

Connexus Homes Limited

Annual Report and Financial Statements for
the year ending 31 March 2024

Registered Society 8376

Regulator Registration Number LH4353



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Company information

Company registration number 8376. Registered as a Cooperative and Community Benefit Society. Financial Conduct Authority Registration number: LH4353.

Registered office

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Board Members and Non-Executive Directors

The Connexus Homes Group operates a Board of Management, where the Board Members act for and on behalf of the whole Group. However, the members of the Finance and Investment Committee also form the membership of the Board of Management of the following subsidiaries, within the Group:

Connexus Enterprise Limited

Floreat Living Limited



















































Rise Partnership Developments Limited

The non-executive directors of the Group who were in office during the year and up to the date of signing the financial statements are set out overleaf. The Board comprises of ten Ordinary Board Members and the Group's Chief Executive Officer.

The Group has insurance policies that indemnify both its Board Members and Executive Directors against liability when acting for the Companies. Except for the Chief Executive, Kate Smith and Andrew Cooke Director of Resources, Executive Directors are not Board Members for any subsidiaries and act as executives within the authority delegated by the Board.

A summary of the board and committee membership is overleaf, with details of the Individual Board members on pages 11 to 14.

Connexus Board and Co-optee Members - Which Boards and Committees do they sit on?

	CHL Board	A&R	CEC	Finance and Investment Committee Co-Terminous Committee			PR&C	TOC	HC
				CEL	FLL	RPDL			
Michele Ibbs									
Andrew Battrum									
Nicola de longh									
Simon Ewins									
Simon Gibbs									
Imran Patel									
Maggie Punyer									
Abigail Reilly									
Paul Smith									
Andrew Taylor									
Kate Smith									
Nick Garner									
Paul O'Driscoll									
Andrew Cooke									

 = Chair

 = Board member

 = Co-optee

CHL – Connexus Homes Limited.

A&R – Audit and Risk Committee.

CEC – Customer Experience Committee

CEL – Connexus Enterprise Limited

FLL – Floreat Living Limited

RPDL – Rise Partnership Developments Limited

PR&C – Pay and Remuneration Committee

TOC – Transformation Oversight Committee

HC – Herefordshire Capital Plc

Chair's introduction



I am pleased to present the 2023-24 annual report and financial statements for Connexus, which details the company's performance and achievements in the last financial year.

2023-24 was my first full year as chair at Connexus, and it has been a year full of transition, change and overcoming challenges. Financial pressures, caused by stubbornly high inflation have continued to make developing and improving homes significantly more expensive, with the cost-of-living crisis meaning that our customers and colleagues are still stretched when it comes to affording everyday essentials.

Our new corporate plan, launched in 2023, reflects this in its themes, placing significant focus on delivering new energy efficient affordable housing, and bringing existing homes up to modern standards, which lowers energy bills.

The plan, developed with the input of customers, also placed emphasis on transforming the repairs service and developing our customer service offer to better meet modern expectations. Projects to deliver these improvements are underway and will ultimately create a more efficient and cost-effective service for our customers over the next few years.

There were changes to our board and leadership team to support the delivery of our new plan, and a refocusing of our committees to better support the delivery of our strategic priorities. I was delighted to welcome Kate Smith as our new chief executive in January 2024. Kate brings significant experience, a passion for our mission and strong ambition for Connexus to be to become a sector leading rural housing association in the UK. The board and I look forward to realising this ambition, supporting Kate and her team to deliver the best possible outcomes for our customers and colleagues.

And while the future for Connexus is bright with new plans and new leadership, the end of the year brought sadness with the passing of two former board members, Andrew Taylor and Maggie Punyer OBE. We extend our heartfelt sympathies to their family and friends; they will be remembered for the strong legacies they have left in our organisation and with fondness by everyone at Connexus.

Michele Ibbs
Chair

Chief executive's foreword



The last year has been a period of change for Connexus. I joined as chief executive in late January 2024, after Richard Woolley stepped down in November 2023 following four years in post. I would like to thank Richard for his contribution to Connexus and Sara Woodall for supporting the board in the interim.

Over the past year, the board, working with the executive team, has consolidated the focus of the organisation on our long-term aim to provide “Good quality affordable homes for all”, and its delivery through the corporate plan. Although progress has been made, we have had to contend with some challenging circumstances throughout the year.

The continuing cost-of-living crisis has made things very difficult for our customers, colleagues, and partners. Connexus has continued to respond by working in partnership with local agencies to signpost and assist customers. We have also been investing more into our repairs and maintenance service and fundamentally changed our approach to resolving damp, condensation and mould issues by creating a specialist in-house team.

As a result of this increased spend on services, operating expenditure on social housing lettings increased £4.1m over the previous year, and significant work is being done to create financial headroom in our business plans to insulate us from rising costs in the future. I am pleased that our A3 stable credit rating was retained alongside our G1 grading for governance and V2 rating for financial viability.

With the economic forecast still challenging, we have had to make difficult decisions about selling properties that are not economically viable to improve to the standard we aspire to for our customers. The receipts from these sales do not leave Connexus though, the money is re-invested to improve existing homes and develop new ones. Where properties are lost through sale, we will always try to build new homes in the same locations and aim to build more homes than we sell.

Development of new rural affordable housing continues to be important for Connexus despite rising supply chain costs, and over 150 homes were built or acquired in the year across Shropshire and Herefordshire. To make best use of our resources we are reviewing how we manage our development activity with a regeneration led approach now being adopted. We are also reviewing our existing holdings to identify potential land to build on, as well as agreeing a

way forward to acquire land outright to become more self-sufficient in development opportunities.

Another challenge came in the form of a cyber-security incident in late 2023, which we have been open about with our customers and stakeholders. We responded swiftly to secure our infrastructure and took the opportunity to pivot services to new delivery models. We quickly established and have maintained a same day repair service which has proved popular with customers, with repairs satisfaction rising to 82%.

While it is taking time to recover from the incident, the impact on customers has thankfully been minimal. The dedication and professionalism shown by our colleague teams and partners meant operational performance, including call waiting time, dropped only slightly and is now back on track. Some momentum was lost on important projects, and improvements to some services were delayed.

After a challenging 2023/24 we move forward by focusing on how to use our resources more effectively and efficiently, providing the right services for our customers in a more cost-effective way. We know we still need to focus on embedding major changes in our repairs service and make improvements to how we manage our existing assets, and that will be a big priority moving forwards.

Like others in the sector, we will also face additional external scrutiny, with new consumer standards introduced by the Regulator of Social Housing and new laws to improve customer safety. The hard work we have put in this past year places us in a good position to adapt to this changing regulatory landscape.

Despite all the challenges we have faced and will no doubt encounter going forward in uncertain economic and geopolitical times, I am

confident that with a re-focused approach, we have the right business foundations, ambition, passion and determination to deliver good quality affordable homes to the people of Shropshire and Herefordshire.



Kate Smith
Chief Executive

Meet Our Executive Directors



Kathryn Smith
(Appointed January 2024)

Chief Executive



Fleur Whittingham
(Appointed April 2024)

Director of Property



Sara Woodall
(Appointed January 2022)

Director of Customer Experience



Bobby Mulheir
(Appointed November 2023)

Interim Director of Transformation



Andrew Cooke
(Appointed October 2019)

Director of Resources

Report of the Board

The Board presents its report and the audited consolidated financial statements for the year ended 31 March 2024.

Board Responsibilities

The Board is responsible for the Group’s strategic direction. Day to day management and implementation is delegated to the Chief Executive and her Executive team who meet at least fortnightly. The Executive Directors and senior colleagues attend Board and committees. The Board meet a minimum of four times a year. The Chief Executive and Chair meet regularly.

Principal activities

The legal parent of the Group is Connexus Homes Limited through which all statutory powers of the Group are vested, and all the accounts of the Group are consolidated. The Board operate under a Board of Management and details of the governance structure are shown in this report.

The Association is registered with the Cooperative and Community Benefit Societies Act 2014, Registered No.8376. It is also registered with and regulated by the Regulator of Social Housing in accordance with the Housing and Regeneration Act 2008, Registered No. LH4353. The Association has charitable objects and is a charity for tax purposes.

Connexus Homes Limited (“the company”) was formed for the benefit of the community in providing housing, accommodation, and related services for people in need.

Review of business and future developments

Details of the Group’s performance for the financial year and future plans are set out in the Strategic Report that follows this report.

Housing property assets

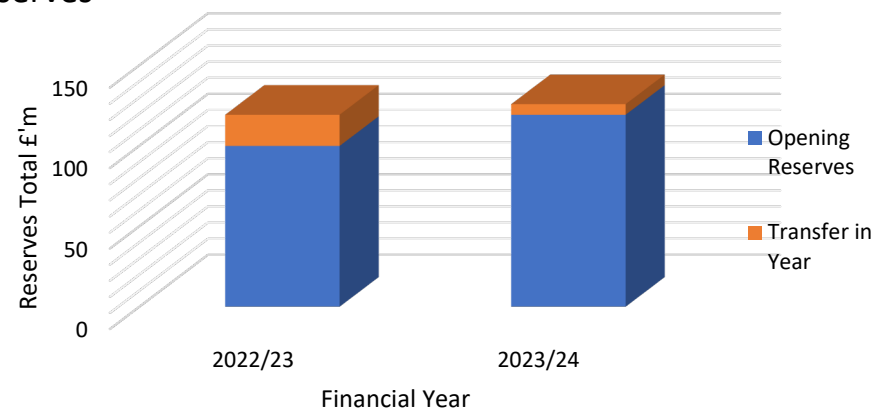
Details of changes to the Group’s fixed assets are shown in notes 12 and 13 to the financial statements.

Political and charitable donations

The Group gave £119k charitable donations during the financial year (2023: £126k).

No political donations were made during the financial year (2023 £nil).

Reserves



The level of reserves for the Group at the end of the financial year was £125.8m (2023 £119.2m). This is after the transfer of the surplus for the financial year of £6.585m (2023 £19.365m).

Post balance sheet events

The Shropshire County Pension Fund scheme Asset and Liability were settled on 26 July 2024 (Note 31). The directors confirm that there have been no other material events since the balance sheet date which would require adjustment or disclosure in the financial statements.

Payment of creditors

In line with government guidance, the Group's aim is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

NHF Code of Governance

The Board's adopted code during the year was the National Housing Federation's Code of Governance (2020), and Code of Conduct (2022). There are no known instances of non-compliance with the NHF Code. On an annual basis, Connexus completes the NHF Checklist which offers the Board Assurance on how the Organisations is complying with the Code.

The Board has formally assessed its compliance against the Code of Governance and the Governance and Viability Standards and confirms that the Organisation is compliant.

Members of the Company

As of 31 March 2024, there were 10 shareholders, each holding a £1.00 share all of which are independent in accordance with the Association's Rules. Members have voting rights at Annual and Special General Meetings. Members of the Association are eligible to be elected to sit on the Board and Committees. The detailed arrangements regarding membership are set out in the Rules of the Association.

Health and safety

The Board is aware of its responsibilities on matters relating to health and safety and the Group has detailed health and safety policies. The Group complies with the Health and Safety at Work Act 1974 and other relevant legislation.

Public Benefit

In setting the Group's aims and objectives, the Board has given careful consideration to the Charity Commission's general guidance on public benefit. The Board confirms that the Company complies with the public benefit criteria by:

- The provision of social housing, accommodation, and related services for people in need.
- Ensuring that rents are charged within the parameters of the Group's rent plan, in accordance with the RSH's rent standard and guidance.
- Ensuring that housing is let on the basis of need.
- Valuing diversity through the Group's Equality, Diversity, and Inclusion policy.

Details of the Group's performance in achieving this in the year to 31 March 2024 are included in the Strategic Report.

Board Members and Non-Executive Directors

The Board comprises of ten Ordinary Board Members and the Group's Chief Executive Officer

The non-executive directors of the Group who were in office during the year and up to the date of signing the financial statements are set out below.

Michele Ibbs – Chair

(Appointed October 2022)



Michele has a track record of delivering growth and change in private, public and not-for-profit organisations and in diverse sectors - food and drink, luxury consumer goods and higher education. As a leader with professional background in marketing, she is focused on customers being at the heart of a successful business.

She is an experienced non-executive director having been Senior Independent Director and Chair of Nominations and Remuneration Board Committees at The Marsden Building Society; Non-Executive Director and Chair of Finance and Performance Committee with Blackpool Teaching Hospitals NHS Foundation Trust; and Non-Executive Director of The Ombudsman Service Limited (now Trust Alliance Group). She is currently a Non-Executive Director and Shareholder

Representative on the Board of the Cambridge and Counties Bank Limited.

As Chair, Michele is responsible for the leadership of the board and committees, ensuring oversight of corporate governance and assurance. She supports the Chief Executive and the Executive Management Team to determine the organisation's strategic direction and delivery of agreed corporate priorities.

Andrew Battrum

(Appointed September 2019)



Andrew was the Finance Director of Bromford Housing Group, for 17 years retiring in 2016. His experience at Bromford provides him with a good insight into the social housing sector and equips him with an understanding of the locality.

In addition to his financial management and treasury expertise, he brings strong analytical skills and an ability to move easily between the bigger picture and detailed thinking. He has experienced different ways of working at Bromford, which has broadened his thinking both in terms of organisational and Board operations.

Nicola de longh

(Appointed November 2020)



Nicola is passionate about social impact, and in particular the systemic relationship between education, health and housing.

As Chair of Council at the University of Gloucestershire, she is an advocate for education as a means of transforming people’s lives so that they can make the world a better place. She is also a strong voice for the civic role the University plays in its community. She is Chair of the UK’s University Chairs’ representative body, the CUC.

Nicola serves as Vice Chair and Senior Independent Director of the Gloucestershire Health and Care NHS Foundation Trust.

In the private sector, Nicola chairs the Reference Committee for the Premier Miton UK Responsible Investment Fund, with a remit to advise on the fund’s investment policy and scrutinise investment decisions from the perspective of sustainability and ethics.

Previously, Nicola worked in the financial services sector as a global transformation lead. She also spent several years working as a freelance management consultant majoring in

strategic and complex change across a number of sectors in the UK and Europe.

Simon Ewins

(Appointed November 2020)



Simon is the Managing Director of Whitbread Plc Hotels & Restaurants, overseeing the day to day running of 1,300 operations and a team of 35,000 people, delivering in excess of £2.5bn annual turnover.

His strengths centre on leading complex and scale operations, transformational change, and rapid organisational growth. This through a lens of sustainable 21st century leadership.

His life experiences, combined with family ties to Shropshire and Herefordshire, have given Simon a real passion for the Connexus journey.

Simon Gibbs

(Appointed September 2019)



Simon has Board experience of both public and private companies across sectors including Property, Retail, and Media. He has executive experience over 25 years as a CEO/MD. He is a Chartered Accountant with investment banking experience and has specialist knowledge in both Treasury Management and Property Development, most recently through his role at Curo as Executive Director – Finance and Strategy.

Simon has commercial expertise to drive growth within a housing building context. He has experience, understanding and an appreciation of the social housing sector bringing something different given his blended professional profile

Imran Patel

(Appointed November 2021)



Imran is an experienced director in the telecoms sector with extensive experience driving results in large scale leadership roles, with a track record improving customer experience, transforming operations, and increasing employee engagement. He has experience in collaborating with executives to successfully lead strategic change initiatives and new business ventures. Imran recently moved into an executive role as Group Director of Customer Experience at Yorkshire Water.

He joined Connexus as a Co-optee to the Customer Services and Enterprise and Development Committees in November 2020 before the Board in November 2021.

Maggie Punyer

(Appointed September 2019 – Retired May 2024)



Maggie Punyer sadly passed away in May 2024.

Maggie cared deeply about the provision of good quality social and affordable housing, and strongly believed that the voice of the customers and tenants must be heard to help inform organisational activity, as well as to deliver quality and efficient services to residents.

Abigail Reilly

(Appointed September 2019)



Abigail comes from a military background and has fifteen years' experience at senior management level within Social Housing. This includes three years as Executive Director responsible for a wide portfolio including Organisational Development, HR, Governance, ICT, Communications, Project Management, Facilities, Fleet Management and Corporate Strategy, Performance and Planning.

Abigail is a Business Psychologist and Fellow of the CIPD and has a particular interest in organisational culture. She is currently the Director of Organisational Effectiveness and Development at Oxford Brookes University.

Paul Smith
(Appointed December 2018)



Paul is the Chief Executive of Elim Housing Group, Trustee of the Andrews Charitable Trust and a member of the Advisory Panel for the Housing Ombudsman. Paul has also served as the Chief Executive of two national charities, the Furniture Re-use Network and Housing Potential (the skills agency for housing). Paul is also a social historian and has recently published his first local history book.

Paul is a Chartered member of the Chartered Institute of Housing.

Andrew Taylor

(Appointed September 2019 – Retired May 2024)



Andrew sadly passed away in May 2024 after a period of illness. Highly valued by the board and well respected within the sector, Andrew supported Connexus with his expertise in all areas of risk, financial oversight, corporate governance, and stakeholder management.

Co-optees to the Group's Committees

Nick Garner
(Appointed April 2019)



Nick joined as a co-optee Member of Connexus' Audit and Risk Committee in 2019 and is an ACCA and AAT qualified accountant with more than 23 years' experience in social housing finance.

Paul O'Driscoll
(Appointed March 2017)



Paul is a Co-optee to the Finance and Investment Committee and has spent 40 years in the housebuilding and maintenance industry, the majority of which has been involved in affordable and social housing sectors, in partnership with housing associations, local authorities and ALMOs.

He is currently working with Ebbsfleet Development Corporation on the delivery of Ebbsfleet Garden City. Paul previously worked at Wates Living Space and Willmott Dixon as Business Development Director and provided development related consultancy support to a range of clients. He has also carried out a range of NED roles and is currently at Walsall Housing Group and social enterprise, Jericho Construction.

Financial Performance

Group turnover was £67.5m for the year which increased by £1.9m (£65.6m 2023). Social housing lettings income increased in year by £4.4m due to rent inflation and the increase in unit numbers. This has been offset by lower Shared Ownership sales in year by £1.7m.

The operating surplus for the year was £15.3m, which was £3.1m higher 2023 (£12.2m 2023). Operating expenditure was £57.8m for the year, £2.2m higher than 2023, with the main driver being increased Repairs & Maintenance costs.

The key drivers for the improved performance overall were:

The surplus on disposal of fixed assets was £5.6m for the year and £3.7m higher than the previous year (£1.9m 2023). This was driven by an increased strategic focus on reducing the number of economically unviable properties held in the stock portfolio.

Social Housing Lettings operating surplus was £8.6m for the year and £0.3m higher than the previous year (£8.3m 2023).

