

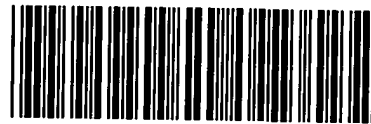
Shropshire Towns and Rural Housing Limited

Company Limited by Guarantee

Directors' Report and
Financial Statements for the year ended.
31st March 2024



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Company Registration Number 08289137

Shropshire Towns and Rural Housing Limited
Financial Statements 2023/24

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Tenant Members

Yordan Tolev
Eleanor Rayers
Richard Amos – appointed 1st August 2024
Lynn Fonseca – appointed 2nd August 2024

Shropshire Council Members

Dr Julia Buckley – resigned 1st August 2024
Cllr Vince Hunt
Rachel Connolly – appointed 23 October 2024
Mark T Jones – resigned 17th July 2023

Independent Members

Anthony Deakin (Chair)
James Wood – resigned 12 November 2024
Stephen Robinson
James Willocks – resigned 16th June 2023

Co-opted Members (Non-voting)

Paul Hayward
Paul Weston
Siobhan Johnston
Andrea Martin

Senior Management Team

Harpreet Rayet: Managing Director (appointed December 2022)
Rosamund Bridges: Corporate Director (appointed March 2023)
Thomas Forty: Operations Director (appointed April 2023)
Leela Cottey: Assistant Director of Assets (appointed October 2023)
Mitchell Allan: Assistant Director of Housing (appointed November 2023)
Denise Jones: Head of Finance (appointed March 2024)
Ruth Phillips: Head of Corporate Services (appointed August 2024)

Registered office

Mount McKinley
Anchorage Avenue
Shrewsbury Business Park
Shrewsbury
SY2 6FG

Company Registration

Company Number 08289137 Registered in England and Wales

Auditors

Grant Thornton UK LLP
17th Floor
103 Colmore Row
Birmingham
B3 3AG

Actuary

Mercer Limited
1 Tower Place West
Tower Place
London
EC3R 5BU

Bankers

NatWest
8 Mardol Head
Shrewsbury
Shropshire
SY1 1HE

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STRATEGIC REPORT

The purpose of this report is to explain how the Directors have performed their duty under s172 of the Companies Act 2006 to promote the success of Shropshire Towns and Rural Housing Limited (the Company and/or STAR Housing). The report gives a fair view of the development and performance of the Company’s business during the 2023/24 financial year and provides an overview of the principal activities undertaken.

Principal Activities

The Company is a private company limited by guarantee wholly owned by Shropshire Council (the Council). The Company was formed as an Arm’s Length Management Organisation under Section 27 of the Housing Act 1985 to undertake the management and maintenance of Shropshire Council’s retained housing stock from 1st April 2013. The Company was incorporated on 12th November 2012 and began trading on 1st April 2013.

The principal activities of the Company listed below are defined in the Management Agreement between the Council and the Company. The Company receives an annual Management Fee for the provision of these services. The 10-year Management Agreement was approved for renewal at a meeting of Shropshire Council held on 12th May 2022 and the current Agreement runs for 10 years to 31st March 2033.

<u>Service/Operational Area</u>	<u>Principal Activities/Responsibilities</u>
Tenancies:	Allocations and voids Rent and other charges Leaseholder services Tenancy management Tenancy support Provision of support services Right to buy
Tenant Involvement:	Customer service and information Consultation
Properties:	Improvement works Repairs and maintenance Communal areas Servicing and testing Development of new properties, refurbished properties, and estates
Neighbourhood	Local area co-operation
Management:	Antisocial behaviour, hate crime and domestic abuse Safeguarding vulnerable people

The Company also has responsibility to manage the Council’s Housing Revenue Account and Housing Capital Programme.

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From May 2018 the Company took responsibility to run a young person's hostel in Oswestry on behalf of the Council and our Management Agreement was amended to include the provision of this service. In December 2022 STAR Housing took on responsibility, in terms of tenancy support and repairs, for a General Fund property in Shrewsbury which is used to provide support to homeless applicants.

STAR Housing is working with the Council to develop more properties for specialist support and continues to explore further opportunities to provide more specialist accommodation of this nature.

During 2024 STAR housing entered into a new contract with Shropshire council to deliver housing support services. This contract replaces the previous Sustain contract and is exclusively delivered by STAR housing rather than through the previous consortium arrangement. This has necessitated the TUPE into STAR of 15 employees.

The Company operates from three principal locations, with customer facing area teams based in the towns of Bridgnorth and Oswestry and central management corporate services based in Shrewsbury. A hybrid working model continues to be in place with most office roles working 3 days per week in an office-based location.

Review of Business Results and Activity

2023/24 has been a year of significant investment and transformation with a key focus on achieving full compliance whilst modernising the service to ensure sustainability and to deliver high performance and innovative services into the future. This significant transformation has necessitated a significant contribution from reserves. The accounts for 2023/24 show a loss before tax for the year of £2.718m before applying approved balances. This includes IAS19 pension accounting transactions of £1.138m. Retained reserves at 31st March 2024 were £3.371m which relates to the usable reserve. Such reserves can be retained as a contingency against unforeseen events or spent on the furtherance of the Company's objectives.

The need to modernise has been driven by chronic underinvestment historically and has led STAR to reimagine services and invest heavily in large scale reviews in almost all areas resulting in people and process changes across the business. The individual contributory factors are discussed in more detail in the paragraphs below.

Compliance – discovery and resolution

Following a self-referral to the Regulator of Social Housing compliance audits were carried out across the business resulting in actions for improvement to take place over a 12–18-month time frame. The chronic underinvestment and resultant audit and improvement plan have led to a series of works, specifically in relation to fire, gas and electrical safety. This investment in services has resulted in visible metric improvement such as the number of properties and recognition of our exposure to fire compartmentation issues across our stock. Waking watches have been put in place where these have been needed to bridge the gap towards delivering full fire safety compliance.

Damp and Mould – Addressing the issue

Damp and mould issues have been identified across our stock resulting in an increased awareness and focus. This has led to an increase in investment on the resolution of damp and mould issues. This expenditure has been capitalised where appropriate.

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Empty Homes – Addressing the backlog

At the end of March 2024 STAR closed the financial year with 41 voids, compared with 154 in March 2023. During the year contractors were brought in to clear the large backlog of voids. An increasing proportion of empty homes work is related to homes used for temporary accommodation purposes with this year seeing 4.3 times the amount of temporary accommodation properties than a year ago and they, due to their designated use, result in a much higher turnover than our general needs properties with more frequent clearances required.

Repairs – Addressing the backlog

An assessment of outstanding repairs was carried out in November 2023. At this point the backlog stood at 1777 open jobs and it was identified that to reduce this number additional temporary resource would be required. A backlog team of agency workers and contractors was installed to concentrate solely on backlog jobs identified as priority with current staff continuing to work on newer jobs as they arrived. By March 2024 the number of open jobs was reduced to 981 with reductions continuing into the new financial year.

Disrepair – Increased claims

Whilst not a matter of transformation disrepair has represented a budget pressure in the year. Disrepair claims are on the increase across the sector generally. STAR have been subject to a number of claims throughout the year which have resulted in payments for compensation to the individuals affected and the corresponding legal fees being charged. New account codes will allow us to monitor this more effectively during 2024/25 and steps are being taken to increase expertise in the business to manage such claims as proactively as possible.

Restructure and relocation – Modernising our service

The company wide restructure to the first three tiers of managed which was initiated during 2022/23 continued and concluded during the year. The restructure has brought a greater transparency and understanding of accountability in our operations. Additionally, STAR gave notice on its lease of the Spruce building in Shrewsbury that it had occupied for many years to move to the Shropshire Council owned Mount McKinley, also in Shrewsbury, under a new Service Level Agreement contract. The increased office space has allowed teams to work more collaboratively and be present in the office for at least three days per week.

Finance Transformation – improving control, intelligence and value for money

2023/24 has been a year of transformation for the Finance department. A review was undertaken during the Summer of 2023 to identify issues, process failings and skills gaps. Following this several project work streams were identified and actioned to improve the function. These included a team restructure with the addition of two senior posts, restructure of the chart of accounts, a redesign of the purchase ledger function and the relaunch of 'no PO no pay' for all non-job referenced based transactions. The new year budget setting exercise was set using a zero-based budgeting approach bringing more rigour and understanding in our financial framework for the year ahead. Budget holders, old and new, and requisitioners were given specific finance training to raise awareness and increase aptitude in this critical area. Control measures around people recruitment, including agency and consultancy, have been put in place and a central register introduced to increase visibility and strategic understanding of the workforce.

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Business Planning for the future

A key development in year has been the overhaul of the thirty-year HRA Self Financing business plan. The new plan is considerably more comprehensive and versatile, and inputs have been validated by external consultancy company, Savills with further external validation work planned. The new business plan is now both more comprehensive and robust in its detail and allows the business to scenario plan with flexibility into the future.

