were affordable (with 12% social rent, 47% ART and 41% shared ownership) and delivered to a high standard with an average of 1.9 defects per property.

This included the regeneration of three garage sites in Swanley to create 14 new social rent homes. In this scheme we took the opportunity to provide more suitable accommodation for one of our current residents. Working with Sevenoaks District Council we completed tailored adaptations to a new home for someone who had a disability.

We exceeded our sales targets achieving an average of 35% first tranche sales margin and ended the year with 12 unsold homes of which all were under offer. We had no homes unsold for more than six months. However, we experienced a higher than usual dropout rate with prospective buyers as the mortgage offer market continued to be volatile.

Despite it being a challenging operating environment for development across the sector our programme delivered largely against expectations. We had some slippage at one scheme as the housebuilder settled into a merger and we experienced one contractor going into liquidation just as we took final handover of our properties.

We will shape our pipeline for regeneration of existing properties and agree criteria for disposals.

As outlined in the asset management update, we have agreed our disposals criteria and established a clear pipeline for regeneration of our neighbourhoods in the Sevenoaks district.

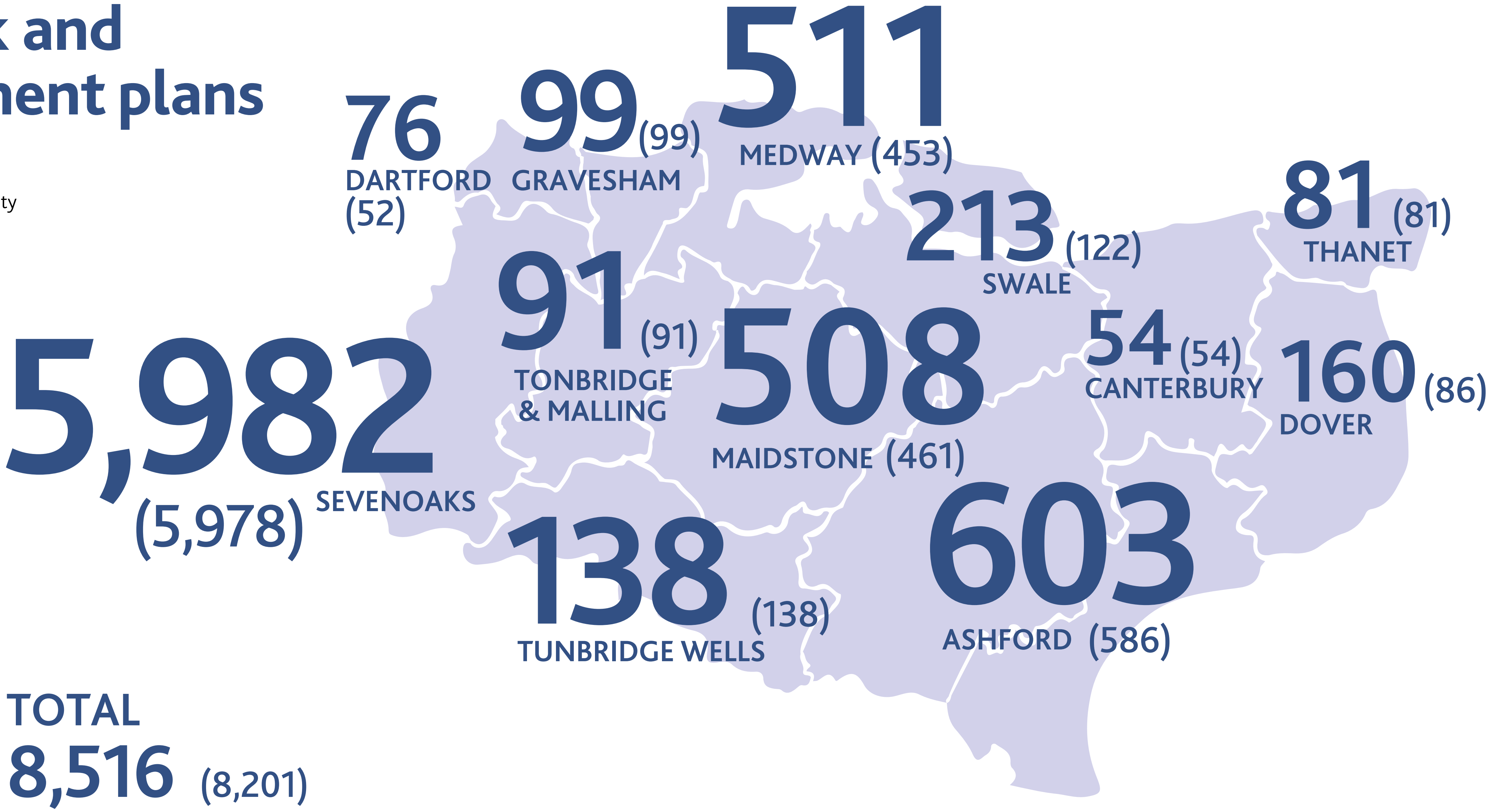
In 2024/25 we will:

- Deliver 148 new homes including 71 shared ownership and £7.5m sales income from first tranche sales.
- Establish a defined approach to sustainability in new schemes and our new homes standard.
- Carry out options appraisals on the four priority Emerald homes and develop a ten year master plan for regeneration of sites in Swanley.

[8] Rant and Rave is an independent survey of customers who have received a service in the last month. Tenant Satisfaction Measures (TSMs) is an independent survey of a sample of our residents every quarter to ask their views on all aspects of our service. The TSMs are reported as a 12-month average, as required by the Regulator for Social Housing. TSM sector benchmarks have been taken from the Q3 Acuity report published in January 2024.

Our stock and development plans

Our current stock by local authority



TOTAL
8,516 (8,201)

	23/24	2022
Rented	6,211	6,031
Rented – older people	1,110	1,110
Low cost home ownership	947	813
Total social housing homes	**8,268**	**7,954**
Leaseholders	248	247
Total owned and managed accommodation	**8,516**	**8,201**
Homes under construction	297	389

	23/24 Less than 6 months old	23/24 Over 6 months old	Total
For homes unsold at 31 March:			
Unsold with no offers	-	-	-
Unsold under offer	12	-	12

All unsold shared ownership properties at the 31 March have been sold within the first quarter of 2024/25.

Best in Kent

We want to be known as Kent's housing provider of choice.

To be the Best in Kent we must ensure the long- term financial viability of West Kent with a well run business delivering to plans and within budget.

Our performance:

- Social housing Operating Margin 26.0% (budget 29%).
- 42% Gearing.
- 175% interest cover.
- £121m loans available to be drawn for build new affordable housing.
- G1/V2 confirmed November 2023 via the Regulator's annual stability review.
- Staff turnover 8.1% (16% in 2022/23), staff sickness 8.4 days (8.8 days in 2022/23).
- Employee engagement 72% in 2022 survey.
- Retained Investor in People Gold (March 2023).

In 2023/24 we said we would:

Change our financial year end December to March, which will bring efficiencies and be more aligned to the Sector improving our ability to benchmark ourselves.

This was completed, with these accounts reflecting the 15-month period in the year we transition.

Finalise new loan financing, to support our growth and investment plans:

- During 2023/24 we refinanced £399m of our loan portfolio, securing £175m of new finance and £224m of existing finance on improved terms including improved financial covenants, the Key Performance Indicators (KPIs) lenders monitor us against.
- We have moved 83% of our drawn borrowing to fixed rates (77% total portfolio), an improved position from 59% at the end of 2022, providing improved protection against the current volatile financial markets.
- We implemented a hedging strategy during the year, to swap a number of short-term variable interest rate loans onto lower fixed rate terms, which has resulted in over £0.9m of interest cost savings during 2023/24 and will better equip us to manage the current volatile financial markets.

Deliver on business improvements, efficiencies and our procurement plan to achieve Operating Margin of 25%.

- We delivered our IT plans in particular infrastructure improvements and the implementation of SharePoint, which will allow the decommissioning of legacy systems to plan, saving c£200k in 2024/25.
- In 2023/24 we continued to make investments in Cyber Security introducing new capabilities, defences and partnerships to create a sector-leading approach, which was acknowledged in us winning the Housing Technology Gold Annual Award in this category.
- In our staff survey in August 2023 71% staff felt they had what they needed to perform their job effectively (55% in February 2022).
- We agreed our data strategy and created a central team of expertise to allow the rapid development of reports, combining property and customer data to inform service enhancements shared in earlier sections of this report.
- We delivered on our procurement plan, tendering 50 contracts for a £16.7m combined value and securing £1.3m in added social value.

Strategic Report

Work towards obtaining Equality, Diversity and Inclusion Accreditation in 2023/24

We have reviewed our approach to Equality, Diversity and Inclusion (EDI) and taken the decision to increase our EDI resident focus. We plan to embed this approach, supported by a programme of learning and cultural change, through a new EDI framework which will drive our approach over the next three years. We have continued our delivery of EDI awareness events across the year with a focus on International Women's Day, Mental Health Awareness Week, Pride and Black History Month. We will further consider the value and potential for accreditation in 2025/26.

We agreed our Equality, Diversity and Inclusion framework, which will guide all our enabling strategies (such as customer services, asset management and people).

This will complement our values and help shape our customer service training plans. In summary:

We want to create a culture of inclusivity and curiosity that values difference, where people feel respected, included, and heard, and where prejudice and discrimination is recognised and addressed.

We want everyone at West Kent to have ownership and responsibility of this, from the language we use to the way we work with and deliver services to our residents.

What this means:

Leadership

Our Board and leadership will hold us to account from our day-to-day decision making to our strategic planning activities.

Lead a culture of inclusivity where it is safe to be your authentic self and to speak out on behalf of yourself and others.

Communities

We want to engage with and understand the communities we work in to deliver positive change and create community ownership.

Residents

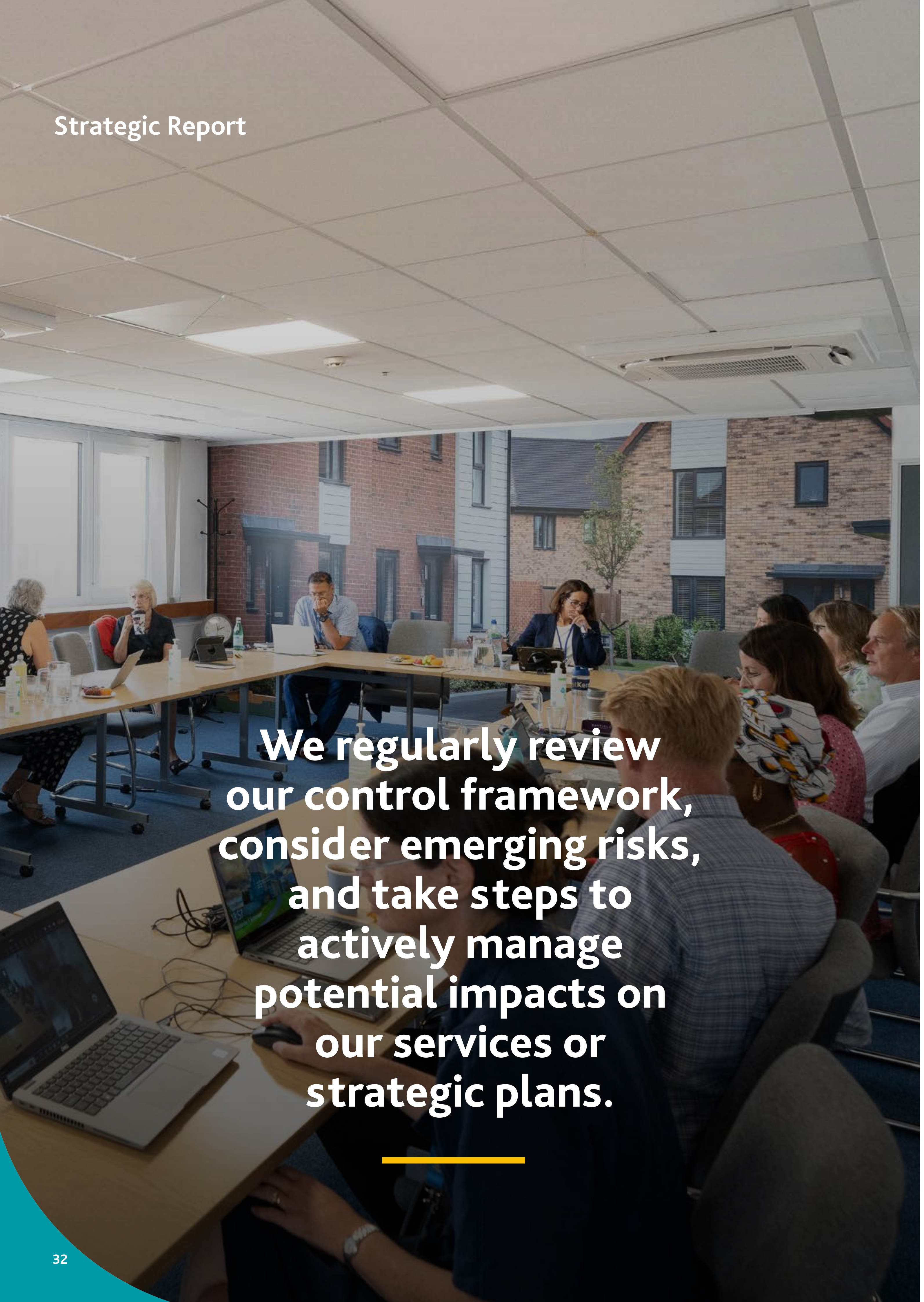
We want our residents to feel safe and secure; to know they will be treated with dignity and respect, and to feel confident that they can influence the services they receive.

Colleagues

We want to support a skilled, diverse workforce who live our values and feel valued for the different experiences they bring.

In 2024/25 we will:

- Secure new funding of £105m, improve our securitisation administration and review our property valuation method.
- Agree our Sustainability Policy and Environmental, Social and Governance (ESG) framework.
- Develop our Value for Money three-year plan setting out how our service to residents will improve and how our business operations will change.
- Develop our customer training and performance management element in relation to behaviours to support the implementation of our equality, diversity and inclusion framework.
- Continue with phase two of our housing and finance system enhancements to support improvements in service delivery.
- Invest in the training and skills of our staff to ensure we meet the requirements for Net Zero Carbon, Consumer Regulations and the Professionalisation of the housing sector.



We regularly review our control framework, consider emerging risks, and take steps to actively manage potential impacts on our services or strategic plans.

Risk

Overview

Effective risk management is fundamental to the successful delivery of our strategy and objectives and is a core part of governance at West Kent.

The Board is responsible for setting the overall direction of the organisation. In doing this, it ensures that West Kent has an appropriate, robust and prudent business planning, risk and control framework.

The strategic plan sets out our intentions for the future, informed by the risks we think we will face in trying to achieve them and our appetite for those risks.

The risk management framework links our vision, with the key risks and our risk appetite, in the context of our operating environment and opportunities.

The Board's oversight of West Kent's risk environment is supported by the detailed work of the committees. The Board has delegated responsibility for monitoring the effectiveness of the internal control framework to the audit and risk committee and receives regular advice on financial performance and risk from the investment and finance committee. This includes updates on risks to our residents and communities from the communities and housing committee and on people and culture risks from the remuneration and appointments committee.

The table below sets out the risk oversight framework of our Board and committees.

	Group Board	Audit and Risk Committee	Investment and Finance Committee	Communities and Housing Committee	Remuneration and Appointments Committee
Areas of responsibility	Strategic plan; strategic risk register; growth and diversification strategy; communications and marketing strategy; IT and data strategies.	Internal controls framework; audit and assurance.	Treasury strategy; financial plan; development pipeline and investment appraisal; major programme delivery; compliance with the Economic Standards.	Resident and building safety; resident involvement strategy; customer experience strategy; communities strategy; asset management strategy.	People strategy; Board and executive performance.
Reporting	Formal review of strategic risk register on a six monthly basis, with quarterly risk and compliance reporting and annual horizon scanning. Quarterly review of delivery of annual plan.	Quarterly governance and compliance dashBoard; internal audit programme; oversight of external audit and review of financial statements.	Quarterly review of management accounts and treasury. Annual review of business plan, including risk sensitivities.	Quarterly reporting on compliance and health and safety. Six monthly reporting on safeguarding, ASB and communities' risk.	Annual review of Board and executive performance. Six monthly reviews of culture and performance, alongside delivery of the people strategy.

The Executive Team supports Board oversight of risk through monthly monitoring of emerging issues and key areas of operational risk and quarterly recommendations to the Board on the content and scoring of the strategic risk register.

The Board sets our level of risk appetite, and this is reviewed and discussed on an annual basis. We have six key risk appetite statements which guide us in how we respond to emerging issues and approach opportunities.

Risk category	Risk appetite
Legal and regulatory compliance: **averse**	Compliance with the law and regulatory requirements is a key organisational objective. We have no appetite for being challenged. We play ultra-safe and take all possible measures to ensure we are compliant.
How we deliver our services: **opportunistic**	We actively pursue innovation to challenge and improve on current working practices. We have appetite for transformation provided that it is well controlled. We want to deliver change at pace provided that we manage the risks well.
Financial, treasury and liquidity: **balanced**	We seek safe delivery options and will consider small residual financial loss if outweighed by opportunities. We set appropriate buffer limits for liquidity and covenant headroom, seeking Board approval in advance if we intend to exceed the limits temporarily. We take steps to protect our viability rating and only take decisions that we are confident will not lead to a downgrade below V2.
Technology, data and information security: **cautious**	Maintaining the security and resilience of our systems is very important to us. Our primary focus by far is on ensuring we get the basics right. We take an incremental approach to change and have no appetite for radical transformation. We strongly prefer to use market-leading technology but will consider other options only when essential and where the degree of inherent risk is very low.
Growth and diversification: **opportunistic**	We are open to expansion beyond our traditional products and footprint (geography) in pursuit of reward, provided we are confident that we can manage the risks. We will consider merger and acquisitions or partnerships working as appropriate provided that we have confidence in our partners. We will do more than our fair share of development and deliver a sizeable number of new homes.
Brand and reputation: **balanced**	We prefer not to draw attention to the organisation unless we are sure that what we say or do will have little chance of any significant repercussions for the organisation.

The Board maintains a strategic risk register, which is reviewed alongside emerging risks and compliance on a quarterly basis.

Emerging issues, mitigations and governance

West Kent has implemented a system of internal control designed to manage risk and to provide reasonable assurance that key business objectives will be met. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of West Kent's assets and interests.

We regularly review our control framework, consider emerging risks, and take steps to actively manage potential impacts on our services or strategic plans. The audit and risk committee receives a quarterly governance and compliance update, which sets out details on the effectiveness of internal controls, and monitors key areas of compliance, including fraud. They review the effectiveness of our risk identification and management twice a year. The Board considers the external environment, emerging themes and actions to mitigate strategic risks on a quarterly basis and undertakes an annual risk horizon scanning exercise to align with setting the annual plan.

Strategic risk

Our risks are scored using the following matrix. 2023/24 continued to be a challenging and uncertain operating environment, and this was reflected in Board discussions on risk during the period. In November 2023, the Board reviewed the effectiveness of the risk management framework, alongside horizon scanning of the risk environment, resulting in updates to the strategic risk register. We currently have no red (high) rated risks. The top three strategic risks are all medium (amber).