Turnover from Social Housing Lettings was £58.2m for the year and £4.3m higher than the previous year (£53.9m 2023). This was notably due to the formula rent inflation which was capped at 7.0% for the year 2023/24. Offsetting this increase was void losses for vacant properties which was £1.4m for the year, an increase of £0.2m (£1.2m 2023), due to increased incidence of damp, mould & condensation responses.

Operating expenditure on social housing lettings was £49.7m for the year and £4.1m higher than the previous year (£45.6m 2023). The continuation of high levels of inflation from 2022/23 impacted the cost of goods & services received by the Group and increased the overall

cost base, including the full year impact of awarding colleagues a 5% pay inflation increase from November 2022. Routine and Planned maintenance costs increased during the year to £19.2m by £1.6m (£17.6m 2023) because of both higher volumes and the continuation of material and subcontractor cost increases. Both drivers being prevalent across the social housing sector.

Connexus suffered a cyber-incident in December 2023 which significantly impacted operations. An ongoing insurance claim for recovery of incidental costs has not been recognised in the financial statements 2024.

External Wall Insulation issues have been identified at the Radcliffe Court estate in Hereford. Additional waking watch and insurance costs have been recognised in the year. An impairment relating to four of the units has been recognised in year – see Note 12.

The full year performance against Budget 2023/24 was not achieved, notably due to the additional Repairs & Maintenance costs. A repairs transformation programme is ongoing and a cost improvement programme to drive efficiencies are underway and are expected to drive future cost benefits. Value for Money and efficiency is a key strategic focus for the Group, and the Better Value Together Group has identified £668k of 'cashable' savings delivered through, cost avoidance, cost efficiency and additional income. Our performance against the Regulator of Social Housing VFM Metrics is shared later in this report.

The Shared Ownership Sales surplus was £1.0m for the year and £0.3m lower than in the 2023 due to fewer properties being available for sale.

Investment property values continued to hold to previous valuations despite the economic conditions. A stable position in Investment property values, with a £6k net increase recognised in the year

following the receipt of external valuations conducted by Savills, RICS Valuers.

The Group made a surplus for the year ended 31 March 2024 of £5.96m after tax, compared to £2.77m in 2023.

Taxation

Surpluses from social housing lettings are exempt from tax as the Group has charitable status. Usually when taxable activities are undertaken for example from our Market Sales programme, the profits derived are gift aided from the subsidiary to the Group. The profits will be used to fund further affordable housing in future years in line with the Group business plan.

Total Comprehensive Income

There was a £0.6m actuarial gain in respect of Pension schemes contained within the actuary reports for the financial year, due to improved investment performance and the impact of changes in pension assumptions. In 2023-24, Connexus Judgement has been to apply an asset ceiling adjustment of £2.1m to the Pension Assets which limits the in-year gain to £0.6m as a prudent measure.

Statement of Financial Position

At the 31 March 2024 Housing Properties had a net book value of £434.5m increased from £398.0m in 2023. £18.9m of social housing letting schemes were completed in the year compared to £22.6m in 2023, and £5.3m of Shared Ownership properties were also completed, £9.17m in 2023. The value of properties under construction at the year-end was £34.8m (£19.3m 2023), Radbrook Village Phase 4 properties being constructed for Outright Sale contribute £8.9m of the total held for sale at the yearend (£3.4m

2023). Total reserves are £125.8m (£119.2m 2023) following the transfer of surplus for the year and other comprehensive income.

Treasury Policy

The Connexus Group treasury management policy requires that Connexus will maintain a minimum level of liquidity so that there is:

- i. sufficient cash to cover the next three months forecast gross cash outflow requirement or £3.0m;
- ii. sufficient cash and committed loan facilities capable of immediate draw down to cover the next twelve months forecast net cash outflow requirement; and
- iii. sufficient cash and committed loan facilities (whether or not capable of immediate draw down) to cover the higher of total committed development spend and the next eighteen months forecast cash requirement.

Cash Flow

Cash inflows and outflows for the year ended 31 March 2024 are set out in the cash flow statement on page 54. Net cash inflows from operating activities are from the management of housing stock. Returns on investment and servicing of finance are due to interest income and interest charges on loans.

The net cash outflow from capital expenditure is the spend on capitalised repairs on existing housing stock, spend on development of new housing stock which has been capitalised less grant and sales proceeds from properties sold under the 'Right to Buy scheme', plus spend on other fixed assets. The net movement in financing is the difference between loans repaid and new loans.

The Group generated net cash from operating activities of £13.9m (£19.1m 2023). After investing and financing activities cash and bank balances for the year ended 31 March 2024 decreased by £0.4m (£0.4m 2023).

The Group continues to have strong operating cash performance on the 31st of March group liquidity was £40.8m comprising of £4.8m of cash and liquid short-term investments, £66m un-drawn RCF facilities, and an additional £30m RCF (Lloyds maturity 2027) is now available following the completion of the property charging.

Capital Structure and Treasury Policy

The Group's financial instruments comprise borrowings, some cash and liquid resources and various items such as trade debtors, creditors etc. that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. It is the Group's policy to not trade in financial instruments. The main risk arising from the Group's financial instruments is liquidity risk. The Board reviews and agrees policies for managing this risk, details of which are summarised below. The policy was last updated in August 2023.

Treasury activities are controlled and monitored by the Director of Resources, with the assistance of external consultants as required, and are carried out in accordance with policies and strategies approved by the Board. A Finance and Investment Committee operated in the year to review the short- and long-term funding strategy for the Group. The Board undertakes regular reviews of treasury management activity and covenant compliance. The Company has adopted a policy that balances the need to keep the cash levels necessary only to meet immediate business requirements, but also protecting the long-term position by taking advantage of long-term rates, when the opportunity arises.

The overall aim is to manage the Company's exposure to interest rates and have a debt profile that supports the needs of the business. The Group finances its operations through a mixture of retained profits, bank funding and bonds taken at fixed rates of interest.

The majority of borrowings are at fixed rates in GBP and the Group has no currency exposures. Any movements in interest rates will therefore not impact on the surplus before tax.

The Group does not hold any derivative financial instruments.

Funding & Treasury Performance

Total long-term borrowings of £254m (£241m 2023) Overall net debt has increased by £32m to £246.9 at the year end. Net debt is defined as debt less cash available to repay funders. The organisation remains largely protected from interest rate risk with 94.5% of the debt portfolio obtained at fixed rate (99.7% 2023) with 5.5% at floating rates of interest. However, interest rate risk exposure will increase over the coming year as the RCF facilities continue to be utilised.

The group security structure remains in the long term with 91.4% (96.4% 2023) of drawn debt being due after 5 years. This is part of our control framework to reduce the refinancing risk by ensuring a mixture of loan terms. The Group weighted average cost of capital was 4.25% (4.37% 2023)

The Group remains well funded, the reported period of financing at the 31 March 2024 was 27 months. This was supported by the approval of our latest business plan where the period of financing was also 27 months from the 1 April 2024, compared to the Regulatory requirement of 18 months demonstrating sufficient

funding for both our Capital Improvement and Development programmes.

Moody's Rating A3 stable

The Groups credit rating was confirmed by Moody's during the year the long-term rating was maintained at A3, however the outlook was changed from negative to stable. The ratings and outlook are supported by Connexus' focus on low-risk social housing activity and low treasury risks, including limited refinancing needs. Connexus ESG Credit Impact Score was confirmed at Neutral to Low CIS-2.

Accounting Policies

The principal accounting policies are set out in note 2 to the financial statements on pages 55 to 65.

Internal Control Assurance Statement

The Group Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness for the Group as a whole.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss. In meeting its responsibilities, the Group Board has approved an effective framework to identify and manage the significant risks to the Group's operations. This risk-based approach to establishing and maintaining internal controls is embedded within day-to-day management and governance processes. The approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with best practice. The Group Board updated their risk

appetite in May 2024 and maintains a cautious approach to risk, further information about risk management is shown on page 28.

Annual Review of the effectiveness of the System of Internal Control

The Group Board delegates responsibility for the annual review of the effectiveness of the system of internal control to the Audit & Risk Committee. The Audit & Risk Committee take account of any changes needed to maintain the effectiveness of the management and control process for risk and fraud. The Audit & Risk Committee met four times during the course of the year. Assurance over the control environment was obtained from the following sources:

Internal Audit Service

The prime responsibility of the internal audit service is to provide the Board with assurance on the adequacy and effectiveness of the internal control system, including risk management and governance. The internal audit programme is aligned with our risk management framework and is reviewed and approved by Audit and Risk Committee on an annual basis. Internal audit also plays a valuable role in helping management to improve systems of internal control and so reduce the potential effects of any significant risks faced. Internal Audit services are delivered by Beever and Struthers. The Internal Auditors have direct access to the Audit and Risk Committee including 'in-camera' meetings without management being present.

The Audit and Risk Committee reviews the findings arising from all Internal Audit Reports and is provided with progress reports on the implementation of all agreed recommendations for improvement to the point of conclusion.

The Internal Auditors provide an annual report and overall assurance opinion on the system of internal control based on the

Internal Audit work performed during the year and management response to that work. The 2023/24 Internal Auditor Opinion and Annual Report identified no material concerns. The Board can be provided with a reasonable level of assurance that there is an effective framework of governance, risk management and controls at Connexus.

Fraud Management

Connexus operates a zero-tolerance approach to any instances of fraud or corruption. There is an Anti-fraud, Bribery and Corruption policy and Fraud Response policy, along with a Money Laundering policy and Whistleblowing policy. These policies are reviewed regularly. An electronic fraud register is maintained by the Company Secretary in addition to a gifts and hospitality register which is a register that identifies any gifts that may have been received by colleagues. There were no material issues identified during the year. There is appropriate insurance cover in place to mitigate the potential financial losses associated with fraud. As an additional control, in an instance of fraud there is a direct mechanism for reporting to Board and Committee. Processes have been reviewed and where strengthened they are captured within the Standing Orders and Financial Regulations.

Information and Financial Reporting Systems

Financial reporting procedures include a long-term financial plan, detailed annual budgets, reforecasts and detailed treasury reports, value for money reporting and regular management accounts which are reviewed by the Board.

Any issues raised in the external audit management letter issued at conclusion of the annual audit are dealt with to the satisfaction of both the external auditors and the Audit and Risk Committee with progress tracked to the point of conclusion.

Key performance and business objectives set as part of the

performance management framework are regularly reviewed by the Board to assess progress and outcomes against the Corporate and Business Plan.

Executive Management Team and Senior Management Team

Each employee who has financial or devolved budgetary responsibility is provided with a copy of the Standing Orders and Financial Regulations (SOFR) and provided appropriate training. Colleagues shall be responsible for the accountability and control of all resources including plant, buildings, materials, cash, and stores relating to their areas of responsibility. The Audit and Risk Committee shall be responsible for making recommendations to the Board on new SOFR and amendments to existing ones, as it considers necessary for the supervision and control of the finances, accounts, income, expenditure and assets of the company.

Control Environment and Procedures

Governance arrangements are subject to continuing review and development to ensure they remain fit for purpose. Board and sub-Committee membership is reviewed annually in line with the membership policy terms. Compliance with the chosen code of governance and the Regulatory Framework is reviewed annually. Compliance against the National Housing Federation's Code of Governance 2020 was reported to the Board in July 2024.

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance matters and new investment projects. The Board disseminates its requirements to colleagues through the Corporate Plan and a framework of strategies. The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by Connexus and for preventing, detecting,

investigating and insuring against fraud. This process had been in place throughout the year under review, up to the date of the Annual report, and is regularly reviewed by the Board.

Financial risk management

Connexus is financed by a combination of retained reserves, long-term loan facilities and grants from the Government. It has a formal Treasury Policy that was approved in August 2023. The current Business Plan is aligned to the Board's risk appetite and Golden Rules.

This policy seeks to address funding and liquidity risk and ensure covenant compliance; it identifies which types of financial instrument can be authorised for use, covering both borrowings and investments. In addition, the policy identifies the maximum value of financial instruments and with whom they may be agreed. It also sets parameters for use of new and existing counterparties based upon a minimum credit rating. The purpose of this policy is to reduce the impact to Connexus of adverse movements in interest rates and manage counterparty risk and fluctuations in income (especially sales).

Statement of Compliance

The Board confirms that these financial statements are prepared in accordance with Financial Reporting Standard 102 – the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice for Registered Social Housing Providers 2019 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The Board confirms Connexus are fully compliant with the Governance and Viability standard, following the review undertaken during the year.

Going Concern Statement

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2024 by the Board. The Business Plan considers the assessed principal risks set out in pages 28 to 31 and other matters discussed in connection with the Viability statement below.

As well as considering the impact of a number of scenarios on the business plan, the Board also adopted a stress testing framework against the base plan linked to the strategic risk register. The stress testing impacts were measured against loan covenants and peak borrowing levels at an entity level, compared to agreed facilities. Following the practice adopted in previous years, the Group has undertaken a series of further scenario testing including severe but plausible downsides in the 'Perfect Storm' worst case assessment. The risk mitigation plan has been fully reviewed and contains levers to respond to any breaches identified in the stress test. The core mitigating actions either reduce expenditure or increase income.

The board, after reviewing the group and company budgets for 2024/25, and the group's medium term financial position as detailed in the 30-year business plan, which includes changes to economic assumption in the current operating environment, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period).

In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values, and potential conversion of market sale to social homes
- Maintenance costs – budget and business plan scenarios have been modelled to take account of increased volume, cost increases, and delays in maintenance expenditure, a compliance only programme and major works being phased into future years
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents
- Increases to inflation, management costs, and Sonia rates and the associated impacts on affordability
- The Group's ability to tolerate one-off financial shocks
- Liquidity - available cash and unutilised loan facilities at the financial year end was £70,781k. This gives significant headroom for committed spend and other forecast cash flows that arise
- The Group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties
- The Group's continued ability to generate operating surpluses and positive operating cashflows.

The Group's headroom in its financial covenants aligned to the risk appetite set by the Group Board through the adoption of a set of Golden Rules.

The board believe the group and company has sufficient funding in place and expect the group to be compliant with its debt covenants even in severe but plausible downside scenarios. The Directors are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months

from the date of approval of the financial statements and therefore have continued to adopt the going concern basis in their preparation.

Viability Statement

During the year the Group Board has assessed the viability of the Group in line with the business plan. This assessment has been made through the business planning process which takes account of both the Group's current position and its principal risks, which are detailed on pages 28 to 31 of the Statutory Accounts.

The Group Board has determined that the period to 2026 is an appropriate period over which to provide its viability statement. While the Group Board believes that Connexus will be viable over a much longer period, this period has been chosen as it has a much greater degree of certainty.

Asset maintenance and compliance are key to the Group's continued success, key to this is the maintenance of a Group-wide assets and liabilities register and risk management processes that flow through to all of the Group's subsidiaries and operations.

The business planning process includes the Group's most recent targets, operational plans, and a review of external factors. The operational plans provide long-term direction and are reviewed on at least an annual basis.

The base plan is externally tested through rigorous sensitivity analysis and stress testing using a series of robust downside financial scenarios which result in a financial impact. The testing also identifies the principal risks that may adversely impact the Group linked to its Risk Registers, including operational, economic, political, business, liquidity, market and credit risk. The results of the testing ensure potential mitigating actions are appropriately developed.

Due to the inherent uncertainty involved in all business planning, it is not possible for the review to consider every risk that the Group may

face. However, the Group Board considers that the stress testing performed includes all major risks and therefore provides strong assurance of the Group's financial viability. These risks include and not limited to potential impact of forecast inflation levels, interest rate forecasts, welfare reform on our tenant's ability to pay their rent, further reductions in social rents in response to government policy changes, and the impacts of cost base increases as a result in changes to global socio-economic and political volatility.

External assurance of the Group's viability is demonstrated by the Group's credit ratings (Moody's: A3) while the Group has strong liquidity and demonstrated that funding is available to the group. Extended RCF facilities with two separate lenders were agreed and put in place during 2023/24. The Group Board has therefore concluded, based on the extent of the business planning process and strong financial position, that there is a reasonable expectation the Group and the Association have adequate resources and will continue to operate and meet their liabilities as they fall due over the period of their assessment.

The Group Board can also confirm that it has complied with the Governance and Financial Viability Standard set out by the Regulator Social Housing and at the year-end held the rating G1/V2.

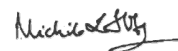
Independent Auditor

Crowe U.K. LLP were reappointed at the AGM in August 2023. A resolution to reappoint Crowe U.K. LLP, as independent auditor, will be put to the members at the annual general meeting.

Annual General Meeting

The annual general meeting will be held on 19 September 2024 at Macdonald Hill Valley, Golf & Spa, Tarporley Road, Whitchurch, Shropshire, SY13 4HA.

The report of the Board and strategic report was approved by the Group Board on 19 September 2024 and signed on its behalf by



Michele Ibbs

Chair

19 September 2024



Strategic report



Who are we?

Connexus is a rural housing association which provides over 10,000 affordable rented homes and associated services. With our heritage in the counties of Shropshire and Herefordshire, it strives to be a trusted landlord that values its customers and colleagues, makes a positive impact, and enhances the lives of those living in its communities. As well as being a great place to work, Connexus aims to build a customer focussed culture delivered by one team embracing a shared approach.

What are we doing?

During the year we were operating to our Corporate Plan 2023-26 and working to deliver against our priorities and embed our Pride values.

Our Values

Our Pride values are key to supporting the culture at Connexus.

We are:

Passionate - We care deeply about our work and our customers and take pride in serving people and communities. This shows in our energy, enthusiasm and commitment to going the extra mile, and building for the future.

Respectful - We deal with people of all ages, all backgrounds, all needs and requirements and we treat everyone fairly, considerately and as individuals.

Involving - We develop services for people, making sure we listen to what they need and involve them all the way. We learn from our experiences and always look to grow and develop together.

Determined - When we start something, we see it through. We are decisive, focused, and tenacious and work around challenges to find the best outcome.

Effective - We aim to get it right first time and to do the simple things well, because that sets the standard and everything else follows. We deliver.

Our priorities

The corporate plan contains five priority areas. All objectives which are cross cutting and are delivered by teams working together across the organisation.

Transformation of the repairs service

Connexus works across a wide geography. The transformation will ensure a consistent efficient repairs service across the two counties that responds quickly and appropriately to customer needs, while improving value for money.

Major investment in homes

The average age of Connexus homes is increasing matched by a low average energy efficiency rating. By investing significantly, Connexus will improve the quality of its homes and the energy rating to SAP C. This will make them better places to live and more sustainable over time.

Significant improvement in customer service

Customers are at the heart of everything Connexus does. The organisation needs to listen to and have greater understanding of customer needs and respond with a high-quality service.