Rent Collection – improvements

Alongside the new business plan a new rent setting module has also been put in place. The rent setting exercise for 2024/25 was completed using the new module. The new process is more efficient and robust.

Inspection and audit

STAR housing has been involved in several audits, inspections and reviews during the year including being subject to a pilot inspection by the RSH during 2024. The RSH awarded STAR Housing a C2 grade following the inspection which is testament to the emerging improvements, a clear position of self-awareness and future plans to continue to improve.

A programme of standard internal audits also took place throughout the year with the audit lead providing a ‘limited’ level of assurance overall. This is reflective of the fact that a number of systems and processes have been subject to review and found lacking and the subsequent improvement plans not yet being seen to be embedded. We expect to see a marked improvement in this area in future years. Importantly the issues identified with regards to the finances are issues of performance, intelligence and value for money rather than integrity.

The transformations that have occurred over the past 18 months across all areas of the business are changing the culture within the organisation to one very much focused on continuous self-improvement via both inspections and regular audits in all areas. These audits and reviews are driving reflections and actions for improvement and a level of introspection new to the business.

These insights and investment in transformation to date coupled with clear business strategies and delivery plans stand STAR housing in good stead to achieve the highest standards of value for money and best practice in the coming years.

Review of Performance – Management Agreement Performance Indicators

During 2023/24 we had 31 Management Agreement performance indicators to measure how the Company delivers its objectives. Performance for the year against target for these indicators is shown below.

Indicator	Target	Tolerance	Actual
Average time in days to re-let empty properties - All Voids (includes general & major work relets)	37	+5	89
Rent loss due to empty properties (voids) as % of rent due.	1.5%	+0.2%	2.16%

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Rent collected as a % of rent owed to date, including brought forward arrears.	98.5%	-1.5%	99.10%
Arrears written off as a % of total rent debit to date.	0.5%	+0.5%	0.26%
Number of tenancies terminated as % of properties managed.	8%	+2.0%	7.26%
% of dwellings failing to meet the Decent Homes Standard.	0.0%	+0.5%	0.65%
Average time in days to re-let empty properties - General Voids (excludes Major Works)	28	+2	71
Average time in days to re-let empty properties - Major Work Voids (excludes General)	52	+5	92
Number of properties that have a SAP rating of 35 or less.	0	+15	11
Average SAP rating for off-grid properties.	60.5	-0.5	60.3
Average SAP rating for properties on grid.	68.5	-0.5	69.0
% of properties with a valid Gas Safe certificate.	100%	-0.2%	100%
% dwellings with an electrical safety certificate less than 5 years old.	100%	-0.2%	99.85%
% dwellings with asbestos management re-inspection report less than 5 years old.	100%	-0.5%	93.71%
% of major adaptations for tenants completed on time.	70%	-5%	94.74%
Number of new homes (including acquisitions).	0	0	53
% of tenants evicted as a result of rent arrears during the year.	0.15%	+0.1%	0.10%
Customers registered to access services online as a % of properties managed.	14%	-5%	16.14%
% of respondents satisfied with the lettings process.	98%	-5%	90.59%
% of housing stock used as temporary housing.	1.8%	+0.2%	2.05%
% of customers satisfied with outcome of the Anti-Social Behaviour case.	84%	-5%	61.54%
% Complaints responded to within 10 days.	90%	-5%	80.45%
Satisfaction with complaint handling.	70%	-5%	69.39%

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% Responsive Repairs completed at first visit by DLO.	98%	-3%	86.38%
Appointments kept as % of appointments made.	99%	-5%	92.60%
% of emergency repairs completed on time (1 day).	100%	-0.1%	97.57%
% of urgent repairs completed on time (7 days).	98%	-5%	85.37%
% of routine repairs completed on time (28 days).	80%	-10%	78.63%
% of programmed repairs completed on time (6 months).	75%	-10%	79.37%
% satisfied with repairs service.	85%	-7%	82.07%
% of customers satisfied with recent planned maintenance service.	97%	-7%	79.76%

Of the thirty-one indicators identified, we met or exceeded the target on nine, fell within tolerance on six and missed fifteen. The number of new homes KPI is for information only and has no target associated with it.

Key achievements against the performance indicators

Rent collection rate at 99.10% remains high and eviction rates remain low at 0.10%, despite the challenges around the increased cost of living.

Through continuation of close working between the Planned Maintenance Team, Housing Management Teams, and our Contractors to gain access to traditionally “hard to reach” properties we have maintained performance at 100% of our properties with a valid gas safe certificate.

The number of major adaptations for LA tenants completed on time has increased dramatically this year to 94.74% up from 52% last year. This is partly due to a new Contracts Officer responsible for Aids and Adaptions who has fostered closer working relationships with Occupational Therapists and has implemented new processes to reduce outstanding works.

Areas of weaker performance

The two primary areas where KPI targets have been missed are in Empty Homes and Repairs. In terms of Empty Homes, the business has invested heavily in clearing the backlog which has seen a significant number of longer-term empty properties coming back into use. This has had the effect of pushing up the average time to relet indicators from where they might otherwise have been. Despite this, and whilst missing target, the performance is in line with previous years.

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In terms of repairs performance seven out of eight KPIs were missed and seven out of eight showed a reduction in performance when compared to previous years. However, once again these indicators are impacted by the completion of a significant number of backlog jobs coming through the system. On a positive note, whilst customer satisfaction levels for repairs are not yet to targeted levels they are showing an improvement on last year.

Review of Performance – Tenant Satisfaction Measures

The Regulator of Social Housing has created a new system for assessing how well social housing landlords in England are doing at providing good quality homes and services. In addition to introducing revised consumer standards, this has involved a set of tenant satisfaction measures (TSMs) that social housing landlords must report on. People will be able to use these measures to understand how well landlords are doing.

Landlords will be responsible for running tenant perception surveys to collect data for tenant satisfaction measures. Landlords with 1,000 or more homes will have to run the survey every year. Landlords are responsible for making sure survey results are meaningful. This includes getting enough responses and avoiding carrying out surveys in ways that might stop certain groups of tenants from taking part. Landlords must check whether the mix of people who responded is like the mix of people living in their homes. The first data returns were to be submitted by 30th June 2024.

STAR commissioned Acuity Research and Practice (ARAP) to conduct the 2023/24 tenant survey. 531 surveys were completed by telephone. The results of STAR's first official TSM survey are shown below.

Tenant Satisfaction Measure	Lower Quartile	Median	Upper Quartile	STAR Year End Result
Overall satisfaction	63.00%	69.40%	78.00%	82.00%
Satisfaction with repairs	64.50%	70.40%	78.70%	79.00%
Satisfaction with the time taken to complete the most recent repair	59.00%	66.40%	75.50%	72.00%
Satisfaction that the home is well maintained	63.30%	69.40%	77.80%	82.00%
Satisfaction that the home is safe	70.00%	76.10%	82.20%	88.00%
Satisfaction that we listen and act	51.30%	58.90%	67.30%	73.00%
Satisfaction that we keep tenants informed	62.70%	69.50%	76.70%	83.00%
Agreement we treat tenants fairly and with respect	70.00%	76.30%	83.30%	89.00%

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Satisfaction with complaints handling	26.00%	33.80%	40.00%	34.00%
Satisfaction communal areas are kept clean and well maintained	58.70%	65.50%	72.30%	73.00%
Satisfaction we make a positive contribution to the neighbourhood	56.00%	62.50%	71.20%	78.00%
Satisfaction with ASB handling	51.00%	57.00%	63.60%	73.00%

STAR has performed well in terms of tenant satisfaction with 10 of the 12 measures sitting in the top quartile for performance when measured against all social landlords. STAR was in the median quartile for satisfaction with the time taken to complete the most recent repair and satisfaction with complaints handling. Both services are subject to transformation plans, and we anticipate seeing an improvement in customer satisfaction in these areas as these plans are implemented.

Significant Risks and Uncertainties

During 2023/24, STAR continued to deliver strong performance in many areas despite increasing pressures and expectations the sector is experiencing. We continue to take a proactive approach to risk management and horizon scanning to ensure we remain prepared to address risks and issues that could occur. Over the past 12 months, we have responded positively to macro-level issues affecting the UK as a whole, those impacting the sector, and challenges that emerge in our areas of operation. Recent significant challenges around Covid-19, high inflation costs and chronic material shortages, continue to impact our business along with other key issues such as:

- The financial stability of Shropshire Council
- Long-term increases to construction and repair costs
- Cost of living and financial hardship for our tenants, and the subsequent impact on residents and the business
- Recruitment and skills shortages, including the pressure of geography across our operations.
- New consumer regulation frameworks
- Asset quality and Decent Homes
- Decarbonisation pressures
- Right to Buy property sales
- Building safety and property compliance

The Management Fee paid to the STAR Housing is set annually in advance and determines the financial resources available to us to deliver the requirements of the management agreement. Beyond this pre-determined fee, we do have some scope to generate additional income, but this is limited and does not give the opportunity to significantly increase the level of funding. The potential risk from this arrangement is that the Company could be exposed to additional unbudgeted costs arising from events beyond our control. In order to address this potential risk, we give high priority to budget control through monitoring of performance against budgets and regular reporting to budget holders and the Board. Our Financial Rules give the ability to re-direct our financial resources in light of changing circumstances and emerging pressures. As a further safeguard we have a minimum retained reserve equivalent to 5% of our annual turnover.