Risk impact:

4. Catastrophic	Medium (10)	Medium (13) SR13	High (15)	High (16)
3. Severe	Low (6)	Medium (9)	Medium (12) SR4	High (14)
2. Material	Low (3)	Low (5)	Medium (8)	Medium (11) SR5
1. Negligible	Low (1)	Low (2)	Low (4)	Medium (7)
Risk likelihood	1. Unlikely	2. Possible	3. Probable	4. Highly probable

Strategic risk	Operating context	Score	Mitigation
SR4 Failure in data capture, integrity and management	Data integrity continues to be a key area of focus for us as we transition to our new systems at a time when there is heightened scrutiny and focus on data integrity coming from recent legislative changes; Awaab's Law, Consumer Standards and increased powers of the Housing Ombudsman. We have undertaken a number of external assurance exercises on our data during the period including an audit of our stock condition data by Faithorn Farrell Timms (FTT), resulting in positive assurance, a legal review of our tenancy agreements that will feed into our service charge improvement project and the use of external consultancy to validate our data transfer, when transitioning housing systems.	**12**	Robust data protection and information security policies are in place and regularly reviewed. We have a dedicated data protection officer, who monitors compliance with the UK GDPR, including management of subject access requests and ensuring staff have appropriate training and guidance. The training programme for cyber security and data protection was refreshed in 2023/24. Legacy systems have been consolidated and replaced with new housing and finance systems. Data integrity, security and information governance form part of the five-year internal audit programme.
SR5 Failure to sustain tenancies and safeguard rental income	The impact of the cost of living on our residents is being seen through the rise in complex cases that we are experiencing, compounded by the reduction in external support services. Our updated communities offer includes a fuel adviser and a hardship fund, which have been set up during 2023/24 to respond to these increasing needs. The rent cap in 2023/24 and the uncertainty of the future rent settlements have meant that we have had to review what investment plans form our core business plan and what need to be modelled as a scenario, subject to future funding levels.	**11**	Our proactive approach to rent collection with supportive tenancy sustainment, financial health checks, and advice aims to limit the number of tenancies falling into arrears and maximise the direct benefit payments.
SR13 Failure to ensure reliable, secure and robust IT services	There is a heightened risk from ongoing cyber threats to the sector. Housing associations are known targets. There have been a number of recent high impact failures known to have taken place within the sector over the last12 months, alongside recent cyber-attacks on our local authority partners. We have undertaken a significant amount of work during 2023/24 to improve our infrastructure, train our staff and implement daily checks and regular testing both internally and from external sources to protect the organisation against this threat.	**13**	We complete independent checks on the resilience and security of our systems and monitor daily performance. Significant improvements have been delivered to IT infrastructure and resilience during 2023/24. Data integrity, security and information governance form part of the five-year internal audit programme.

Value for Money

This section provides information on our performance aligned to the Regulator's Value for Money (VfM) metrics. Value for Money (VfM) looks at the 'efficiency, economy, and effectiveness' of how we do things. It is how we push ourselves to do things differently so we can achieve more for the same money or effort, achieve something better for the same money or effort, or even achieve the same benefit for less money and less effort.

Our 2020-25 strategic plan sets out our approach to Value for Money, how we aim to achieve it and how we will measure it. The strategic ambition to deliver our objectives and to maintain a 35% Operating Margin on our social housing operations by 2025 has been tempered over the last two years due to the high inflationary and interest rate environment and the cap on rent increases for April 2023. We still anticipate that we will deliver our objectives by 2025, however our Operating Margin target will be reduced to 30%, due to the context of our current operating environment.

The strategic plan recognises this is challenging ourselves, and states that over the life of the plan we will:

- Identify and implement business improvements so we can meet increasing investment needs to achieve the net-zero carbon challenge.
- Invest in our process and systems, so that we can have more homes in management with the same cost base.

At West Kent we deliver Value for Money by:

- Having a well-run business with our homes safe, fully occupied, collecting all income due and managing our business to plans within budget.
- Generating a surplus for purpose enabling us to invest in communities and new homes.
- Delivering on targets for supporting residents in successful tenancies and work to build thriving communities, set out in our strategic plan.

We measure our achievements through the sector scorecard and compare our performance to peers. Alongside the Regulator's VfM metrics during 2023/24 the Board approved two internal VfM metrics that we will use to monitor our operational performance:

- Overall Operating Margin (with no exclusions).
- EBITDA-MRI excluding Sales.

Our strategic plan sets out our operational performance measures.

In 2023/24 we delivered Value for Money through:

- The delivery of efficiencies in how we manage our interest rate costs, implementing a hedging strategy during the period saving c£0.9m in interest costs compared to forecast pre-hedging.
- The management of inflationary pressures through improving our forward procurement activity, contracting for longer timescales (three-five years rather than one-three), to achieve cost efficiencies. The procurement team have achieved £0.1m of cashable savings, £0.05m of cost avoidance and £0.05m of social value during the period.
- Working with insurers to review our contract arrangements to manage costs in line with budget, in a difficult insurance market where costs are escalating.
- Continuing to review our approach to management of defined benefit pension liabilities.

In 2024/25 we will deliver Value for Money through:

- Benefits expected from our new housing management and finance systems, identifying cashable savings, reducing costs, improving efficiency and service delivery to our residents. This will enable future capacity to do more. These efficiencies start to deliver from 2024/25 and will be tracked against our financial plans.
- The continuation of the work started in 2023/24 to review our approach to the management of defined benefit pension liabilities.
- A review of alternative models of insurance, to help manage costs against a rising market.
- Procurement savings identified through our procurement plan of £0.1m cashable savings, £0.1m of cost avoidance and £0.05m of social value.
- Our service charge improvement plan which will look to improve processes and procedures over the next two years to improve our service charge recovery and improve the quality of information to our residents.

Where does our money go?

Our rental income is used to maintain our homes and provide our housing management and community services. Any surplus is combined with loan finance and reinvested through planned maintenance of our existing homes and the construction of new homes. These graphs show the cash receipts we received and how they have been used in 2023/24.

Cash receipts:

Rent	46%
Service charges	5%
Property sales	1%
Sales shared ownership	10%
Communities income	0%
Interest received	0%
Grants	0%
Loans drawn	38%

Our income is supplemented by loan financing to support our investment in new homes.

Expenditure:

New homes	33%
Management and other expenses	6%
Planned maintenance	23%
Interest on loans	15%
Estate and services	11%
Routine maintenance	7%
Community engagement	2%
Purchase of IT equipment	3%

Our income is supplemented by loan financing to support our investment in new homes.

West Kent compares performance with our closely aligned comparator group based on geography (south-east), number of homes in management (5k to 20k) and similar profile of types of homes (70% similarity across tenures). This has identified seven peers who we believe are similar to West Kent. The following tables compare our performance (15-month period 2023/24) to this group (12-month period 2022/23).

We will continue to monitor ourselves against our own performance, that of these peers and the sector. Our target reflects our strategic plan 2020-2025 and our agreed Golden Rules and internal Value for Money key performance indicators.

In 2023/24 we replaced:

- 1,134 doors
- 365 boilers
- 168 kitchens
- 62 bathrooms
- Windows in 64 homes
- 12 roofs
- 52 electrical heating systems
- 10 Air Source heating systems
- We undertook: 9 electrical rewires

Regulatory Value for Money metrics

Comparator information is taken from the VfM metrics published by the Regulator alongside the global accounts. Comparator year ends are March 2023.

Regulatory metric 1

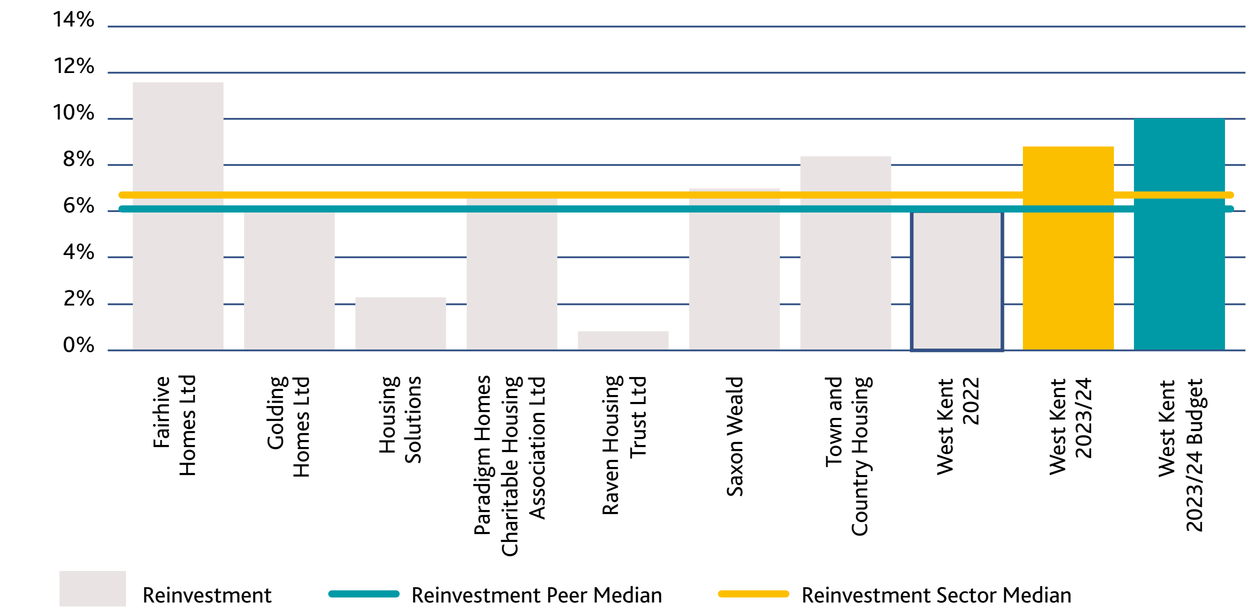
Reinvestment %

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total housing properties held. This metric is key to our ability to meet our growth objective of delivering 3.5% new homes per year.

Global accounts sector median 22/23	6.7%	
Global accounts peer median 22/23	6.1%	
West Kent Housing Association 2022	6.0%	
West Kent Housing Association 15-month period 2023/24	**8.8%**	**10% Target**
West Kent Housing Association 2024/25 budget	**10.0%**	

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total housing properties held. This metric is key to our ability to meet our growth objective of delivering 3.5% new homes per year.

Reinvestment 23/24



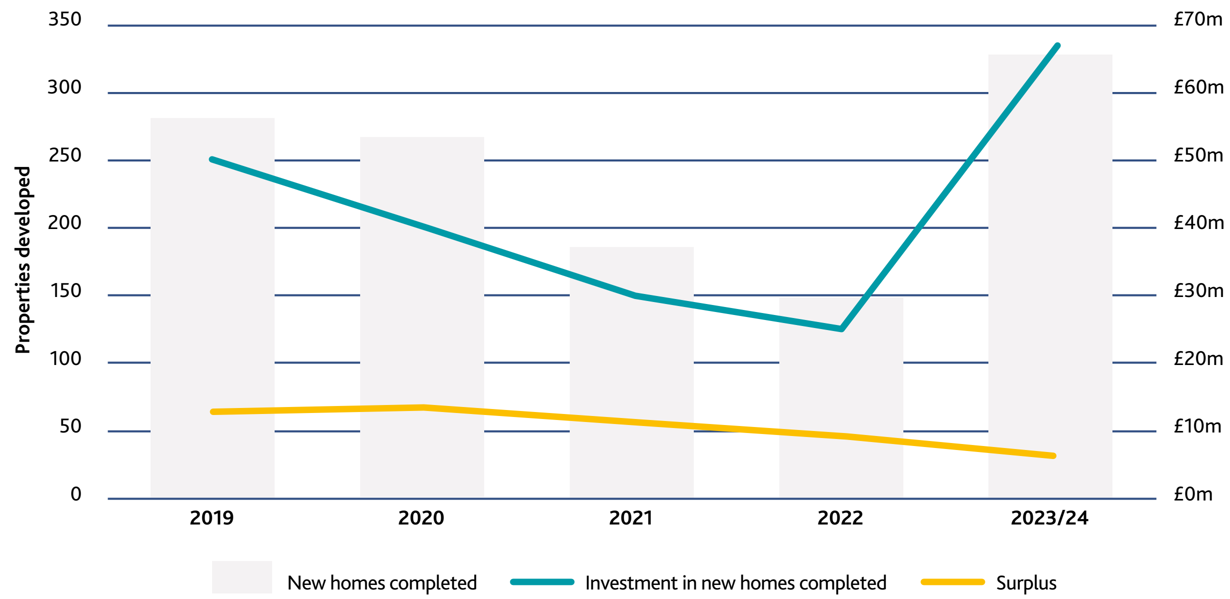
West Kent reinvested £55m (12 months) in 2023/24 and £67m in 2023/24 (15 months), against an asset value of £755m.

When this rate is split between investment in our existing assets and investment in new supply we can see that we have a reinvestment rate of 7.4% in existing assets and 1.4% in new supply.

We expect to invest around £128m in our development programme for the next three years to achieve our growth ambitions to support the local housing needs.

Our peers have a range of reinvestment rates, this may be due to their development cycle or due to their asset base valuation methodology. The highest re-investment from our peer group last year was Fairhive who had an 11.6% reinvestment rate, with the peer average at 6.1%. Assuming peers commit a similar amount in 2023/24 West Kent's reinvestment of 8.8% against an asset value of £755m in 2023/24 performs well.

In response to the volatile financial markets, we reviewed our loan finance position and investment appraisal assumptions during 2023/24 completing a refinance exercise of £399m of loan finance during the period. Following completion of this exercise we have increased our planned investment levels, increasing our projected development units over the next five years by 171 and our asset management expenditure in the next five years by £12.6m.



Over the past five years we have spent £212m in building or acquiring new homes, we have completed 1,206 homes in this time and have 297 homes being built. We have received £8m over the last five years in Homes England grants. In the same period, we had surpluses of £53m. For every £1 generated in surpluses we spent £3.88 on building new homes.

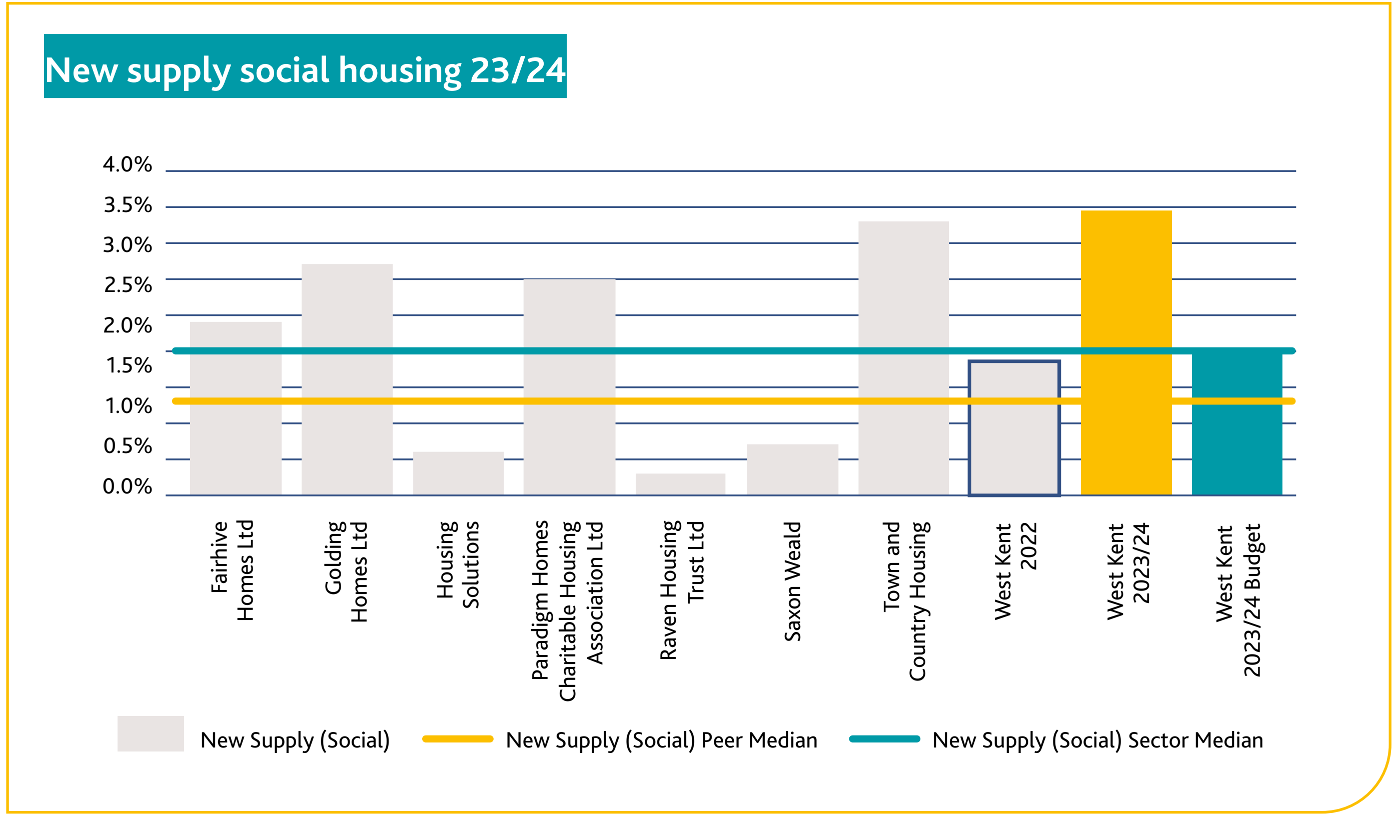
Strategic Report

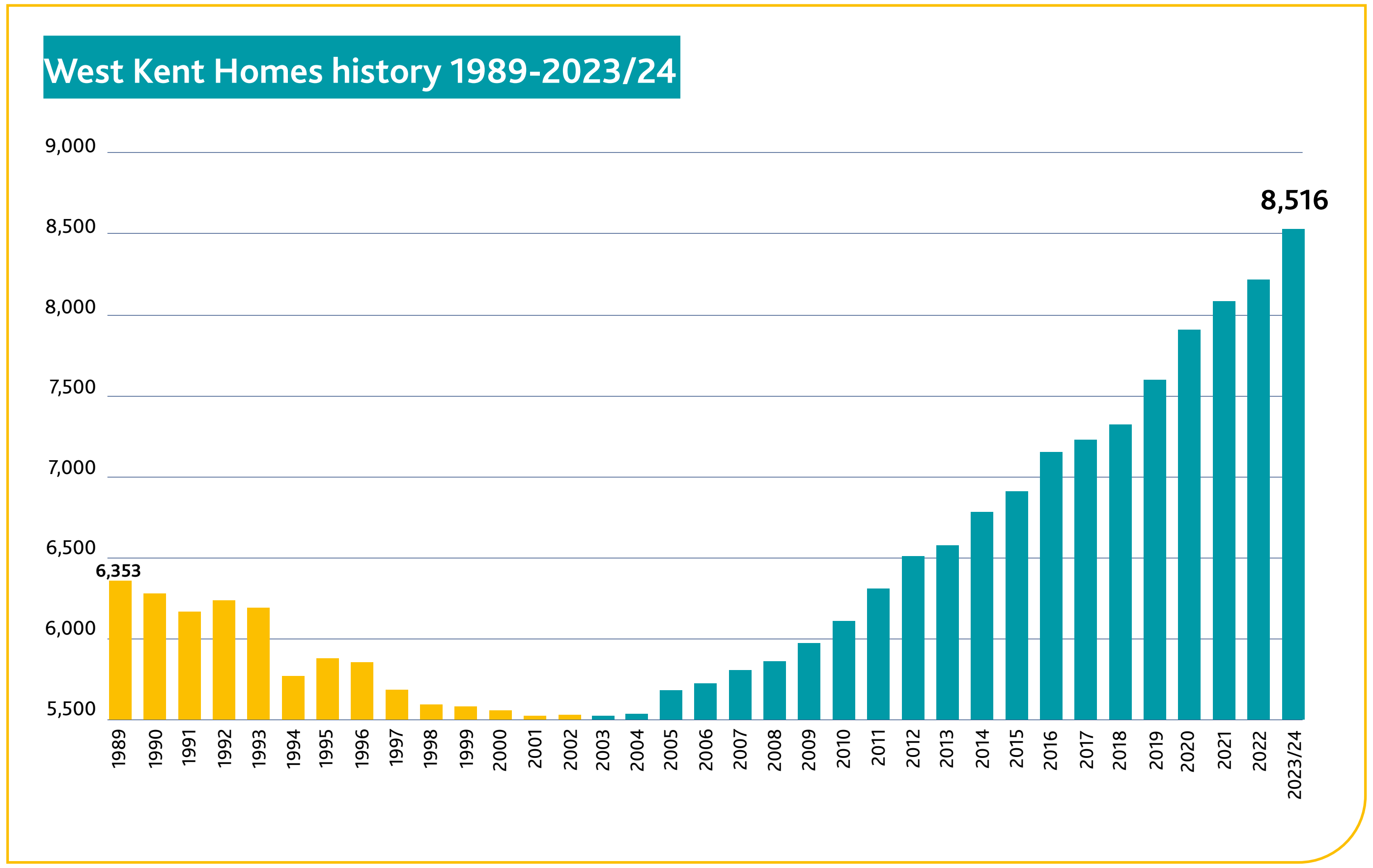
Regulatory metric 2a

New supply delivered % (social housing units)

This metric is linked to investment. It records the number of new social housing homes as a proportion of homes owned. Our growth objective is to deliver 3.5% new homes per year.