Build a positive reputation

Connexus is a service provider. Its strength is in the quality people it employs and the skills they have. Building a positive reputation will continue to encourage applications from high quality people who will deliver a great service for our customers.

Remain resilient in a changing world

Strong governance and financial viability are the critical foundations to any successful organisation. Connexus is committed to maintaining these strengths to enable the successful delivery of what matters to its customers.



Headline results

<p>Turnover</p> <p>2024- £67.5m</p> <p>2023- £65.6m</p>	<p>Surplus for the Year</p> <p>2024- £6.0m</p> <p>2023- £2.8m</p>	<p>Operating Surplus</p> <p>2024- £15.3m</p> <p>2023- £12.2m</p>
<p>Operating Margin</p> <p>2024- 22.7%</p> <p>2023- 18.6%</p>	<p>Letting Margin</p> <p>2024- 14.7%</p> <p>2023- 15.4%</p>	<p>Gearing</p> <p>2024- 56.7%</p> <p>2023- 60.2%</p>

Headline performance

Transformation of the repairs service

Repairs Reported – 27,869

Repairs Completed – 24,026

Major investment in homes

Property improvements

76 kitchens, 66 re-wires, 13 renewable heating systems, 82 window replacements, 121 doors, 155 bathrooms, 133 heating systems, 261 boilers, 162 roofs.

Significant improvement in customer service

Culture PRIDE values in place, and new Leadership and Development programme embedded.

Contacts Number of Customer Contacts 128,351

Methods: phone calls, emails, social media

Comments Received: 640

Compliments Received: 130

Complaints Received- 282

No. Upheld: 182

No. Partially Upheld: 61

No. Not Upheld: 39

Build a positive reputation

Colleague Recruitment & Retention- 15.96% turnover (16% target)

Colleague Pay Benchmarking Completed

Training 1,752 All Colleague E-learning modules completed

1,832 Targeted E-learning modules completed

£235,388k Spent on Training and Development

Number of Apprentices in Year 23

Ways of Working- Hybrid working contracts in place

Repairs transformation project commenced

Remain resilient in a changing world

Security Headroom

Our latest valuation was carried out in March 2023 this showed.

£180m

Available security in our uncharged properties*

*Approx £156m further security available in charged units.

Counterparty Risk

We invest with approved banks and counterparties with a minimum rating of A1.

Our Treasury Management Policy Sets out the maximum investment exposure with each banking institution.

Governance G1 RSH rating for Governance
V2 RSH rating for Viability

Liquidity £55m RCF Funding Extended in Year
27 Months of funding at 31/03/24

Compliance Funder covenants fully compliant with significant 'headroom'.

Offices Hub space and meeting room capacity added in Hereford and North Shropshire.



Report of Chair of Audit and Risk Committee, Andrew Battrum

The membership of the committee is four board members, and one co-optee, their role is to:

- Oversee the internal controls framework including legal and regulatory compliance.
- Be responsible for ensuring the group has an effective and comprehensive risk management and plays a key role in reviewing both the Risk register and risk appetite.
- Monitor performance of the Internal Audit programme and recommended actions.
- Reviewing the Financial statements and external audit process.
- Monitor compliance with the Data Protection Act 2018 and UK GDPR.
- Scrutinise procurement activity within the Group for all contracts with a value greater than £100,000 on at least an annual basis.
- Reviewing the Group's Assets and Liability Register.
- Scrutinise probity activity for the Group.

Landlord Health Safety and Compliance

During the year we have continued to operate a high level of internal and external auditing to provide assurance that we continue to operate a fully compliant service. Our processes are now embedded, and the Senior Management Team and Committee have improved visibility of performance through monthly KPI dashboards.

Corporate Health Safety and Compliance

We take Health and Safety very seriously and our entire management team has undertaken IOSH Managing Safety training. We review our Risk assessment matrix for all colleague activities at least annually, in line with our Board's risk appetite, and we monitor to make sure that colleague H&S Training is up to date. We continue to embed the use of lone worker devices to keep colleagues safe and allow enhanced monitoring of lone workers.

Risk Management Deep Dives

Planned Maintenance and Data Quality
Procurement
Cyber-Fraud

Landlord Health, Safety and Compliance

Value for Money

Compliance with the Regulatory Standards

Internal audit programme

Delivered by Beever and Struthers
12 audits in the year

Implementation Rate 87.1%

External audit

Delivered by Crowe U.K LLP

Review of the Systems of Internal Control

Annual effectiveness review of control process for risk and fraud.

Once again it has been a busy year for the Committee, in 2023/24 the committee have focussed on the following areas:

Risk Management

Connexus is exposed to risks which may have material and adverse effects on its reputation, performance, and financial position. The group measures risks by reviewing the likelihood and impact of the inherent risk of an event occurring, mitigations and management controls are applied, and the residual risk calculated. The committee reviews the risk register and principal strategic and operational risks on a quarterly basis, as part of the assurance framework. The senior management team monitor risks on a monthly basis for any emerging threats.

The board reviews its risk appetite on an annual basis, the last review was in May 2024.

“Connexus Homes; a Social Housing Landlord registered with the Regulator of Social Housing has a tolerance to risk-taking limited to those events where there is little chance of significant repercussion to its reputation and credibility.

Connexus is open to innovation however this is aligned to continuous improvements in its management through an embedded leadership development programme which will invest in its people to create and build on a diverse range of skills. The organisation recognises and is prepared to accept the possibility of some limited financial loss in delivering its objectives but has an aversion to risk associated with compliance, legal, regulatory and Health and Safety.

Connexus is committed to developing new homes within its communities, this is reflected in its Corporate Plan 2023–26 however it has a cautious approach to outright sales, shared ownership sales and affordable development.

The organisation takes the security and quality of data held very seriously, having a minimalist approach to risk taking where there is a danger of loss or damage to data, applying stringent security measures at the same time having agreed a formalised data management process.

The table below shows the Group risk appetite.

Risk Theme and Corresponding Appetite	Appetite Level
Business Continuity Management	Minimal
Capability and Capacity	Cautious
Collaboration	Open
Digital	Cautious
Engagement	Open
Financial	Cautious
Governance	Minimal
Growth	Open
Safety and Security	Minimal
Strategy and Transformation	Cautious
Quality of Housing	Minimal

The thirteen most significant strategic risks at the end of March 2024 are shown in the tables overleaf The Audit and Risk Committee, Board and Senior Management Team continually reassess the risk registers which means reporting is an iterative process.

Connexus Homes Limited Annual Report and Financial Statements for the year ending 31 March 2024

Measure	Risk	Mitigation
SR1	Failing to meet regulatory requirements	<ul style="list-style-type: none"> • The National Housing Federation's Code of Governance 2020 and Code of Conduct 2022 adopted by the Board. • Annually the Board receive sight of all Regulatory Standards, the Register of Assets and Liabilities (which show correlation with the risk register). • Strategic and operational risk registers are in place which are reviewed quarterly by the Audit and risk Committee and the Board. • Colleague and board declarations are captured annually. • An annual stability check by the RSH and an annual Moody's credit rating has been secured. • In terms of the board, an external effectiveness review is undertaken on a three-yearly basis with the current one underway (July 2024). • Head of Governance and Company Secretary is a member of the National Housing Federation's Company Secretaries Forum which shares and promotes best practice.
SR2	Development - Sales	<ul style="list-style-type: none"> • Agreement to convert unsold S/O to Rent to Buy units if unsold at 3 months. • Board / Committee oversight of any new sales projects before committing. • Capital at risk caps in place for Outright Sale Programme. • LTFF Stress testing undertaken against this risk materialising. • Phased release of developments to manage overall exposure to individual sites and to the Group as a whole. • Regular valuation reports on shared ownership / sale units.
SR3	Financial Issues causing breach of golden rules and covenant failure in addition inability to secure new funding	<ul style="list-style-type: none"> • Budgets and covenant performance are monitored monthly by EMT and Board. • Drawn loan facilities with availability in the revolving credit facility. • The business plan has been reviewed and stress tested to ensure that the scale and timing of the proposed SAP C and Carbon Neutral programmes do not cause EBITDA covenant failure. • There is an escalation process in respect to breaching golden rule or a trigger point. • Treasury advice is received by the Board and monthly management accounts provide a review of the treasury position with an annual report provided by external treasury advisors. • Whole risk is monitored in line with Golden Rules.

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SR4	Corporate and Landlord Health and Safety Compliance	<ul style="list-style-type: none"> • Audit and Risk Committee performance dashboard produced quarterly – for security. • Compliance weekly performance report to CEO and DoP. • Landlord H&S Improvement Action Plan based on audit actions. • Targeted communication to customers to encourage access for essential health and safety checks. • Training and tool-box talks for repairs colleagues to be facilitated by insurance brokers. • Written monthly report, with KPI's, to EMT and SMT providing clear performance position.
SR5	Economic / Political Issues	<ul style="list-style-type: none"> • Strong Treasury management processes remain, along with liquidity in place for next 3 years. • Rigorous stress testing, income management and arrears management processes continue along with monitoring of sector activity.
SR6	Staff Recruitment and Retention	<ul style="list-style-type: none"> • 2023 Benchmarking and cost of living increases were brought forward and payment of real living wage introduced. • There is a strong recruitment support function in place, with monitoring of key performance indicators. Leadership and Development programme to grow our own to meet organisation succession needs also exists.
SR7	Safeguarding	<ul style="list-style-type: none"> • Caldicott Guardian appointed. • Designated Safeguarding leads and deputies across the group. • Safeguarding Advisory Group - with independent Safeguarding Advisor - and external speakers for good practice. • 'Safer Recruitment' adopted that includes appropriate use of DBS checks for support and housing staff and safeguarding questions included at interview, where appropriate.
SR9	Maintaining Data Quality and its Governance	<ul style="list-style-type: none"> • Audit and Risk Committee quarterly review of progress. • Internal Audit Programme maintains strong focus on ensuring adequate data quality controls. • SMT monthly review of data quality strategic and operational risks. • Use of the Government Data Quality Framework. • Data Quality Policy containing principles, dimensions, metadata, roles and responsibilities. • Phase 2 data quality commencing.
SR10	Future Pension Deficits in the SHPS DB closed scheme	<ul style="list-style-type: none"> • Annual review of pension (SHPS DB only) liabilities carried out as part of accounts preparation. • Closed DB schemes, operating SHPS DC scheme only. • Due diligence and consideration of pension implications is undertaken when tendering for contracts. Potential financial liabilities considered. • Regular review of pension liabilities, costs and policy up-date (every 3-5 years). • Use of external contractors.

Connexus Homes Limited Annual Report and Financial Statements for the year ending 31 March 2024

SR11	Cyber Fraud	<ul style="list-style-type: none"> • Antivirus, firewalls and other protections are in place. • We continuously review the security environment and processes and deliver colleague training and briefings on cyber risks. • A disaster recovery plan is in place along with adequate cyber insurance cover. • 3rd party review of systems are also undertaken.
SR12	Supply chain issues and cost increases	<ul style="list-style-type: none"> • Liaison with development contractors by Head of Development re: impact of material and labour shortages with impact/recommendations reported to EMT and F&I Committee. • Report on suppliers from CHIC (Central Housing Investment Consortium). Procurement savings are identified and presented within the Value for Money Annual Statement in the statutory accounts. • Supply chain checks being undertaken.
SR13	Failure to achieve Annual Budget	<ul style="list-style-type: none"> • Business Plan approved annually - which demonstrated significant headroom in liquidity and lender covenants. • Contingency budget is in place for any unforeseen costs and early warning indicators are monitored by SMT along with a suite of KPIs aligned to the annual plan. • Management Accounts are reported monthly. • Quarterly forecasting is in place. • A risk mitigation plan is in place.
SR14	Uninsured risks/inadequate cover for insured risks/ escalating insurance costs	<ul style="list-style-type: none"> • Active claims performance reporting received from AJG. • Annual report on insurance cover/schedules to A&R Committee. • Annual review of insurance policies with insurers. • Audit and Risk Committee receive regular up-dates from AJG on insurance performance and renewal costs. • Training on risk, estate management, fleet management, etc. provided to key colleagues by AJG.

Data Protection and UK-General Data Protection Regulation

The Data Protection Act (DPA) 2018 (came into effect on the 25 May 2018) and the UK-General Data Protection Regulation (which was adopted by the UK Government following Brexit in January 2021) and applies to any data companies hold or process within the UK and EU. The overall goal of the DPA 2018 and UK-GDPR is to safeguard consumer data and enforce data security rights. At the same time, it forces organisations to think about what they collect, and how they use it.

Connexus is committed to the proper and appropriate use of data held regarding customers and colleagues, storing all data securely and only retaining whilst there is valid reason to do so. We have a dedicated Data Protection Officer to strengthen our controls around the DPA 2018 and UK-GDPR. A Document and Data retention schedule is in place and all data is retained in line with this schedule, as such we are compliant with DPA 2018 retention regulations. All colleagues are required to undertake mandatory GDPR refresher training.

Connexus suffered a cyber incident in December 2023 with an attempted fraudulent access to systems by a criminal third party. This was promptly reported to the Information Commissioners Office (ICO) that no data was lost as a result of the attempted breach. No further action was taken by the ICO.

Value for money (VfM)

The Group Board has been given assurance in respect to compliance via a VfM compliance checklist, this articulates all strands of the standard which Executive colleagues have presented documented evidence to the Audit & Risk Committee for approval.

The required outcomes from the RSH are that Registered Providers must:

Clearly state their strategic objectives – The current Corporate Plan was approved in 2023 by the Group Board it detailed five clear priorities; transformation of the repairs service, major investment in homes, significant improvement in customer service, build a positive reputation and remain resilient in a changing world.

The Group Value for Money strategy was approved in August 2021. The strategic objectives are to:

- Generate the optimal outcomes for the Group, tenants, customers, and communities from the considered use of all resources.
- Create efficiencies in the way we operate.
- Utilise profits from commercial activities to provide better services for our customers.
- Understand the return on our assets and utilise this to assist in the prioritisation of activities against our strategic objectives making new development decisions based on social and financial return to the Group, our customers and communities.
- Create and embed a VfM culture across the Connexus group.
- Use growth in the business to provide local employment opportunities, apprenticeships and reduce dependency.
- Provide social and economic benefits to individuals and communities in our core geographical areas.
- Create environmental efficiencies.

The financial efficiencies generated will provide funding to:

- Develop new homes.
- Invest in existing homes.
- Improve customer services.
- Maintain sustainable communities.
- Support business growth and development.

Approach agreed by Board in delivering value for money

The VfM agenda is embedded at Connexus through the creation of a Better Value Together Group (BVTG). Chaired by the Director of Resources, the BVTG includes colleagues across the Group at all levels. A detailed efficiency log is at the heart of the BVTG, this is accessible by all. Colleagues within the organisation have the ability to enter onto the log savings that have been demonstrated. Finance then validates these savings as cash backed and the benefits are reported to Senior Management, Executive Management and Group Board income and expenditure via the monthly management accounts.

Our approach is designed to ensure that value for money is provided for our customers. Specifically:

- Connexus has adopted a Customer First approach to focus on delivering to purpose and what matters most to the customer rather than being driven by costs, targets, and budgets. All of these will be measured and monitored but will not drive delivery.
- Connexus has developed a Customer and Community Involvement Strategy and will listen to the concerns of customers in order to deliver better services and amend our approach in response to customer feedback. We communicate with our customers in a variety of ways, via our website, telephone and text messaging, meetings, face-to-

face contact, and social media but we principally communicate our VfM story and service changes etc. through our customer newsletters.

- Customer scrutiny, focus groups and insight analysis are all used to assist in the process of service review and improvement.
- Connexus has partnership working as a key priority and will work closely with other landlords across our operating area to better address the collective needs of residents, tenants and customers and to be responsive to priority issues facing our Council partners.



Ensure that optimal benefit is derived from resources and assets to optimise economy, efficiency, and effectiveness.

The approved VFM strategy states that Connexus will:

- Prioritise our expenditure and ensure that expenditure is only incurred if it directly benefits our customers or indirectly benefits our wider customer base.
- Create a business case for major decisions and scrutinise these at the Better Value Together Group Project Board, Senior Management Team meetings, Executive Management Team meetings, Enterprise and Development Committee, Audit & Risk Committee, Customer Services Committee or Parent Board as appropriate. The business case will be backed up by a financial appraisal linked to the quality and benefits to our customers.
- Understand our performance and cost base in relation to outcomes and review these in comparison to other similar organisations (including commercial organisations where available) on at least an annual basis using analysis to drive service improvement where appropriate.
- Monitor trends against performance monthly and have processes in place to improve, introducing continual learning cycles.
- Review its performance through balanced scorecards and management accounts on a monthly basis and at least quarterly report to Board and relevant Committees.
- Drive efficiencies in procurement by creating a procurement plan and monitoring outcomes.
- Set annual targets for VfM efficiencies, recording and scrutinising efficiencies delivered.
- Have robust business planning and budget process and review to ensure that financial performance will comply with funders' covenants.

- Include an annual efficiency target approved by the Group Board in our Long-Term Financial Forecast.
- Where possible we generate a profit by providing services to non-residents and use the profit to reduce costs or improve the service to our residents.
- Implement an Asset Management Strategy to optimise the return on our assets.
- Use a variety of data from a number of sources (including customer satisfaction, customer profiling and complaints/compliments analysis) to review and triangulate evidence to value for money.
- Involve customers through representative tenant groups, resident inspectors, and scrutiny panels.
- Challenge our delivery models and ensure that our corporate structure provides VfM.

Specific expectations from the RSH are that Registered Providers must demonstrate:

Robust approach to achieving value for money, including “rigorous appraisal of potential options for improving performance”.

Options appraisals are considered for significant decisions and reviewed by EMT, relevant Committees or the Group Board as appropriate which include merger savings and team restructures.

Regular and appropriate consideration by the Board of potential value for money gains,

Gains have been considered at the internal Connexus Better Value Together Group and at Audit and Risk Committee or Board. Options appraisal and VfM section of the Board reports ensure there is regular and appropriate consideration of VfM by the Board

Consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case.

The Finance & Investment (Formerly Enterprise & Development) Committee is well established and ensures that non-social housing returns are properly evaluated. New business finances are prepared by the Finance Team and reviewed by the Director of Resources in conjunction with the lead Director or, if material, by the Executive Management Team. Development management accounts are presented to the Finance & Investment Committee, which provides assurance in respect to non-social housing activity. The Group Board re-confirmed the on-lending cap between Connexus Homes Limited and Floreat Living as part of the Business planning process and reviewed the organisational Golden Rules limiting the exposure to non-social housing activity. Stress Testing, Mitigations and Early Warning Indicators have been established in the Long-Term Financial Forecast to ensure risks relating to non-social housing activity are appropriately managed.