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We will continue to monitor economic, social, and operational pressures to make necessary interventions and adjustments where needed to ensure we remain strong, compliant, and effective in the delivery of our objectives. We maintain risk registers which are reviewed in partnership with Shropshire Council to support management of emerging risks. We hold usable reserves as a contingency against the financial implications of unavoidable events.

The continuing success of the Company is dependent on the ongoing viability of the Council's Housing Revenue Account (HRA), and recent legislative changes have had a significant impact on funding of the HRA. The move to self-financing in April 2012 removed the annual uncertainties around the housing subsidy system and was a direct factor that enabled the development of a new homes building programme that has seen the completion of 208 new affordable homes and a further 32 acquisitions as at 31st March 2024. However, the ability to provide an increase in HRA stock level is being adversely affected by a number of factors:

Right to Buy

Right to Buy (RTB) remains a risk for the HRA to maintain sock levels however, the number of RTB completions during 2023/24 reduced from twenty-seven in the previous year to just fifteen which is well below the average of thirty-one in the pre pandemic years since our formation in 2013 and reflects the higher interest rates prevalent during the year. RTB losses directly reduce rent income to the HRA.

Following difficulties in securing suitable land in recent years, our in-house development programme has recently added 68 new affordable homes to the portfolio and the current development programme will deliver a further 69 homes with 17 of these dwellings being acquired from the Council.

We continue to purchase S.106 homes from Cornovii Developments Ltd, and we are actively seeking new development land to increase our housing supply. Our recently approved Development and Investment Strategy has set a target to deliver 225 new homes between 2024 and 2027.

Availability of capital funding

The HRA currently has an approved borrowing envelope of £122m. This is in the most part committed to completing the current new build programme and addressing and maintaining compliance throughout the existing stock. In order to deliver 225 homes by April 2027 it will be crucial for the HRA to secure an increase in the current borrowing envelope. Working groups have been established with Shropshire Council and we are confident that this increase can be achieved and that the HRA can be put on a more sustainable footing as a result.

Cost of Living and Universal Credit

Rent arrears remained stable during the year and we continue to see strong performance in the collection of rent. However, the cost-of-living crisis and ongoing roll out of Universal Credit (UC) for new working age benefit claimants or those whose circumstances change still has the potential to have a significant adverse impact on rent collection rates and the level of rent arrears.

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Our Financial Inclusion Team continues to work hard to support tenants in financial hardship and we will continue to seek intervention where difficulties are identified.

Decarbonisation and Asset Quality

Shropshire Council has set an ambitious target of achieving zero net carbon emissions from its activities by 2030. We also have a clear focus on Government targets set out to the sector around energy efficiency and net zero. We recognise that to achieve these goals, it will require action on the retained housing stock. This brings with it significant financial and operational risks and uncertainties. The sector is only just gearing up for decarbonisation and there will be pressure on national and organisational funding, materials, strategy, skills, and national infrastructure to support these goals.

In the year we have utilised the Social Housing Decarbonisation Fund to deliver the retrofit of twenty-six homes preparing ourselves for the future. We have also embarked on a wave two programme to deliver retrofit energy improvement works to 111 properties in the South of the County.

Despite the challenges, we continue to ensure that all new homes in our current development programme will have air source heat pumps and we will explore other energy efficiency options and evaluate the potential benefit and affordability on future schemes. We will also review our own working practices and explore opportunities to reduce carbon emissions from the Company's activities.

Our business planning tools currently show that the HRA is not currently positioned to be able to achieve zero net carbon from within its own resources so STAR will continue to look for innovative approaches and additional funding streams to deliver it.

Social Housing Regulatory Environment

The outgoing Government progressed with the implementation of a range of activities aimed at driving up standards, accountability, and housing quality across the social housing sector. This includes the Social Housing Regulation Bill which achieved Royal Assent in July 2023.

The policies and approach of the incoming government, following the general election in May 2024, will continue to have an impact on the delivery of social housing and we continue to regularly assess these emerging changes to ensure that we are prepared for the challenges and opportunities that these changes may bring.

Future Plans

STAR will continue its ambitious transformation journey throughout 2024/25 and beyond. A new Corporate Plan has been adopted and this is supported by eight individual strategies which span a three-year period and cover the areas listed below:

- Homes and Asset Management Strategy
- Customer Strategy
- Customer Engagement Strategy
- Development and Investment Strategy
- Finance, Governance & Risk Strategy

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IT and Business Transformation
Neighbourhood and Community Strategy
People Strategy

These strategies set out nearly 170 programmes of transformational activity to be delivered across the next three years. Some of the most notable activities include:

- A significant upgrade of the Core Housing Management System including the implementation of a new Customer Relationship management (CRM) system
- The replacement of the existing HR and Payroll System
- Review of the STAR Maintenance function to ensure customer satisfaction and value for money
- Review of fleet procurement to ensure value for money
- Develop a renewed Service Charge model
- Develop a Sustainability Delivery Plan
- Delivery 225 new affordable homes to include at least 75 specialist homes
- Implement a new SharePoint Document Management System
- Upgrade the STAR Housing website and tenant portal
- Develop a new Customer Engagement offer
- Improve recruitment and induction processes for both staff and board members
- Introduce a staff and team recognition scheme.

These activities will continue to strengthen STAR Housing's ability to deliver the best services possible for our residents and stakeholders, and to ensure we are best prepared to respond to emerging challenges as we continue to focus on future initiatives.

Tax and Retirement Benefit Obligations

HMRC has confirmed that the activities and transactions between Shropshire Council and STAR Housing, which is a wholly owned subsidiary of Shropshire Council, do not amount to trading and as such any surpluses in respect of these activities are not taxable nor any losses relieviable for corporation tax purposes. It follows that taxable profits or losses should only arise on activities carried out with external organisations. The Community Alarm Service is the only activity carried out by the Company which relates to transactions with external parties and any surplus made in this accounting period can be off set against losses carried forward from prior years.

The Company uses an independent actuary (Mercer Limited) to assess annually the pension scheme obligations and plan assets. On 27th February 2023, the Board approved the actuary's recommended increase in employer's contribution rate from 18% to 19.2% from 1 April 2023 following the latest triennial valuation that was undertaken during 2022/23. This rate will apply for 3 years until March 2026. On 31st March 2024, the pension fund was in surplus by £0.694m. The recognition of pension surplus is a complicated issue, affected by the applicable accounting standard, the nature of the employer and their participation in the fund. Following consideration of calculations performed to determine economic benefit available to the company, a judgement was reached that no such benefit exists and therefore an asset ceiling has been applied.

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Approval

The Strategic Report was approved and authorised for issue under delegated authority by the Board
on 20/12/2024

Anthony Deakin

Anthony Deakin
Chair

Shropshire Towns and Rural Housing Limited
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DIRECTORS' REPORT

Board Structure

The Board structure comprises of ten members drawn from constituent groups of tenant representatives (3), Council appointees (2), and independents (3). The Board is supported by four co-opted members who participate at Board and sub-Committee meetings in an advisory capacity but have no voting rights.

Working for the Company

Our staff numbers of have increased from 142 FTEs to 147 FTEs during 2023/24. We value our staff and recognise the need and benefit of good internal communication. To help deliver this objective we have a staff forum drawn from employees in all operational areas within the Company. The forum meets at least quarterly to discuss issues raised by staff. Members of our Senior Management Team can be invited to attend a forum to contribute or respond to specific matters, as necessary. During 2024/25 we will be reviewing the remit of the forum to ensure it is fit for purpose and that the staff voice is being heard in most effective way.

During 2023/24 we held a series of whole staff briefings to improve communication and engagement with staff. More recently in June 2024 we held a whole staff Corporate Away day to launch the Corporate Plan and associated strategies but, more importantly, to bring together all staff. The event was positively received by staff with many reporting how they enjoyed the opportunity to meet colleagues from different areas of the business and understand more about how the company works and its plans for the future. We will continue to strengthen the staff voice as the management Team welcome direct engagement on specific issues through a range of mediums. During the year we have introduced a weekly Director's bulletin allowing us to share news and updates with staff on a very regular basis.