Global accounts sector median 22/23	1.3%	
Global accounts peer median 22/23	2.0%	
West Kent Housing Association 2022	1.9%	
West Kent Housing Association 2023/24	**4.0%**	**Target 3.5%**
West Kent Housing Association 2024/25 budget	**2.0%**	





We built 327 homes in 2023/24 (2022: 148) representing 4% of our total homes owned. This included 37 for social rent, 155 for affordable rent and 135 for shared ownership. Our aim is to deliver 3.5% new homes every year, of which 50% will be for affordable or social rent, and 50% for shared ownership.

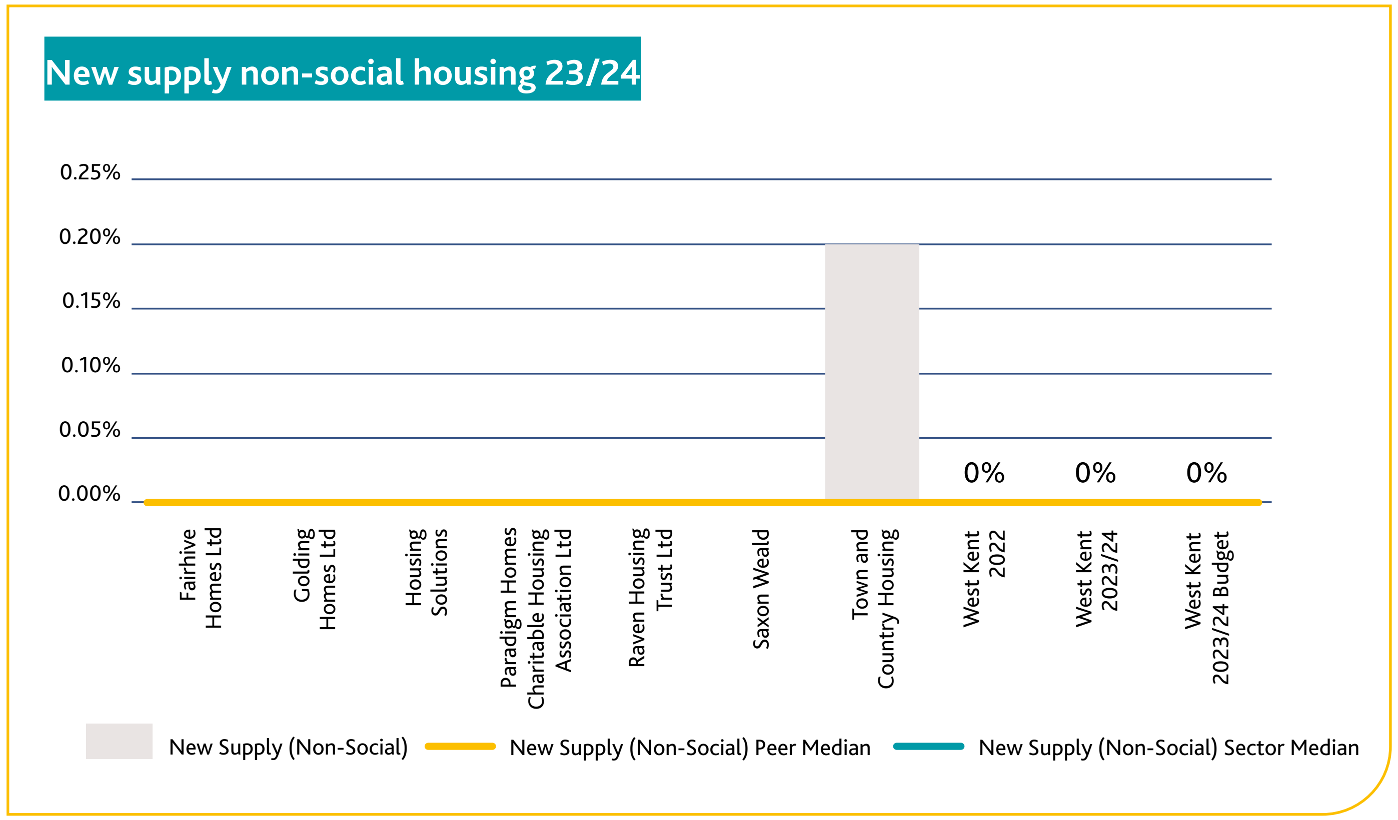
In 2023/24 West Kent sold no homes through Right to Buy, which over the last 30 years this has resulted in the loss of over 1,300 homes from West Kent's original transferred homes from Sevenoaks District Council. The current high interest rate environment has impacted the demand for Right to Buy during 2023/24. We now own and/or manage 8,516 homes and have plans to reach 10,000 by 2030.

Regulatory metric 2b

New supply delivered % (social housing units)

This metric looks at the supply of non-social housing homes as a proportion of homes owned.

Global accounts sector median 22/23	0.0%	
Global accounts peer median 22/23	0.0%	
West Kent Housing Association 2022	0.0%	
West Kent Housing Association 2023/24	**0.0%**	**Target 0.0%**
West Kent Housing Association 2024/25 budget	**0.0%**	



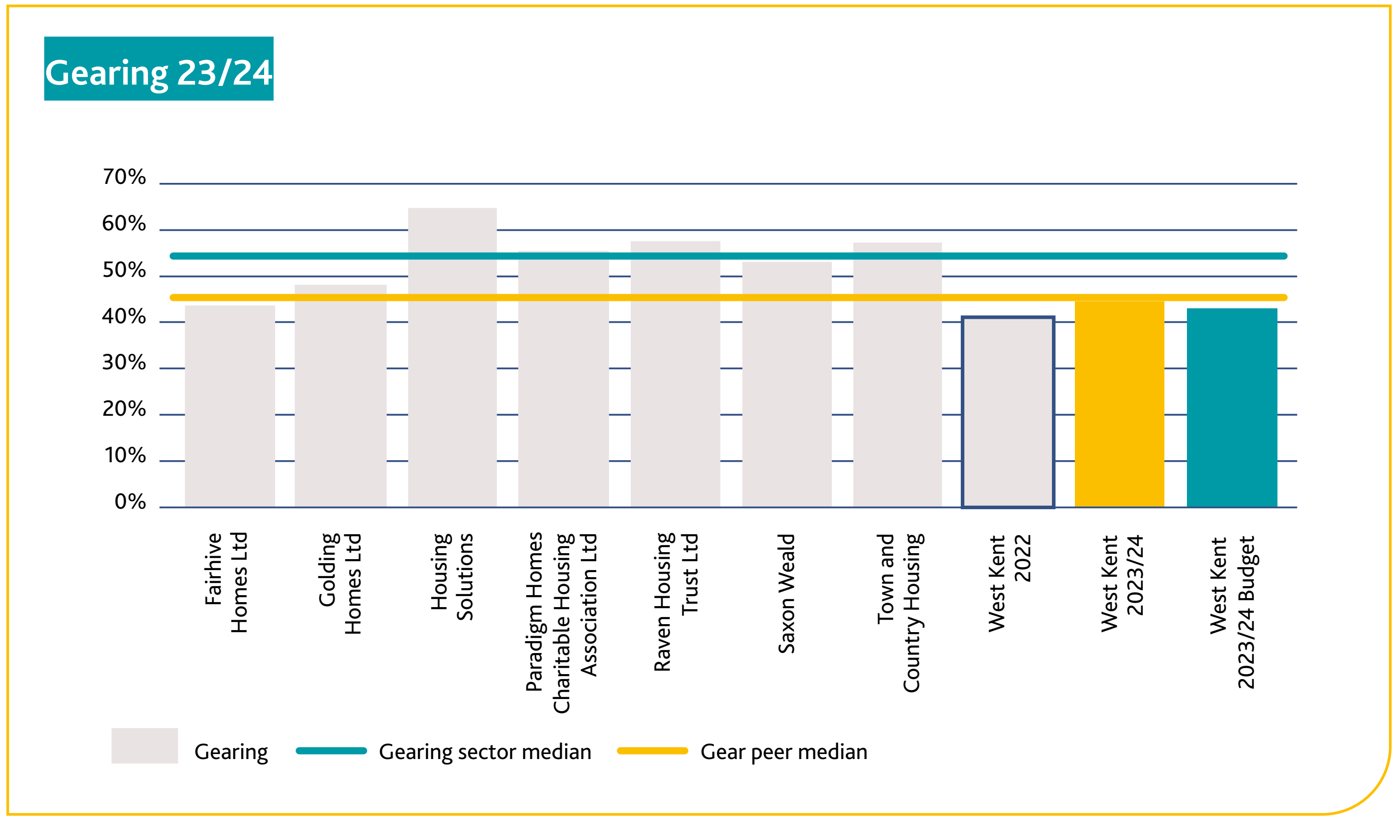
Our development strategy is not predicated on delivering non-social housing homes. However we are looking at development opportunities that could include outright sale and market rent in the future, where this would assist in delivering our social housing homes target.

Regulatory metric 3

Gearing

This metric measures net debt as a proportion of housing asset value.

Global accounts sector median 22/23	45.3%	
Global accounts peer median 22/23	54.3%	
West Kent Housing Association 2022	41.1.%	
West Kent Housing Association 2023/24	**44.6%**	**<55% Target**
West Kent Housing Association 2024/25 budget	**43.0%**	



This is a key metric for our funders and demonstrates our capacity to borrow more from the assets we own. West Kent has sufficient debt and available loan facilities to meet our capital commitments. We also have sufficient undrawn loans to continue to commit to more new homes. Our development programme is funded from surpluses and loan finance £443.5m (2022: £343m). This measure is expected to rise slightly each year in line with our strategic plan and within our covenants agreed with our funders.

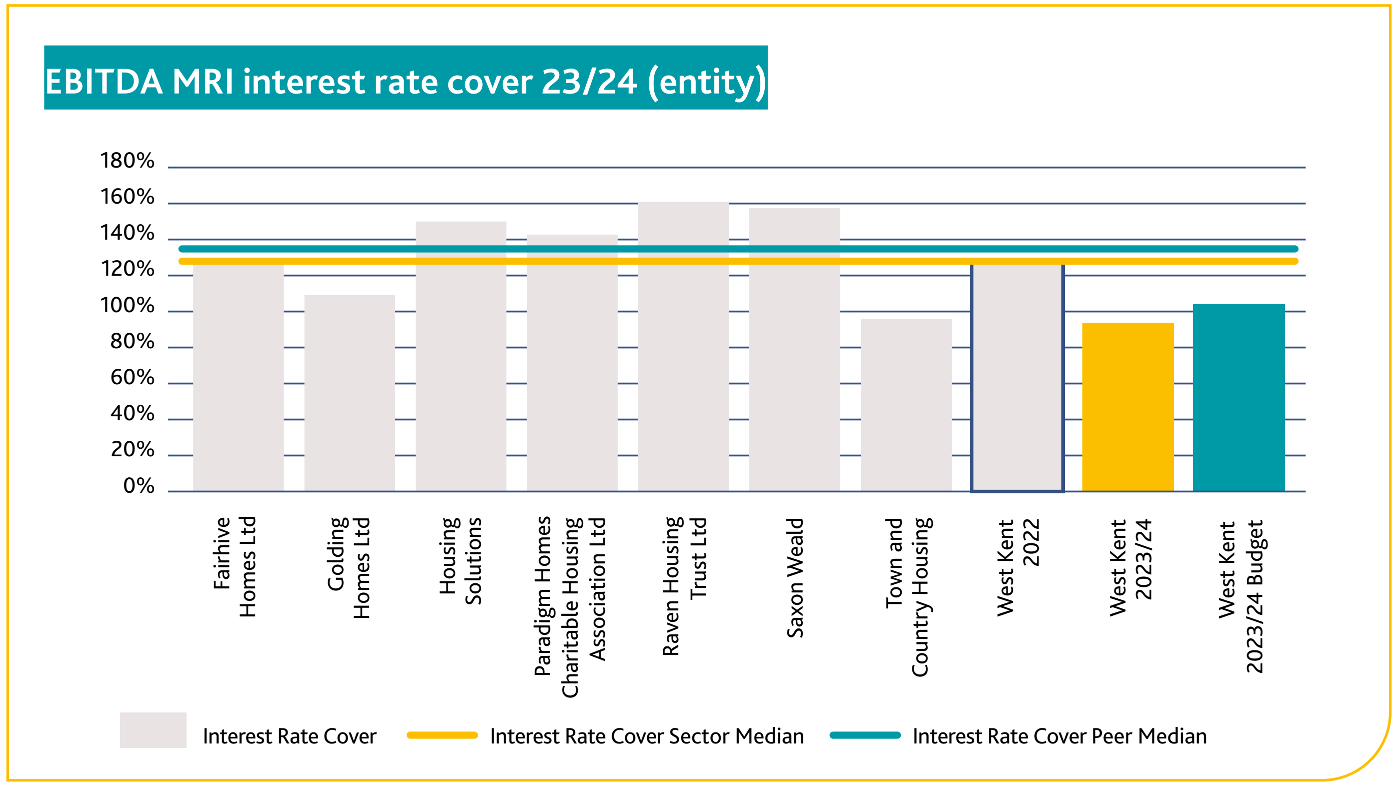
Regulatory metric 4

Earnings before interest tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover %

This metric is a key indicator for liquidity and investment capacity. It measures the level of surplus we generate compared to interest payable.

	VfM definition		New loan definition	
Global accounts sector median 22/23	128%		N/A	
Global accounts peer median 22/23	135%		N/A	
West Kent Housing Association 2022	129%		N/A	
West Kent Housing Association 2023/24	**99%**	**>100% Target**	**175%**	**>150% Target**
West Kent Housing Association 2024/25 budget	**104%**		**176%**	

During 2023/24 we have agreed an internal VfM metric of EBITDA-MRI less sales. This KPI shows the underlying performance of our operations' ability to fund our interest costs, were sales not achieved. Our outturn position is 74.3%, below our target of 100%, however in line with the sector median of 76%[9].



[9] Rolling 12 month interest cover excluding sales for the sector up to March 2024 taken from the Regulator of Social housing Quarterly Report January – March 2024.

As West Kent grows, we will borrow to fund our development programme. Over time we expect our interest cover to reduce, this represents the social value we bring to the sector as we continue to borrow to invest. We are looking at ways to limit this decline by driving efficiencies in our operations, at the same time we are looking at how we can build more homes for social rent. This metric is key to our ability to finance our loans and our internal target of 150% means we have sufficient contingency to respond to unforeseen circumstances, such as the market volatility seen over the last two years. As discussed in the strategic report above the benefits we expect to realise from our IT investment over the next five years will have a direct impact on our interest cover and our Operating Margins.

The decline in our interest cover in 2022 and 2023/24 is driven by the high inflationary and interest rate operating environment and the rent cap imposed by Government for 2023/24. Several efficiencies have been identified in the five-year plan to help offset these new cost pressures, and we will be reviewing our plans in 2024/25 to identify how we can further manage these cost pressures.

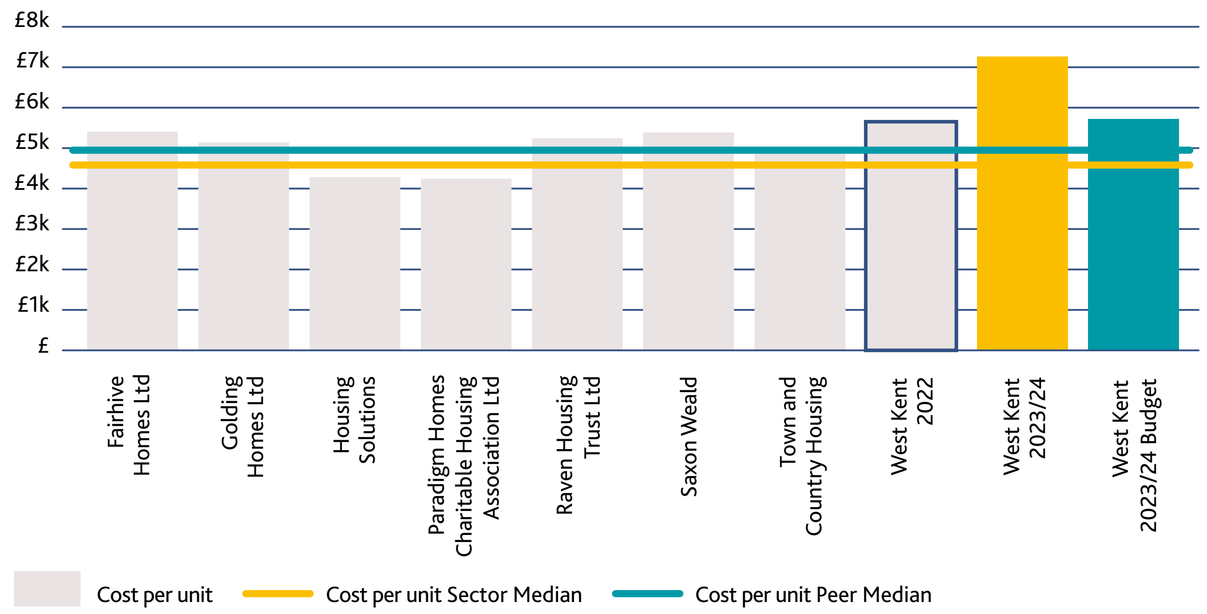
Regulatory metric 5

Headline social housing cost per home

This metric assesses the group headline social housing cost per home.

	12 months	15 months	
Global accounts sector median 22/23	£4,586		
Global accounts peer median 22/23	£4,953		
West Kent Housing Association 2022	£5,654		
West Kent Housing Association 2023/24	**£5,822**	**£7,277**	**<5% variation from budget Target**
West Kent Housing Association budget 2024/25	**£5,724**		

Headline social housing cost per unit 23/24



The bar chart above compares West Kent Housing Association as an entity against our peers on an entity basis, so excludes West Kent Extra's activities as a subsidiary of West Kent and excludes any subsidiary activities our peers undertake, to give a true comparison of our costs for landlord services.

Costs have increased by 3% using the 12 months comparators while homes have increased by 4%. Increased costs in 2023/24 are predominantly driven by increased inflation and interest rate increases due to the current economic climate, alongside planned investment in our IT systems. Three of our largest costs are management, service charges and maintenance. Services include £122 per home relating to operating payments on Kent Excellent Homes for All, a Private Finance Initiative which generates a low margin for the period of the contract. Excluding this headline social housing cost per unit would be £7,155 in 2023/24.

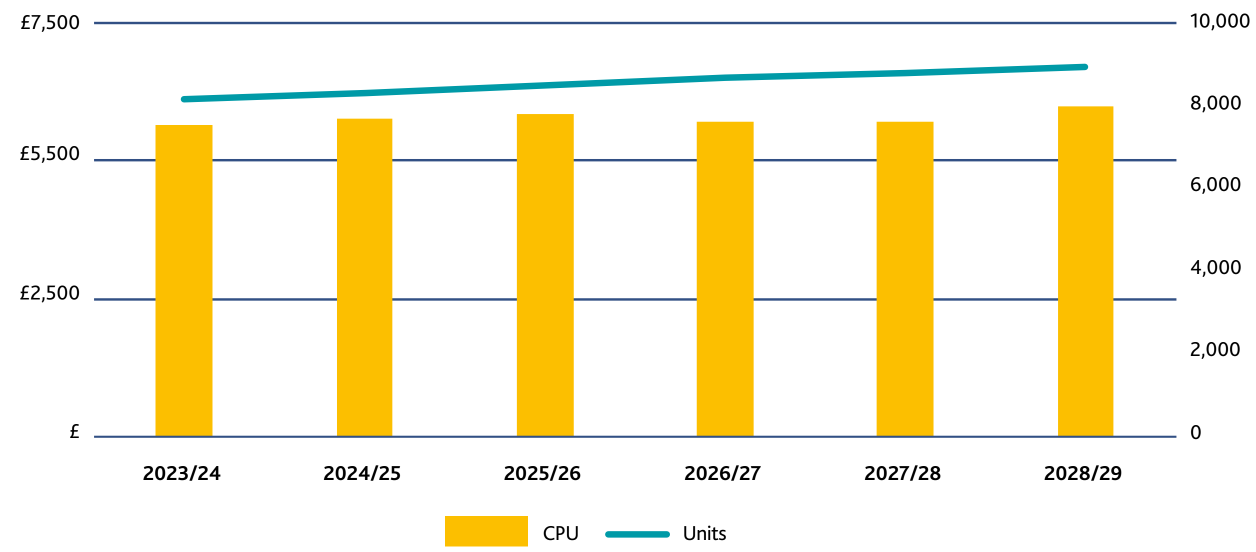
During the period we spent £7,277 per unit. Director's remuneration equates to £139 per unit.