That they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

Targets delivered to date have been developed from the efficiency targets approved by the Board, the standard metrics produced by the Regulator of Social Housing and other metrics that EMT and SMT have identified. These are included in the VfM Strategy. We report on our financial VfM targets (where they can be derived from

the Statement of Comprehensive income) in our quarterly financial reports to Board.

Registered providers must annually publish evidence in the statutory accounts as follows:

- Performance against VfM targets, metrics set by the regulator and performance compared to peers.
- Measurable plans to address any areas of underperformance.



Value for Money Achievements 2023/24

Getting value for money is extremely important, particularly when it comes to getting the balance of understanding right about what matters most to our customers. We always want to get the best possible service for the best price, but that doesn't always mean going for the cheapest option.

To represent this more accurately, we now call our value for money activity Better Value Together.

Better Value Together is the balance of understanding what matters most to customers and delivering the based possible service for the

most efficient costs. Our approach has been embedded since its implementation in 2021.

The approach identifies priorities and outputs to be achieved over the next three years, an internal audit of Better Value Together gave it substantial assurance during 2022/23 a fantastic achievement.

Our Better Value Together log shows the savings delivered through the year by operating effectively, was £668k the total includes costs avoided by our methods of procurement and price negotiation.

In 2024/25 the group will monitor performance against efficiency targets, and be an integral part in the delivery of future efficiency identification to improve Connexus' VFM metric performance.

Value for Money Metrics

The Board is provided with a suite of Key Performance Indicators in quarterly dashboards to provide assurance about progress to key corporate objectives. The Regulator for Social Housing also requires associations to report against 7 VFM Metrics.

To provide Board with assurance the VFM metrics are calculated for us by an independent specialist i4H and benchmarked against 15 of our peers of similar size and demographic.

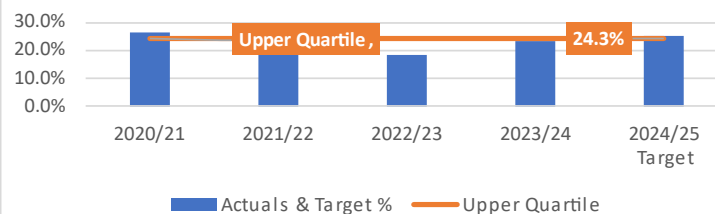
The metrics show that Connexus performance has improved compared to the peer group. There has been a significant increase in investment in homes, which has had an impact on financial performance. New delivery performance has been maintained, which is meeting a key national and business objective.

Connexus group have a 65% performance gap (52% 2022/23) to elite performance and 35% to the median for 2024 (38% 2022/23). A key strategic objective for Connexus is to develop new homes and development activity has remained at a similar level for 2024. The sector has been heavily impacted by increasing labour and material costs, backlog for Covid-19 repairs, and increased emphasis on compliance repairs such as damp and mould. The social housing sector has faced a general increase of 33% for Major Repairs spend in 2024. Connexus are the highest in the peer group for investment in major and capitalised work, in line with its strategic objectives to improve customers homes.

Compared to all social housing providers above 1,000 units, Connexus Group performance has improved. The quartile position moves from lower quartile (Connexus peer group) to mid/lower quartile (National peer group). In particular, performance for reinvestment, new supply delivery, and operating margin.

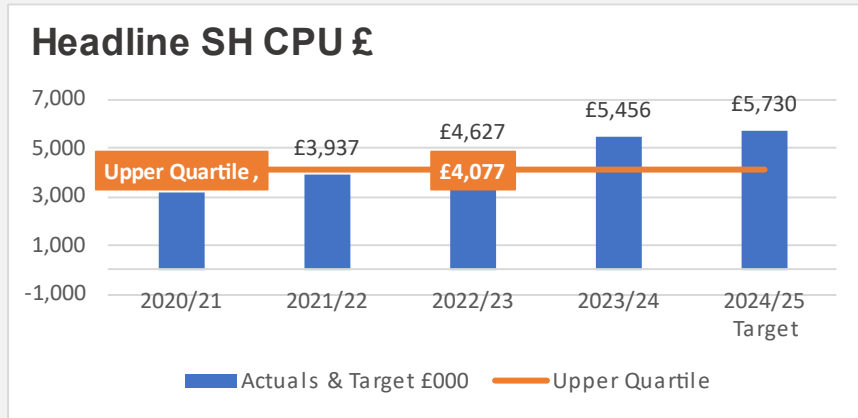
Operating margin performance for Social housing lettings and overall, have remained consistent year on year. Margin pressure continues due to increased spend on Repairs and Maintenance and investment in Housing management services. Both of these are required in order to meet the demands of our customers and to deliver Connexus' key objectives.

Operating Margin (Overall) %



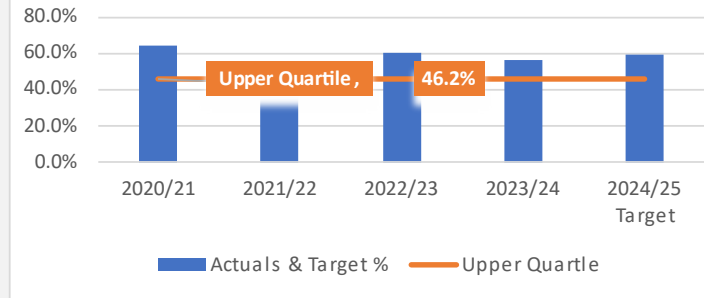
The outlook for 2024/25 target shows improvements in operating margins. The Repairs Transformation project is on-going and expected to deliver efficiencies. In addition, further efficiency saving programmes have been agreed with Group Board to improve performance going forward.

Headline Social Housing Cost Per Unit (£)



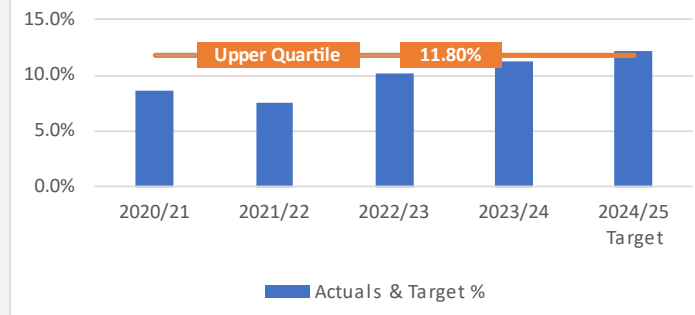
The Headline Social Housing cost per unit performance is impacted adversely versus Upper Quartile (UQ) peers due to proportionately higher spend on Major Repairs, Routine Repairs, Void Repairs, and Housing Management services. Routine and Void Repairs are targeted through an ongoing transformation programme. Additional costs for Housing Management services are a direct impact of the geographical locations of Connexus customers, the 'rurality premium'. The largest increase impacting this metric is the £6.3m increase year on year on Capitalised Major Repair works to properties. The £20.8m programme in 2023/24 was the significant driver of the variance to the peer group, and the latest approved business plan 2024 forecasts a continuation of investment to deliver the Connexus Warmer Homes and SAP C programmes, and the journey to Carbon Neutral. Connexus are in line with what is being experienced widely across the social housing sector, with a sector Major Repairs increase 33% year on year, and it is expected that the realisation of transformation efficiencies will close the performance gap.

Gearing %



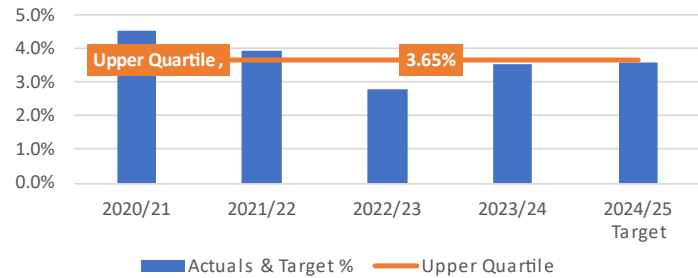
The higher than peer group gearing ratio demonstrates Connexus' appetite for growth and asset improvement, and the ratio will improve relative to improvements made in Operating Margin performance.

Reinvestment %



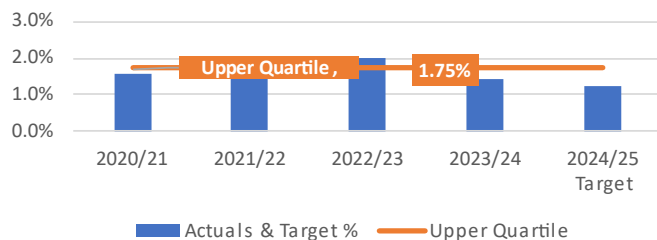
Reinvestment % performance is UQ. This demonstrates Connexus' continued commitment to investment in current and new assets.

Return On Capital Employed %



Return on Capital Employed % is median quartile performance versus peers and sector and demonstrates the continuation of the wide investment programme delivery towards Connexus' corporate objectives.

New Supply Delivered (SH) %

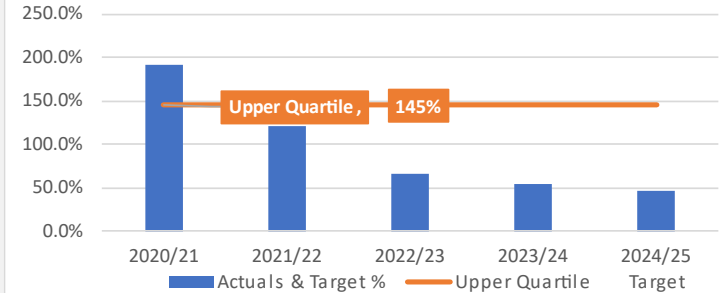


New supply performance has remained at mid/upper quartile position compared to the peer group. The group has an ambitious regeneration and redevelopment programme in future years.

New Supply Delivered (Non SH)

Connexus performance in 2023/24 was 0.2% (0.0% 2023/23) which is top quartile performance due to the development of market sales properties at the Radbrook site, delivered through Floreat Living Limited.

EBITDA MRI %



Connexus has historically removed EBITDA MRI covenants from the debt portfolio to accommodate the targeted Major Repairs investment programme.

There has been a decline in EBITDA MRI % in 2023/24, which is a result of the £4.4m increase in capital investment work carried out in the year. Although the polarity shows this as lower quartile performance versus peers, Connexus' investment is driven by an acceleration towards meeting strategic objectives in relation to energy efficiency works and other improvements to customers' homes.

Value for Money Looking Forward to 2024/25

Headline Programmes over the next 12 months

Below is a summary of some of the key programmes we are currently working on which will deliver Value for Money efficiencies.

Repairs Transformation

- Fleet Management review- Targeting efficiency and reduced travel
- Project Repair It On Time - A new IT Repairs System, enhancing the customer experience and enabling a seamless autonomous service.
- Stores – A merchant led materials solution allowing us to reduce the number of occupied buildings.

System Interface Project

- The project involves integrating our operational IT systems.
- Integration will enable Connexus to coordinate services for customers, accessing all information from a single point.
- Seamless information exchange between systems will ensure that colleagues have access to the latest customer information.
- Removing duplication by only requiring data to be input once.

Connexus Approach to Systems Thinking

- The project aims to develop an internal approach to systems thinking, supporting colleagues in driving business change and delivering the Value for Money standard.

Other Projects

- Leadership development programme
- Cost improvement programme
- Sharepoint project
- Service charge project



Customers and colleagues meeting prospective suppliers at a recent procurement event

Report of the Chair of Finance and Investment Committee, Andrew Battrum

This Committee was previously called Enterprise and Development Committee until the restructure of the Board's Committees in October 2023 and the Chair remained unchanged.

The membership of the committee is five board members, and one co-optee, their role is to:

- Oversee financial management including review of the business plan and budget assumptions, setting the parameters for stress testing.
- Review of general financial performance.
- Review of Value for Money including benchmarking.
- Oversee development programme delivery including the development appraisal parameters.
- Monitor open market schemes and sales.
- Scrutinise the development and delivery of the Annual Improvement Programme.
- Review Connexus' journey to net carbon zero.
- Scrutinise support services contracts and new contract opportunities.

Capital Improvement Headlines

In 2023/24 a capital improvement programme of £20.8m was completed, a £6.3m increase from the 2022/23 programme. As reflected in the VfM metrics, this had significant impact on the financial performance against the regulatory VM metrics, however, it was a key business decision demonstrating the on-going commitment to improve the quality and efficiency of our homes. The charts below display the number of component replacements made in the year.

Key activities from this year

Recommended – to Board the Funding Approach

Reviewed – the Annual Budget and monitored performance

Policies – the Homes Strategy

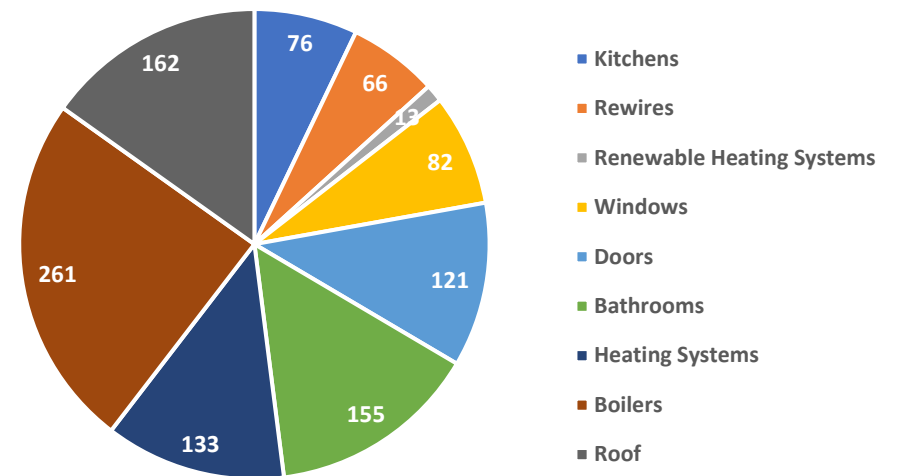
Monitoring – Development performance information including Homes England performance and shared ownership programme

Open Market Sales – Approved the Floreat Living Limited budget, Monitored Phase 4 of Radbrook Village development, Monitored the Full Pitcher development scheme (Connexus now acting as contractor)

Monitoring – Support Services contract performance

Monitoring – Investment Programme

Number of Capital improvement installs 2023/24



Development Programme Headlines

Connexus are committed to rural communities. Over the last 12 months our team has delivered 141 new homes for residents in Herefordshire and Shropshire.

It has been a challenging year for our development team with land and build costs remaining high, inflation soaring and the cost of borrowing increasingly putting a strain on both Connexus and its development partners. Following a contractor going into administration during the previous year, the team have been focussing on completing 93 new affordable homes on a site that Connexus is now managing itself. Despite the challenges, the final homes will be completed in Summer of 2024, and those already completed have been well-received by their new occupants.

In the financial year £27.7m was spent on development and £0.3m grant was claimed from Homes England, with a further £0.9m from other bodies.



141 - New Homes Completed in Year

Tenure Split

42 Shared Ownership Home

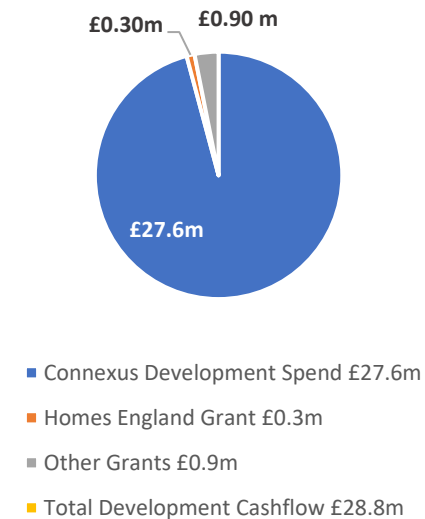
19 Social Rent Homes

68 Affordable Rent Homes

12 Rent to Buy Homes

227 New Homes In progress at Year End

Development Programme Cashflow
2023/24 £'m Total and Grant Split



Report of Chair of People, Remuneration and Culture Committee, Nicola de Iongh

The membership of the committee is 4 board members their role is to:

- Review the Group's People Strategy
- Review and approve remuneration policies for the Group.
- Review and approve any material changes to the package of terms and conditions for Connexus colleagues.
- Approve the creation or reorganisation of posts at Executive Director level.
- Review and approve the policy for, and scope of, pension arrangements for Connexus colleagues.
- Review the remuneration package of the Group Chief Executive and the Executive Team (including salary, benefits and terms of employment) periodically.
- Determine arrangements for the appraisal of the Chief Executive in consultation with the Connexus Homes Board and ensure that this is carried out annually.
- Formulate plans and make recommendations to the Connexus Homes Board for succession to the role of Chief Executive and the Executive Team.
- Ensure that all legal and regulatory provisions regarding disclosure of remuneration, including pensions, are fulfilled by the Group.
- Review reports on Connexus' approach to and progress with learning and development.
- Scrutinise reports on key performance indicators relevant to the overall scope of the Committee's responsibilities including sickness absence, turnover and training.

- Receive reports regarding relationships with Trade Unions, colleague consultation groups and colleagues across all parts of the Group.

It's been another busy year for the Committee, the following pages provide further information about what the Committee and Connexus as a whole has achieved in the last 12 months to meet its People Strategy.

Key activities from this year

Approved – the People Strategy and the Annual Pay Review

Approved – the CEO Appointment and Interim CEO Arrangements

Monitored – the People Strategy Action Plan

Agreed – the new Committee Membership, Succession and Restructure

Agreed – the annual Board Member Appraisal Process and received an update following completion of the appraisals

Discussed – the Defined Benefit Pension Programme

Workforce Planning and building the future with apprentices

Apprenticeships are an important part of how we grow and develop people at Connexus. Our aim is to shape future leaders and keep talent, with learning and development focused around the individual as they progress through the organisation.

They are an important part of how we attract new talent and develop our people. Whether someone is new to the organisation and just beginning their journey, or already with us and wishing to learn new skills, apprenticeships offer great opportunities for career progression and personal development.

We've been consistently developing and refining our approach to apprenticeships over recent years - linking our programme with succession planning and our overall recruitment and people strategy.

For those new to our business, we offer a tailored approach which matches personality, skills and training to suitable roles and opportunities across departments. Following recruitment challenges which have emerged since the pandemic, we've also been working with our apprentices in areas where we have a skills shortage or difficulty recruiting which is mutually beneficial for both our apprentices and Connexus.

Through the Apprenticeship Levy, we're able to access training for existing colleagues too. This allows us to provide additional support on top of our internal training offer, developing existing skills which ultimately allow us to serve our customers better. Developing skills, particularly for those in our management teams, is a key part of our succession planning.