During the year STAR launched a new Talent Management Policy which formalises the approach we are takings towards investing and developing our staff. The policy covers Annual Performance Appraisals, Development Planning, Talent Mapping and Succession Planning. Through our Annual Performance Appraisal processes we continue to promote learning and development activities. Training needs are identified in light of legislative changes, service demands and through one-to-one and performance review meetings between staff and their line manager. In addition to formal external training courses and seminars we organise internal training events where appropriate. Our training budget is now centralised so that we may better coordinate our training offer and deliver to maximum effect. We encourage staff to consider secondment opportunities within the business allowing them to expand on their current skills sets.

The investment in the new HR & Payroll system will bring about a number of improvements for our staff including but not limited to simplifying processes surrounding pay and accessing payslips, time recording, absence management and recruitment.

The Company continues to operate a hybrid model of office and remote working and we provide a number of designated "hot desks" in our new, modern office accommodation to support this approach.

Insurance

The Company has independent insurance for Directors' and Officers' Liability and this cover was in place throughout the 2023/24 financial year. Other insurance policies are arranged through Shropshire Council.

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Directors' Responsibilities Statement

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors 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-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Declaration of Members' Interest

All Directors have signed a declaration of Board Members' Interest and there are no matters to report.

Directors' Remuneration

At the Remuneration panel held on 27th March 2023 it was approved that the post of Chair would be eligible to receive annual remuneration payments of £4,000 and the Vice Chair, Tenants and Independents would be eligible to receive £1,500. Payments were recognised in the 2023/24 financial statements in regard of this. Full payment was not made during the year as some Directors did not take payment.

Disclosure of information to Auditors

The Directors confirm that:

- i) so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- ii) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to appoint the Company's auditor for the 2023/24 to 2026/27 financial years was put to the Board at the Annual General Meeting on 12th October 2023 and passed.

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Approval

The Directors' Report was approved and authorised for issue under delegated authority by the Board
on 20/12/2024

Anthony Deakin

Anthony Deakin
Chair

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STATEMENT OF INTERNAL CONTROL

Internal Control

The governance framework comprises the systems, processes, and internal controls in place to give assurance to the Board, Shropshire Council, and the tenants of Shropshire Council homes that the Company is fulfilling the requirements of the Management Agreement, complying with the Articles of Association, and meeting the Company's aims and objectives.

The system of internal control is intended to manage risk to a reasonable level. It cannot give absolute assurance that the objectives of the Company will be met. The key systems of internal control in operation comprise of the following:

Corporate Governance

The Board is responsible for the business of the Company subject to compliance with the provisions of the Companies Act 2006 and the Articles of Association for STAR Housing.

The Board comprises of eight members including representatives from tenants, Shropshire Council elected Members and officers, and independent members. The Board is supported by four co-opted members who act in an advisory capacity with no voting rights.

The Board meet quarterly in addition to the Annual General Meeting (AGM). The Board is supported by four sub-committees:

- Finance, Audit & Risk
- Development, Sustainability and Strategic Investment
- Customer Committee
- HR and Remuneration Committee.

Each sub-committee comprises Members of the Board and Coopted Members and meet on at least four occasions during the year. Sub-committees have delegated powers relevant to their specific terms of reference and report to the Board. The main Board meets in person with sub committees meeting virtually.

Review of Board Governance and internal audit

STAR housing has commissioned an external company to conduct a review of Board effectiveness which will consider the skills set of the existing board members to identify any gaps which may need addressing.

Shropshire Council's internal audit department continued to conduct the Internal Audit programme during 2023/24 with some more specialist audits in the areas of Health and Safety and stock condition being commissioned from specialist providers. Housing has also appointed a dedicated Governance Manager during 2023 which will further strengthen the Governance approach as the organisation moves into a new era.

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Asset Assurance Board

The Asset Assurance Board was established by Shropshire Council on 1st October 2015 to oversee the activities of the Company. The Board is comprised of Council elected members including the relevant Portfolio Holder, the Assistant Director of Homes and Communities and representatives of the Council's finance, legal, and housing services. The Company is represented by the Chair of the Board, the Managing Director the Corporate Director and the Operations Director. The Asset Assurance Board meets on four occasions during the annual cycle and considers reports on the strategic and performance management of the Company to seek assurance that the key objectives are being delivered and align with the Council's priorities.

In addition to the Asset Assurance Board meetings, quarterly "Client" meetings between officers of the Council and senior employees of the Company are held to review performance data and discuss current and emerging issues relevant to the Company's activities.

The council recently commissioned a review of the governance arrangements for the Company and is developing an action plan to make improvements.

Business Plan

As a Council owned company, our objectives are strongly aligned to the Council's Housing Strategy and its strategic priorities. Our vision, and key areas of focus are set out in our Corporate Plan 2024 to 2027, which was considered and approved by the Board in June 2024.

The Company's objectives reflect a balanced approach focused on driving efficiency and high performance whilst delivering quality homes and services to our tenants and the communities we work in.

The eight strategy documents which support the Corporate Plan detail the key programmes for delivery across the plan period and these are shared with the Council and the Asset Assurance Board. The plan is monitored monthly by managers and reported quarterly to the Board. This approach is a key driver in helping to ensure we maintain continuous improvement of our services.

Senior Management Team

Day to day management of the Company is delivered under the direction of the seven members of the Senior Management Team (SMT). This Management Team includes suitably qualified and experienced staff with relevant specialised skills and knowledge to the key operational activities of the Company. SMT meets monthly and is responsible for operational and risk management.

Members of SMT have completed declarations of related party relationships. There are no matters to report.

Risk Assessment and Risk Management

The Company places high importance on the identification, monitoring and control of risk. Risk management is reviewed on a regular basis by the Board, the Finance, Audit and Risk sub-committee

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and by the Senior Management Team. The Opportunity Risk Strategy sets out the Company's approach to risk management and was formally adopted by the Board in March 2013. This is in the process of being refreshed and a new Risk Management and business continuity approach will be launched during 2024.

The Board has a fundamental role to play in overseeing the management of risk in corporate activity. They approve major decisions affecting the Company's risk exposure and monitor the management of significant risks. They also satisfy themselves that the less significant risks are being actively managed, with the appropriate controls in place and working effectively.

The Finance, Audit and Risk Committee receives the annual review of Risk Management carried out by Internal Audit and formally reviews the Company's risk registers. Their responsibility is also to ensure that there is a robust and efficient Risk Management process in operation across the Company.

Senior managers have responsibility to maintain risk registers for their service areas and identify risks that should be included in the Company's strategic risk register. Managers also have responsibility to ensure that risks are being allocated to appropriate risk owners and are managed accordingly.

Audit

The activities of the Company are subject to review by external and internal auditors. The Finance, Audit and Risk Committee approve the annual audit plans and receive internal audit reports. During 2023/24 the internal audit plan included thirteen key service areas for review. STAR worked with the auditors to review and rewrite the Terms of Reference for each internal audit to ensure the highest levels of probity. Of the thirteen reviews undertaken, three were assessed as having a "Reasonable" level of assurance, 5 were "limited" and five were assessed as "Unsatisfactory." This resulted in an overall "Limited" assurance and a total of 104 recommendations were made and accepted by management.

Assessment of related party relationships has been made by Grant Thornton, Auditors. There are no matters to report.

Performance Management

The Company monitors performance against a number of indicators and formal performance reports are produced on a quarterly basis for a range of audiences including the Board, senior management, the Asset Assurance Board, and our tenants. Wherever performance falls below targets managers are required to explain the cause and, if necessary, identify plans to meet the required standards. Formal reports comprise of the following:

The Board receive quarterly reports by exception that include the Management Agreement indicators and other performance data.

The Management Agreement currently identifies thirty-one performance indicators that report on the main business critical activities and aspirational improvement. Performance against these

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indicators, together with the annual action plan progress report, details of complaints received, and a capital monitoring report are provided to the Council's Asset Assurance Board to give an overview of the Company's performance.

A subset of our performance indicators most relevant to our customers are published each quarter on the Company's website.

The reporting of Tenant Satisfaction Measure Survey outcomes are also presented as soon as they are produced.

Financial Control and Budget Management

The Company has sound financial management policies in order to ensure that proper safeguards and controls are in place to manage money and assets. At the heart of this sits the Financial Rules which set out the financial policies of the Company.

The Financial Rules provide the framework for managing the Company's financial affairs and were approved by the Board in March 2013. The rules are subject to regular review and minor amendments have been reported to the Board since that time. The rules were updated in June 2021 to reflect the change of job title for senior staff members. They apply to every Board Member, Committee and employee of the Company and anyone acting on behalf of the Company. The rules identify the financial responsibilities of the Board, its Committees, Directors, and staff members. In May 2023 a revised Scheme of Delegation (SODA) was approved by Board to simplify the understanding of escalation and approval procedures.