The table below shows how our Group costs, which include West Kent Extra, our subsidiary, compared to the previous financial period.

Breakdown of social housing cost per home	West Kent Group			
	2023/24 15 months	2023/24 12 months	2022 12 months	% change
Management costs	£910	£728	£701	4%
Services	£1,630	£1,305	£1,034	26%
Maintenance	£4,305	£3,444	£3,592	(4%)
Other (social housing letting) costs	£0	£0	£7	(100%)
Development services	£61	£49	£109	(55%)
Community/neighbourhood services	£282	£225	£116	94%
Other social housing activities: other (operating expenditure)	£11	£9	£17	(47%)
Other social housing activities: charges for support services (operating expenditure)	£78	£62	£78	(21%)
Group total social housing costs	**£7,277**	**£5,822**	**£5,654**	**3%**
Total social housing homes owned and/or managed at period end	**8,268**	**8,268**	**7,954**	

Our 2023/24 business plan assumes cost per unit will grow, over the next five years, reflecting our transition from 'Just in Time' to a planned approach to maintenance, investment in Net Zero Carbon EPC C, investment in our IT infrastructure, unit growth from our development programme, alongside increases in inflation and interest rates.

CPU vs unit growth



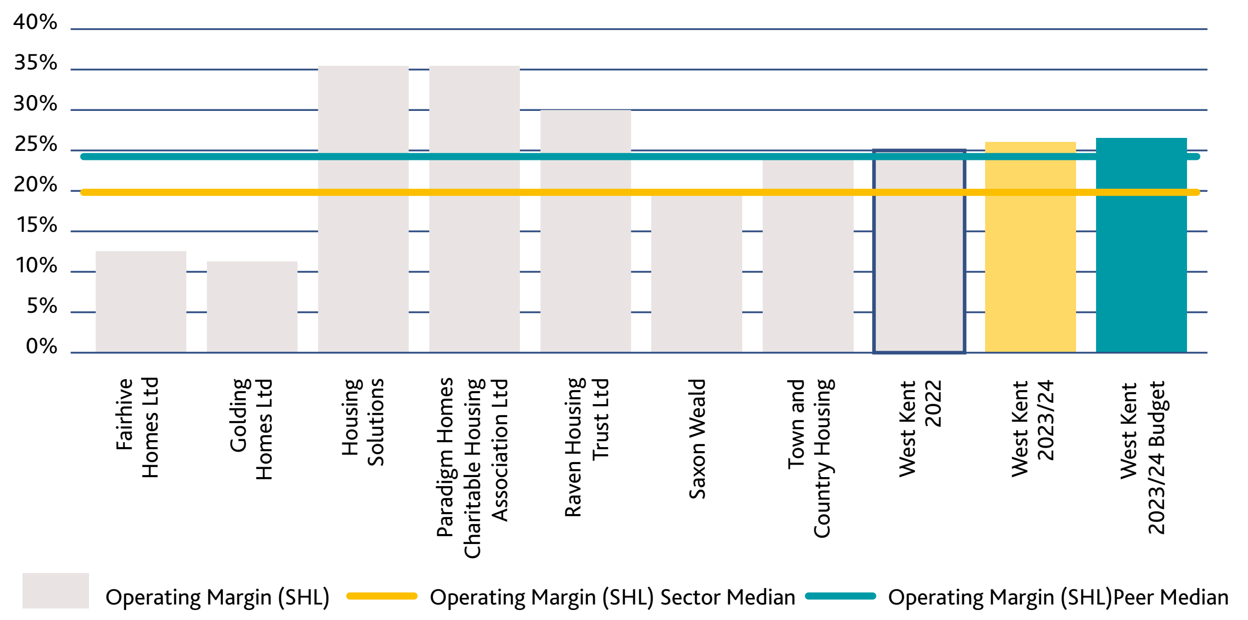
Regulatory metric 6a

Operating Margin (social housing lettings only)

The Operating Margin demonstrates the profitability of West Kent's social housing activities. Increasing margins are one way to improve the financial efficiency of a business. However, how we choose to use our resources is for the Board to agree. This may mean using our social housing margin to improve the communities in which we operate.

Global accounts sector median 22/23	19.8%	
Global accounts peer median 22/23	24.2%	
West Kent Housing Association 2022	25.0%	
West Kent Housing Association 2023/24	**26.0%**	**>25% Target**
West Kent Housing Association 2024/25 budget	**26.5%**	

Operating Margin social housing lettings 23/24



Costs in 2023/24 have increased, reflecting the current high inflation and interest rate environment. These have been mitigated through re-planning of the asset management programme during the period. Void performance has improved from 2022, following process improvement measures being implemented during the period.

Traditionally our key strategic metric has been to achieve above 35% social housing margin. The current economic climate and recent Government rent caps mean that a social housing Operating Margin of 35% is not currently achievable. In the current economic climate, we will target 28% by 2027/28 (five-year plan) but with 30-32% as a stretch target to be developed post market recovery to reflect the priority West Kent places on the long-term financial improvement and hence viability, of its business model.

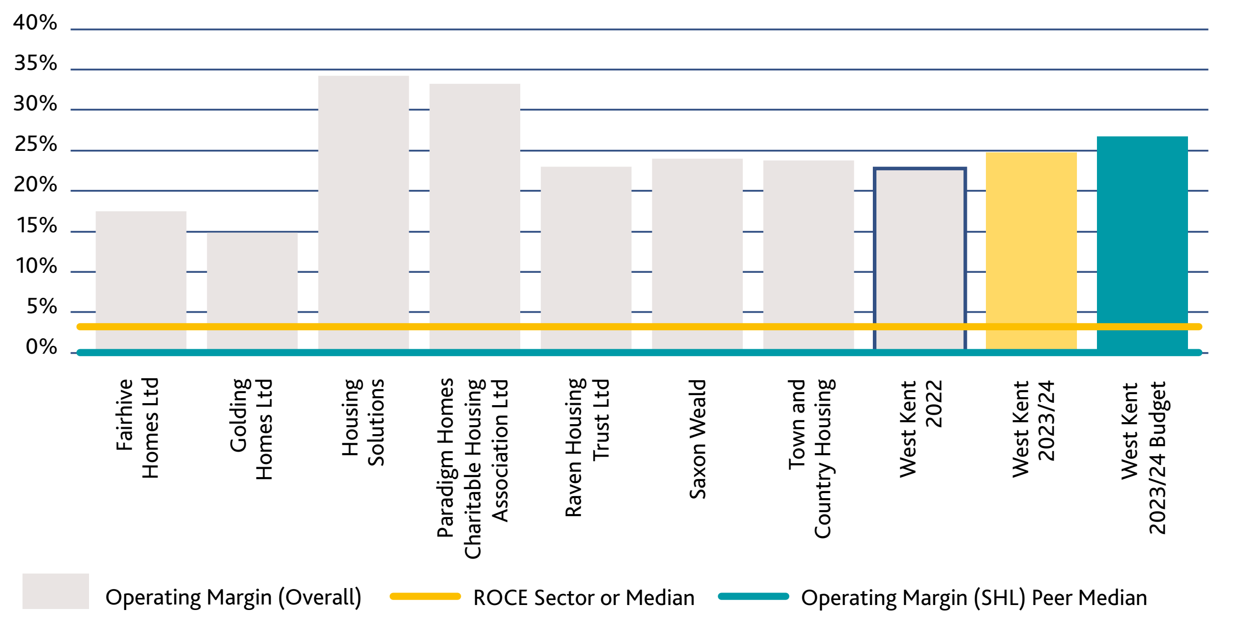
Regulatory metric 6b

Operating Margin (overall)

The Operating Margin (overall) demonstrates the profitability of West Kent's operating activities. This metric brings in our social housing activities, as stated in 6a, and our shared ownership sales, support services, community activities and investment portfolio of garages.

Global accounts sector median 22/23	18.2%	
Global accounts peer median 22/23	24.4%	
West Kent Housing Association 2022	22.8%	
West Kent Housing Association 2023/24	**23.1%**	**>23% Target**
West Kent Housing Association 2024/25 budget	**26.7%**	

Operating Margin (overall) 23/24



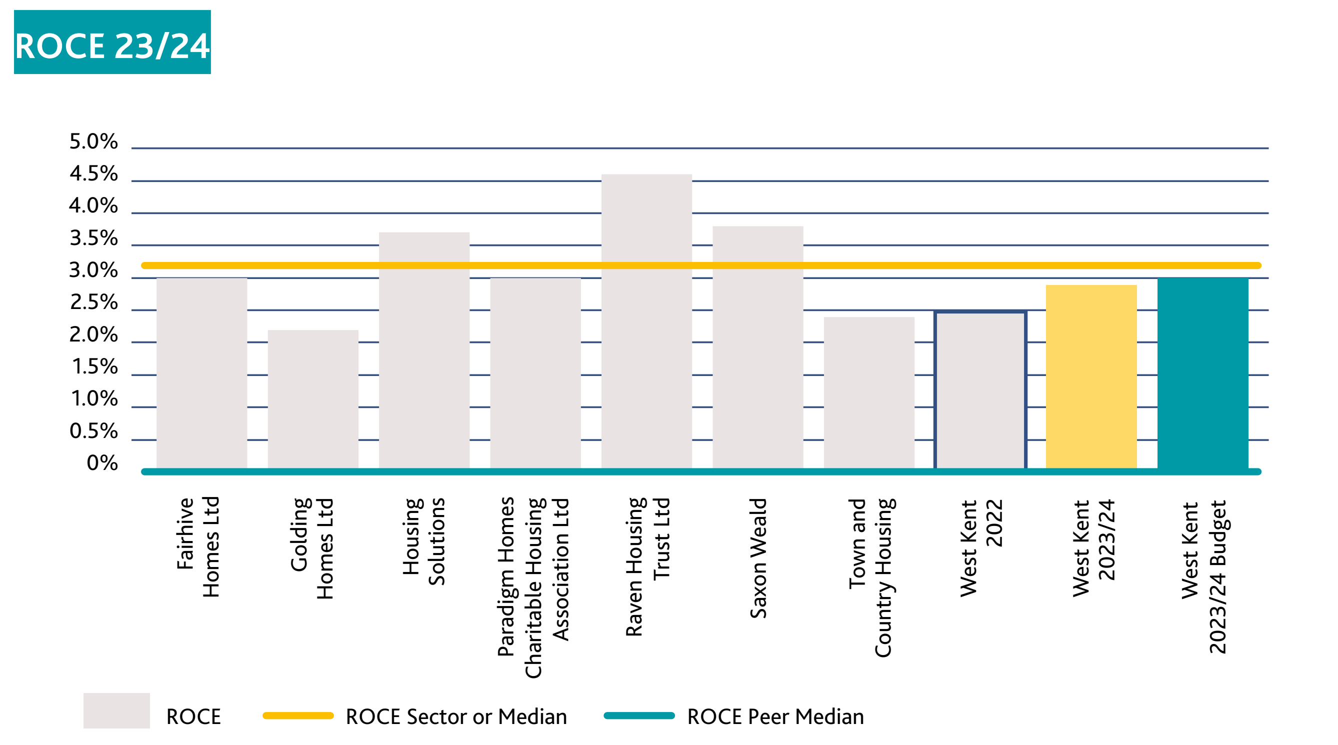
When we look at our overall business, the Operating Margin reduces to 23.1%. The dilution on the margin is a conscious one. We have built a strong community brand that identifies unmet needs of Kent communities and works with partners and residents who share our ethos to directly tackle those needs or seek to influence others to do so. These types of service cannot generate large margins and, in some areas, make a loss. West Kent has chosen, as part of our communities strategy, to commit resources to this area. We understand some services we offer do not generate high levels of margin, so we target a lower margin on overall activities. We generate a margin of 27% on first tranche sales and 57% on garage investments, we use this to support our communities and support services that do not generate a margin.

Regulatory metric 7

Return on capital employed (ROCE)

This metric compares the operating surplus to total assets, less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

Global accounts sector median 22/23	2.8%	
Global accounts peer median 22/23	3.2%	
West Kent Housing Association 2022	2.5%	
West Kent Housing Association 2023/24	**2.9%**	**3.0% Target**
West Kent Housing Association 2024/25 budget	**3.0%**	



As we continue to build new homes and convert the £755m sitting on our balance sheet into increased earnings we will see our return on capital employed grow, but we will not see a significant improvement on this measure against our peers as we build more homes for social rent or equivalent. The social return of providing homes for those in need is a key objective. Performance against this metric is impacted by a reduction in our overall surplus predicted due to the impact of the current economic climate on inflation and interest rates and while we are investing more in building new homes, improving the standards of our current homes and transforming our IT systems.

Financial Review

West Kent's financial strength ensures we stay a vibrant, sustainable organisation. Any surplus that we make is reinvested in our existing homes and used to build new homes.

Group financial results

Consolidated statement of comprehensive income	2023/24 15 months £'m	2022 12 months £'m	2021 12 months £'m	2020 12 months £'m	2019 12 months £'m
Turnover	**91.3**	64.5	66.0	63.2	57.3
Turnover before housing sales	**77.1**	55.4	53.5	50.7	48.2
Income from lettings	**75.9**	53.9	50.9	48.5	46.0
Property depreciation	**9.2**	6.7	6.7	6.2	5.7
Operating surplus before housing sales	**17.3**	12.0	11.9	16.2	16.5
Operating surplus for social housing lettings	**19.7**	13.6	12.8	17.5	17.3
Operating surplus	**22.6**	17.4	16.6	20.0	19.4
Interest and Financing Costs	**19.4**	9.3	8.2	7.8	8.1
Surplus for the financial period/year	**6.1**	9.2	11.1	13.2	12.7

Consolidated balance sheets	2023/24	2022	2021	2020	2019
Housing properties	**755.3**	699.2	667.1	640.3	605.2
Net current assets	**7.9**	4.0	6.1	8.7	35.9
Indebtedness	**328.5**	293.4	270.8	253.9	262
Total reserves	**343.0**	338.2	322.0	303.4	296.8

Statistics	2023/24 15 months %	2022 12 months %	2021 12 months %	2020 12 months %	2019 12 months %
Operating Margin[10]	**25%**	27%	25%	32%	34%
Operating Margin excluding sales on disposals	**23%**	23%	23%	30%	32%
Operating Margin excluding all sales	**22%**	22%	22%	32%	34%
Operating Margin social housing lettings[11]	**26%**	25%	25%	36%	38%
Surplus as a % of turnover	**7%**	14%	17%	21%	22%
Rent losses	**1.3%**	1.6%	1.3%	1.2%	1%
Gearing[12]	**45%**	41%	39%	39%	39%
EBITDA - MRI interest cover[13]	**99%**	128%	220%	277%	229%

Accommodation owned and managed	Homes	Homes	Homes	Homes	Homes
Total rented	**7,321**	7,141	7,061	6,955	6,772
Total shared ownership	**947**	813	771	706	629
Total leasehold	**248**	247	237	232	182
Total housing	**8,516**	8,201	8,069	7,893	7,583

[10] VfM 6b - Operating Margin
[11] VfM 6a - Operating Margin social housing lettings
[12] VfM 3 - gearing
[13] VfM 4 - EBITDA-MRI

Financial Review (continued)

Statement of comprehensive income

The group financial results for the 15-month period 2023/24 report a surplus of £6.1m (2022: £9.2m) after spending £26.2m (2022: £22.5m) to maintain our existing housing stock.

The group accounts consolidate the results of West Kent and 100% of West Kent Extra Limited. West Kent Extra made a loss of £0.1m (2022: Nil) during the period which was funded by retained reserves. West Kent Extra will be liquidated during 2024/25. The activities of West Kent Extra will be continued by West Kent Housing Association, the liquidation of the subsidiary reducing unnecessary administration costs associated with these activities.

The development programme saw 327 homes handed over in the period. The volume of first tranche shared ownership sales increased from 62 homes to 138, with the 12 unsold shared ownership homes at the end of March all under offer at the end of the period. Shared ownership sales have seen margins reduce slightly over the period to 27% (2022: 30%). We have continued to achieve 35% first tranche sales on average during the period. The sales team provides monthly updates for the executive team to monitor the sales risk, which are reviewed quarterly by the Board.

Interest and financing costs of £19.4m (2022: £9.3m) increased from 2022 to reflect drawings to fund the activity on the development programme and the significantly increased interest rates in the currently volatile financial markets with rates increasing from under 3.43% to over 6% at the peak, over the period. During the period our interest rate exposure has been significantly reduced moving our borrowing portfolio from 59% fixed at the start of the period to 83% fixed by March 2024.

Balance sheet

The operating surpluses contribute to investment in our existing homes and the construction of new homes through our development programme. By the period end we had increased our housing properties assets by £56m and had 297 homes in construction. Our liquidity position is strong, with £10m available cash and £121m of undrawn loan facilities that we can draw on for future planned and unplanned expenditure. We have contracted capital commitments of £51.3m, this can be financed from cash and available loan facilities.

Approval

This Strategic Report was approved by order of the Board on 11 September 2024.

Maria Organ
Executive Director of Finance

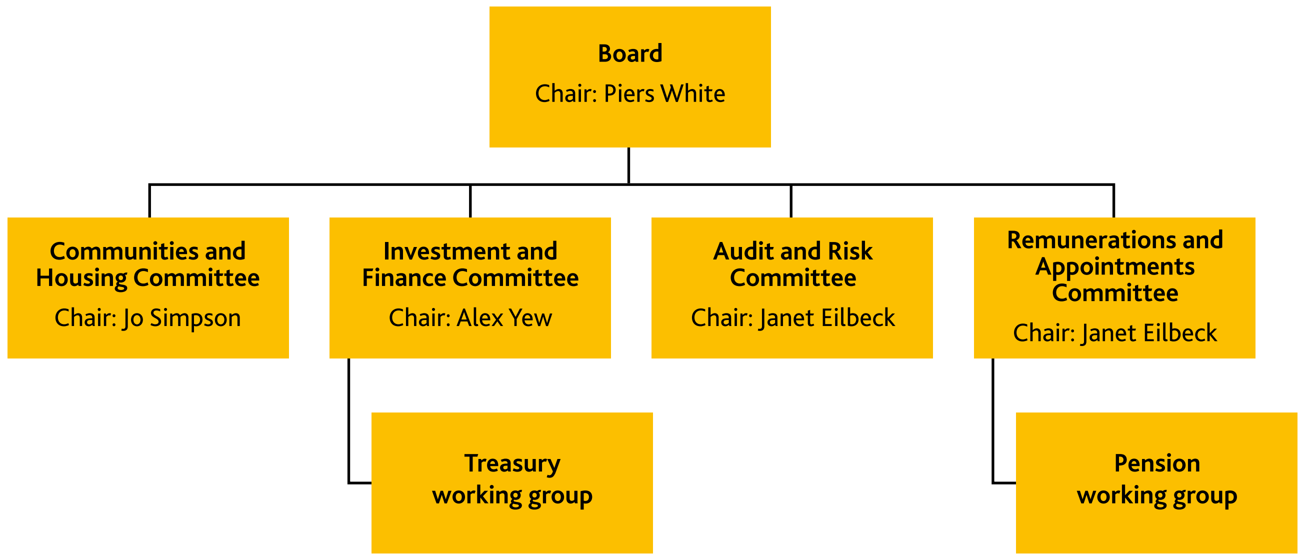
Directors' report

Principal activities

West Kent Housing Association is the parent company of the group, which is branded as 'West Kent'. West Kent Housing Association is a registered provider of social housing, which is regulated by the Regulator of Social Housing. Our most recent annual review in November 2023 confirmed the highest Governance rating of G1 and a Viability rating of V2 which reflects the inflationary and interest rate pressures in the current economic environment on our business plan and level of investment contained within it. The activities of West Kent Housing Association and its subsidiaries (see note 34) have been detailed in the strategic report.