Here's what two of our apprentices had to say:

Duane Parker who joined Connexus in 2021 and is in the third year of his plumbing apprenticeship said: "I previously struggled to find an apprenticeship elsewhere due to being slightly older than the average applicant, but this was never an issue with Connexus. I have been supported through my training, supplied with all the tools I need, and work alongside great mentors."

Noah Sylvester started work with the communities team as an administrative apprentice in 2023 having completed a level 2 business course at Hereford and Ludlow college. Noah said: "I really

like working for Connexus and I'm enjoying meeting new people. Everyone is included, and they take care of everyone equally. They have really helped me gain confidence when talking to people. Everyone is friendly, helpful, and welcoming."

Equality, Diversity and Inclusion

At Connexus our aim continues to be to create a great place to work, with a clear focus on ensuring our customers are serviced by a high performing, highly motivated and diverse team, equipped with the right skills and capability.

Our PRIDE values of passionate, respectful, involving, determined and effective remain at the heart of how we work and our commitment to ensuring equality, diversity and inclusion in our workplace. As part of our on-going commitment to close our gender pay gap, we continue to ensure across all our strategies and policies, that opportunities to reduce the gender pay gap are identified and promoted to ensure we build an open and inclusive workplace. Since 2017, all UK organisations with more than 250 employees have been required to publish their gender pay gap. Connexus has seen changes to its gender pay gap during this period, however, whilst positive steps have been taken, we still have some way to go, this year reporting a decrease in our median gender pay gap but an increase in the mean gender pay gap.

We take time to understand what this data tells us and set out our approaches to continue to reduce the gap and increase the diversity of our workforce.

The Gender Pay Gap at Connexus

Connexus employed 536 colleagues on the 5th April 2023. Of our 536 colleagues, 55.6% (298) were male and 44.4% (238) were female, or a difference of 11.2%. This compares to a difference of 8.6% in April 2022.

Mean pay gap

Males at Connexus were paid a mean difference of £1.77 more per hour than females. This is a gender pay gap of 9.7% and is £0.45 more per hour difference than our previous year's reported gap (£1.34). This means our Mean Pay Gap has increased for the second year in a row. The gap of 9.7% compares to 8% in 2022, 1.2% in 2021, 8.4% in 2020 and 9.1% in 2019

Median pay gap

Males at Connexus were paid a median difference of £2.67 more than females in hourly pay. This is a gap of 15.5% and is a £0.36 reduction compared to our previous year's reported gap (£3.02). Our Median Pay Gap of 15.5% is a 3.3% drop compared to the median gap of 18.8% in 2022. Previous years saw a median gap of 7.8% in 2021, 14.2% in 2020 and 7.3% in 2019.

There have been median increases in hourly pay for both genders compared to 2022. Males were paid £1.11 more (£17.19 in 2023 compared to £16.08 in 2022), while females were paid £1.47 more (£14.52 in 2023 compared to £13.74 in 2022). This represents a 6.9% increase for males and 11.3% year on year increase for females.

It seems counter-intuitive that the gap between the mean (average) pay has increased, whereas the gap between the median (mid-point) has decreased. The mean is influenced by the extreme values at

either end of the data distribution, while the median gives a better sense of the central tendency when data is skewed. Therefore, a higher mean gap together with a reduced median gap suggests that while pay equity may be improving for the majority (as indicated by the median), the extremes (especially the upper end) are diverging more than before.

Understanding and closing our gender pay gap

According to a report by the Fawcett Society, at the current rate of change the UK gender pay gap will not close until 2051, with the TUC reporting that it is falling at an average of 0.7 percentage points per year for the past five years. To change this, organisations need to better understand the data behind their gender pay gap and be proactive in working to address this.

Connexus continues to take proactive action and for this to be effective we spend time understanding where we need to make improvements in the context of our organisation and the areas in which we operate.

- Connexus has a number of different roles and some of those impact our gender pay gap more than others. For example, Trade colleagues make up 28% of our total workforce and 99% of trade colleagues are male, an area we need to address. We offer several support related services, and these are predominantly delivered by female colleagues. Of those roles with 'support' in the job description 57 out of the 65 colleagues (88%) are female. Societal norms and value placed on certain roles continues to have an impact on gender imbalances in these roles, as well as the pay. While this creates a barrier to the pace that we may be able to enact change, we are proactive in the mechanisms we have within our control.

- Our approach to pay ensures we have equal pay across our roles, and benchmarking these roles ensures we remain competitive. Where we are able, we seek to recognise and reward at a higher level, for example, we commit to paying at least the Real Living Wage to all of our employees and apprentices. However, a factor which influences our gender pay gap is the type of roles that are eligible for overtime. These roles, such as Trades, are predominantly held by males, which is a factor in the widening of the gap. Over the next 12 months we will review this and understand how changes to terms and conditions of employment might address this.
- New TUC analysis for 2023 finds that more than 1.46 million women are kept out of the labour market because of their caring responsibilities. This compares to around 230,000 men. Women in their 30s are the hardest hit but at every age, from the start through to the end of their careers, women are more likely than men to have to drop out of paid work due to caring commitments. As part of removing barriers to employment and progression, Connexus continues to promote hybrid, flexible and part-time working options in all of the roles it is able to.
- We continue to develop policies and ways of working that support and encourage women in employment and in 2023 set up a Menopause peer-led support group and developed a Menopause policy, training and guidance. As part of our continued review into our ways of working, we will look at where else we can influence our policies to support a better gender balance in roles across our organisation.
- We ensure all of our policies, strategies and projects are subject to an equality impact assessment to ensure fairness.
- Our job adverts include an inclusivity statement which encourages applications from underrepresented groups to apply

for our roles and we advertise on a variety of job boards. We've trained our managers on unconscious bias and as part of addressing the gap we will complete targeted recruitment campaigns.

- Our analysis shows that we have an imbalance of genders in certain roles within our business and to address this we will seek; more males in our Officer level roles, including Housing Officers, more females in IT, more females in roles within our repairs and assets teams for roles including Trades, Surveyors and Supervisors, more females in leadership roles and, more males within Support Services roles.
- As part of working to address these imbalances we will look at how we can attract more males or females and will work to understand and address any barriers to employment. This will include reviewing our terms and conditions, understanding working practices which may be creating barriers, looking at targeted recruitment for any vacancies, working on our own career pathways and succession plans, and making best use of apprenticeships to support with career development and change.

Actions we will take

We are committed to working to close the Gender Pay Gap and our actions below highlight how we will be proactive in this. We will monitor progress against our actions through our Equality, Diversity and Inclusion plan.

- **Action:** We will carry out proactive targeted recruitment campaigns aimed at attracting more female trade colleagues
- **Action:** We will carry out proactive targeted recruitment campaigns aimed at attracting more males in relevant support

roles

- **Action:** We will increase the number of apprenticeship opportunities and routes to support access to employment and career change and better understand where these could support with closing the Gender Pay Gap
- **Action:** We will review terms and conditions for roles within our business with the aim of removing barriers to pay equity and progression
- **Action:** We will develop an organisational design strategy which promotes greater opportunities for diversity within our workforce
- **Action:** We will develop a diversity action plan and calculate our ethnicity pay gap
- **Action:** We will review approach to hybrid working for all roles within Connexus
- **Action:** We will develop our approach to career pathways, talent management and succession planning within Connexus
- **Action:** We will commit to being a Menopause friendly employer and explore relevant accreditations

<https://connexus-group.co.uk/about/contact/corporate/connexus-gender-pay-gap-report-2023-2024>

Key activities from this year

Monitored – the Group’s work on Safeguarding, Domestic Abuse Service and Young People’s Services

Monitored – Performance with the Complaint and Customer Feedback

Monitored – improvements to the customer experience and engagement

Report of Chair of Customer Experience Committee, Simon Ewins

This Committee was previously called Customer Services Committee until the restructure of the Board’s Committees in October 2023 and the Chair had been Maggie Punyer.

The membership of the committee is four board members their role is to:

- Review the Customer Strategy.
- Approve any new or significant change to any Housing or Support policy.
- Review key performance measures and targets for all service areas to deliver improvements in the customers experience
- Scrutinise service delivery performance against targets and the strategy for housing, customer and support services.
- Scrutinise service delivery performance against targets and strategy for the repairs and maintenance service.
- Scrutinise Connexus’ compliance with the Regulatory Consumer Standards.
- Recommend to the Board the annual rent setting and service charge policy.

Report of Chair of Transformation Oversight Committee, Imran Patel

This is a new Committee to the group structure and held its first meeting in October 2023.

The membership of the committee is four board members their role is to:

- Ensure the oversight of Connexus' Project management, with focus being on the major projects.
- Monitor the major programme and project investment performance.
- Ensure ongoing programme and projects contribute to strategic objectives and targets.
- Scrutinise, challenge and monitor investment decisions for the Project Management programme.
- Monitor budget expenditure allocated to transformation projects.
- Monitor the overall IT annual programme on a quarterly basis considering exception reports for significant projects, risks and link to long term IT planning.
- Monitor the strategic approach to ensuring the integrity of data in relation to the Projects programme.

In this year the Committee has focussed on improving the customer experience and increasing the level of customer service and involvement and also community initiatives. Some of the excellent work in year is highlighted in the following pages. There has also been concerted effort to make real progress with the Repairs transformation project, overseen by the committee which will deliver positive results for our customers and the organisations financial performance.

Key activities from this year

Monitoring - Repairs Programme, IT Programme and Culture Programme
Discussed – the proposed transformation programme.

Statement of the responsibilities of the Board in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

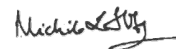
In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the groups and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

The Board members who held office at the date of approval of this statement confirm, so far as they are each aware, there is no relevant audit information of which our independent auditors are unaware; and each Board member has taken all the steps they ought to have taken as a Board member to make them aware of any relevant audit information and to establish that our independent auditors are aware of that information.



Michele Ibbs
Chair

19 September 2024

Independent Auditor's Report to the Members of Connexus Homes Limited

Opinion

We have audited the financial statements of Connexus Homes Limited (the "Association") and its subsidiaries (the "Group") for the year ended 31 March 2024 which comprise the consolidated and Association Statement of Comprehensive Income, the consolidated and Association Statement of Financial Position, the consolidated and Association Statement of Changes in Capital and Reserves, the consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31 March 2024 and the Group and Association's surplus or deficit for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities

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

Conclusions relating to going concern

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

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

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

Other information

The Board is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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 this gives rise to 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the group; or
- a satisfactory system of controls over transactions has not been maintained; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 49, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Group's and Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the Association operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Co-operative and Community Benefit Societies Act 2014 (and related Directions and regulations), the Housing and Regeneration Act 2008 and other laws and regulations application to a registered social

housing provider in England together with the Housing SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the Association's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Association for fraud. The laws and regulations we considered in this context for the UK operations were requirements imposed by the Regulator of Social Housing, health and safety, taxation and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of support services and other income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, designing audit procedures over the timing of the above income streams and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and

regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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



Crowe U.K. LLP

Statutory Auditor
4th Floor
St James House
St James Square

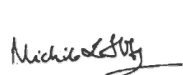
Date: 26 September 2024

Statement of comprehensive income

	Note	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Turnover	3	67,542	65,628	68,876	66,714
Operating expenditure	3	(57,827)	(55,605)	(58,420)	(55,989)
Surplus on disposal of fixed assets	5	5,616	1,876	5,616	1,876
Movement in investment property valuation		6	282	6	282
Operating surplus	3, 4	15,337	12,181	16,078	12,883
Interest receivable and other income	7	603	297	740	297
Interest and financing costs	8	(9,979)	(9,712)	(10,235)	(9,826)
Surplus before tax		5,961	2,766	6,583	3,354
Taxation	9	(1)	(1)	(1)	(1)
Surplus for the year		5,960	2,765	6,582	3,353
Actuarial (loss) / gain in respect of pension schemes	31	625	16,600	625	16,600
Total comprehensive income for the year		6,585	19,365	7,207	19,953

All results derive from continuing operations.

The financial statements were approved and authorised for issue by the Board on 19 September 2024.



Michele Ibbs
Chair



Andrew Cooke
Company Secretary

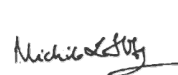


Kathryn Smith
Chief Executive

Statement of financial position

	Note	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Fixed assets					
Tangible fixed assets- housing properties	12	434,492	398,025	440,593	403,518
Other fixed assets	13	5,930	7,892	5,930	7,892
Investment properties	14	4,668	5,777	4,668	5,777
Investment in subsidiaries		-	-	13	13
Pension Asset	31	-	675	-	675
		445,090	412,369	451,204	417,875
Current assets					
Properties held for sale	15	12,620	7,847	3,237	4,191
Stock and work in progress	15	312	457	312	457
Pension Asset	31	2,062	-	2,062	-
Trade and other debtors	16	4,770	4,300	10,475	4,870
Debtors: amounts due after more than one year	17	38	77	38	77
Short term investments	18	4,219	22,923	4,125	18,766
Cash and cash equivalents	18	562	922	426	512
		24,583	36,526	20,675	28,873
Current liabilities					
Creditors: amounts falling due within one year	19	(16,079)	(17,404)	(19,766)	(17,483)
Net current assets		8,504	19,122	909	11,390
Total assets less current liabilities		453,594	431,491	452,113	429,265
Non-current liabilities					
Creditors: amounts falling due after more than one year	20	(325,144)	(309,926)	(320,885)	(305,544)
Provisions for liabilities					
Pension provision	31	(2,203)	(2,037)	(2,203)	(2,037)
Other provisions	25	(444)	(310)	(444)	(310)
Total net assets		125,803	119,218	128,581	121,374
Reserves					
Income and expenditure reserve		125,803	119,218	128,581	121,374
Total reserves		125,803	119,218	128,581	121,374

The financial statements were approved and authorised for issue by the Board on 19 September 2024.



Michele Ibbs
Chair



Andrew Cooke
Company Secretary



Kathryn Smith
Chief Executive

Consolidated statement of changes in capital and reserves

Group	Share capital £'000	Income and expenditure reserve £'000	Combined total capital and reserves £'000
Balance as at 1 April 2022	-	99,853	99,853
Surplus for the year	-	2,765	2,765
Other comprehensive income for the year	-	16,600	16,600
Balance at 31 March 2023	-	119,218	119,218
Surplus for the year	-	5,960	5,960
Other comprehensive income for the year	-	625	625
Balance at 31 March 2024	-	125,803	125,803

Statement of changes in capital and reserves

Company	Share capital £'000	Income and expenditure reserve £'000	Combined total capital and reserves £'000
Balance as at 1 April 2022	-	101,421	101,421
Surplus for the year	-	3,353	3,353
Other comprehensive income for the year	-	16,600	16,600
Balance at 31 March 2023	-	121,374	121,374
Surplus for the year	-	6,582	6,582
Other comprehensive income for the year	-	625	625
Balance at 31 March 2024	-	128,581	128,581

Consolidated cash flow statement

Group	Note	2024 £'000	2023 £'000
Net cash generated from operating activities	27	13,884	19,073
Cash flow from Investing activities			
Purchase of tangible fixed assets - housing properties		(45,807)	(35,741)
Purchase of other tangible fixed assets		(772)	(2,518)
(Purchase) / sale of investment properties		-	15
Proceeds from sale of tangible fixed assets		8,774	2,689
Sale / (purchase) of short term investments		18,704	(18,581)
Grants received		2,357	3,757
Interest received		433	297
		(16,311)	(50,082)
Cash flow from financing activities			
Interest paid		(10,758)	(10,000)
Loan arrangement fee		(120)	(306)
New secured loans		14,000	55,000
Repayments of borrowings		(1,055)	(14,044)
		2,067	30,650
Net change in cash and cash equivalents	28	(360)	(359)
Cash and cash equivalents at the beginning of the year		922	1,281
Cash and cash equivalents at the end of the year		562	922

Notes to the financial statement

1. Legal status

The Company, Connexus Homes Limited, (Registered office The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW) is registered with the Cooperative and Community Benefit Societies Act 2014, Registered Society No. 8376. It is also registered as a social housing provider and regulated by the Regulator of Social Housing Agent in accordance with the Housing and Regeneration Act 2008, Registered No. LH4353.

2. Accounting policies

The following accounting policies have been adopted as being appropriate to the Group's circumstances with regard to giving a true and fair view and have been applied consistently in dealing with items which are considered to be material in relation to the Groups' financial statements.

a. Basis of accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 the applicable financial reporting standard in the UK and Republic of Ireland (FRS102) and the Statement of Recommended Practice: Accounting 2018 for Registered Social Providers, and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial Statements.

The individual accounts of Connexus Homes Limited has also adopted the following disclosure exemption:

- The requirement to present a statement of cash flows and related notes

Operating Segment Reporting: It is a requirement under SORP 2018 to apply IFRS8 Operating Segments. Management have determined that the group's operating segments are:

Social Housing letting:

General Needs Housing
Supported Housing and Housing for Older people
Temporary Social Housing
Low-Cost Home Ownership

Other Social Housing Activities:

Current Asset Property Sales
Supporting People
Other Support Services

Non-Social Housing Activities

Market Sales
Wellbeing Services
Other
Surplus on Disposal of Fixed Asset

All income, expenditure and net assets are derived from UK operations.

b. Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons;

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2024 by the Board. The Business plan considers the assessed principal risks set out in pages 28 to 31 and other matters discussed in connection with the Viability statement below.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan linked to the strategic risk register. The stress testing impacts were measured against loan covenants and peak borrowing levels at an entity level, compared to agreed facilities. Following the practice adopted in previous years the Group has undertaken a series of further scenario testing including severe but plausible downsides in the Perfect Storm worst case assessment. The risk mitigation plan has been fully reviewed and contains levers to respond to any breaches identified in the stress test. The core mitigating actions either reduce expenditure or increase income.

The board, after reviewing the group and company budgets for 2024/25 and the group's medium term financial position as detailed in the 30-year business plan, which includes changes to economic assumptions in the current operating environment, is of the opinion that, taking account of severe but plausible downsides, the group and association have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period).

In order to reach this conclusion, the Board have considered:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of increased volume, cost increases and delays in maintenance expenditure, a compliance only programme and major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Increases to inflation, management costs and Sonia rates and the associated impacts on affordability;
- The group's ability to tolerate one-off financial shocks;
- Liquidity; available cash and unutilised loan facilities at the financial year end was £70,781k. This gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and association has sufficient funding in place and expect the group to be compliant with its debt covenants even in severe but plausible downside scenarios. The Board are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have continued to adopt the going concern basis in their preparation.

c. Significant judgements and estimates

The preparation of the financial statements requires management to make significant judgements estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes may differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- Property, plant and equipment

The Group has undertaken a review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property, as it is developed are investment properties. The Group has determined that the small number of shops held, due to their nature and low level of rentals charged are held as property, plant and equipment are held for their social benefit.