The Financial Rules provide guidance on financial management and control, financial planning, risk management and control of resources, systems and procedures and external arrangements. AS the business transforms the Financial Rules, along with the SODA and the Contract Procurement Rules will be reviewed for relevance and suitability during 2024/25.

Budgetary Control and Reporting

Monthly budget monitoring reports are prepared for Company managers and regular meetings are held with budget holders to monitor income and expenditure, forecast trends and outturn projections and identify potential pressures or underspending. Where a significant budgetary variance is identified the responsible manager will meet with the finance team to identify corrective action.

The Company maintains flexibility with its financial resources and the Financial Rules and SODA permit virements between budget heads to enable the redirection of resources in light of emerging pressures or opportunities.

Financial monitoring and update reports are presented to the Finance, Audit and Risk committee and the Board on a quarterly basis.

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Service Level Agreements

Where the scale of business or other operational considerations do not justify the Company directly employing specialist staff, a number of support functions are purchased from external suppliers. During 2023/24 most of these services were provided by Shropshire Council under various Service Level Agreements (SLAs). In addition to the terms stated in these SLAs, the Company places a level of assurance on the systems of internal control in place within the Council in respect of these services. Our internal audit service is provided by the Council's Internal Audit Team, and it is anticipated that any significant control weakness identified by them in services provided to the Company would be brought to our attention subject to client confidentiality.

Policies and Procedures

The Company's practices and activities are defined in its policies and procedures. These documents ensure that appropriate control and guidance is available to the Board, staff and contractors when undertaking the business of the Company. Policies and procedures are subject to approval of either the Board or delegated authority to a sub-committee, SMT or nominated employee.

All policies and procedures are available to Board Members and staff on the Company's intranet. In addition, relevant policies are published on the Company's website.

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Independent auditor's report to the members of Shropshire Towns and Rural Housing Limited

Opinion

We have audited the financial statements of Shropshire Towns and Rural Housing Limited (the 'company') for the year ended 31 March 2024, which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows 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 UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to International Financial Reporting Standards (IFRSs) as issued by the IASB

As explained in note 1 to the financial statements, the company, in addition to applying UK-adopted international accounting standards, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements give a true and fair view of the financial position of the company as at 31 March 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw

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attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as the cost of living crisis, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' 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 company'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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the directors' report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the directors' report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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.

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Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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

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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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and the sector in which it operates. We determined that the following laws and regulations were most significant: the Companies Act 2006 and International Financial Reporting Standards (IFRSs).
- We understood how the company is complying with these legal and regulatory frameworks by making inquiries of management and those charged with governance. We enquired of management and those charged with governance whether there were any instances of non-compliance with laws and regulations, or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of board minutes, and through our legal and professional expenses review.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of material override of controls. Audit procedures performed by the engagement team included:
 - Identifying and assessing the design effectiveness of certain controls management has in place to prevent and detect fraud
 - Challenging assumptions and judgments made by management in its significant accounting policies
 - Identifying and testing journal entries
 - Identifying and testing related party transactions
 - Inspecting the board minutes
 - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and

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regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
 - Knowledge of the industry in which the company operates, and
 - Understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation.
- The team communications in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud in revenue recognition.
- We did not identify any matters relating to non-compliance with laws and regulation and fraud.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The company's operations, including the nature of its revenue sources, to understand the classes of transactions, accounts balances, expected financial statement disclosures and business risks that may result in risks of material misstatement, and
 - The company's control environment, including
 - ❖ Management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations
 - ❖ The adequacy of procedures for authorisation of transactions and review of management accounts, and
 - ❖ Procedures to ensure that possible breaches of laws and regulations are appropriately resolved.

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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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Jim McLarnon

Jim McLarnon ACA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham

20/12/2024

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STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2024

	Notes	2023/24 £000	2022/23 £000
Revenue	2	9,663	9,021
Other income	2	15,646	14,298
Total revenue	2	25,309	23,319
Employee benefits expenses	17	(7,678)	(7,010)
Depreciation & amortisation expenses	5 & 6	(13)	(49)
Other expenses	3	(20,447)	(17,729)
Total expenses		(28,138)	(24,788)
Operating Profit/(Loss)		(2,829)	(1,469)
Finance costs	10	(70)	(266)
Finance income	21	181	72
Profit/(Loss) before tax		(2,718)	(1,663)
Taxation	11	0	0
Profit/(Loss) for the year		(2,718)	(1,663)
Other Comprehensive Income			
Remeasurement of pension assets and liabilities	19	1,235	8,699
Total Comprehensive Profit/(Loss) for the year		(1,483)	7,036

The notes on pages 32 - 51 form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION
as at 31 March 2024

	Notes	2024 £000	2023 £000
Assets			
<u>Non-Current</u>			
Property, plant, and equipment	5	51	64
Finance lease receivables	6	0	24
Non-current Assets		51	88
<u>Current</u>			
Inventories		40	42
Trade and other receivables	7	3,583	2,680
Cash and cash equivalent	8	2,774	6,310
Current Assets		6,397	9,032
Total Assets		6,448	9,120
Equity and Liabilities			
Equity	13	(3,472)	(4,955)
Total Equity		(3,472)	(4,955)
<u>Liabilities</u>			
<u>Non-current</u>			
Pension liability	19	(0)	(1,138)
Lease liabilities	22	(0)	(0)
Non-current Liabilities		(0)	(1,138)
<u>Current</u>			
Trade and other payables	9	(2,913)	(2,953)
Employee benefits accrual	18	(63)	(74)
Current Liabilities		(2,976)	(3,027)
Total Liabilities		(2,976)	(4,165)
Total Equity and Liabilities		(6,448)	(9,120)

The notes on pages 32 - 51 form part of these financial statements.

Authorised for issue under delegated authority by the Board at its meeting on 20/12/2024

Anthony Deakin

Anthony Deakin, Chair

Shropshire Towns and Rural Housing Limited
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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2024

	2023/24			2022/23			
		Other Components of Equity	Retained Earnings	Total Equity	Other Components of Equity	Retained Earnings	Total Equity
	Notes	£000	£000	£000	£000	£000	£000
Balance at 1 April		4,854	101	4,955	(3,845)	1,764	(2,081)
Profit/(loss) for the year			(2,718)	(2,718)		(1,663)	(1,663)
<u>Other Comprehensive income</u>							
Remeasurement of pension assets and liabilities	19		1,235	1,235	8,699		8,699
Total Comprehensive Expenditure for the year				1,483			7,036
Balance at 31 March		4,854	(1,382)	3,472	4,854	101	4,955

The notes on pages 32 - 51 form part of these financial statements.

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STATEMENT OF CASH FLOWS
for the year ended 31 March 2024

	Notes	2023/24 £000	2022/23 £000
Cash flows from operating activities			
Loss before tax		(2,718)	(1,663)
Adjustments (non-cash items)	12	110	1,183
Net changes in working capital	12	(952)	222
Cash generated from operations		(3,560)	(258)
Cash flows from financing activities			
Repayment of leasing liabilities	22	24	(49)
Interest paid	22	(0)	(1)
Cash used in financing activities.		24	(50)
Cash flows from investing activities			
Purchase of property, plant & equipment	5	(0)	(64)
Right of use asset	6	0	0
Cash used in investing activities		(0)	(64)
Net change in cash or cash equivalents		(3,536)	(372)
Cash and cash equivalents at the beginning of the year	8	6,310	6,682
Cash and cash equivalents at the end of the year	8	2,774	6,310

The notes on pages 32 - 51 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Accounting Policies

1.1 Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost basis.

1.2 Revenue and Other Income Recognition

Revenue is recognised when the amount and associated costs can be measured reliably net of VAT and as and when performance obligations are satisfied.

Revenue is measured at the fair value of consideration received or receivable for services provided by the Company and defined as the Service Fee in the Management Agreement.

Other income relates to grant funding, interest received, other income generating activities and the Works Fee defined in the Management Agreement and is recognised in the accounts on the same basis as revenue.

1.3 Expenditure

Expenditure is recognised in the accounts upon receipt of goods or services when the associated costs can be measured reliably net of VAT.

1.4 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

HMRC have confirmed that the activities and transactions between Shropshire Council and STAR Housing, which is a wholly owned subsidiary of Shropshire Council, do not amount to trading and as such any surpluses in respect of these activities are not taxable nor any losses relievable for corporation tax purposes. Taxable profits or losses should only arise on activities carried out with external parties.

1.5 Property, Plant and Equipment

Assets are recognised at acquisition cost (subject to a minimum level of £10,000) less subsequent depreciation and impairment losses.

Assets are depreciated over their expected useful lives on a straight-line basis to write down the cost less the estimated residual value of the asset. There is nil charge in year of purchase. Asset groups are depreciated on the following basis:

Motor Vehicles – 5 years
Property and Plant – 5 years
Equipment and IT – 3 years

Gains or losses arising on the disposal of assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within Other Income or Other Expenses.