Our Board, three of whom are residents, is supported by specialist committees: Housing and Communities, Audit and Risk, Investment and Finance, and Remuneration and Appointments. The work of the committees has been supported by two working groups during the period, one on treasury and one on pension risk management.

We have a well-established resident scrutiny panel and in 2023/24 we introduced a new resident co-production group, to reflect resident feedback on key policies and resident facing communications. We continue to develop our resident involvement model in line with good practice and the expectations of the new consumer standards.



Directors' Report

Going Concern

The Board reviewed our 30-year business plan in April 2024, which includes our five year budget (2024-2029), alongside our principal financial risks and mitigation plans. The Board has considered the potential impacts from numerous multi-variant adverse scenarios, which include a decline in sales, increase in rental arrears, increase in voids, and tightening of liquidity among other factors. Options for mitigation to ensure the business can continue in the short and longer term have also been reviewed. Mitigations exist for all scenarios as a precaution, to ensure compliance with all covenant and regulatory requirements. In addition to the scenarios outlined, the Board has stress tested a number of different scenarios which could affect West Kent's future plans including key contingent liabilities listed on the asset and liability register.

The 2024/25 budget has been set with the knowledge that there would be increased investment to reflect the move from 'Just in Time' to a planned asset management approach, net zero carbon expenditure and our IT and infrastructure. Alongside this investment the budget includes provision for additional costs driven by the current economic climate, most significantly impacting utility, insurance and interest costs. Efficiencies have been identified in the budget, both from our business case for investment in our IT and infrastructure, and from the need to manage the wider volatile and high interest market context.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on West Kent's ability to continue as a going concern. West Kent has undrawn loans of £121m, secured against our homes on an Existing Use Value – Social Housing basis, along with capacity to borrow more, and plans to move security to Market Value - Subject to Tenancy (MV-ST) over the next few years, which would increase our borrowing capacity by around an additional £380m and so the Board are of the opinion that West Kent will have sufficient resources to meet its liabilities as they fall due. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis.

Since the period end, none of the key areas of risk most notably; bad debt, sales margins and timings, inflation and interest rates have had a further detrimental effect from that assumed in the budget approved in March 2024.

As a key provider of affordable housing in Kent, we will continue to ensure that we keep our residents safe by maintaining their homes and completing necessary health and safety works, whilst also providing help, advice and financial support to our residents.

At that time, the Board were satisfied that West Kent had sufficient resources to continue operating for the foreseeable future. The Board's assessment of going concern is focused on the group's liquidity and its compliance with loan covenants.

The Board will continue to review plans with the executive team to make the necessary changes to continue to work with our customers and stakeholders to deliver exceptional services in a friendly, solution-focused way.

Qualifying third party indemnity provisions

The company has no qualifying third-party indemnity provisions in place for the directors of West Kent Housing Association.

Governance

In March 2019, the Board reviewed the agreement to adopt the National Housing Federation voluntary code on 'Mergers, Group Structures and Partnerships - A voluntary code for housing associations'. Members agreed criteria that would be applied in assessing a merger or partnership approach. No merger proposals have been reviewed or submitted in the 15 months to March 2024.

In March 2022, the Board agreed to adopt the 2020 National Housing Federation's Governance Code.

The Regulator of Social Housing's Governance and Financial Viability Standard (the Standard) was updated in April 2015. This was accompanied by a new Code of Practice, which provides guidance to registered providers to ensure compliance with the Standard. The overall required outcomes of the Standard are:

- To ensure that there are effective governance arrangements that deliver the aims, objectives and intended outcomes for residents and potential residents in an effective, transparent, and accountable manner.
- To manage resources effectively to ensure their viability is maintained, ensuring that social housing assets are not put at risk. The Standard requires registered providers to assess their compliance with the Standard at least annually and Boards are now required to report their compliance with the Standard within their annual accounts.

The definition of assurance means that this is not just an internal and external audit issue. Boards need to determine where they are obtaining their assurance to demonstrate to the Regulator of Social Housing:

- A clear understanding of asset values, related security, potential losses and potential chains of recourse. Note that Boards need to know exactly what information will be required in the event of distress and social housing asset exposure in order to value the assets without delay.
- Evidence of application of the principles.
- The assurance they receive on quality of records.

Compliance with the Regulator's Governance and Financial Viability Standard was reviewed by the Board in June 2024. The standard states that governance arrangements shall ensure registered providers adhere to all relevant law.

The Board have gained assurance from this review that we have complied with the Governance and Financial Viability Standard for the 15-month period ended 31 March 2024.

The Board is committed to high standards of corporate governance based on the following principles:

- The Board is effective in leading and controlling the organisation and acting wholly in its best interest. Board members must ensure that the interests of the organisation are placed before any personal interests.
- The Board is clear about its duties and responsibilities.
- Board members will receive induction on joining the Board and will regularly refresh and update their skills.
- Recruitment for Board vacancies is open and transparent, based on merit, objective selection and assessment techniques. The Board undertakes a formal and rigorous annual appraisal of its members and of the Board as a whole.
- The Board is headed by a properly appointed and skilled chair who is aware of their duties as head of the Board and the clear division of responsibilities between the Board and executive.
- The Board acts effectively, making clear decisions based on timely and accurate information.
- There are clear working arrangements between the Board and the chief executive and clear delegation of duties.
- Committees of the Board will provide expertise and enable the Board to scrutinise and deliver effective corporate governance and manage risk.
- The Board provides leadership in operating in an open and transparent manner, having satisfactory dialogue with key stakeholders including residents. The Board will demonstrate accountability to shareholders and other key stakeholders.
- The Board demonstrates leadership and commitment to equality, diversity and inclusion as outlined in the Equality Act 2010, across the organisation's activities.
- The Board establishes a formal and transparent arrangement for considering how the organisation ensures financial viability, maintains a sound system of internal controls, manages risk and maintains an appropriate relationship with external auditors.
- The organisation maintains the highest standards of probity and conduct.

Directors' Report

The Board is comprised of eleven non-executive members, three of whom are residents, plus one executive member. It normally meets with the executive directors six times a year. The whole Board is remunerated; however, members have the option to elect that this remuneration is donated to charity. The Board members of West Kent are listed in the section of the report titled 'Board Members, Executives and Advisers'.

Assessment of the effectiveness of internal control

The Board is the ultimate governing body and is responsible for ensuring that an adequate system of internal control is in place and for reviewing its effectiveness. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives will be met. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the association's assets and interests. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk.

Risks are defined as those factors that could adversely affect the achievement of the West Kent Strategy and underlying business plan. The internal control framework manages and mitigates the risks by identifying those risks and ensuring that controls are in place and working effectively.

The Board has assessed the risk and internal control framework and concluded that West Kent has an appropriate, robust and prudent business planning, risk and control framework and that there is sufficient evidence to confirm that it operated effectively throughout the period.

To assess the effectiveness of the control systems the Board considers the major risks facing West Kent and the appropriate controls to mitigate them. The Board also routinely considers matters of compliance, including health and safety, legal, tax and regulatory compliance, quality assurance, business continuity and insurance, compliance with the Housing Ombudsman Complaint Handling Code and compliance with the Regulator for Social Housing's Economic and Consumer Standards.

In October 2023, following a legal review of our Anti-Money Laundering Policy and Procedures, it was identified that West Kent should have been registered with HMRC for money laundering supervision in relation to the work we do to support resales of shared ownership homes (less than 50 per annum) since June 2021. This matter has now been rectified, with Registration completed in January 2024.

During the reporting period we commissioned a legal review of our tenancy agreements which also identified that for a number of tenancies currently operating on a fixed service charge methodology, the legal form of the tenancy agreement requires service charges to be calculated on a variable basis. This incorrect use of methodology dates back to stock transfer in 1989. West Kent has for a number of years reported a shortfall in the recovery of service charge costs, and analysis has confirmed that our residents have not incurred financial detriment, due to this matter. Further work is planned in 2024/25 and 2025/26 to ensure that all tenancies have the correct service charge methodology applied.

In all other respects we have complied with the Regulator for Social Housing's Economic and Consumer Standards.

The key elements of internal control include:

- The adoption of the National Housing Federation's 2020 Code of Governance, and an annual assessment of compliance with that code.
- A dedicated governance function, led by the Head of Risk and Governance, who has responsibility for ensuring robust controls and compliance activity across the organisation.
- An annual planning process within which the Board approves strategy and business plan objectives supported by long-term financial projections and detailed treasury, procurement and Value for Money plans.
- The preparation and review of annual budgets, which are approved by the Board; and quarterly management accounts reviewing actuals and forecasts against the approved budget by the executive and the Board.
- Performance indicators to identify trends in current financial and non-financial data to monitor progress towards objectives and to identify changes that require intervention.
- Written financial regulations and delegated authorities which are regularly reviewed for appropriateness.
- A risk policy and risk management framework which is approved by the Board, supported by a strategic risk register which is reviewed by the Board on a quarterly basis.
- An operational controls risk assurance framework, which identifies mitigating controls for each operational risk. Controls are allocated to a named control owner, who undertakes quarterly assessments of effectiveness, which are reported to the audit and risk committee.
- Dedicated treasury strategy and treasury policy which are reviewed on at least an annual basis (or more frequently as required) and reported to the Board.
- Financial control procedures to ensure accurate accounting for financial transactions including authorisation procedures, physical controls, segregation of duties and procedures to ensure compliance with laws and regulations.
- A fraud policy, fraud response plan, anti-money laundering policy and whistleblowing policy that have been communicated to all staff, including appropriate training.
- All major investments in existing properties, new properties, plant, equipment and software are subject to appraisal and individual approval by the executive team, investment and finance committee or Board, according to appropriately documented delegations.
- An internal audit function is structured to deliver the audit and risk committee's risk-based audit plan. West Kent used third party RSM to provide internal audit services during 2023/24 and appointed Beever and Struthers to provide internal audit services for 2024/25 on a preliminary three-year contract.
- A dedicated data protection officer, who oversees compliance with the data protection and retention policy and privacy notices.
- A third-party security operations centre and security event and incident management service, providing robust IT security and cyber defences.

The effectiveness of the controls is assured by:

- Independent assurance by internal auditors as to the existence and effectiveness of the risk management activities described by management, supplemented by specialist third party reviews and advice where appropriate (in 2023/24 these covered the effectiveness of West Kent's IT security operations centre and internal stock condition surveys). The internal audit opinion for the period ended 31 March 2024 was that the organization has an adequate and effective framework for risk management, governance and internal control.
- Oversight, supported by quarterly reporting on risk and compliance, by the Board and audit and risk committee, with clear delegations of authority.
- External audit opinion of the financial statements.
- Assurances from management.
- Specialist external advice and assurance covering a number of areas, including cyber security, insurance, business continuity, fraud, tax compliance and treasury management.
- External regulatory and other reports.

The internal control framework, the risk management process and the fraud register are subject to regular review by internal audit, which has responsibility for providing independent assurance to the Board via its audit and risk committee. The audit and risk committee considers internal controls, compliance and risk at each of its meetings during the year.

The Board has received the chief executive's annual report, conducted an appraisal of the effectiveness of the Board and its sub-committees and reviewed the effectiveness of the risk and control framework and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an on-going process for identifying, evaluating and managing the significant risks faced by West Kent. This process has been in place throughout the period under review and up to the date of the Annual Report and Financial Statements and is reviewed by the Board. The Board has responsibility for the group as a whole.

Directors' Report

Board member responsibilities

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation requires the Board members to prepare financial statements for each financial period in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Board members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the association and of the surplus or deficit of the group and association for that period.

In preparing these financial statements, the Board members are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulation 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the Board members. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Disclosure of information to auditors

All current Board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO LLP has expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the association is to be proposed at the forthcoming Annual General Meeting on 25 September 2024.

By order of the Board.

Piers A White

Piers White
Chair

Date: 11 September 2024

Board Members, Executives and Advisers

West Kent Housing Association Board members	
Piers White (Chair)	appointed 14 June 2023
Colin Wilby (Chair)	resigned 14 June 2023
Tracy Allison (Chief Executive)	
Judith Collins	resigned 14 June 2023
Ben Cooper	
Kevin Corbett	
Akin Durowoju	
Janet Eilbeck	
Angela George	
Abdool Kara	appointed 14 June 2023
Peter Kasch	resigned 14 June 2023
Lisa Keslake	appointed 14 June 2023, resigned 31 March 2024
Megan Morvan	
Dr Joanne Simpson	
Alex Yew	appointed 14 June 2023

Executive team	
Tracy Allison	Chief Executive
Neil Diddams	Executive Director of Property & Asset Management
Sasha Harrison	Interim Director of Housing & Communities (appointed 18 April 2024)
Barbara Home	Executive Director of Strategic Programmes
Cathy McCarthy	Executive Director of Housing & Communities (resigned 30 April 2024)
Maria Organ	Executive Director of Finance
Anabel Palmer	Executive Director of Property Development & Partnerships

Independent Member of Audit and Risk	
Peter Conway	appointed 22 April 2024

Legal status

Registered under the Co-operative and Community Benefit Societies Act 2014 number 26278R

Board Members, Executives and Advisers (continued)

Registered office
101 London Road
Sevenoaks
TN13 1AX

Principal solicitors
Trowers & Hamlins LLP
55 Princess Street
Manchester
M2 4EW

Statutory auditors
BDO LLP
31 Chertsey Street
Guildford
Surrey
GU1 4HD

Bankers
National Westminster Bank plc
67 High Street
Sevenoaks
Kent
TN13 1LA

Funder
Bank of Scotland plc
25 Gresham Street
London
EC2V 7HN

Funder
The Housing Finance Corporation Ltd
3rd Floor
17 St. Swithin's Lane
London
EC4N 8AL

Funder
AIB Group (UK) plc
92 Ann Street
Belfast
BT1 3HH

Funder
National Westminster Bank plc
250 Bishopsgate
London
EC2M 4AA

Independent auditor's report to the members of West Kent Housing Association

Opinion on the financial statements

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 at 31 March 2024 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with 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.

We have audited the financial statements of West Kent Housing Association ("the Association") and its subsidiary ("the Group") for the year ended 31 March 2024 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association balance sheet, the consolidated and Association statement of changes in reserve, the consolidated cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board members' 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 and of 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 Board are responsible for the other information. The other information comprises the information included in the Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether

Independent auditor's report (continued)

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 where we are required by the Co-operative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

- the Society has not kept proper books of account;
- the Society has not maintained a satisfactory system of control over its transactions;
- the financial statements are not in agreement with the Society's books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Board

As explained more fully in the Board members' responsibilities statement, 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Group 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 intend to liquidate the Group or the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance including the Audit & Risk Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), the Housing SORP, UK tax legislation, Employment Taxes, Health and Safety and the Bribery Act 2010.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation;

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance including the Audit & risk Committee and internal audit regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be improper revenue recognition of property sales and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, along with a random sample of journals from throughout the year, by agreeing to supporting documentation;
- Challenging assumptions made by management in their significant accounting estimates, in particular in relation to NRV of property developed for sale, impairment of housing properties, finance leases, defined benefit pension scheme actuarial assumptions and rent arrears provisions; and
- Agreeing a sample of property sales to underlying documentation and confirming the recognition in the correct accounting period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Jagger

Paul Jagger
(Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

BDO LLP
31 Chertsey Street
Guildford
Surrey GU1 4HD

Date: 20 September 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated and Association statement of comprehensive income for the 15-month period ended 31 March 2024

	Note	Group 15 month to 31 March 2024 £'000	Group 2022 £'000	Association 15 month to 31 March 2024 £'000	Association 2022 £'000
Turnover	4	**91,310**	64,525	**90,979**	64,174
Cost of sales	4	**(10,118)**	(6,398)	**(10,118)**	(6,398)
Operating costs	4	**(60,125)**	(43,433)	**(59,719)**	(43,082)
Surplus on disposal of housing properties	4, 11	**1,513**	2,667	**1,513**	2,667
Operating surplus	4, 7	**22,580**	17,361	**22,655**	17,361
Movement in fair value of investment properties	18	**36**	-	**36**	-
Operating surplus after fair value adjustment		**22,616**	17,361	**22,691**	17,361
Deficit on disposal of other fixed assets	11	**-**	(9)	**-**	(9)
Other interest receivable and similar income	12	**413**	66	**402**	66
Interest and financing costs	13	**(16,950)**	(8,259)	**(16,950)**	(8,259)
Surplus before taxation		**6,079**	9,159	**6,143**	9,159
Taxation on surplus	14	**-**	-	**-**	-
Surplus for the financial period/year		**6,079**	9,159	**6,143**	9,159
Actuarial (loss)/gain on defined benefit pension scheme	29	**(387)**	7,509	**(387)**	7,509
Movement in fair value of hedged financial instrument	36	**(1,376)**	-	**(1,376)**	-
Total comprehensive income for period/year		**4,316**	**16,668**	**4,380**	**16,668**

All operations are continuing.

The accompanying notes form part of these financial statements.

Consolidated and Association balance sheet at 31 March 2024

	Note	Group 2024 £'000	Group 2022 £'000	Association 2024 £'000	Association 2022 £'000
Fixed assets					
Tangible fixed assets – housing properties	15	**755,333**	699,186	**755,333**	699,186
Tangible fixed assets – other	16a	**3,703**	4,407	**3,703**	4,407
Intangible assets	16b	**5,845**	2,485	**5,845**	2,485
Investment properties	18	**7,980**	7,748	**7,980**	7,748
		772,861	**713,826**	**772,861**	**713,826**
Current assets					
Properties for sale	19	**6,843**	5,751	**6,843**	5,751
Stock		**105**	102	**105**	95
Debtors – receivable within one year	20	**3,999**	2,765	**4,035**	2,940
Debtors – receivable after one year	20	**3,825**	4,224	**3,825**	4,224
Cash and cash equivalents	21	**10,337**	6,321	**10,139**	5,669
		25,109	**19,163**	**24,947**	**18,679**
Creditors: amounts falling due within one year	22	**(17,203)**	(15,180)	**(17,203)**	(14,922)
Net current assets		**7,906**	3,983	**7,744**	3,757
Total assets less current liabilities		**780,767**	717,809	**780,605**	717,583
Creditors: amounts falling due after more than one year	23	**(437,497)**	(379,099)	**(437,497)**	(379,099)
Provisions for liabilities	28	**(95)**	-	**(95)**	-
Net assets excluding pension liability		**343,175**	338,710	**343,013**	338,484
Pension liability	29	**(149)**	-	**(149)**	-
Net assets		**343,026**	**338,710**	**342,864**	**338,484**
Capital and reserves					
Called up share capital	30	**-**	-	**-**	-
Income and expenditure reserve		**185,368**	175,315	**185,206**	175,109
Revaluation reserve		**159,034**	163,375	**159,034**	163,375
Restricted reserve		**-**	20	**-**	-
Cashflow hedge reserve	36	**(1,376)**	-	**(1,376)**	-
		343,026	**338,710**	**342,864**	**338,484**

The financial statements were approved by the Board of directors and authorised for issue on 11 September 2024 and signed on their behalf by:

P White
Chair of Board

T Allison
Chief Executive

G Bruce
Company Secretary

The accompanying notes form part of these financial statements.

Consolidated statement of changes in reserves

	Note	Income and expenditure reserve	Revaluation reserve	Restricted reserve	Cashflow hedge reserve	Total
		£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2023		175,315	163,375	20	-	338,710
Surplus for the period		6,079	-	-	-	6,079
Actuarial loss on defined benefit pension scheme	29	(387)	-	-	-	(387)
Reserves transfers:						
Transfer from revaluation reserve to income and expenditure reserve		4,341	(4,341)	-	-	-
Transfer of restricted expenditure from income and expenditure reserve		20	-	(20)	-	-
Effective portion of changes in fair value of cashflow hedges	36	-	-	-	(1,376)	(1,376)
Balance at 31 March 2024		185,368	159,034	-	(1,376)	343,026
Balance at 1 January 2022		158,380	163,652	10	-	322,042
Surplus for the period		9,149	-	10	-	9,159
Actuarial gain on defined benefit pension scheme	29	7,509	-	-	-	7,509
Reserves transfers:						
Transfer from revaluation reserve to income and expenditure reserve		277	(277)	-	-	-
Transfer of restricted expenditure from income and expenditure reserve		-	-	-	-	-
Effective portion of changes in fair value of cashflow hedges	36	-	-	-	-	-
Balance at 31 December 2022		175,315	163,375	20	-	338,710

The accompanying notes form part of these financial statements.