- Capitalisation of property development costs

The Group capitalises development expenditure in accordance with the accounting policy described within these notes. Initial capitalisation of costs is based on management's judgement that development scheme is likely to proceed. Costs capitalised in this way are regularly reviewed and any costs identified as abortive are charged to the Statement of Comprehensive Income. The total amount capitalised is disclosed in the notes.

- Impairment

The Group has identified a cash generating unit for impairment assessment purposes during development and construction at a

programme level, with subsequent impairment assessment once in management at a property level.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

- Useful lives of depreciable assets

Other than investment properties, tangible fixed assets are depreciated over their useful lives. Management reviews the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes in homes standards which may require more frequent replacement of key components.

The key judgements and estimates applied in respect of housing property are contained within these notes and include:

- The useful economic life of properties
- That properties have no residual value at the end of useful life.

Defined benefit obligation (DBO)

The Group has obligations to pay pension benefits to colleagues. The cost of these benefits and the present value of the obligation depend on several critical underlying assumptions. These include standard rates of inflation, mortality, discount rate and anticipation of future salary increases provided by the pension administrators and actuaries. Variations in these assumptions may significantly impact the net pension obligation in the balance sheet and the annual defined benefit expenses.

The Defined Benefit Pension schemes were closed to all members at 31 January 2024. The LGPS scheme actuaries undertook a cessation assessment to determine the buy-out cost or surplus and the results are detailed in Note 31. An asset ceiling adjustment of £2.068m has been made in relation to the Worcester Pension Fund.

At the 2023 financial year end actuarial results included Pension Assets, due to the uncertainty that these assets would actually materialise an asset ceiling was applied to the asset, the ceiling applied is the Pension refunds that would have been received from the scheme in the current actuarial cycle. The remaining pension asset was noted as a contingent asset, this amounted to £3.53m.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices.

d. Exemptions taken

The Group does not currently apply any exemptions.

e. Basis of consolidation

The Group's financial statements consolidate the financial statements of Connexus Homes Limited, and its subsidiaries, Floreat Living Limited, Rise Partnership Developments Limited, Connexus Enterprise Limited and Herefordshire Capital Plc. in accordance with the requirements of Financial Reporting Standard 2 "Accounting for

subsidiary undertakings". Subsidiaries are entities over which, either directly or indirectly, the Company has control through the power to govern financial operating policies so as to obtain benefit from their activities. Intra-group balances, transactions, income and expenses are eliminated.

f. Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the association and entities (including special purpose entities) controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

g. Turnover and revenue recognition

Turnover represents rental income receivable in the year, income from shared ownership first tranche sales, and properties built for open market sales and other services included at invoice value (excluding VAT where recoverable) of goods and service supplied in the year and revenue grants receivable in the year.

Government grants received for housing properties are included in turnover amortised over the expected useful life of the housing property structure.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche shared ownership and open market sales of properties built for sale is recognised at the point of legal completion.

h. Accrued income

Where goods or services are provided but not yet invoiced, that revenue is accrued for.

i. Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

j. Loan interest costs

Interest payable and similar charges include interest payable, loan fees, and finance leases recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

k. Finance and issue costs

Costs directly connected with the raising of finance are deducted from loans and written off over the life of the loan to the Statement of Comprehensive Income (SOCl).

l. Preserved Right to Buy Income and Sales

Surpluses and deficits arising from the disposal of properties under the Preserved Right to Buy legislation are disclosed on the face of the Statement of Comprehensive Income before the operating result. On the occurrence of a sale a relevant proportion of the proceeds are clawed back by Herefordshire Council. There is no claw back arrangement in place for Shropshire Council. The surplus or deficit is calculated by comparing the net proceeds received with the carrying value of the property sold.

m. Management costs

Management costs are allocated to revenue accounts on the basis of an estimation of colleague time allocated, except for specific items of expenditure, which are allocated directly.

n. Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions.

o. Tangible fixed assets

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at historical cost less accumulated depreciation and impairment losses. The cost of properties represents the acquisition price of land and buildings, development costs, interest charges incurred in the development period, and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the

properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Properties in the course of construction are stated at cost and are transferred into housing properties, when complete. Properties in the course of construction are not depreciated.

Donated land and other assets

Where land has been donated as part of an intended development, the land is recorded at its current value at the gifting date within cost of construction and the income treated as a grant if from a government body and as turnover if from a non-government body. Current value takes into account any restrictions on use.

Shared ownership properties are split between fixed and current assets in line with the expectation relating to the first tranche sale percentage. The expected first tranche proportion is classified as a current asset until the point of the first tranche sale. The current asset is then transferred to cost of sales and matched against sales proceeds within the operating surplus in the Statement of Comprehensive Income. Any operating surplus is restricted to the overall surplus which takes into account the Existing Use Value- Social Housing (EUV-SH) of the remaining fixed asset element.

The remaining element of the asset is classified as a fixed asset and included in housing properties at cost, less any provision for depreciation or impairment.

p. Investment Properties

The classification of properties as investment property or property plant and equipment is based upon the intended use of the property. Properties held to earn commercial rentals or for capital appreciation

are treated as investment properties and those that are held for the provision of social housing are treated as property plant and equipment.

Where land is acquired for use in the provision of social housing or for a social benefit it is accounted for as property, plant and equipment. Investment properties are reported at market valuation.

q. Government grants

Government grants include grants receivable from the Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals method.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

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

Government grants received for housing properties are subordinate to the repayment of loans by agreement by the Homes England. Government grants released on sale of a property may be repayable but are normally available to be recycled are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released

and recognised as income in the Statement of Comprehensive Income.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the Statement of Comprehensive Income. Upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

r. Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specific future performance-related conditions on the associations is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

s. Depreciation

Property, plant, and equipment; The Group separately identifies the major components which comprise in its housing properties, and charges depreciation, to write-down the cost of each component to its estimated residual value on a straight-line basis.

A full year's depreciation is charged on all assets in the year of acquisition, but no charge is made in the year of disposal.

The expected useful lives of assets identified separately are as follows:

Connexus Houmes Ltd

Structure:

Non-traditional	30 years
Pre-1974 construction	75 years
Post 1974 construction	100 years

Other Major Components:

Roofs	60 years
Windows	30 years
Doors	30 years
Heating systems	36 years
Wiring	40 years
Kitchens	20 years
Bathrooms	30 years
Boilers	12 years
Lifts	20 years

Leasehold Properties:	Remaining life of lease
Garages:	25 Years
Freehold land	Is not depreciated

Other tangible fixed assets

Tangible fixed assets other than housing properties are stated at cost (less grant) less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Depreciation (to residual value) is charged on a straight line over the expected useful life of the asset from the month of acquisition, at the following annual rates:

Computers and other equipment	15% - 33%
Plant and Equipment	20% - 33%

Vehicles	25%
Furniture, fixtures and fittings	25%

Depreciation on offices is calculated on a straight-line basis over the following periods:

Newly constructed offices:	50 Years from the date of practical completion
Refurbished offices	Are depreciated based on the individual component lives.
Leasehold offices	Over the period of the lease

t. Impairment

The Group's internal controls are designed to identify where the value of property, plant and equipment and work in progress held in the Statement of financial position is more than the lower of cost or net realisable value. Where there is evidence of impairment, fixed assets are written down to the recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in the Statement of comprehensive income. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell. Depreciated replacement cost is taken as a suitable measurable model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of comprehensive income.

u. Capitalisation of development overheads and interest

Only specific and directly attributable costs are capitalised in line with

the Statement of recommended practice. Interest on loans financing new development is capitalised up to the date of practical completion if it represents either:

- Interest on borrowings specifically financing the programme after deduction of interest on Social Housing Grant (SHG) in advance or
- Interest on borrowings of the company as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

v. Properties for sale

Shared ownership first tranches sales and completed properties for outright sale are disclosed as: a current asset stated at the lower of cost and net realisable value. Cost comprises materials, direct labour costs and other direct overheads, as identified above. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

w. Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of any transactional costs, and subsequently measured at amortised cost using the effective interest method, less any impairment.

x. Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

y. Employee benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

z. Finance leases

Where the Group enters into a lease which entails taking on substantially all the risks and rewards of ownership of an asset, the lease is treated as a “finance lease”. The asset is recorded in the Statement of financial position as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the Statement of comprehensive income, and the capital element which reduces the outstanding obligation for future instalments.

aa. Operating leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

bb. Stocks

The value of stock is shown at the lower of cost (the original purchase price) or net realisable value in accordance with accounting standards. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. The value of stores stock is calculated using the weighted average method.

cc. Bad and doubtful debts

Provision is made for current and former tenant arrears, as well as other miscellaneous debts (service charges, community alarm income, and fees receivable for the provision of services) to the extent that recovery is considered doubtful.

dd. Provisions

Due to the numbers of properties and the establishment of regular programme of repair and maintenance, the Group does not generally make a provision for future works. Actual costs are charged to the Statement of comprehensive income.

The Group will recognise provisions where it has a present obligation (legal or constructive) as a result of a past event or where a transfer of economic benefit will be required to settle the obligation and an estimate can be made.

Where properties are leased a provision will be made for dilapidations where specified in the terms of the lease based on the annual rent for that property.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

ee. Pensions

Connexus Homes Group participated in the following defined benefit pension schemes during the year. These were closed on 31 January 2024, following a period of consultation, to all members:

Local Government Pension Scheme (LGPS)

The Group had three LGPS schemes in place – two with Shropshire Council Pension Fund (Historic CH1L and CH3L) and one with Worcestershire Pension Fund.

The Group financial statements report pension obligations according to the requirements of FRS 102 –Multi-employer defined benefit schemes that identify individual employers' shares of underlying assets and liabilities are reflected in the Statement of Comprehensive Income and the Statement of financial position. The difference between the fair value of the assets held in the pension scheme and the scheme's liabilities are recognised in the Statement of financial position as a pension scheme asset or liability. Changes in the defined benefit pensions scheme asset or liability arising from factors other than cash contribution by the employer are charged to the Statement of comprehensive income or Other comprehensive income.

Social Housing Pension Scheme (SHPS)

This scheme is administered independently by The Pension Trust.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. In the year ended 31 March 2024, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 31 for details.

ff. Corporation tax

The charge for taxation is based on the results for the year and takes into account taxation deferred (or accelerated) because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax on a full provision basis.

Connexus Homes Limited is an exempt charity for tax purposes however they do undertake some non-charitable activities are therefore subject to Corporation tax on these non-charitable activities.

Where the Group undertakes activities that are outside of its charitable purpose and exceeds the permitted threshold corporation tax may be payable. Connexus Enterprise Limited, Herefordshire Capital plc, Rise Partnership Developments Limited and Floreat Living Limited are subject to taxation.

gg. Value Added Tax (VAT)

The Group is VAT registered, with a large proportion of its income being housing rents, and Right to Buy sales which are exempt for VAT purposes, while other income sources being standard, zero rated or outside of scope gives rise to a partial exemption calculation. Connexus Homes Limited, Floreat Living Limited and Connexus Enterprise Ltd are registered within the same VAT group. Rise Partnership Developments Limited has its own VAT registration.

The financial statements include VAT to the extent that it is suffered and not recoverable from HM Revenue and Customs. The balance recoverable or payable at the year-end is included as a current liability or asset.

hh. VAT sharing agreement

Connexus Homes Limited via the transfer agreement with North Shropshire District Council shares VAT savings arising out of the transfer in equal amounts. The related expenditure is shown gross, and the VAT recovered is shown as a credit against capital to identify it separately for future use.

Under the terms of the transfer agreement Connexus Homes Ltd has contracted to refurbish transferred properties and the amount due to the Association for the work is shown under debtors. The obligation to carry out these works is shown in the provisions for liabilities and charges. Following our assessment that the agreement has now ceased the asset and liability have been reduced to zero in year.

ii. Financial instruments

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

Basic financial instruments are recognised at amortised historical cost. Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses reported in surplus or deficit.

jj. Liquid resources

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving some notice of more than one working day.

3. Turnover, operating costs and operating surplus

The Groups activities consist solely of social housing and non-social housing activities within the UK.

Group 2024	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	58,236	-	(49,671)	8,565
Other social housing activities				
Current asset property sales	3,702	(2,705)	-	997
Supporting people	-	-	-	-
Other support services	1,919	-	(1,810)	109
Non-social housing activities				
Market sales	239	(247)	-	(8)
Other	3,446	-	(3,211)	235
Total from social and non-social housing activities	67,542	(2,952)	(54,692)	9,898
Surplus on disposal of fixed assets				5,616
Revaluation of investment properties				6
Impairment of other tangible fixed assets				-
Exceptional items				
Pension Risk Review & Cyber Support				(183)
Total operating surplus				15,337

Group 2023	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	53,851	-	(45,581)	8,270
Other social housing activities				
Current asset property sales	5,399	(4,126)	-	1,273
Supporting people	-	-	-	-
Other support services	1,852	-	(1,653)	199
Non-social housing activities				
Market sales	958	(1,048)	-	(90)
Other	3,568	-	(3,240)	328
Total from social and non-social housing activities	65,628	(5,174)	(50,474)	9,980
Surplus on disposal of fixed assets				1,876
Revaluation of investment properties				282
Impairment of other tangible fixed assets				127
Exceptional items				
Pension Risk Review & Stock Rationalisation				(84)
Total operating surplus				12,181

3. Turnover, operating costs and operating surplus (continued)

Group & Company	General needs housing £'000	Supported housing and housing for older people £'000	Intermediate rent housing £'000	Low cost home ownership £'000	Total 2024 £'000	Total 2023 £'000
Income						
Rent receivable	43,958	8,388	673	1,744	54,763	50,620
Service charges receivable	925	1,504	11	144	2,584	2,300
Amortised government grants	535	118	28	111	792	759
Other revenue grants	97	-	-	-	97	172
Turnover from social housing lettings	45,515	10,010	712	1,999	58,236	53,851
Operating Expenditure						
Management	(12,236)	(2,845)	(143)	(794)	(16,018)	(14,154)
Services	(1,739)	(1,825)	(11)	(148)	(3,723)	(2,989)
Routine maintenance	(16,522)	(2,217)	(31)	(17)	(18,787)	(16,853)
Planned maintenance	(322)	(70)	(1)	(21)	(414)	(744)
Bad debts	(353)	(166)	(3)	(7)	(529)	(392)
Depreciation of housing properties	(8,096)	(1,392)	(234)	(404)	(10,126)	(9,503)
Impairment of housing properties	(151)	-	-	-	(151)	-
Pension operating costs	58	14	1	4	77	(946)
Operating expenditure on social housing lettings	(39,361)	(8,501)	(422)	(1,387)	(49,671)	(45,581)
Operating surplus on social housing lettings	6,154	1,509	290	612	8,565	8,270
Voids losses	(1,077)	(265)	(16)	(75)	(1,433)	(1,187)
Prior period operating surplus on social housing lettings	7,416	378	171	305	8,270	

3. Turnover, operating costs and operating surplus (continued)

The companies activities consist solely of social housing and non-social housing activities within the UK.

Company 2024	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	58,236	-	(49,671)	8,565
Other social housing activities				
Current asset property sales	3,702	(2,705)	-	997
Other support services	1,919	-	(1,810)	109
Non-social housing activities				
Provision of services to group	628	-	(608)	20
Gift aid receipts from group entities	706	-	-	706
Market Sales - Land	239	(239)	-	-
Other	3,446	-	(3,204)	242
Total from social and non-social housing activities	68,876	(2,944)	(55,293)	10,639
Surplus on disposal of fixed assets				5,616
Revaluation of investment properties				6
Impairment of other tangible fixed assets				-
Exceptional items				
Pension Risk Review & Cyber Support				(183)
Total operating surplus				16,078

Company 2023	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	53,851	-	(45,581)	8,270
Other social housing activities				
Current asset property sales	5,399	(4,126)	-	1,273
Other support services	1,852	-	(1,653)	199
Non-social housing activities				
Provision of services to group	570	-	(553)	17
Gift aid receipts from group entities	554	-	-	554
Market Sales	958	(958)	-	-
Other	3,530	-	(3,161)	369
Total from social and non-social housing activities	66,714	(5,084)	(50,948)	10,682
Surplus on disposal of fixed assets				1,876
Revaluation of investment properties				282
Impairment of other tangible fixed assets				127
Exceptional items				
Pension Risk Review & Stock Rationalisation				(84)
Total operating surplus				12,883

4. Operating Surplus

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Operating surplus is arrived at after charging / (crediting)				
Depreciation and impairment				
Depreciation of housing properties	10,126	9,503	10,126	9,503
Impairment of housing properties	151	-	151	-
Depreciation of other fixed assets	838	927	838	927
Impairment of other fixed assets	-	(127)	-	(127)
Grant amortisation	(792)	(759)	(792)	(759)
Grant recognised in surplus on disposal of property	(29)	(369)	(29)	(369)
Operating lease rentals				
Service fleet	328	392	328	392
Office equipment	5	5	5	5
Auditors' remuneration (excluding VAT)				
for external audit services	65	64	40	40
Exceptional items				
Pension Risk Review & Cyber Support (Pension Risk Review & Stock Rationalisation 2023)	183	84	183	84
Corporate Restructure	-	-	-	-

5. Surplus on sale of fixed assets

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Disposal proceeds	8,774	2,689	8,774	2,689
Carrying value of fixed assets	(3,158)	(813)	(3,158)	(813)
Surplus on disposal of fixed assets	5,616	1,876	5,616	1,876

6. Accommodation in management

	2024 Number	2023 Number
Units owned / managed at end of year:		
General housing - social rent	7,008	7,022
General housing - affordable rent	1,556	1,483
Housing for older people and other supported housing	1,506	1,506
HFOP/SH - affordable rent	131	130
Intermediate rent	102	89
Shared ownership	478	443
Social housing owned	10,781	10,673
Market rent	33	33
Commercial units	43	44
Total Owned Units Managed	10,857	10,750
Leasehold properties	433	434
Total managed properties	11,290	11,184
Units out of management (included above)	41	42

7. Interest receivable and other income

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Interest receivable from deposits and investments	433	297	377	291
Interest receivable from deposits and investments intercompany	-	-	193	6
Pension Finance Net Interest receivable	170	-	170	-
	603	297	740	297

8. Interest and financing costs

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Interest payable on loans	10,350	9,748	10,350	9,748
Interest on finance leases	-	-	-	-
Other charges*	408	252	408	252
	10,758	10,000	10,758	10,000
Pension finance costs	84	453	84	453
Interest payable capitalised on housing properties under construction	(1,040)	(830)	(902)	(830)
Loan amortisation	295	203	295	203
Bond premium amortisation	(118)	(114)	-	-
	9,979	9,712	10,235	9,826

Capitalisation rate used to determine the finance costs capitalised during the financial year:

* incl interest charged in period from Sinking Funds £0.011m (£0.009m 2023) and RCGF £0.004 (£0.002m 2023)

9. Tax on surplus on ordinary activities

Connexus Homes Limited is an exempt charity for tax purposes and is therefore not liable to corporation tax on surpluses on its charitable activities. However, during the year, it has undertaken a number of activities that are outside of its charitable purpose and has exceeded the £80,000 permitted threshold.