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1.6 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires. Any gains and losses that arise on de-recognition of an asset are credited/debited to the Comprehensive Income and Expenditure Account.

1.7 Inventories

Inventories are stated at the lower of cost or Net Realisable Value and relate to van stocks for the responsive repairs service.

1.8 Trade and Other Receivables

All trade and other receivables are made on the basis of normal credit terms and do not bear interest. The carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at the bank and in hand, and other short-term deposits held by the Company with maturities less than 3 months.

1.10 Trade and other payables

Trade payables are recognised at fair value.

1.11 Employee Benefits

Employee benefits such as wages, salaries, paid annual leave and sick leave are considered as an expense in the year in which the employee renders the service to the Company.

An accrual is made for the cost of holiday entitlement earned by employees but not taken before the year end, and which may be carried forward into the next financial year. These are included in current liabilities under "employee benefits accrual". An accrual is measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement. Accruals are not made for costs in respect of outstanding car mileage claims.

Termination benefits are amounts payable as a result of a decision by the Company to terminate an employee's contract of employment before the normal retirement date. These costs are required to be recognised immediately in the provision of service.

1.12 Intangible Assets

Intangible assets such as Computer Software are capitalised at the cost of acquisition and amortised on a straight-line basis over the estimated useful economic life of three years.

1.13 Leases

The Company has a number of low value leases in respect of photocopying equipment.

On transition to IFRS16 on 1st April 2019, leases previously accounted for as operating leases with a remaining lease term of less than 12 months and for leases for low-value assets the Company has applied the optional exemptions to not recognise right-of-use assets but to

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account for the lease expense on a straight-line basis over the remaining lease term. Payments made under these agreements are charged under other expenses in the Statement of Comprehensive Income.

The Company adopted the new accounting standard IFRS16 – Leases in 2019/20 which replaced IAS17 – Leases. The adoption of this new standard resulted in the Company recognising a right-of-use asset and related lease liability on our Statement of Financial Position in respect of our previous head office, Spruce Building. The lease in relation to the Spruce building was concluded and vacated in November 2023 and a new lease undertaken for office space at Mount McKinley.

The right-of-use asset has been measured at cost and depreciated on a straight-line basis from the lease commencement date to the end of the lease term. The Company has measured the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate of 2%.

On the Statement of Financial Position, right of use assets have been included under non-current assets and short-term lease liabilities have been included in trade and other payables and long-term lease liabilities under non-current liabilities.

1.14 Estimation uncertainty

The Company operates a defined benefit pension scheme for its employees and the future obligations and asset returns are based on a number of estimates and assumptions.

In recognising these assets and liabilities, advice has been taken from specialist consultants in projecting benefits forward into the future and then adjusting them to current day values – the “financial assumptions” and estimating the probability of payments needing to be made – the “demographic assumptions.”

The assumptions used in the calculations were.

Financial assumptions

- Liability duration – as the fund is defined as a “mature fund” the duration of 20 years has been used.
- Discount rate – spot rates for future years are derived from a curve fitted to the yields on bonds having an AA rating from at least one of Moody's and S&P Global Ratingsreserv
- Price Inflation – assumption has been derived from expected future CPI increases.
- Long term salary growth – based on long-term “real” salary inflation above CPI consistent with the last actuarial valuation undertaken in 2022.
- Increase in benefits – based on expected future CPI increases.

Demographic assumptions

- Mortality rates – base rates and future improvements are based on the latest Continuous Mortality Investigation (CMI) improvements model (2021 CMI for England & Wales)
- Early retirement rates
- Ill health retirements rates
- Ill health retirement mortality rates
- Withdrawal rates

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- Rate of exchange of pension for cash
- Proportion married or civil partnerships & age of partner

The demographic assumptions above are viewed by the actuary as being consistent with the best estimate requirements of relevant accounting standards.

As at 31st March 2024 the Actuary's valuation of the fund's benefit obligation is £17.958m (31st March 2023 £17.525m) and plan assets are £18.652m (31st March 2023 £16.387m) giving a deficit of £0.000m (31st March 2023 £1.138m) after the impact of asset ceiling has been applied of £0.694m (31st March 2023 £0.000m)

We review the useful economic life of equipment and intangible assets and will base depreciation and amortisation charges on these assumptions.

1.15 Pensions

The Company operates a defined benefit scheme, and the accounts are prepared in accordance with the requirements of IAS 19. This requires the net pension liability or asset to be disclosed on the Statement of Financial Position. The figures have been prepared using the projected unit actuarial cost method.

The pension's liability has been determined using assumptions stated in note nineteen to these financial statements and scheme sensitivity calculations are also include in the note.

1.16 Going concern.

The financial statements have been prepared on a going concern basis. Forecast profile of income and expenditure for 2024/25 and a three-year budget presented to the Board at the meeting on the 11th March 2024 indicate that cash flows will be sufficient to meet all obligations as they become due.

The 10-year Management Agreement was approved for renewal at a meeting of Shropshire Council held on 12th May 2022 and the current Agreement runs for 10 years to 31st March 2033.

The payment of the Management Fee is made quarterly in advance and front loaded with 28% paid in quarter one and three further instalments of 24%. This payment profile helps ensure adequate cash flow is maintained throughout the year. Payment of the Works Fee can be made on an immediate basis if necessary for cash flow purposes.

1.17 Key Judgements

The Company has responsibility to project manage the planned repairs and new building programmes for Council Homes. Where financial or operational benefits can be identified, contracts are issued in the name of STAR Housing and the Company recharges the Council full reimbursement of these costs under a Works Fee.

We have reviewed the amendments to IFRS15-Revenue from Contracts with Customers and we consider that the Company continues to be the principal in this arrangement.

1.18 Government Grants

Grants income is recognised on receipt when the amount can be measured reliably. The Company ensures that it meets any conditions associated with the grant funding.

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2. Revenue

Income is derived wholly from within the United Kingdom from the Company's principal activity of housing management.

	2023/24	2022/23
	£000	£000
Management Fee paid by Shropshire Council	9,663	9,021
Other income		
Community Alarms	129	101
Intensive Housing Management Charge	481	229
Misc. income & recharges to SC Capital & Revenue	14,638	13,640
Grant income	399	328
	15,646	14,298
Total revenue	25,309	23,319

All grant income is in relation to Supporting People which is received from Shropshire Council via the Sustain Consortium.

3. Other Expenses

Other expenses comprise of:

	2023/24	2022/23
	£000	£000
Management and Neighbourhoods	(1,767)	(1,336)
Repairs and Maintenance	(18,207)	(16,115)
Community Support Services	(473)	(278)
Total other expenses	(20,447)	(17,729)

4. Auditor's Remuneration

The operating loss is reported after Auditor's costs as follows:

	2023/24	2022/23
	£000	£000
Auditor's Remuneration - Statutory Audit	(36)	(34)
Auditor's Remuneration – Non-Audit Services	(1)	(0)
Total Auditor Remuneration	(37)	(34)

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5. Property, Plant and Equipment

The Company's property, plant and equipment comprised of machinery for the maintenance of grounds and cutting grass and telephone systems purchased in respect of our offices in Oswestry and Shrewsbury. The telephone systems have now been fully depreciated. All other items of equipment, fittings and furniture were deemed to be immaterial.

	2023/24 £000	2022/23 £000
Cost (brought forward) at 1 April	90	26
Additions	0	64
Total cost	90	90
	2023/24 £000	2022/23 £000
<u>Depreciation</u>		
Accumulated depreciation 1 April	(26)	(26)
Charge for the year	(13)	-
Total depreciation	(39)	(26)
	31 March 2024 £000	31 March 2023 £000
Carrying amount at 31 March	51	64

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6. Right of use assets

The Company's right-of-use asset on the balance sheet comprises of the Lease Agreement for our Head Office (Spruce Building). This is a 5-year lease starting in 2018. The lease standard (IFRS16) states that all leases which are not of low value and with a duration of more than 12 months should be capitalised, depreciated over the life of the lease and a corresponding asset and liability disclosed in the Statement of Financial Position. The lease was terminated at the end of its term in October 2023.