Association statement of changes in reserves

	Note	Income and expenditure reserve	Revaluation reserve	Cashflow hedge reserve	Total
		£'000	£'000	£'000	£'000
Balance at 1 January 2023		175,109	163,375	-	338,484
Surplus for the period		6,143	-	-	6,143
Actuarial loss on defined benefit pension scheme	29	(387)	-	-	(387)
Reserves transfers:					
Transfer from revaluation reserve to income and expenditure reserve		4,341	(4,341)	-	-
Effective portion of changes in fair value of cashflow hedges	35	-	-	(1,376)	(1,376)
Balance at 31 March 2024		185,206	159,034	(1,376)	342,864
Balance at 1 January 2022		158,164	163,652	-	321,816
Surplus for the period		9,159	-	-	9,159
Actuarial gain on defined benefit pension scheme	29	7,509	-	-	7,509
Reserves transfers:					
Transfer from revaluation reserve to income and expenditure reserve		277	(277)	-	-
Effective portion of changes in fair value of cashflow hedges	36	-	-	-	-
Balance at 31 December 2022		175,109	163,375	-	338,484

The accompanying notes form part of these financial statements.

Consolidated statement of cashflows for the period ended 31 March 2024

	Note	15 month to 31 March 2024 £'000	2022 £'000
Cashflows from operating activities			
Surplus for the financial period/year		6,079	9,159
Adjustments for:			
Depreciation and impairment charges	15, 16	9,995	7,106
Amortised grant	5	(1,279)	(1,018)
Surplus on revaluation of investment properties	18	(36)	-
Cost of properties disposed in period/year		1,267	3,241
Interest payable and finance costs	13	16,950	8,259
Interest received	12	(413)	(66)
Difference between net pension expense and cash contribution	29	(238)	794
Increase in trade and other debtors		(836)	(416)
Increase in properties for sale and stock		(1,095)	(181)
Increase/(decrease) in trade and other creditors		(427)	104
Increase in provisions		95	-
Cash from operations		30,062	26,982
Taxation paid		-	-
Net cash generated from operating activities		30,062	26,982
Cashflows used in investing activities			
Proceeds from sale of other fixed assets	11	-	13
Purchase of fixed assets – housing properties		(61,136)	(40,234)
Purchases of other fixed assets	16a	(284)	(1,227)
Purchase of intangible assets	16b	(3,360)	(1,715)
Purchase of investment properties	18	(274)	-
Receipt of grant	24	4,565	1,100
Interest received	12	413	66
Net cash used in investing activities		(60,076)	(41,997)
Cashflows from financing activities			
Interest paid		(19,361)	(8,904)
Capital element of lease repaid		(333)	(168)
New loans - bank	26	73,000	26,000
Debt issue costs incurred	26	(1,276)	(241)
Repayment of bank loans	26	(18,000)	(3,500)
Net cash from financing activities		34,030	13,187
Net increase / (decrease) in cash and cash equivalents		4,016	(1,828)
Cash and cash equivalents at beginning of period/year		6,321	8,149
Cash and cash equivalents at end of period/year		10,337	6,321

The accompanying notes form part of these financial statements.

Consolidated net debt reconciliation

	At 1 January 2023 £'000	Cashflows £'000	Other non cash changes £'000	At 31 March 2024 £'000
Cash and cash equivalents				
Cash and cash equivalents	6,321	4,016	-	10,337
Finance Leases	(21,625)	333	-	(21,292)
Loans	(271,253)	(55,000)	1,276	(324,977)
Net debt reconciliation	(286,557)	(50,651)	1,276	(335,932)

The accompanying notes form part of these financial statements.

Notes forming part of the financial statements

1. Legal status

West Kent Housing Association is a Registered Society under the Co-operative and Community Benefit Societies Act 2014 (registration number 26278R) and with the Regulator of Social Housing (registration number LH3827). The association is a public benefit entity.

West Kent Housing Association (the group) consists of West Kent Housing Association (the association), West Kent Extra Limited (WKE) and West Kent Ventures Limited (WKV).

West Kent Extra Limited is a registered charity established to run community development and social enterprise projects to help to create more inclusive neighbourhoods. West Kent Housing Association financially supported West Kent Extra Limited to ensure that people living in the areas where we work have a voice that is heard and to which we respond. Since West Kent Housing Association controls the Board of West Kent Extra Limited it is classified as a subsidiary undertaking. A decision has been taken to dissolve WKE and absorb its activities into West Kent Housing Association. The subsidiary was made dormant at 31 March 2024 and will be dissolved during 2024/25.

West Kent Ventures Limited is a wholly owned commercial subsidiary that is currently dormant.

West Kent participates in a joint venture (JV), Ink Development Company Limited ('Ink'), which is a building contractor company which provides design and build services solely for members of the joint venture. The joint venture is owned on a 50:50 basis, between West Kent and Southern Housing, who have taken the decision to dissolve the JV. The date of dissolution is still to be confirmed.

All group entities are incorporated in the United Kingdom.

2. Accounting policies

2.1 Basis of accounting

The financial statements of the group and association have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice), which for West Kent Housing Association includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, the Financial Reporting Standard applicable in the UK and Republic of Ireland (March 2018) ('FRS 102'), the Statement of Recommended Practice (SORP) for Registered Social Housing Providers, and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The presentation currency of these financial statements is £ sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The group accounting period has been extended to cover 15 months. It covers the period from 1 January 2023 to 31 March 2024.

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements of the association and the group.

The preparation of the financial information requires management to exercise its judgement in applying the group's accounting policies. Areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are explained in the accounting policies on the following pages.

The accounts are prepared under the historic cost basis except for the modification to a fair value basis for investment properties.

In preparing the separate financial statements of the parent entity, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent would be identical.
- No cashflow statement has been presented for the parent.
- Disclosures in respect of the parent's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

2.2. Basis of consolidation

The consolidated financial statements present the results of West Kent Housing Association and its subsidiaries ("the group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The group has the right to remove the Board of West Kent Extra Limited and West Kent Ventures Limited and therefore exercises control.

Investment in subsidiaries is accounted for at cost less impairment in the association's financial statements.

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 and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income, and the equity of the jointly controlled entity, 'INK'. West Kent's share of profits to the comprehensive income is not material and therefore has not been presented in the accounts.

2.3. Going concern

The Board has considered the potential impacts from numerous multi-variant adverse scenarios, which include a decline in sales, increase in rental arrears, increase in voids, and tightening of liquidity among other factors. Options for mitigation to ensure the business can continue in the short and longer term have also been reviewed. Mitigations exist for all scenarios as a precaution, to ensure compliance with all covenant and regulatory requirements. In addition to the scenarios outlined, the Board has stress tested a number of different scenarios which could affect the West Kent Association future plans.

The Board's assessment of going concern is focused on the Group's liquidity and its compliance with loan covenants.

Given the strength of the balance sheet and availability and liquidity of undrawn loan facilities the Board believe that, while uncertainty exists, this does not pose a material uncertainty that would cast doubt on West Kent's ability to continue as a going concern. The Board, therefore, consider it appropriate for the accounts to be prepared on a going concern basis. Going Concern is discussed in more detail on page 58.

2.4. Turnover and revenue recognition

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting).
- First tranche sales of low cost home ownership housing properties developed for sale.
- Service charges receivable.

Notes forming part of the financial statements (continued)

Rental income and service charges are recognised from the point when properties under development reach practical completion and are formally let. Income from first tranche sales are recognised at the point of legal completion of the sale.

In addition to the association directly managing our properties, the association owns properties in respect of some supported housing which are run by outside agencies. A management fee is received from the managing agents and any charges incurred by the association are recharged to the managing agent.

2.5. Support grant income

The group receives support grants from Kent County Council and Medway Unitary Authority. The grants received in the period, as well as costs incurred by the group in the provision of support services, have been included in the Statement of comprehensive income. Any excess of cost over the grant received is borne by the group where it is not recoverable from residents.

2.6. Service charges

The group has adopted the fixed method for calculating and charging service charges to its residents and variable for leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable. The method for charging service charges to residents is under review for 2024/25.

2.7. Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

2.8. Schemes managed by agents

Income is shown as rent receivable and management fees payable to agents are included in operating costs.

2.9. Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in income and expenditure, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

2.10. Value Added Tax

The group charges Value Added Tax (VAT) on some of its income and is 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 group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

2.11. Finance costs

Finance costs are charged to income or expense over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.12. Pension costs

A defined contribution plan is a post-employment benefit plan under which the group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are shown as an operating expense in the surplus for the year during which the services are rendered by employees.

The group participates in a multi-employer defined benefit scheme as an admitted body in the Kent County Council Local Government Pension Scheme.

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 are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to nil, reflecting the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

The current service cost and costs from settlements and curtailments are charged to income and expenditure. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

2.13. Employee benefits

Short term employee benefits are recognised as an expense in the period in which they are incurred.

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

2.14. Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal to a formal detailed plan to terminate employment.

Notes forming part of the financial statements (continued)

2.15. Tangible fixed assets – housing properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs and expenditure incurred in respect of improvements that comprise the modernisation and extension of existing properties.

Directly attributable administration costs include capitalised interest calculated on a proportional basis, using finance costs on borrowing that has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments housing properties are held within fixed assets and accounted for at cost less depreciation; commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in fixed assets – housing properties and held at cost less any impairment, and are transferred to completed properties when ready for letting.

Surplus and deficit on disposals of housing properties are determined by comparing the proceeds with the carrying amount and incidental costs of sales and recognised within surplus/deficit on disposal of fixed assets in the statement of comprehensive income. Shared ownership, right to buy, right to acquire and voluntary disposals of fixed assets are included in operating surplus/deficit as they are part of West Kent's normal operating activities. Other disposals of fixed assets are included after operating surplus.

Expenditure on schemes that are subsequently aborted is written off in the period in which it is recognised that the scheme will not be developed to completion.

2.16. Deemed cost on transition to FRS 102

West Kent took the transition option under FRS 102 to elect to measure some items of housing properties at fair value and use that fair value as the deemed cost of those assets at that date.

A revaluation reserve recognised the difference between historical cost and deemed cost, with the difference between historic cost depreciation and depreciation calculated on deemed cost transferred between the revaluation reserve and income and expenditure reserve on an annual basis.

Properties initially purchased by West Kent as part of the large-scale voluntary transfer from Sevenoaks District Council are recognised in tangible fixed assets – housing properties at deemed cost. All other housing properties are recognised in tangible fixed assets – housing properties at historic cost.

Housing properties are split between the land, structure and those major components that require periodic replacement. Replacement or restoration of such major components is capitalised and depreciated over the average estimated useful life, which has been set taking into account professional advice, the group's asset management strategy and the requirements of the Decent Homes Standard.

2.17. Depreciation of housing properties

Housing land and property is split between the land, structure and other major components that are expected to require replacement over time with substantially different economic lives.

Land is not depreciated on account of its indefinite useful economic life.

Housing properties are split between the structure and the major components that require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life on a straight-line basis as follows:

Description	Economic useful life (years)	Description	Economic useful life (years)
Structure	100	Electrical Systems	30
Roof	100	Other Heating – ASHP	16
Windows	35	Other Heating – Storage Heaters	22
Doors (Timber)	38	Lifts	25
Doors (Other Types)	25	Electrical Consumer Unit	25
Boilers	16	CO and Smoke Detectors	15
Central Heating System	15	Lightening Conductor System	10
Kitchens	20	Other scheme fixed assets	5-30
Bathrooms	30		

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Leasehold properties are depreciated over the term of the lease.

Any difference between the historic annual depreciation charge and the annual depreciation charge on assets carried at deemed cost is transferred to the revaluation reserve for the asset concerned until that reserve is depleted.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since the last reporting date in the pattern by which the group expects to consume an asset's future economic benefit.

Notes forming part of the financial statements (continued)

2.18. Shared ownership properties and staircasing

Under low-cost home ownership arrangements, the group disposes of a long lease on low-cost home ownership housing homes for a share ranging between 25% and 75% of value. The buyer has the right to purchase further proportions up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low-cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as fixed assets and included in completed housing property at cost less any provision for impairment. Sales of subsequent tranches are treated as a part disposal of fixed assets. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in arriving at the surplus or deficit on disposal.

For shared ownership accommodation that the group is responsible for, it is the group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of comprehensive income.

2.19. Other tangible and intangible fixed assets

Other tangible fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2.20. Depreciation of other tangible and intangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)	Description	Economic useful life (years)
Freehold buildings	50	Computer equipment	5
Furniture and equipment	5	Housing Database Software	10
Fixtures and fittings	5	Finance Database Software	7
Office Lifts	25	Motor vehicles	3-5

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'surplus on disposal of fixed assets' in the statement of comprehensive income.

2.21. Government grants

Capital grants received in advance of scheme completion are held in grant in advance until completed, then transferred to deferred capital grant.

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2018. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grants received in relation to assets that are presented at historic cost at the date of transition and grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2018 the useful economic life of the housing property structure has been selected (see table of economic useful lives above).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Notes forming part of the financial statements (continued)

2.22. Recycled capital grant fund

On the occurrence of certain relevant events, primarily the sale of dwellings, Homes England can direct the association to recycle capital grants or to make repayments of the recoverable amount. The group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three-year period, it will be repayable to Homes England with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under 'creditors due after more than one year'. The remainder is disclosed under 'creditors due within one year'.

2.23. Investment properties

Investment properties consist of commercial properties (garages) not held for social benefit or for use in the business. They are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined biennially by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in Statement of comprehensive income. Rental income from these properties is recognised as revenue in accordance with accounting policy 2.4.

2.24. Impairment of fixed assets

The housing property portfolio for the group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option that produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cashflows to be derived from them appropriately adjusted to account for any restrictions on their use.

The group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value impairment is recorded through a charge to income and expenditure.

2.25. Properties for sale

Properties for sale represents the first tranche proportion of shared ownership properties under construction or completed and held for sale. Stock is stated at the lower of cost and net realisable value, cost comprises of a proportion of the development construction cost.

2.26. Stock

Stock is cost of materials stated at the lower of cost and net realisable value.

2.27. Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the income statement in other operating expenses.

2.28. Recoverable amount of rental and other trade receivables

The group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts.

2.29. Rent and service charge agreements

The group has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

2.30. Rent received in advance

Rental debtors accounts which have a credit balance are recorded as rent received in advance, within creditors less than one year. Any credit balances remaining on former debtor accounts are investigated and where attempts to trace the former resident prove unsuccessful, these will be written off and will offset against bad debts.

2.31. Loans, investments and short-term deposits

The majority of loans, investments and short-term deposits held by the group have been assessed as meeting the definition of basic financial instruments as set out in FRS 102. Each facility within a loan agreement will be treated as a single financial instrument. FRS 102 requires that basic financial instruments are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses, however as the difference between this and historic cost method is not materially different, these instruments are initially recorded at the transaction price less any transaction costs (historic cost). Loans and investments that are payable or receivable within one year are not discounted.

2.32. Derivative financial instruments

West Kent Housing Association uses derivative financial instruments to reduce exposure to interest rate movements. West Kent does not hold or issue derivative financial instruments for speculative purposes.

The association has entered into variable to fixed rate interest swaps to manage its exposure to interest rate cash flow risk on its variable rate debt. These derivatives are measured at fair value at each reporting date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. This amount is reclassified from the cash flow hedge reserve to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. Any ineffective portions of those movements are recognised in profit or loss for the period.

Hedge accounting is discontinued when a floating to fixed interest rate swap expires, is sold, terminated or exercised, or when the conditions for hedge accounting are no longer met or West Kent documents its election to discontinue hedge accounting. Any fair value gains or losses accumulated in the cash flow hedge reserve are reclassified to Statement of Comprehensive Income either when the variable interest rate expense is recognised as a surplus or deficit, or immediately on discontinuation of hedge accounting if future variable interest rate cash flows are no longer expected to occur.

2.33. Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Notes forming part of the financial statements (continued)

2.34. Cash and cash equivalents

Cash and cash equivalents in the group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

2.35. Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximate to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

2.36. Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs and cyclical decorations on leasehold schemes and any interest received are included in creditors.

2.37. Provision for liabilities

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

2.38. Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of related property.

2.39. Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund. All restricted funds are derived from West Kent Extra Limited.

The revaluation reserve is created from surpluses on asset revaluation. The depreciation charge on the revalued amount and assets disposals are charged to the revaluation reserve.

2.40. Business combinations

On 31 March 2024 West Kent Housing Association conducted a transfer to subsume the assets and liabilities of West Kent Extra Limited. The transfer follows acquisition accounting methodology in FRS 102, but no adjustments have been made to fair value because they would not be material. Further comparative financial information is not restated with the group reconstruction taking effect from the transfer date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

3.1. Key judgements

The information presented in these financial statements is for the 15-month period from 1 January 2023 to 31 March 2024 following the change to the financial year end from 31 December to 31 March. Because of this change it is important to note that prior period amounts presented in the financial statements (including the related notes) are not entirely comparable.

In preparing these financial statements, key judgements have been made in respect of the following:

- The extent to which there have been indicators of impairment triggering the performance of an impairment review of the group's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and, where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value – Social Housing (EUVSH) or depreciated replacement cost. The members have also considered impairment on the basis of their assumptions of cash or asset generating units. Had management assessed cash generating units at different levels (e.g. as individual properties within a particular scheme the conclusion on impairment may have been different. Management considered possible alternatives and determined the possible impacts to be immaterial to the financial statements.
- The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, management then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- Whether leases entered into by the group either as a lessor or a lessee are operating lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease-by-lease basis.
- Whether the Kent Excellent Homes for All – Private Finance Initiative should be treated as a finance lease. In considering this project an assessment of Section 34 'Service concessions' of FRS 102 was conducted. A service concession arrangement is an arrangement whereby a public sector body, or a public benefit entity (the grantor) contract with a private sector entity (the operator) to construct (or upgrade), operate and maintain infrastructure assets for a specified period of time (concession period). The operator is paid for its services over the period of the arrangement. Kent County Council and West Kent have been judged to be the public sector body and public benefit entity respectively. The agreement sees West Kent making regular payments to the Special Purpose Vehicle to operate and maintain the assets for the period to 31 December 2040. A significant judgement has been made that due to the arrangements in place and the risks West Kent takes on in this arrangement West Kent have control and therefore the assets and liabilities are included in the accounts.

Notes forming part of the financial statements (continued)

- Whether the Kent Excellent Homes for All – Private Finance Initiative should be depreciated over the lease term rather than the term of the private finance initiative contract. There is reasonable certainty that West Kent will own the homes after the term of the private finance initiative has expired. The assets are classified as land and structure as West Kent is not responsible for the replacement of components.
- The extent to which garages owned by West Kent are treated as investment properties. These assets are let on a commercial basis, both in terms of price and customer base with the aim of generating income. They are valued in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual, using a widely recognised specialist valuer and property adviser in the social housing sector. A key estimate has been made on the valuation.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

3.2. Other key sources of estimation uncertainty

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as major repairs profile, ability to let the property and alternative options for the site are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

In assessing recoverable amount, should there be an indicator of impairment of assets an estimate of current new build property build costs is applied, depreciation is calculated based on the age of the existing property to arrive at a depreciated replacement cost.

Properties built under the 'Private Finance Initiative – Kent Excellent Homes for All' are depreciated over their useful economic life.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Rental and other trade receivables (debtors)

The estimate for receivables relates to the recoverability of the balances outstanding at period end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Future payments under the Kent Excellent Homes for All – finance lease

The finance lease sees West Kent making regular payments to the Special Purpose Vehicle to operate and maintain the assets for the period to 31 December 2040. Management's estimate of the future payments is based on critical underlying assumptions on inflation. Variation in these assumptions may significantly impact the obligations in the finance lease payments.