The tax charge on the surplus / (deficit) on ordinary activities for the year was as follows:

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Current tax:				
UK Corporation tax on surplus for the year	-	-	-	-
Adjustment in respect of prior years	1	1	1	1
Total current tax	1	1	1	1
Total tax reconciliation:				
Surplus on ordinary activities before tax	5,960	2,766	6,582	3,354
Theoretical tax at UK corporation tax rate 25% (2023: 19%)	1,490	526	1,646	637
Adjustment in respect of prior years	1	1	1	1
Profit not taxable	(1,446)	(493)	(1,593)	(600)
Adjustments to tax *	(44)	(33)	(53)	(37)
	1	1	1	1

* this is relation to CIR and loss sharing

10. Employees

Average monthly number of colleagues (including the Chief Executive), employed during the financial year:

	2024 Group Number	2023 Group Number
Management and support	110	107
Development	17	18
Asset management	49	41
Housing management	91	93
Property and maintenance	215	201
Care and support	83	91
	565	551

Average monthly number of colleagues expresses in 35-hour full time equivalents (full-time staff actually work 35 / 37 hours)

	2024 Number	2023 Number
Management and support	96	93
Development	17	17
Asset management	47	40
Housing management	87	88
Property and maintenance	222	207
Care and support	74	78
	543	523

Colleague numbers are calculated on the basis of the average number employed each month.

	2024 £'000	2023 £'000
Wages and salaries	17,999	16,509
Social security costs	1,699	1,593
Other pension costs	1,518	2,403
	21,216	20,505

Including past pension deficit of £381,797 (SHPS £541,616 offset by LGPS £159,819 credit) (2023 £474,720 - SHPS £513,380 off set by LGPS £38,661 credit)

The full-time equivalent number of colleague who received remuneration (including employer pension contributions) greater than £60,000 (including the executive team)

Remuneration bandings for all employees earning over £60,000:	2024 Number	2023 Number
£160,001 to £170,000	-	1
£150,001 to £160,000	-	-
£140,001 to £150,000	1	-
£130,001 to £140,000	1	1
£120,001 to £130,000	1	-
£110,001 to £120,000	-	1
£100,001 to £110,000	1	-
£90,001 to £100,000	4	-
£80,001 to £90,000	5	2
£70,001 to £80,000	-	7
£60,000 to £70,000	-	-
	13	12

In addition to the above, £186,833 (£220,937 2023) were payable to a third party in relation to management services provided by 3 (2 2023) Interim Directors who would have earned over the earnings threshold on a FTE basis.

11. Board members and Executive Directors

The Directors of the Group are defined as the Chief Executive and any other person who is a full member of the Executive Management Team, or its equivalent. There are four Executive Directors all of whom accrue benefits under either the SHPS or LGPS pension scheme.

	2024 £'000	2023 £'000
Aggregate emoluments paid to non-executive directors (Board members)	90	95
Aggregate emoluments paid to executive directors	410	511
Pension payments relating to services as executive directors	36	46
	536	652

The Board members and Executive Directors are also directors of the subsidiaries within the Connexus Group. Their emoluments are paid by the parent company.

The emoluments of the highest paid Director in the year, Andrew Cooke, excluding pension contributions, were £135,000 (Richard Woolley £163,000 2023). The former Chief Executive was a member of the Local Government Pension Scheme. No further contributions were made to an individual pension arrangement for the Chief Executive. The new Chief Executive is a member of the SHPS DC scheme.

Director	Basic salary and additional payments £'000	Taxable benefits in kind £'000	Pension contributions £'000	Total 2024 £'000	Total 2023 £'000
Chief Executive (appointed 1/4/19, resigned 9/11/23)	106	10	19	135	189
Chief Executive (appointed 29/1/24)	36	3	5	44	-
Director of Customer Experience (appointed 10/01/22)	109	11	6	126	125
Director of People (appointed 4/1/21, resigned 14/8/22)	-	-	-	-	44
Director of Development (appointed 3/6/19, resigned 30/9/22)	-	-	-	-	63
Director of Resources (appointed 1/10/19)	123	12	6	141	136
	374	36	36	446	557

In addition to the above, £186,833 (£220,937 2023) were payable to a third party in relation to management services provided by 3 (2 2023) Interim Directors who would have earned over the earnings threshold on a FTE basis.

11. Board members and Executive Directors (continued)

The Directors and Board members listed below are directly employed and their emoluments paid by the parent Connexus Homes Limited.

Name	Appointed	Resigned / Retired	2024 £'000	2023 £'000
John Barker (Chair)	19/09/2019	14/10/2022	-	9.0
Andrew Battrum	19/09/2019		7.0	8.0
Nicola de longh	15/09/2020		10.0	10.0
Simon Ewins	15/09/2020		7.0	6.5
Simon Gibbs	19/09/2019		6.5	6.5
Maggie Punyer	19/09/2019	13/05/2024	7.0	8.6
Abigail Reilly	19/09/2019		7.0	8.0
Paul Smith	11/12/2018		6.9	6.9
Andrew Taylor	01/08/2019	13/05/2024	10.0	10.9
Nicholas Garner (Co-optee)	11/04/2019		3.5	3.5
Paul O'Driscoll (Co-optee)	20/03/2017		3.5	3.5
Imran Patel	15/09/2020		7.0	6.8
Michele Ibbs (Chair)	15/10/2022		15.0	7.0
			90.4	95.2

12. Tangible fixed assets – housing properties

Group	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Cost				
at 1 April 2023	436,501	19,265	40,913	496,679
Additions	-	32,691	-	32,691
Works to existing properties	8,070	12,724	55	20,849
Interest capitalised	-	1,040	-	1,040
Schemes completed	18,862	(24,149)	5,287	-
Transfer from investment properties	-	1,115	-	1,115
Transfer to current assets	197	(7,840)	(90)	(7,733)
Transfers	568	-	(568)	-
Disposals - Other	(1,633)	(40)	(262)	(1,935)
At 31 March 2024	462,565	34,806	45,335	542,706
Depreciation & Impairment				
at 1 April 2023	96,237	-	2,417	98,654
Depreciation charged in the year	9,722	-	404	10,126
Impairment charged in year	151	-	-	151
Transfer to current assets	-	-	(1)	(1)
Transfers	5	-	(5)	-
Released on disposal	(702)	-	(14)	(716)
At 31 March 2024	105,413	-	2,801	108,214
Net book value				
At 31 March 2024	357,152	34,806	42,534	434,492
At 31 March 2023	340,264	19,265	38,496	398,025

The table above includes the following in relation to properties being developed for market sale. Additions £5,596k; Interest £137k, Transfer to current assets (£5,733k). The Value for Money Metrics exclude these amounts.

12. Tangible fixed assets – housing properties (continued)

Company	Social housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership housing properties £'000	Total housing properties £'000
Cost				
at 1 April 2023	441,994	19,265	40,913	502,172
Additions	-	27,703	-	27,703
Works to existing properties	8,070	12,724	55	20,849
Interest capitalised	-	902	-	902
Schemes completed	19,470	(24,757)	5,287	-
Transfer from investment properties	-	1,115	-	1,115
Transfer to current assets	197	(2,106)	(90)	(1,999)
Transfers	568	-	(568)	-
Disposals - Other	(1,633)	(40)	(262)	(1,935)
At 31 March 2024	468,666	34,806	45,335	548,807
Depreciation & Impairment				
at 1 April 2023	96,237	-	2,417	98,654
Depreciation charged in the year	9,722	-	404	10,126
Impairment charged in the year	151	-	-	151
Transfer to current assets	-	-	(1)	(1)
Transfers	5	-	(5)	-
Released on disposal	(702)	-	(14)	(716)
At 31 March 2024	105,413	-	2,801	108,214
Net book value				
At 31 March 2024	363,253	34,806	42,534	440,593
At 31 March 2023	345,757	19,265	38,496	403,518

Housing properties, net of depreciation comprises:

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Freehold land and buildings	433,479	397,373	439,580	402,656
Long leasehold land and buildings	1,013	862	1,013	862
	434,492	398,235	440,593	403,518

Expenditure on works to existing properties

Group & Company	2024 £'000	2023 £'000
Components capitalised	20,849	14,548
Comprehensive Income	19,201	17,597
	40,050	32,145

Social housing assistance

Total social housing and other capital grants

Group & Company	2024 £'000	2023 £'000
Social housing assistance		
Total accumulated grant received or receivable at 31 March	81,436	79,079
Comprehensive Income	11,534	10,646
Grant received in advance	-	-
Held as deferred income	69,902	68,433
At 31 March	81,436	79,079

Impairment

Connexus Homes Limited assesses at each reporting date whether there is any indication that an asset (housing or non-housing) is impaired. The following indicators of impairment must, as a minimum, be considered by a social landlord in assessing whether there is an indication that assets are impaired:

- Contamination not identified as part of a development which results in a material increase in development costs;
- Change in government policy, regulation or legislation which has a material detrimental impact on the development scheme;
- Change in demand for a property;
- Material reduction in the market value of the property; and
- Obsolescence of the property e.g. Where it is probably that a plan to regenerate existing properties by demolishing them or replacing of components of existing properties will go ahead.

The Impairment review 2023/24 identified obsolescence of four properties at the Radcliffe Court block due to structural and external wall insulation remediation work requirements. This resulted in an impairment charge of £151,107 to be recognised in 2024 (£nil 2023).

Where a property is to be disposed, the net book value of these assets has been compared with the market value on disposal to determine whether impairment is required. No such properties existed at the year end.

13. Other fixed assets

Group & Company	Land and buildings £'000	Furniture fixtures and fittings £'000	Computers and other equipment** £'000	Vehicles, plant and equipment £'000	Total £'000
Cost					
At 1 April 2023	10,606	812	7,177	814	19,409
Transfer from Investment Properties	-	-	-	-	-
Additions	49	-	676	47	772
Disposals	(4,976)	-	-	-	(4,976)
At 31 March 2024	5,679	812	7,853	861	15,205
Capital Grants					
At 1 April 2023	-	-	6	-	6
Received in year	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2024	-	-	6	-	6
Impairment					
At 1 April 2023	1,499	-	-	-	1,499
Released on disposal	(1,499)	-	-	-	(1,499)
At 31 March 2024	-	-	-	-	-
Depreciation					
At 1 April 2023	2,194	794	6,318	706	10,012
Charged in the year	215	7	582	34	838
Released on disposal	(1,581)	-	-	-	(1,581)
At 31 March 2024	828	801	6,900	740	9,269
Net book value					
At 31 March 2024	4,851	11	947	121	5,930
At 31 March 2023	6,913	18	853	108	7,892

* includes closing intangible fixed assets NBV of £0.193m (£0.289m 2023) relating to Computer Software

14. Investment properties and non-social housing properties held for letting

Group & Company	2024 £'000	2023 £'000
Valuation		
At 1 April	5,777	7,160
Additions	-	(15)
Increase / (Decrease) in value	6	282
Transfer to Other Fixed Assets	-	(1,450)
Transfer to Properties Under Construction	(1,115)	-
Disposals	-	(200)
At 31 March	4,668	5,777

Investment properties were valued in 2024 by RICS registered valuers, Savills UK.

A number of investment properties saw increased valuations, and others impairments in valuation in the year ending 31 March 2024. The continued buoyancy in the properties markets gives the Board confidence that use of the valuations for the period ending 31 March 2024 is appropriate.

The transfer in year is for Edinburgh House which is planned to be redeveloped for mixed use Connexus office and social housing scheme.

15. Stock and properties held for sale

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Stock and work in progress:	312	457	312	457
Properties held for sale				
Shared ownership properties:				
Completed properties	470	1,540	470	1,540
Work in progress	2,767	2,634	2,767	2,412
Properties developed for outright sale:				
Completed properties	480	480	-	-
Work in progress	8,903	2,954	-	-
Land	-	239	-	239
Properties held for sale	12,620	7,847	3,237	4,191

16. Trade and other debtors: amounts falling due within one year

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Rent and service charges receivable	2,817	2,218	2,817	2,218
Less: Provision for bad and doubtful debts	(1,991)	(1,535)	(1,991)	(1,535)
Net rent arrears	826	683	826	683
Other debtors	1,916	822	1,916	822
Social housing grant receivable	-	-	-	-
Amounts owed by group undertakings	-	-	5,790	678
Other taxation and social security	85	99	-	-
Prepayments and accrued income	1,943	2,696	1,943	2,687
Other Debtors	3,944	3,617	9,649	4,187
	4,770	4,300	10,475	4,870

17. Debtors: amounts due after more than one year

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Prepayments due after more than one year	38	77	38	77
	38	77	38	77

18. Cash and short-term investments

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Short-term investments	4,219	22,923	4,125	18,766
Cash and cash equivalents	562	922	426	512
	4,781	23,845	4,551	19,278

19. Creditors: amounts falling due within one year

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Loans (Note 23 & Note 29)	345	1,055	345	1,055
Loans - Intercompany	-	-	-	-
Less: Issue costs	(277)	(277)	(258)	(259)
Less: Issue costs - Intercompany	-	-	(18)	(18)
Bond Premium	122	118	-	-
Trade creditors	3,830	3,619	2,954	2,789
Rent and service charges received in advance*	2,350	2,433	2,350	2,433
Other taxation and social security	416	425	482	452
Accruals and deferred income	6,640	7,347	3,591	4,251
Other creditors	957	839	957	839
Recycled capital grant fund (Note 22)	-	-	-	-
Deferred grant income (Note 21)	788	759	788	759
Other amounts owed to group undertakings	-	-	7,667	4,096
Receipts in advance	908	1,086	908	1,086
	16,079	17,404	19,766	17,483

* Rent and service charges received in advance include £0.488m (£0.412m 2023) related to accounts that have ended

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

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Loans (Note 23 & Note 29)	254,036	240,381	134,036	120,381
Loans - Intercompany	-	-	120,000	120,000
Less: issue costs	(2,378)	(2,553)	(1,681)	(1,838)
Less: issue costs - Intercompany	-	-	(696)	(715)
Recycled capital grant fund (Note 22)	112	42	112	42
Deferred income	-	-	-	-
Deferred grant income (Note 21)	69,114	67,674	69,114	67,674
Deferred bond premium	4,260	4,382	-	-
Improvement works	-	-	-	-
	325,144	309,926	320,885	305,544

21. Deferred grant income

Group & Company	2024 £'000	2023 £'000
At 1 April	68,433	65,730
Grant received in the year	2,357	3,853
Release of grant to Surplus on Disposal	(29)	(369)
Grant recycled	(67)	(22)
Released to income in the year	(792)	(759)
At 31 March	69,902	68,433
Amounts to be released within one year	788	759
Amounts to be released in more than one year	69,114	67,674
At 31 March	69,902	68,433

22. Recycled capital grant fund

Group & Company	2024 £'000	2023 £'000
At 1 April	42	114
Grants recycled	67	22
Interest accrued	3	2
Withdrawals	-	(96)
	112	42
Repayment of grant	-	-
At 31 March	112	42
Amount of grant due for repayment	-	-

23. Debt analysis

The funding has been sourced directly by Connexus Homes Ltd or Bond finance funding by the funding vehicle Herefordshire Capital PLC (H.Cap) and on-lent to Connexus Homes Ltd on the terms detailed in the table. All loans are fully secured against properties charged to M&G Security Trustees

	Source	Terms of repayment	2024 £'000	2023 £'000
NatWest	C.Homes	16 years	25,245	25,966
NatWest	C.Homes	22 years	55,000	55,000
RBS Revolver	C.Homes	3 years	-	-
Natwest Revolver	C.Homes	3 years	14,000	-
Lloyds Revolver	C.Homes	3 years	-	-
Canada Life	C.Homes	23 years	25,000	25,000
Shropshire Council	C.Homes	13-17 years	7,136	7,470
Lloyds Bank	C.Homes	14 years	8,000	8,000
Bond Finance	H.Capital	26 years	120,000	120,000
Total borrowings			254,381	241,436
Less: Issue Costs			(2,655)	(2,830)
			251,726	238,606

Based on the lenders earliest repayment date, borrowings are repayable as follows: Accounted for at amortised cost

	2024 £'000	2023 £'000
Within one year or on demand	68	778
One year or more but less than two years	1,522	68
Two years of more but less than five years	20,085	7,709
Five years or more	230,051	230,051
	251,726	238,606

24. Financial commitments

Group and Company	2024 £'000	2023 £'000
Authorised expenditure not contracted	157,942	194,531
Authorised expenditure contracted	45,596	20,237
	203,538	214,768

At the reporting date the Group had £0.6m of cash and cash equivalents, £4.2m short term investments and £66.0m of approved undrawn funding. The remaining £132.7.0m is expected to be funded by reserves, future surpluses, Social Housing Grant, loan finance and new build asset sales.

The Group and Company were committed to making the following future minimum lease payments under non-cancellable operating leases.

Group and Company	2024 £'000	2023 £'000
Due within one year	415	478
Due within two and five years	1,192	405
	1,607	883

25. Provisions for liabilities

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost for the period of absence. The contract provision represents the liability with a subcontracting third party over a contract completion dispute.

Group & Company	Leave Pay £'000	SP Contracts £'000	LCHO Repairs £'000	Contract £'000	Total £'000
At 1 April 2023	240	70	-	-	310
Additions	-	-	12	198	210
Reversals	(6)	(70)	-	-	(76)
At 31 March 2024	234	-	12	198	444

26. Called up share capital

	2024 Group £	2023 Group £	2024 Company £	2023 Company £
<i>Issued and fully paid shares of £1 each:</i>				
At 1 April	9	11	9	11
Issued during the year	1	-	1	-
Relinquished during the year	-	(2)	-	(2)
At 31 March	10	9	10	9

The shareholders do not have the right to dividends, redemptions or distributions.