	2023/24 £000	2022/23 £000
Cost (brought forward) at 1 April	240	240
Additions	0	0
Total cost	240	240
	2023/24 £000	2022/23 £000
<u>Depreciation</u>		
Accumulated depreciation 1 st April	(216)	(167)
Charge in the year	(0)	(49)
Total depreciation	(216)	(216)
	31 March 2024 £000	31 March 2023 £000
Carrying amount at 31 March	24	24

7. Trade and Other Receivables

	31 March 2024 £000	31 March 2023 £000
Sundry Debtors	91	80
Amounts due from Shropshire Council	3,464	2,564
Payments in Advance	27	36
Total trade and other receivables	3,583	2,680

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8. Cash and Cash Equivalents

	31 March 2024	31 March 2023
	£	£
Bank current account	2,774	6,310
Petty cash	0	1
Total cash and cash equivalents	2,774	6,311

9. Trade and Other Payables

	31 March 2024	31 March 2023
	£000	£000
Trade payables	(2,193)	(2,136)
Amount owed to Shropshire Council	(313)	(305)
Other Creditors (HMRC VAT)	(195)	(310)
Tax and Social Security	(117)	(121)
Other Creditor – LGPS Pension	(95)	(81)
Total trade and other payables	(2,913)	(2,953)

10. Finance Cost

	2023/24	2022/23
	£000	£000
Interest on pension liabilities	(830)	(686)
Interest on pension plan assets	794	453
Pension administration expenses	(34)	(32)
Interest on leases	(0)	(1)
Total finance cost	(70)	(266)

11. Taxation

HMRC have confirmed that the activities and transactions between Shropshire Council and STAR Housing, which is a wholly owned subsidiary of Shropshire Council, do not amount to trading and as such any surpluses in respect of these activities are not taxable nor any losses relievable for corporation tax purposes. It follows that taxable profits or losses should only arise on activities carried out with external organisations.

The Community Alarms Service is the only activity carried out by the Company which relates to transactions with external parties. Any surplus made in this accounting period for corporation tax purposes will be off set against losses carried forward from prior years.

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12. Cash Flow adjustments and changes in working capital

<u>Adjustments (non-cash items)</u>	<u>2023/24</u> <u>£000</u>	<u>2022/23</u> <u>£000</u>
Depreciation & amortisation	13	49
Current service pension costs	27	868
Past service pension costs	0	0
Curtailement pension costs	0	0
Pension administration expenses	34	32
Net pension interest costs	36	233
Lease interest costs	0	1
Total adjustments	110	1,183

<u>Net changes in working capital</u>	<u>2023/24</u> <u>£000</u>	<u>2022/23</u> <u>£000</u>
Change in trade and other receivables	(903)	(803)
Change in trade and other payables	(40)	1,009
Change in employee benefits accrual	(11)	(5)
Movement in Stock (Increase)	2	(4)
Change in lease payables	0	25
Net changes in working capital	952	222

13. Equity/Reserves

	<u>31 March</u> <u>2024</u> <u>£000</u>	<u>31 March</u> <u>2023</u> <u>£000</u>
1 April	(4,955)	2,081
Equity 1 April	(4,955)	2,081
Loss for the year	2,718	1,663
Remeasurement of pension assets & liabilities	(1,235)	(8,699)
Total Comprehensive Loss for the year	1,483	(7,036)
Total equity 31 March	(3,472)	(4,955)

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Analysis of Reserves	31 March 2024 £000	31 March 2023 £000
Profit (usable)	(3,471)	(6,093)
Pension deficit (Note 19)	0	1,138
31 March	(3,471)	(4,955)

Usable reserves are funds held which are available for reinvestment in the furtherance of the Company objectives. The pension deficit relates to the Company's retirement benefit obligations and is as calculated by the Actuary (see note 19).

14. Related Party Transactions

STAR Housing is an Arms-Length Management Company wholly owned by Shropshire Council. The Company was established with no share capital and is limited by guarantee.

In the event that the Company is wound up, Shropshire Council undertakes to contribute such amounts as may be required for the payment of the debts and liabilities of the Company. After the satisfaction of all debts and liabilities, the remaining assets will be transferred to the Council's Housing Revenue Account.

The Council has delegated the responsibility for overseeing the management and maintenance of its Housing stock to STAR Housing in accordance with a Management Agreement with effect from 1st April 2013.

Details of the status of the company and the composition of the Board of Directors are given on page 2.

During the year, the Company charged the Council £24,140k (£23,026k in 2022/23). This included £9,663k (£9,021k in 2022/23) for the annual Management Fee and a further £14,060k (£12,898k in 2022/23) in respect of the Works Fee for planned works paid for by the Company on behalf of the Council. The Works Fee represents full recovery of direct expenditure incurred by the Company in payments to contractors undertaking works on the Council's planned repairs and new build programmes. At 31st March 2024 the Company had no contractual commitments.

During the year, the Council charged the Company £887k (£763k in 2022/23) for goods and services including support services (SLA's), accommodation costs, IT equipment and telephony recharges.

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The net balance owed to the Company by the Council at the end of the year is £448k (£2,259k in 2022/23). The balance is payable on normal commercial terms and does not bear any interest and the Company makes no bad debt provision in respect of this amount.

Transactions with key management personnel

Key management of the Company comprise of the Senior Management Team identified on page

2. Key management personnel remuneration includes the following expenses:

	2023/24 £000	2022/23 £000
Wages and salaries	373	367
Social security cost	37	42
Pension cost	51	54
Total	461	463

Directors' remuneration

The Directors of the Company are identified on page 2. From November 2014 the posts of Chair and Vice Chair were eligible for remuneration. Expenses during the reporting year are:

	2023/24 £000	2022/23 £000
Wages and salaries	6	2
Total	6	2

15. Ultimate Parent Undertaking

The company is a wholly owned subsidiary of Shropshire Council whose registered office is Shirehall, Abbey Foregate, Shrewsbury SY2 6ND and the accounts have been consolidated into the Council's financial statements.

16. Contingent Liabilities

The company has no contingent assets or contingent liabilities.

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17. Employee Remuneration

Expenses recognised for employee benefits are analysed as follows:

	2023/24 £000	2022/23 £000
Wages and salaries	4,696	4,292
Social security cost	454	431
Pension cost	758	1,585
	5,908	6,308
Agency Costs	1,770	702
Total	7,678	7,010

The average number of employees for the year was 158 which equated to an average number of full-time equivalents of 147.

Analysis of the average number of employees by operational area is as follows:

	2023/24 Employees	2022/23 Employees
Management and Neighbourhoods	46	46
Repairs and Maintenance	78	78
Community Support Services	23	18
Total	147	142

18. Employee Related Benefits

The current liabilities recognised for employee remuneration in the Statement of Financial Position consists of the following:

	31 March 2024 £000	31 March 2023 £000
Employee related benefit accruals	(63)	(74)

The accrual relates to untaken holiday entitlement as at 31 March 2024.

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19. Retirement Benefit Obligations

The Company is a member of the Local Government Pension Scheme (LGPS) administered by Shropshire Council. This is a funded defined benefit scheme which provides index linked retirement benefits to employees who choose to join.

The scheme was opened on 1st April 2013 when employees of the Company transferred from Shropshire Council under Transfer of Undertakings (Protection of Employment) (TUPE). At the time of admission, the Company scheme was fully funded under the actuarial valuation assumptions made. The figures presented in these financial statements are reported under the requirements of IAS19, which are prepared on a different basis to the actuarial valuation.

As at 31st March 2024 the Actuary's valuation of the fund's benefit obligation is £17.958m (31st March 2023 £17.525m) and plan assets is £18.652m (31st March 2023 £16.387m) giving a surplus / deficit of £0.000m (31st March 2023 £1.138m) after the impact of the asset ceiling adjustment of £0.694m (31st March 2023 £0.000m), which is an improvement of £1.138m during the year.

In addition to staff that joined the Company in April 2013 under TUPE transfer from Shropshire Council, the scheme is currently open to new employees. Employees and the Company pay contributions to the fund. A comprehensive actuarial valuation is undertaken every three years and the latest review was undertaken on 31st March 2023 by the actuary Mercer Limited. This resulted in the employer's rate increasing from 18.0% which had applied since April 2020, to 19.2% from April 2024. Employees contribute variable rates which increase on banded salary ranges. At 31st March 2024 the scheme had 152 active members.

The decision of the Supreme Court on 27th June 2019 to deny the Government's request to appeal the McCloud judgement resulted in a potential increase in the pension liability for Local Government Pension Schemes. The McCloud judgment ruled that the transitional protections given to older members when the Public Service Pension Schemes were amended constituted unlawful age discrimination against those members who did not receive this protection.

The Government has accepted that remedies relating to the McCloud judgment are needed in relation to all public service pension schemes, and a consultation was published in July 2020 including a proposed remedy for the LGPS.

The key feature of the proposed remedy was to extend the final salary scheme underpin to a wider group of members for service up to 31 March 2022. This applies to all members who were active on or before 31 March 2012 and either remain active or left service after 1 April 2014 (including to those members who no longer has a benefit entitlement from the Fund).

The figures stated in our Actuary's valuation include an allowance for McCloud that is substantially in line with the above. There are some minor areas where their approach differs (principally in respect of members who left service after 1 April 2014), but other than in exceptional circumstances they would expect the impact of these minor proposed changes to be zero. Even where there would be minimal impact, an accurate assessment would be extremely difficult (if not impossible) due to lack of availability of data. It is therefore our view that no further adjustments are required in relation to McCloud.