Defined benefit pension obligations

Defined benefit obligation is based on several critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses.

Some of these sensitivities are illustrated below:

Sensitivity analysis	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0.0%	-0.10%
Present value of total obligation	39,511	40,166	40,839
Project service cost	548	566	585
Adjustment to long term salary increase	+0.1%	0.0%	-0.10%
Present value of total obligation	40,210	40,166	40,122
Project service cost	567	566	566
Adjustment to pension increase and deferred revaluation	+0.1%	0.0%	-0.10%
Present value of total obligation	40,807	40,166	39,542
Project service cost	585	566	548
Adjustment to life expectancy assumption	+1 Year	None	-1 Year
Present value of total obligation	41,661	40,166	38,728
Project service cost	588	566	545

Valuation of derivatives

All financial assets or liabilities are calculated using measurements based on inputs that are observable for the asset either directly or indirectly from prices. The group has chosen to test the effectiveness of its hedges annually.

4. Particulars of turnover, cost of sales, operating expenditure, surplus on disposal of fixed assets and operating surplus – Group

	Turnover 15 month to 31 March 2024	Cost of sales 15 month to 31 March 2024	Operating costs 15 month to 31 March 2024	Surplus disposal of fixed assets 15 month to 31 March 2024	Operating surplus/ (deficit) 15 month to 31 March 2024	Turnover 2022	Cost of sales 2022	Operating costs 2022	Surplus disposal of fixed asset 2022	Operating surplus/ (deficit) 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	75,888	-	(56,166)	-	19,722	53,857	-	(40,247)	-	13,610
Other social housing activities										
First tranche low cost home ownership sales	13,884	(10,118)	-	-	**3,766**	9,109	(6,398)	-	-	**2,711**
Staircasing activity on low cost home ownership (Note 11)	-	-	-	625	**625**	-	-	-	1,018	**1,018**
Sales of other housing properties (Note 11)	-	-	-	888	**888**	-	-	-	1,649	**1,649**
Charges for support services	49	-	(360)	-	**(311)**	96	-	(274)	-	**(178)**
Supporting people	77	-	(285)	-	**(208)**	175	-	(344)	-	**(169)**
Community engagement	331	-	(2,330)	-	**(1,999)**	351	-	(1,276)	-	**(925)**
Development costs not capitalised	-	-	(501)	-	**(501)**	-	-	(868)	-	**(868)**
Other	186	-	(96)	-	**90**	307	-	(133)	-	**174**
	90,415	(10,118)	(59,738)	1,513	22,072	63,895	(6,398)	(43,142)	2,667	17,022
Activities other than social housing activities										
Lettings - Garages	895	-	(387)	-	**508**	630	-	(291)	-	**339**
	91,310	(10,118)	(60,125)	1,513	22,580	64,525	(6,398)	(43,433)	2,667	17,361

Notes forming part of the financial statements (continued)

4. Particulars of turnover, cost of sales, operating expenditure, surplus on disposal of fixed assets and operating surplus – Association

	Turnover 15 month to 31 March 2024	Cost of sales 15 month to 31 March 2024	Operating costs 15 month to 31 March 2024	Surplus disposal of fixed assets 15 month to 31 March 2024	Operating surplus/ (deficit) 15 month to 31 March 2024	Turnover 2022	Cost of sales 2022	Operating costs 2022	Surplus disposal of fixed asset 2022	Operating surplus/ (deficit) 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings (Note 5)	75,888	-	(56,166)	-	19,722	53,857	-	(40,247)	-	13,610
Other social housing activities										
First tranche low cost home ownership sales	13,884	(10,118)	-	-	**3,766**	9,109	(6,398)	-	-	**2,711**
Staircasing activity on low cost home ownership (Note 11)	-	-	-	625	**625**	-	-	-	1,018	**1,018**
Sales of other housing properties (Note 11)	-	-	-	888	**888**	-	-	-	1,649	**1,649**
Charges for support services	49	-	(360)	-	**(311)**	96	-	(274)	-	**(178)**
Supporting people	77	-	(285)	-	**(208)**	175	-	(344)	-	**(169)**
Community engagement	-	-	(1,924)	-	**(1,924)**	-	-	(925)	-	**(925)**
Development costs not capitalised	-	-	(501)	-	**(501)**	-	-	(868)	-	**(868)**
Other	186	-	(96)	-	**90**	307	-	(133)	-	**174**
	90,084	(10,118)	(59,332)	1,513	22,147	63,544	(6,398)	(42,791)	2,667	17,022
Activities other than social housing activities										
Lettings - Garages	895	-	(387)	-	**508**	630	-	(291)	-	**339**
	90,979	(10,118)	(59,719)	1,513	22,655	64,174	(6,398)	(43,082)	2,667	17,361

Notes forming part of the financial statements (continued)

5. Particulars of turnover and operating expenditure from social housing lettings

Group and Association	General needs housing 15 month to 31 March 2024	Supported housing (inc. housing for older people) 15 month to 31 March 2024	Kent Excellent Homes for All 15 month to 31 March 2024	Low cost home ownership 15 month to 31 March 2024	Leasehold 15 month to 31 March 2024	Total 15 month to 31 March 2024	Total 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Rents net of identifiable service charges	52,147	4,976	3,952	5,971	2	67,048	47,887
Service charge income	2,619	2,504	1,008	573	188	6,892	4,395
Net rental income	54,766	7,480	4,960	6,544	190	73,940	52,282
Amortised government grants	1,030	98	-	151	-	1,279	1,018
Other grants	611	58	-	-	-	669	557
Turnover from social housing lettings	56,407	7,636	4,960	6,695	190	75,888	53,857
Operating expenditure							
Management	(5,711)	(545)	(210)	(836)	(219)	(7,521)	(5,572)
Services	(6,858)	(654)	(252)	(1,004)	(263)	(9,031)	(5,988)
Routine maintenance	(7,598)	(725)	(280)	-	-	(8,603)	(6,065)
Planned maintenance	(13,890)	(1,325)	-	-	-	(15,215)	(13,055)
Major repairs expenditure	(1,101)	(105)	-	-	-	(1,206)	(346)
Kent Excellent Homes for All operating service agreement	-	-	(4,451)	-	-	(4,451)	(2,238)
Bad debts	(830)	(71)	(27)	-	-	(928)	(210)
Depreciation of housing properties:							
- period charge	(7,955)	(759)	(293)	-	-	(9,007)	(6,521)
- accelerated on disposal of components	(180)	(17)	(7)	-	-	(204)	(199)
Other costs	-	-	-	-	-	-	(53)
Operating expenditure on social housing lettings	(44,123)	(4,201)	(5,520)	(1,840)	(482)	(56,166)	(40,247)
Operating surplus/(deficit) on social housing lettings	12,284	3,435	(560)	4,855	(292)	19,722	13,610
Void losses	(607)	(252)	(151)	-	-	(1,010)	(886)

Void losses represent rental income lost as a result of property not being let, although it is available for letting.

Notes forming part of the financial statements (continued)

6. Accommodation in management and development

Group and Association	2022 Number	Units developed or newly built units acquired Number	Units sold/ demolished Number	Other movements Number	2024 Number
Social Housing ownership					
Social rent general needs	5,045	35	(8)	328	5,400
Affordable rent general needs	881	155	-	3	1,039
Social rent supported housing and housing for older people	1,073	-	-	(324)	749
Affordable rent supported housing and housing for older people	113	-	-	(7)	106
Shared ownership	813	137	(4)	1	947
Leasehold	247	-	-	1	248
Other social housing	29	-	-	(2)	27
Total social housing units owned and managed	**8,201**	**327**	**(12)**	**-**	**8,516**
Homes under construction	389				297

7. Operating Surplus

	Group 15 month to 31 March 2024 £'000	Group 2022 £'000	Association 15 month to 31 March 2024 £'000	Association 2022 £'000
This is arrived at after charging:				
Depreciation for the period/year				
- housing properties	9,007	6,521	9,007	6,521
- accelerated depreciation on replaced components	204	199	204	199
- other tangible fixed assets	988	603	988	603
Operating lease rentals:				
- land and buildings	361	130	361	108
- other	228	-	228	-
Auditors' remuneration (excluding VAT):				
- fees payable to the group's auditor for the audit of the group's annual accounts	74	71	74	71
- fees for audit of accounts of subsidiary entities	9	7	-	-

Notes forming part of the financial statements (continued)

8. Employees

Employee costs	Group 15 month to 31 March 2024	Group 2022	Association 15 month to 31 March 2024	Association 2022
	£'000	£'000	£'000	£'000
Staff costs (including executive management team) consist of:				
Wages and salaries	16,900	11,812	16,900	11,812
Social security costs	1,717	1,222	1,717	1,222
Cost of defined benefit pension scheme (Note 29)	761	1,458	761	1,458
Cost of defined contribution scheme	880	559	880	559
Less amounts recharged to group entities	-	-	(279)	(637)
	20,258	15,051	19,979	14,414

The average number of employees (including executive management team) expressed as full-time equivalents (FTE), calculated based on a standard working week of 37 hours, during the year was as follows:

	Group 15 month to 31 March 2024	Group 2022	Association 15 month to 31 March 2024	Association 2022
	FTE	FTE	FTE	FTE
Administration	88	73	88	73
Development	24	22	24	22
Housing, Support and Care	209	196	209	196
	321	291	321	291

A defined contribution pension scheme is operated by the group on behalf of employees. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £880k (2022: £559k). No contributions (2022: £nil) were outstanding for the fund at the year end.

9. Directors' and senior executive remuneration

The key management personnel are defined as the members of the Board of management, the chief executive and the executive management team disclosed within Executives and Advisers section of this report.

Group and Association	15 month to 31 March 2024	2022
	£'000	£'000
Executive directors' emoluments	1,070	917
Amounts paid to non-executive directors	115	78
	1,185	995

The total amount payable to the chief executive, who was also the highest paid director in respect of emoluments excluding pension, for the 15-month period, was £220k (2022: £164k for 12 months). The pension entitlement of the chief executive is identical to those of other members in the defined contribution pension scheme. No enhanced or special terms apply.

There were no directors in the KCC LGPS scheme during the year, and six directors in the group's defined contribution pension scheme (2022: eight).

The cost per unit for directors' remuneration is £139 for the 15-month period (2022: £121).

The remuneration paid to executive management team and staff (including pension) earning over £60,000 upwards:

Group and Association	15 month to 31 March 2024	2022
	Number	Number
£60,000 - £69,999	36	15
£70,000 - £79,999	25	6
£80,000 - £89,999	14	3
£90,000 - £99,999	10	3
£100,000 - £109,999	2	3
£110,000 - £119,999	3	2
£120,000 - £129,999	3	2
£140,000 - £149,999	1	-
£150,000 - £159,999	1	-
£160,000 - £169,999	2	-
£170,000 - £179,999	2	1
£240,000 - £249,999	1	-
	100	35

The significant increase in employees paid remuneration over £60,000 is mainly attributable to 2024 being a 15-month period whereas the prior year comparatives show remuneration for a 12-month period.

Notes forming part of the financial statements (continued)

10. Board members

Board members	Remuneration £	Group Board	Audit & Risk	Investment & Finance	Communities & Housing	Remuneration & Appointments
				Member of:		
Tracy Allison - Chief Executive		Member				
Judith Collings[1]	3,175	Member	Member	Member		
Ben Cooper[2]	8,882	Member			Member	Member
Kevin Corbett[3]	8,882	Member		Member		Member
Akin Durowoju	8,882	Member		Member		
Janet Eilbeck	10,235	Member	Chair			Chair
Angela George	8,882	Member			Member	
Abdool Kara[4, 6]	-	Member			Member	Member
Peter Kasch[1]	3,659	Member	Member	Chair		
Lisa Keslake[4, 5]	8,313	Member	Member		Member	
Megan Morvan	8,882	Member			Member	
Dr Joanne Simpson	10,223	Member			Chair	
Piers White – Chair[4]	18,492	Chair				Member
Colin Wilby – Chair[1]	6,611	Chair				Member
Alex Yew[4]	9,579	Member	Member	Chair		

Chair
Member

[1] Resigned from the Board June 2023
[2] Resigned from Remuneration and Appointments Committee June 2023
[3] Appointed to Remuneration and Appointments Committee February 2024
[4] Appointed to the Board June 2023
[5] Resigned from the Board 31 March 2024
[6] Appointed to Remuneration and Appointments Committee June 2023

11. Surplus on disposal of fixed assets

Group and Association	15 month to 31 March 2024 £'000	2022 £'000
Proceeds from AHO/LCHO staircasing	1,228	3,696
Cost of sales (including selling costs)	(585)	(2,645)
Grant abated	(18)	(33)
Surplus on shared ownership sales	625	1,018
Proceeds from Right to Buy sales	-	1,036
Cost of sales (including selling costs)	-	(294)
Transfer to recycled capital grant fund	-	(40)
Surplus on Right to Buy sales	-	702
Income from other housing property sales	1,164	1,015
Cost of sales (including selling costs)	(251)	(68)
Grant abated	(25)	-
Surplus on other housing property sales	888	947
Sale of other assets	-	13
Cost of sales (including selling costs)	-	(22)
Surplus on disposal of other fixed assets	-	(9)

Notes forming part of the financial statements (continued)

12. Interest receivable and income from investments

	Group 15 month to 31 March 2024	Group 2022	Association 15 month to 31 March 2024	Association 2022
	£'000	£'000	£'000	£'000
Other interest receivable and similar income	393	66	382	66
Net interest on net defined benefit asset	20	-	20	-
	413	66	402	66

13. Interest payable and similar charges

	Group 15 month to 31 March 2024	Group 2022	Association 15 month to 31 March 2024	Association 2022
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	18,385	8,409	18,385	8,409
Finance leases	964	763	964	763
Net interest on net defined benefit liability	-	118	-	118
Interest payable on recycled capital grant	50	-	50	-
	19,399	9,290	19,399	9,290
Interest capitalised in construction costs of housing properties	(2,449)	(1,031)	(2,449)	(1,031)
	16,950	8,259	16,950	8,259

West Kent entered into a hedging arrangement during the year to reduce interest payable volatility.

14. Taxation on surplus on ordinary activities

	Group 15 month to 31 March 2024	Group 2022	Association 15 month to 31 March 2024	Association 2022
	£'000	£'000	£'000	£'000
Current tax				
Current tax on surplus for the year	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
Changes to tax rates	-	-	-	-
	-	-	-	-
Taxation on surplus on ordinary activities	-	-	-	-

Notes forming part of the financial statements (continued)

14. Taxation on surplus on ordinary activities (continued)

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:

	Group 15 month to 31 March 2024	Group 2022	Association 15 month to 31 March 2024	Association 2022
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	6,079	9,113	6,143	9,113
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 25% for April 23 to March 24 and 19% for Jan 23 to March 2023 (2022: 19%)	1,447	1,731	1,462	1,731
Effects of:				
Charitable income	(1,447)	(1,731)	(1,462)	(1,731)
Total tax charge for period	-	-	-	-

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of £nil (2022: £nil).

Factors that may affect future tax charges

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property was sold without it being possible to claim rollover relief. The total un-provided amount is £nil (2022: £nil). At present, it is not envisaged that any tax will become payable in the foreseeable future.

15. Tangible fixed assets – housing properties

Group and Association	General needs completed	General needs under construction	Low cost home ownership completed	Low cost home ownership under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2023	635,601	26,218	106,727	10,494	779,040
Additions	-	35,111	-	20,697	55,808
Works to existing properties	10,571	-	-	-	10,571
Reclassification of properties	3,383	-	(3,383)	-	-
Completed schemes	41,365	(41,365)	20,198	(20,198)	-
Transfer	(220)	220	-	-	-
Disposal of properties	(47)	-	(852)	-	(899)
Accelerated replacement of components	(1,567)	-	-	-	(1,567)
At 31 March 2024	689,086	20,184	122,690	10,993	842,953
Depreciation					
At 1 January 2023	(79,854)	-	-	-	(79,854)
Charge for the period	(9,007)	-	-	-	(9,007)
Eliminated in respect of disposals and components	1,241	-	-	-	1,241
At 31 March 2024	(87,620)	-	-	-	(87,620)
Net book value at 31 March 2024	601,466	20,184	122,690	10,993	755,333
Net book value at 31 December 2022	555,747	26,218	106,727	10,494	699,186

Notes forming part of the financial statements (continued)

15. Tangible fixed assets – housing properties (continued)

Group and Association	2024	2022
	£'000	£'000
The net book value of housing properties may be further analysed as:		
Freehold	717,799	661,119
Long leasehold	37,533	38,067
	755,333	**699,186**
Interest capitalisation		
Interest capitalised in the period	2,449	1,031
Works to properties		
Improvements to existing properties capitalised	1,083	-
Major components replacement capitalised	9,488	9,113
Major repairs expenditure to income and expenditure account	2,957	346
	13,528	**9,459**
Total Social Housing Grant received or receivable to date is as follows:		
Held as deferred income	92,509	88,892
Recycled capital grant fund	692	930
Recognised in the Statement of Comprehensive Income	1,279	1,018
	94,480	**90,840**

Finance leases

The net book value of housing properties for the group includes an amount of £20.6m (2022: £20.8m) in respect of assets held under finance leases and hire purchase contracts. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount. The finance lease is from a Private Finance Initiative called Kent Excellent Homes for All. This is a contract between Kent County Council and Kent EHFA ProjectCo Limited. West Kent has concluded that it is the grantor due to the conditions it fulfils within the contracts. West Kent collects rents and service charges from its residents. It pays the Kent EHFA ProjectCo an operating and construction services payments over the life of the contract. At the end of the contract West Kent is likely to purchase the assets outright.

Impairment

The group considers individual properties to represent separate cash generating units (CGUs) when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2018. During the current year, the Group and Association have not recognised any impairment loss (2022: £nil) in respect of general needs housing stock.

Properties held for security

West Kent Housing Association had property with a net book value of £426m pledged as security at 31 March 2024 (2022: £350m). There was also further property with a net book value of £6.1m charged as unallocated with a Trustee and ready for designation to new funding at 31 March 2024 (2022: £nil).

Notes forming part of the financial statements (continued)

16.a. Other tangible fixed assets

Group	Office buildings	Plant, machinery and vehicles	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2023	2,423	3,711	560	6,694
Addition	-	255	29	284
Disposals	-	-	-	-
At 31 March 2024	2,423	3,966	589	6,978
Depreciation				
At 1 January 2023	(956)	(1,058)	(273)	(2,287)
Charge for period	(49)	(867)	(72)	(988)
Disposals	-	-	-	-
At 31 March 2024	(1,005)	(1,925)	(345)	(3,275)
Net book value				
At 31 March 2024	1,418	2,041	244	3,703
At 31 December 2022	1,467	2,653	287	4,407

16.a. Other tangible fixed assets (continued)

Association	Office buildings	Plant, machinery and vehicles	Fixtures, fittings, tools and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2023	2,423	3,704	560	6,687
Addition	-	255	29	284
Disposals	-	-	-	-
Transfers from group undertakings	-	7	-	7
At 31 March 2024	2,423	3,966	589	6,978
Depreciation				
At 1 January 2023	(956)	(1,051)	(273)	(2,280)
Charge for peiod	(49)	(867)	(72)	(988)
Disposals	-	-	-	-
Transfers from group undertakings	-	(7)		(7)
At 31 March 2024	(1,005)	(1,925)	(345)	(3,275)
Net book value				
At 31 March 2024	1,418	2,041	244	3,703
At 31 December 2022	1,467	2,653	287	4,407

Notes forming part of the financial statements (continued)

16.a. Other tangible fixed assets (continued)

Association	Group 2024	Group 2022	Association 2024	Association 2022
	£'000	£'000	£'000	£'000
The net book value of office buildings may be further analysed as:				
Freehold	1,407	1,454	1,407	1,454
Short leasehold	11	13	11	13
	1,418	1,467	1,418	1,467

Finance leases

The company had no 'Other tangible fixed assets' held under such leases at either period end.