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Movements in the present value of the defined benefit obligation are as follows:

	2023/24 £000	2022/23 £000
Opening balance at 1 April	17,525	24,355
Current service cost	784	1,585
Interest cost on pension liabilities	830	686
Contributions by scheme participants	274	259
Re-measurements (liabilities):		
Experience (gain)/loss	110	2,678
(Gain)/loss on financial assumptions	(667)	(11,793)
(Gain)/loss on demographic assumptions	(192)	(295)
Curtailment	0	0
Benefits/transfers paid	(706)	50
Closing balance at 31 March	17,958	17,525

For determination of the pension obligation the following actuarial assumptions have been used:

<u>Inflationary assumptions</u>	2023/24 End of Period %	2022/23 Start of Period %
Rate of inflation (CPI)	2.6	2.7
Rate of increase in salaries	3.85	3.95
Rate of increase in pensions	2.7	2.8
Discount Rate	4.9	4.8
<u>Mortality assumptions:</u>	2023/24 End of Period years	2022/23 Start of Period years
Life expectancy for current pensioners aged 65:		
Men	21.8	22.2
Women	24.2	24.5
Life expectancy for future pensioners aged 65 in 20 years' time:		
Men	26.3	23.5
Women	26	26.3

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The weighted average duration of the defined benefit obligation for LGPS Scheme Members is 20 years.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The estimations in the sensitivity analyses have followed the accounting policies for the scheme, i.e., on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity analysis of the scheme as at 31 March 2024 is as follows:

	Central £000	Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4	Sensitivity 5	
		+ 0.5% p.a. Discount rate £000	+ 0.25% p.a. Inflation rate £000	+ 0.25% p.a. Pay growth. £000	1 year increase in life expectancy. £000	+/-1% change in 2023/24 investment returns £000	
						+1%	-1%
Liabilities	17,958	16,436	18,772	18,123	18,327	17,958	17,958
Assets	(18,652)	(18,652)	(18,652)	(18,652)	(18,652)	(18,840)	(18,464)
Deficit/(Surplus)	(694)	(2,216)	120	(529)	(325)	(882)	(506)
Projected service cost for next year	732	638	784	732	751	732	732
Projected net interest cost for next year	(54)	(141)	(14)	(46)	(36)	(63)	(45)

Movements in the fair value of plan assets are as follows:

	2023/24 £000	2022/23 £000
Opening balance at 1 April	16,387	15,651
Interest on plan assets	794	453
Re-measurements (assets)	1,180	(711)
Administration expenses	(34)	(32)
Employer contributions	757	717
Contributions by members	274	259
Settlements	0	0
Benefits/transfers paid	(706)	50
Closing balance at 31 March	18,652	16,387

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Analysis of the plan assets is as follows:

<u>Asset allocation</u>	31 March 2024 £000	31 March 2023 £000
<u>Equities:</u>		
Global quoted	10,546	8,393
<u>Bonds:</u>		
Overseas - Global active investment grade	1,947	
Overseas - Global fixed income		998
Overseas - Global dynamic	774	1,101
Other class 2 - absolute return bonds	0	972
Property Funds	657	544
<u>Alternatives:</u>		
Private Equity	1,531	1,460
Infrastructure	1,164	1,050
Hedge Funds	785	1,078
Property Debt	190	229
Insurance Linked Securities	306	249
Private Debt	491	236
Cash accounts	261	77
Total	18,652	16,387

Amounts included in the Statement of Financial Position in respect of the defined benefit scheme are as follows:

	31 March 2024 £000	31 March 2023 £000
Fair value of plan assets	18,652	16,387
Present value of funded obligation	(17,958)	(17,525)
Impact of asset ceiling	(694)	
Deficit in scheme	0	(1,138)

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Amount reported in the Statement of Financial Position:

	31 March 2024 £000	31 March 2023 £000
<u>Non-Current Liabilities</u>		
Pension liability	0	(1,138)
Total	0	(1,138)

Amounts reported in the Statement of Changes in Equity in respect of the defined benefit scheme are as follows:

	2023/24 £000	2022/23 £000
<u>Re-measurement (liabilities):</u>		
Experience Gain/(loss)	(110)	(2,678)
Gain/(loss) on financial assumptions	667	11,793
Gain/(loss) on demographic assumptions	192	295
Re-measurement (assets) gain/(loss)	1,180	(711)
Effect of asset ceiling	(694)	
Actuarial gain/(loss) recognised in the Statement of Changes in Equity	1,235	8,699

Amounts recognised in the Statement of Comprehensive Income in respect of the defined benefit scheme are as follows:

	2023/24 £000	2022/23 £000
Current service cost	(784)	(1,585)
Past service cost	0	0
Interest cost on pension liabilities	(830)	(686)
Interest on plan assets	794	453
Administration expenses	(34)	(32)
Curtailment	0	0
Total charged to the Statement of Comprehensive Income	(854)	(1,850)

Current service costs and past service costs are recognised in Employee Benefit Expenses. Interest cost and administration expenses are recognised in Finance Costs.

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Re-measurements are recognised in the Statement of Comprehensive Income as follows:

	2023/24 £000	2022/23 £000
Re-measurement (liabilities):		
Experience Gain/(loss)	(110)	(2,678)
Gain/(loss) on financial assumptions	667	11,793
Gain/(loss) on demographic assumptions	192	295
Re-measurement (assets) gain/(loss)	1,180	(711)
Effect of asset ceiling	(694)	
Net actuarial gain/(loss) recognised in the Statement of Comprehensive Income	1,235	8,699

The Actuary’s estimated employer’s contribution for the year ended 31st March 2024 is £0.754m.

20. Financial Instruments

Assets

The table below analyses the Company’s financial assets held for managing liquidity risk which are considered to be readily saleable or are expected to generate cash inflows to meet cash outflows on financial liabilities. The financial assets disclosed all fall within the amortised cost category.

	Current 31 March 2024 £000	Long Term 31 March 2024 £000	Current 31 March 2023 £000	Long Term 31 March 2023 £000
Trade and other receivables	3,555	0	2,645	0
Cash and cash equivalents	2,774	0	6,310	0
Total	6,329	0	8,955	0

Liabilities

The table below analyses the Company’s Current and Long-Term financial liabilities on a contractual gross undiscounted cash flow basis at the reporting date up to the contractual maturity date. Financial liabilities are all measured on an amortised cost basis.

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	Current 31 March 2024 £000	Long Term 31 March 2024 £000	Current 31 March 2023 £000	Long Term 31 March 2023 £000
Trade and other payables	(2,531)	0	(2,442)	0
Employee benefits	(63)	0	(74)	0
Total	(2,594)	0	(2,516)	0

Cash Flow

The Company's primary source of revenue is Shropshire Council either through the Management Fee £9,663k (£9,021k 2022/23), the Housing Service Support Service Grant £399k (£328k 2022/23), the intensive housing management fee £481k (£229k 2022/23) or the Works Fee £14,060k (£12,898k 2022/23). The Management Fee is fixed annually and paid quarterly in advance. The Works Fee is paid as the expenditure is incurred and the Grant is paid in monthly instalments. The timing of these cash inflows ensures the Company can meet its financial obligations.

Credit and Liquidity Risk

The Company ensures that all liabilities are met as they fall due. As stated above the nature of cash inflows gives a safeguard that the Company is exposed to low credit and liquidity risk.

The Company is exposed to liquidity and credit risk principally in the event that the Council were to experience cash flow difficulties. However, based on the Council's own high credit rating this is assessed to be a very unlikely scenario of low risk.

Interest Rate Risk

The Company has no borrowing and no long-term investments. Short term deposits are limited to cash held at the bank and interest received from these short-term investments (£181k 2023/24) is not critical to the Company's revenue. We therefore consider that the Company is not exposed to interest rate risk.

21. Finance Income

	2023/24 £000	2022/23 £000
Interest income from cash and cash equivalents	181	72
Total	181	72

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22. Lease liabilities

The Company has a five-year lease for its Head Office building in Shrewsbury. The future minimum lease payments for this right-of-use asset are as follows:

	Within 1 year £000	2 to 5 years £000	Total £000
Lease payments	0	0	0
Finance charges	0	0	0

Expenditure on right-of-use leases in the year totalled £25k. Interest of £0k was included in finance costs in the Statement of Comprehensive Income. Repayment of the principal balance of £25k was charged as a reduction in lease liabilities to the Statement of Financial Position.

Lease payments not recognised as a liability.

The Company has elected not to recognise a lease liability for short term leases (leases of a term of less than 12 months) or for leases for low value assets. Payment made under such leases are expensed on a straight-line basis and the amount expended in 2023/24 was £2k. As at 31st March 2024 the Company was committed to short term leases and the total commitment at that date was £2k per annum.

23. Post Reporting Date Events

No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation.