16.b. Intangible fixed assets

Group and Association	Computer Software	Total
	£'000	£'000
Cost		
At 1 January 2023	2,485	2,485
Additions	3,360	3,360
Disposals	-	-
At 31 March 2024	5,845	5,845
Depreciation		
At 1 January 2023	5,845	5,845
Additions		
Disposals	-	-
At 31 March 2024	-	-
Net book value		
At 31 March 2024	5,845	5,845
At 31 December 2022	2,485	2,485

Notes forming part of the financial statements (continued)

17. Fixed asset investments

Details of subsidiary undertakings, associated undertakings and other investments

The principal undertakings which the association has an interest in are as follows:

Name	Accounting treatment	Country of incorporation or registration	Proportion of voting rights/ordinary share capital held	Nature of business	Nature of entity
Subsidiary undertakings					
West Kent Extra Limited (WKE) (in liquidation) (Note 35)	Consolidated	England	100%	Provision of community support services	Registered charity
West Kent Ventures Limited (WKV)	Dormant	England	100%	Dormant commercial company	Incorporated company
Joint Ventures					
Ink Development Company Limited	Jointly controlled entity - Equity method	England	50%	Development company	Incorporated company

Ink Development Company Limited is a jointly controlled entity between Southern Housing Group and West Kent. The equity method of accounting has been adopted. West Kent's equity investment was £1. The profits of Ink Development Company Limited as at 31 March 2024 are calculated to be £6,213, (2022: £45,821). West Kent's share of the profits to date would be £3,106 (2022: £22,909). This has not been presented in the accounts as it is not deemed to be material.

18. Investment properties

Group and Association	2024	2022
	£'000	£'000
Fair Value		
At 1 January	7,748	7,748
Additions	274	-
Transfer	(78)	-
Movements in fair value of investment	36	-
At 31 March/31 December	7,980	7,748

The association owns garages which are classified as investment properties and a valuation was performed in March 2024. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

In valuing investment properties, a discounted cashflow methodology was adopted with the following key assumptions:

Discount rate	7.0%
Management and maintenance cost	£125 per unit per annum (All years)
Rent loss through voids	25%-34%

Based on the valuation assumptions outlined above, the valuers are of the opinion that the Market Value of the 1,775 garages is £7,980k.

19. Properties for sale

Group and Association	2024	2022
	£'000	£'000
First tranche shared ownership properties:		
Work in progress (Properties under construction)	5,919	5,623
Completed properties (Properties completed and unsold)	924	128
	6,843	**5,751**

Notes forming part of the financial statements (continued)

20. Debtors

	Group 2024	Group 2022	Association 2024	Association 2022
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charge arrears	2,371	1,337	2,371	1,337
Less: Provision for doubtful debts	(1,110)	(735)	(1,110)	(735)
	1,261	602	1,261	602
Amounts owed by group undertakings	-	-	36	231
Other debtors	1,042	1,068	1,042	1,062
Prepayments and accrued income	1,696	1,095	1,696	1,045
	3,999	2,765	4,035	2,940
Due after one year				
Amounts held on trust	3,825	3,642	3,825	3,642
Prepayments and accrued income	-	582	-	582
	3,825	4,224	3,825	4,224
	7,824	6,989	7,860	7,164

The amounts held in trust relate to interest servicing reserve held on loans of £3,825k (2022: £3,642k) held by The Housing Finance Corporation and Affordable Housing Finance Plc. Amounts held on trust for the loan principal where security is to be provided £nil (2022: £nil).

21. Cash and cash equivalents

	Group 2024	Group 2022	Association 2024	Association 2022
	£'000	£'000	£'000	£'000
Cash at bank and in hand	9,284	5,411	9,086	4,759
Leaseholder accounts	1,053	910	1,053	910
	10,337	6,321	10,139	5,669

22. Creditors: amounts falling due within one year

	Group 2024	Group 2022	Association 2024	Association 2022
	£'000	£'000	£'000	£'000
Debt (Note 26)	4,322	4,179	4,322	4,179
Trade creditors	3,829	1,250	3,829	1,250
Rent and service charges received in advance	1,199	1,496	1,199	1,496
Obligations under finance leases (Note 26)	311	263	311	263
Other creditors	1,320	2,038	1,320	2,038
Recycled capital grant fund (Note 25)	194	179	194	179
Accruals and deferred income	3,982	3,716	3,982	3,458
Accrued interest	2,046	2,059	2,046	2,059
	17,203	15,180	17,203	14,922

Notes forming part of the financial statements (continued)

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

	Group 2024	Group 2022	Association 2024	Association 2022
	£'000	£'000	£'000	£'000
Debt (Note 26)	320,655	267,074	320,655	267,074
Obligations under finance leases (Note 26)	20,981	21,362	20,981	21,362
Deferred capital grant (Note 24)	92,509	88,892	92,509	88,892
Recycled capital grant fund (Note 25)	498	751	498	751
Sinking fund balances	1,186	1,020	1,186	1,020
Derivative financial instruments designated as hedge	1,376	-	1,376	-
Capital retentions	292	-	292	-
	437,497	379,099	437,497	379,099

24. Deferred capital grant

Group and Association	2024	2022
	£'000	£'000
At 1 January	88,892	88,492
Grants received during the period/year	4,565	1,087
Grants recycled from the recycled capital grant fund	487	588
Released to income during the period/year	(1,279)	(1,018)
Grants on disposed properties	(199)	(257)
Eliminated on disposal	43	-
At 31 March/31 December	92,509	88,892

25. Recycled capital grant fund

Group and Association	2024	2022
	£'000	£'000
At 1 January	930	1,175
Inputs to recycled capital grant fund:		
- grants recycled from deferred capital grants	199	257
- grants recycled from statement of comprehensive income	-	73
- interest accrued	50	13
Recycling of grant:		
- new build	(487)	(588)
At 31 March/31 December	692	930
Amounts falling due within one year	194	179
Amounts falling due after one year	498	751
	692	930
Amounts three years or older where repayment may be required	-	-

Withdrawals from the recycled capital grant fund are used for the purchase and development of new housing schemes for letting and for approved works to existing housing properties. All funds pertain to activities within areas covered by Homes England.

Notes forming part of the financial statements (continued)

26. Debt analysis

Group and Association	2024	2022
	£'000	£'000
Due within one year		
Loans	4,500	4,000
Bond premium	307	307
Less: issue cost	(485)	(128)
Total due within one year	**4,322**	**4,179**
Due after more than one year		
Loans	318,000	263,500
Bond premium	5,690	6,075
Less: issue cost	(3,035)	(2,501)
Total due after more than one year	**320,655**	**267,074**

All loans are in the form of bank loans or aggregated bonds. All historic loans accrue interest at a fixed or variable rate equivalent to SONIA plus margin. Issue costs incurred, have been deducted from the initial carrying value and will be charged to profit or loss as part of the interest charge calculated using the amortised cost method.

26. Debt analysis (continued)

Loans are secured by specific charges on the housing properties of the group. The loans bear interest at fixed rates ranging from 1.78% to 5.43% or at variable rates calculated at a margin above the SONIA rate.

At 31 March 2024 the group had undrawn loan facilities of £71m (2022: £75m).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

Group and Association	2024	2022
	£'000	£'000
Within one year	4,322	4,179
One year or more but less than two years	4,822	49,859
Two years or more but less than five years	126,403	17,538
Five years or more	189,430	199,677
	324,977	**271,253**
Obligations under finance leases		
Due within one year	311	263
Due after more than one year	20,981	21,362
	21,292	**21,625**

The finance lease is from a Private Finance Initiative called Kent Excellent Homes for All and relates to housing properties.

Notes forming part of the financial statements (continued)

27. Financial instruments

a. Carrying amount of financial instruments

	Group 2024	Group 2022	Association 2024	Association 2022
	£'000	£'000	£'000	£'000
Financial assets measured at historic cost				
Trade receivables	1,261	602	1,261	602
Other receivables	6,647	6,387	6,683	6,562
Cash and cash equivalents	10,337	6,321	10,139	5,669
Total financial assets	**18,245**	**13,310**	**18,083**	**12,833**
Financial liabilities measured at historic cost				
Loans payable	324,977	271,253	324,977	271,253
Trade creditors	3,829	1,250	3,829	1,250
Other creditors	104,415	100,151	104,415	99,893
Finance leases	21,292	21,625	21,292	21,625
Total financial liabilities	**454,513**	**394,279**	**454,513**	**394,021**

The group's financial assets consist of trade receivables, other receivables and cash and cash equivalents measured at historic cost. There are a limited number of agreements in place with customers to pay debts owed to West Kent, the value of the payment plans is small and have been included and continue to be held at transaction price.

The group's financial liabilities consist of loans payable measured at historic cost as an approximation for amortised cost as the difference between them is not deemed material, and trade creditors, other creditors and finance leases are measured at historic cost.

b. Hedge accounting

West Kent Housing has entered into £87.5m interest rate swap contracts to fix the rates of £87.5m of its borrowing portfolio until various dates up to 2036. West Kent designated these derivatives as hedging instruments against the cashflows of the loans.

The fair value of these swap contracts as at 31 March 2024 was £1.4m (2022: nil). The fair value was determined by calculating the net present value of the future cashflows of the swaps discounted using an appropriate mid-market swap curve as at 31 March 2024.

Group and Association	2024 £'000	2024 £'000	2022 £'000	2022 £'000
	Receivable	Payable	Receivable	Payable
Interest rate swaps				
In one year or less	4,326	(3,726)	-	-
Between one and two years	3,434	(3,684)	-	-
Between two and five years	54,246	(55,187)		-
In five years or more	21,381	(22,433)	-	-
Total	**83,387**	**(85,030)**	**-**	**-**

Group and Association			2024 £'000	2022 £'000
Nominal value of the above Interest rate swaps			87,500	-

Notes forming part of the financial statements (continued)

28. Provisions for liabilities and charges

Group and Association	2024 £'000	2022 £'000
Balance at 1 January	-	-
Provision recognised	95	
Balance at 31 March/31 December	95	-

In the period the Group has recognised provision for employee liabilities.

29. Pensions

Two pension schemes are operated by the group.

Defined benefit pension scheme

The group is an admitted body to the Kent County Council local government superannuation scheme, a defined benefit pension scheme. The group closed its membership to new entrants. The fund is subject to the regulations of the Local Government Superannuation Scheme. Contributions to the scheme are determined by a qualified actuary on the basis of valuations, using the projected unit method.

There is a stated policy for charging the net defined benefit scheme between those group companies that are a party to the scheme and hence a proportion of the defined benefit scheme assets, liabilities, income and costs are recognised by individual group companies in accordance with that policy.

Pension benefits depend upon age, length of service and salary level.

A full actuarial valuation of the defined benefit scheme was carried out at 31 March 2022 and updated to 31 March 2024 by a qualified independent actuary. Contributions to the scheme are made by the group based on the advice of the actuary and with the aim of making good any deficit over the remaining working life of the employees.

There were no changes to the scheme during the period and no amounts owing to the scheme at the period end.

29. Pensions (continued)

Reconciliation of present value of plan liabilities	15 month to 31 March 2024	2022
	£'000	**£'000**
At the beginning of the period/year	32,917	62,724
Current service cost	698	1,415
Interest cost	1,972	1,149
Actuarial losses/(gains):		
- Change in financial assumptions	560	(30,064)
- Change in demographic assumptions	(511)	(1,143)
- Experience losses on curtailments	5,702	116
Estimated benefits paid	(1,383)	(1,464)
Past service costs, including curtailments	-	11
Contributions by scheme participants	240	194
Unfunded pension payments	(29)	(21)
At the end of the period/year	40,166	32,917

Notes forming part of the financial statements (continued)

29. Pensions (continued)

Reconciliation of fair value of plan assets	15 month to 31 March 2024	2022
	£'000	£'000
At the beginning of the period/year	55,296	56,009
Interest income on plan assets	3,367	1,031
Return on assets less interest	(653)	(1,203)
Other actuarial gains	586	-
Administration expenses	(63)	(32)
Contributions by employer including unfunded	979	782
Contributions by fund participants	240	194
Estimated benefits paid	(1,412)	(1,485)
At the end of the period/year	58,340	55,296
Fair value of plan assets	58,340	55,296
Present value of the defined benefit obligation	(40,017)	(32,756)
Present value of unfunded obligation	(149)	(161)
Asset ceiling	(18,323)	(22,379)
Net pension scheme liability	(149)	-
Amounts recognised in income and expense are as follows:		
Current service cost	698	1,426
Administrative expenses	63	32
Net interest on defined (asset)/liability	(20)	118
	741	1,576

29. Pensions (continued)

	15 month to 31 March 2024	2022
	£'000	£'000
Analysis of actuarial (loss)/gain recognised in Other Comprehensive Income:		
Actual return less interest income included in net interest income	(653)	(1,203)
Other actuarial gains on assets	586	-
Changes in demographic assumptions	511	1,143
Experience gains and losses arising on the scheme liabilities	(5,702)	(116)
Changes in assumptions underlying the present value of the scheme liabilities	(560)	30,064
Asset ceiling	5,431	(22,379)
	(387)	7,509
Reconciliation of asset ceiling		
Opening impact of asset ceiling	22,379	-
Interest on impact of asset ceiling	1,375	-
Actuarial (gains)/losses	(5,431)	22,379
Closing impact of asset ceiling	18,323	22,379

Notes forming part of the financial statements (continued)

29. Pensions (continued)

Composition of plan assets	2024	2022
	£'000	£'000
Equities	33,938	37,181
Gilts	4,275	335
Other bonds	8,400	7,282
Property	5,234	5,584
Cash	929	833
Target return portfolio (Absolute return fund)	2,948	4,081
Infrastructure	2,616	-
Total plan assets	58,340	55,296
Actual return on plan assets	2,714	(172)

Principal actuarial assumptions used at the balance sheet date		
Discount rates	4.90%	4.85%
Future salary increases	3.95%	3.80%
Future pension increases	2.95%	2.80%
Mortality rates		
for a male aged 65 now	20.8	21.0
at 65 for a male member aged 45 now	22.0	22.3
for a female aged 65 now	23.3	23.5
at 65 for a female member aged 45 now	24.7	25.0

Defined contribution scheme

A defined contribution pension scheme is operated by the group on behalf of the employees. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £880k (2022: £559k). Contributions totalling £nil (2022: £nil) were payable to the fund at the period end and are included in creditors.

30. Share capital

	Group 2024	Group 2022	Association 2024	Association 2022
	£	£	£	£
At 1 January	23	24	23	24
Shares issued in the period/year	4	-	4	-
Shares cancelled in the period/year	(4)	(1)	(4)	(1)
As at 31 March / 31 December	23	23	23	23

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled, and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interests.

31. Contingent liabilities

The association has entered into a residual value deed with Kent EHFA ProjectCo Limited as part of the Kent Excellent Homes For All Private Finance Initiative. The amount outstanding under the Residual Value Facility, and at any relevant time shall not exceed, £9m save with the prior written consent of West Kent Housing Association. An overage payment is potentially payable if the Existing Use Valuation - Social Housing at the end of the contract exceeds £9m. No existing security has currently been provided by West Kent Housing Association in connection with this liability. The homes built under the contract are held as security. If this is not sufficient further security will be used from West Kent Housing Association's unencumbered stock.

Notes forming part of the financial statements (continued)

32. Operating leases

Amounts payable as lessee	Group 2024	Group 2022	Association 2024	Association 2022
	£'000	£'000	£'000	£'000
No later than one year	314	116	314	108
Later than one year and not later than five years	640	433	640	433
Later than five years	3,152	2,085	3,152	2,085
	4,106	2,634	4,106	2,626

Amounts payable as lessee include rented housing properties and office property and equipment in accordance with the term of the lease where West Kent Housing Association is the leaseholder.

33. Capital commitments

Group and Association	2024	2022
	£'000	£'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	51,254	39,055
Expenditure authorised by the Board, but not contracted	-	-
	51,254	39,055

These are commitments towards fixed assets which have been contracted and predominantly relate to developments where known contracts have been appointed and which have started on site.

33. Capital commitments (continued)

Capital commitments for the Group and Association will be funded as follows:

	2024	2022
	£'000	£'000
Social Housing Grant	4,875	578
Approved loan facility	27,189	23,559
Sales of properties	19,190	14,918
	51,254	39,055

Included in capital expenditure that has been contracted for is £nil (2022: £nil) in respect of commitments relating to joint ventures.

34. Related party disclosures

The ultimate controlling party of the group is West Kent Housing Association. There is no ultimate controlling party of West Kent Housing Association.

West Kent considers the key management personnel to be the Board and executive team, the only transactions between West Kent and the key management personnel are remuneration which is set out in the note 10.

West Kent has assessed the declared interests of Board members and the executive team against the supplier listing and contracts register. Four suppliers are connected to a member of the Board (Gartner, Vistry, Countryside Properties and Maidstone Council), however no decisions on the use or appointment of these four suppliers has been considered by the Board during the period and as such, we have confirmed that no related party transactions have taken place during the period.

West Kent participates in two pension schemes, the Kent County Council defined benefit pension scheme (closed for new entrants) and The Royal London defined contribution scheme. The transactions with these pension schemes are set out in note 29.

Notes forming part of the financial statements (continued)

34. Related party disclosures (continued)

The Board includes three resident members (2022: three) who hold tenancy agreements on normal terms and cannot use their position to their advantage. There were seven shareholders (2022: eight), excluding the Board members, that are also residents, or have close family that are residents, of the association, who hold tenancy agreements on normal terms and cannot use their position to their advantage.

The transactions recorded during the period are aggregated below:

	15 month to 31 March 2024 £'000	2022 £'000
Payment due from previous period/year	(2)	(2)
Charges in period/year	100	80
Payments in period/year	(98)	(80)
Payments due at end of period/year	-	(2)

Joint venture

The following transactions took place between the group and its joint venture and associated companies during the period:

	15 month to 31 March 2024 £'000	2022 £'000
Net sales and purchases of goods and services	304	1,813
Debtors due to Ink Development Company Limited	383	783
Creditor due from Ink Development Company Limited	262	546
Administration fees received by West Kent	12	10

Transactions with the joint venture are payable on demand. There are no other terms and conditions.

34. Related party disclosures (continued)

Transactions with non-regulated entities

The association provides management services, staff and other services to its subsidiaries. The association makes a donation towards these to its subsidiaries. The quantum and basis of those charges is set out below.

	Staff and management costs recharged		Other charges		Total	
	15 month to 31 March 2024	2022	15 month to 31 March 2024	2022	15 month to 31 March 2024	2022
	£'000	£'000	£'000	£'000	£'000	£'000
Payable to association by subsidiaries:						
West Kent Extra Limited	279	637	-	106	279	743
	279	637	-	106	279	743
Donation by association to subsidiaries:						
West Kent Extra Limited	-	441	-	106	-	547
	-	441	-	106	-	547

Intra-group charges

Intra-group charges are receivable by the association from subsidiaries to cover the running costs the association incurs on behalf of managing its subsidiaries. The management charge is for management staff costs incurred in managing the delivery of West Kent Extra Limited activities. Other charges are finance and administration costs that have been apportioned on staff costs.

Notes forming part of the financial statements (continued)

35. Group reorganisation

On 31 March 2024, the business, assets and liabilities of subsidiary undertaking West Kent Extra Limited were transferred to West Kent Housing Association. The following assets and liabilities were transferred and included in the respective lines of the statement of financial position for West Kent Housing Association. Any adjustments that might be required to take account of the fair values of any assets and liabilities were judged not to be material and so the transaction was accounted for using the book values of assets and liabilities in the subsidiary prior to transfer. The comparative financial information of the entity has not been restated and the results of the combined entity will only be reported from the transfer date onward. This is a judgement made by management.

	2024 £'000
Stock	8
Debtors	21
Creditors	(29)

36. Movement in fair value of financial instruments

Group and Association	15 month to 31 March 2024 £'000	2022 £'000
Fair value movements where effective through OCI	1,376	-
Total movement	**1,376**	**-**

37. Post balance sheet events

In February 2022, West Kent Extra Trustees agreed to wind down West Kent Extra (WKE), a charitable subsidiary of West Kent Housing Association providing community support services and transfer the activities of this subsidiary to the parent, West Kent Housing Association. On 26 July 2023, RSM were appointed as liquidators, following a review of three competitive proposals. The activities, including assets and liabilities, of West Kent Extra were formally transferred on 31 March 2024 and West Kent Extra was handed over to liquidators for wind down and strike off on 22 May 2024.

WestKent

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