27. Reconciliation of operating surplus to net cash flow from operating activities

Group	2024 £'000	2023 £'000
Operating surplus	15,337	12,181
Depreciation of housing properties	10,126	9,503
Impairment of housing properties	151	-
Depreciation of other fixed assets	838	927
Impairment of other fixed assets	-	(127)
Movement in valuation of investment properties	(6)	(282)
Movement in properties held for sale	(4,773)	1,544
Surplus on disposal of properties	(5,616)	(1,876)
Other loss on disposal	(43)	372
Movement in stock	145	397
Movement in debtors	(431)	(765)
Movement in creditors	(648)	(2,182)
Movement in provisions	134	59
Pension cost less contributions payable	(510)	449
Taxation	1	1
Government grants utilised in the year	(821)	(1,128)
Net cash flow from operating activities	13,884	19,073

28. Analysis of changes in net debt

Group	1 April 2023 £'000	Cashflow £'000	Non-cash £'000	31 March 2024 £'000
Cash	922	(360)	-	562
Short term investments	22,923	(18,704)	-	4,219
	23,845	(19,064)	-	4,781
Debt (loans)	(241,436)	(12,945)	-	(254,381)
Debt (finance leases)	-	-	-	-
Issuance costs	2,830	120	(295)	2,655
	(214,761)	(31,889)	(295)	(246,945)

29. Financial assets and liabilities

Other than short-term debtors, financial assets held are cash deposits at bank or placed on money markets at call or invested in sterling gilts. They attract interest at variable rates and amounts held are shown below:

	2024 Group £'000	2023 Group £'000	2024 Company £'000	2023 Company £'000
Call account deposits & gilts (On which floating interest is earned)	4,219	22,923	4,125	18,766
Current account deposits (On which no interest is earned)	562	922	426	512
Total financial assets	4,781	23,845	4,551	19,278

Financial liabilities excluding trade creditors

	2024 £'000	2023 £'000
Under one year	-	-
Within two to five years	14,000	-
After five years	240,381	241,436
Interest rate basic:		
Fixed	94.5%	99.7%
Floating	5.5%	0.3%

Based on final repayment date

The weighted average percentage of financial liabilities is 4.25% in 2024. (2023: 4.37%).

The interest rate profile of the group's financial liabilities at 31 March was:

	2024 £'000	2023 £'000
Fixed Rate	240,315	240,649
Variable Rate	14,066	787
Total Borrowings	254,381	241,436

Borrowing facilities

The group has undrawn committed borrowing facilities

	2024 £'000	2023 £'000
Two years of more but less than five years	66,000	80,000
Five years or more	-	-
	66,000	80,000

Financial risk management

Risk Management

The Corporate Finance team is responsible for the management of funds and control associated risks. Its activities are governed by the Group Board who are responsible for treasury issues in all Connexus Homes Limited legal entities which include this company.

Interest rate risk

The Group currently borrows on a fixed rate basis from the capital market through Herefordshire Capital which on-lends these funds to Connexus Homes Limited which then on-lends to the other entities in the Group on a similar fixed rate basis. The group also borrows at floating rates through its RCF facility.

The Group does not have any hedging activities and it does not have any derivatives.

The interest rate on all Herefordshire Capital borrowing is fixed at 4.193% until 2049.

30. Contingent liabilities and Contingent Assets

As at 31 March 2024 the company had nil contingent liabilities (£nil 2023).

As at 31 March 2024 the company removed the Defined Benefit Pension contingent asset of £3.53m disclosed at 31 March 2023 (Worcester Pension Fund £2.468m, Shropshire County Pension Fund £1.062m).

31. Pensions

All the company's employees are eligible to join the Social Housing Pension Scheme (SHPS) defined contribution scheme. During the year Connexus also operated three legacy defined benefit schemes which were not open to new members, Shropshire County Pension Fund (SCPF), Worcester Pension Fund (WPF), and the Social Housing Pension Scheme. These defined benefit schemes were closed to all members on 31 January 2024 following a period of consultation. All of the present value information in the tables of this note in relation to the SCFP and WPF is as at the cessation date of 31 January 2024. Further information on each defined benefit scheme is given below.

	2024 Group £'000	2023 Group £'000
Total pension liability comprises of:		
SHPS	2,147	2,037
Shropshire Council (LGPS) for 430	-	-
Shropshire Council (LGPS) for 455	56	-
Worcester County Council (LGPS)	-	-
	2,203	2,037

	2024 Group £'000	2023 Group £'000
Total pension asset comprises of:		
Shropshire Council (LGPS) for 430	1,212	-
Shropshire Council (LGPS) for 455	-	-
Worcester County Council (LGPS)	850	675
	2,062	675

The SCPF asset and liability have been included in the Connexus accounts as per the fund termination certificates. The WPF has been included at the value determined by the Administering Authority. In 2023 an asset ceiling was applied and reviewed in 2024 based on recovery certainty as detailed in Note 2 C.

Shropshire County Pension Fund (SCPF)

The Shropshire County Pension Fund is a local Government Pension Scheme and is a multi-employer defined benefit scheme. The scheme is funded and is contracted out of the state scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The last actuarial valuation was completed as at 31 March 2022. At this date the market valuation of the whole scheme assets was valued at £2,339m.

The market value of the Group's share of the scheme assets at 31 January 2024, being the date of cessation, was £11.53m (31 March 2023: £10.96m) representing a funding level of 118% (2023: 111%) based on liabilities valued on actuarial assumptions. Liabilities having a market value of £9.78m (2023: £9.90m).

Employer's contributions to the SCPF by the Group for the year ended 31 March 2024 were £0.13m (2023: £0.09m). Employer's contribution rates were 0% Employer ref: 430 and 23.2% Employer ref: 455, during the financial year (2023: 0% 430, 22.3% 455) plus an annual past service deficit payment of £nil (2023: £0.004m)

Employers can opt to make an additional contribution to cover the McCloud judgement, Connexus has opted to do so, and it is included in the Secondary rate.

In practice, each employer's position is assessed, and separate employer contribution rates are set based on individual employer circumstances.

There is no provision for unitising the assets of the SCFP under the Local Government Pension Scheme Regulations. The above assets are allocated as a whole to participating bodies on a consistent and reasonable basis and overall investment performance is attributed to employers on a pro-rata basis (i.e. a notional individual employer investment strategy that is identical to that adopted for the scheme as a whole).

The Principle assumptions at the Statement of Financial Position date are: (SCPF)

Financial assumptions	2024 % per annum	2023 % per annum
	430 & 455	430 & 455
Inflation assumption (CPI)	2.60	2.70
Future salary increases	3.85	3.95
Future pension increases	2.70	2.80
Discount rate	4.90	4.90

Post retirement mortality assumptions:	2024 No. of Years	2023 No. of Years
Retiring today:		
Current pensioners - Male	21.8	22.2
- Female	24.2	24.5
Retiring in 20 years:		
Future pensioners - Male	23.1	23.5
- Female	26.0	26.3

Analysis of the amount charged to the Statement of Comprehensive Income (SCPF)

	2024 £'000	2023 £'000
Current service costs	92	185
Past Service Costs	-	-
Administration expenses	4	4
Amounts charged to operating costs	96	189

	2024 £'000	2023 £'000
Interest on pension liabilities	396	374
Expected return on assets	(443)	(311)
Amounts charged to other finance costs	(47)	63

Statement of total recognised surpluses and deficits (SCPF)

	2024 £'000	2023 £'000
Remeasurements in year (liabilities and assets)	608	3,517
Internal judgement - asset ceiling (applied) / reversed	1,062	(1,062)
FRS102 to actual termination basis difference in assumptions	(598)	-
Actuarial gain / (loss) recognised	1,072	2,455

*Further information about Asset Ceiling contained in Note 2 C Defined Benefit Obligations.

Analysis of the amount recognised in the Statement of Financial Position (SCPF)

	2024 £'000	2023 £'000
Present value of funded benefit obligations	9,775	9,899
Fair value of plan assets	(11,529)	(10,961)
Internal judgement - asset ceiling applied FRS102 to actual termination basis difference in assumptions	598	-
(Surplus) / deficit related to the Group	(1,156)	-
Net (asset) / liability to the Group	(1,156)	-

*Further information about Asset Ceiling contained in Note 2 C Defined Benefit Obligations.

Change in benefit obligation during the financial year (SCPF)

	2024 £'000	2023 £'000
Opening scheme liabilities	9,899	13,527
Current service cost	92	185
Interest on pension liabilities	396	374
Member contributions	28	34
Past service cost (gain)	-	-
Re-measurements - gain/(loss): experience	25	848
Re-measurements - gain: assumptions	-	-
Remeasurements - loss on financial	(112)	(4,515)
Remeasurements - gain on demographic	(125)	(200)
Curtailments	-	-
Benefits paid	(428)	(354)
Present value of benefit obligation at end of the year	9,775	9,899

Change in plan assets during the financial year (SCPF)

	2024 £'000	2023 £'000
Opening fair value of plan assets	10,961	11,233
Interest on plan assets	443	311
Remeasurements (assets)	396	(350)
Administration expenses	(4)	(4)
Employer contributions	133	91
Member contributions	28	34
Benefits / transfers paid	(428)	(354)
Closing fair value of plan assets	11,529	10,961

The actual return on the plan assets was £0.835m increase in year (2023: £0.049m reduction)

Analysis of plan assets (SCPF)

	2024 %	2023 %
Equities	56.5	51.1
Other bonds	14.6	18.8
Property	3.5	3.3
Cash / Liquidity	1.4	0.5
Other	24.0	26.3

History of experience gains and losses (SCPF)

	2024 £'000	2023 £'000
Defined benefit obligation	(9,775)	(9,899)
Plan assets	11,529	10,961
Internal judgement - asset ceiling (applied) FRS102 to actual termination basis difference in assumptions	- (598)	(1,062) -
(Deficit) 455	(56)	-
Surplus 430	1,212	-
Gains / (losses) on plan liabilities	212	3,867
(Losses) / gains on plan assets	396	(350)
Internal judgement - asset ceiling (applied) / reversed	1,062	(1,062)
FRS102 to actual termination basis difference in assumptions	(598)	-

*Further information about Asset Ceiling contained in Note 2 C Defined Benefit Obligations.

Worcestershire Pension Fund (WPF)

The WPF is a multi-employer scheme with more than one participating employer, which is administered by Worcestershire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The last actuarial valuation was completed as at 31 March 2022.

The market value of the overall scheme assets at 31 March 2022 was £3,585m.

The market value of the Company's share of the scheme assets at 31 January 2024, being the date of cessation, was £35.96m (31 March 2023 £34.09m) representing a funding level of 109% (2023 110%) based on the liabilities valued on actuarial assumptions. Liabilities had a market value of £33.04m (2023 £30.95m).

Employers' contributions to the WPF by the Company for the year ended 31 March 2024 were £0.39m (2023 £0.57m). Less a Past Service Deficit Credit of £0.18m (2023 £0.04m)

The Company's employer's contribution rate was 19.5% during the financial year (2023: 17.5%).

Employers can also opt to make an additional contribution to cover the McCloud judgement, Connexus has opted to do so, and it is included in the Secondary rate.

In practice, each employer's position is assessed, and separate employer contribution rates are set based on individual employer circumstances.

There is no provision for unitising the assets of the WPF under the Local Government Pension Scheme Regulations. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis and overall investment performance is attributed to employers on a pro-rata basis (i.e. a notional individual employer investment strategy that is identical to that adopted for the Scheme as a whole).

The principle assumptions at the Statement of Financial Position date are: (WPF)

Financial assumptions	2024 % per annum	2023 % per annum
Inflation assumption (CPI)	2.4	2.7
Future salary increases	3.9	4.2
Future pension increases	2.4	2.8
Discount rate	4.2	4.8

Mortality assumptions	2024 No. of Years	2023 No. of Years
Retiring today:		
Current pensioners - Male	22.3	22.0
- Female	24.6	24.2
Retiring in 20 years:		
Future pensioners - Male	24.6	23.3
- Female	27.3	26.1

Analysis of the amount charged to the Statement of Comprehensive Income (WPF)

	2024 £'000	2023 £'000
Current service costs	532	1,429
Past service costs	-	-
Administration expenses	-	14
Amounts charged to operating costs	532	1,443

	2024 £'000	2023 £'000
Interest on pensions liabilities	1,245	1,317
Expected return on assets	(1,368)	(977)
Amounts charged to other finance costs	(123)	340

Statement of total recognised surpluses and deficits (WPF)

	2024 £'000	2023 £'000
Remeasurements (liabilities & assets)	(201)	17,050
Internal judgement - asset ceiling applied	2,468	(2,468)
Administering Authority determination	(2,068)	-
Actuarial gain / (loss) recognised	199	14,582

*Further information about Asset Ceiling contained in Note 2 C Defined Benefit Obligations.

Analysis of the amount recognised in the Statement of Financial Position (WPF)

	2024 £'000	2023 £'000
Present value of funded benefit obligations	33,044	30,951
Fair value of plan assets	(35,962)	(34,094)
Internal judgement - asset ceiling applied	-	2,468
Administering Authority determination	2,068	-
(Surplus) / deficit related to the Company	(850)	(675)
Net (Asset) / liability to the Company	(850)	(675)

*Further information about Asset Ceiling contained in Note 2 C Defined Benefit Obligations.

Change in benefit obligation during the financial year (WPF)

	2024 £'000	2023 £'000
Opening scheme liabilities	30,951	47,328
Current service cost	532	1,429
Interest on pension liabilities	1,245	1,317
Member contributions	202	252
Re-measurements - gain/(loss): experience	(1,469)	3,425
Re-measurements - gain: assumptions	-	(21,191)
Remeasurements - gain on financial assumptions	1,276	-
Remeasurements - gain on demographic assumptions	944	(749)
Benefits paid	(637)	(860)
Present value of benefit obligation at end of the year	33,044	30,951

Change in plan assets during the financial year (WPF)

	2024 £'000	2023 £'000
Opening fair value of plan assets	34,094	34,634
Interest on plan assets	1,368	977
Remeasurements (assets)	550	(1,465)
Administration expenses	-	(14)
Employer contributions	385	570
Member contributions	202	252
Benefits / transfer paid	(637)	(860)
Closing fair value of plan assets	35,962	34,094

Analysis of plan assets (WPF)

The major categories of plan assets as a percentage of total plan assets are:

	2024 %	2023 %
Equities	61	72.2
Government Bonds	-	-
Other bonds	7	2.6
Property	22	8.6
Cash / Liquidity	1	1.5
Other	9	15.1

History of experience gains and losses (WPF)

	2024 £'000	2023 £'000
Defined benefit obligation	(33,044)	(30,951)
Plan assets	35,962	34,094
Internal judgement - asset ceiling applied	-	(2,468)
Administering Authority determination	(2,068)	-
Asset / (Deficit)	850	675
Gains / (losses) on plan liabilities	(751)	18,515
(Losses) / gains on plan assets	550	(1,465)
Internal judgement - asset ceiling applied	2,468	(2,468)
Administering Authority determination	(2,068)	-

*Further information about Asset Ceiling contained in Note 2 C Defined Benefit Obligations.

Social Housing Pension Scheme (SHPS)

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Connexus were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these items. The Trustee is seeking clarification from the Court on these items. The Court hearing is scheduled for February 2025 with a judgement known later in 2025, at which time the Trustee will consider the Court's directions. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. Connexus note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

The principal assumptions at the Statement of Financial Position are: (SHPS)

	2024 % per annum	2023 % per annum
Financial assumptions		
Discount rate	4.92	4.84
Inflation (RPI)	3.11	3.17
Inflation (CPI)	2.79	2.79
Salary growth	3.79	3.79
Allowance for commutation of pension for cash at retirement	75% of max allow	75% of max allow

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies

	Life expectancy at age 65 Years 2023	Life expectancy at age 65 Years 2023
Post retirement Mortality assumptions:		
Retiring today:		
Current pensioners - Male	20.5	21.0
- Female	23.0	23.4
Retiring in 20 years:		
Future pensioners - Male	21.8	22.2
- Female	24.4	24.9

Analysis of the amount charges to the Statement of Comprehensive Income (SHPS)

	2024 £'000	2023 £'000
Current service costs	(22)	1
Expenses	18	16
Amounts charged to operating costs	(4)	17
Interest on pension liabilities	556	484
Expected return on assets	(472)	(434)
Amounts charged to other finance costs	84	50
Total recognised in statement of comprehensive income	80	67

Statement of total recognised surpluses and deficits (SHPS)

	2024 £'000	2023 £'000
Remeasurements in year (liabilities & assets)	(646)	(437)

Analysis of the amounts recognised in the Statement of Financial Position (SHPS)

	2024 £'000	2023 £'000
Present value of funded benefit obligations	11,218	11,556
Fair value of plan assets	(9,071)	(9,519)
Deficit related to the Group	2,147	2,037
Net liability to the Group	2,147	2,037

Change in the benefit obligation to 31 March (SHPS)

	2024 £'000	2023 £'000
Opening benefit obligation	11,556	17,554
Current service cost	(22)	1
Expenses	18	16
Interest Cost	556	484
Member contributions	57	65
Actuarial losses (gains) - Experience	(411)	(468)
Actuarial losses (gains) - Demographics	(113)	(24)
Actuarial losses (gains) - Financial	(170)	(5,754)
Curtailments	-	-
Benefits paid and expenses	(253)	(318)
Closing benefit obligation	11,218	11,556

Change in plan assets to 31 March (SHPS)

	2024 £'000	2023 £'000
Opening fair value of plan assets	9,519	15,482
Interest income	472	434
Remeasurements - Experience gain / (loss)	(1,340)	(6,683)
Employer contributions	616	539
Member contributions	57	65
Benefits paid and expenses	(253)	(318)
Closing fair value of plan assets	9,071	9,519

The actual return on plan assets (including and change in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£868,000)

Analysis of plan assets (SHPS)

	2024 £'000	2023 £'000
Global equity	904	178
Absolute return	354	103
Distressed opportunities	320	288
Credit relative value	297	359
Alternative risk premia	288	18
Emerging market debt	117	51
Risk sharing	531	701
Insurance-linked securities	47	240
Property	364	410
Infrastructure	916	1,087
Private debt	7	424
Opportunistic liquid credit	357	407
High Yield	355	33
Opportunistic Credit	1	1
Cash	179	69
Corporate bond fund	-	-
Long lease property	59	287
Secured income	271	437
Liability driven investment	3,692	4,384
Currency Hedging	(4)	18
Net current assets	16	24
Total assets	9,071	9,519

32. Related party transactions

Defined Benefit Pension Schemes

Related party transactions exist between Connexus Homes and SHPS, the SCCPF and the WPF these relate to Defined Benefit pension schemes as disclosed in Note 31.

33. Disclosure of group activity

Intra group transactions

Debtor and creditor balances between members of the Group are either debt subject to a market rate of interest, or trading balances which are non-interest bearing and are due to be settled within one year of their recognition. Costs are recharged to Floreat Living Limited at cost and to Rise Partnerships Development Limited at cost plus 5%.

Floreat Living Ltd. Is a subsidiary of Connexus Homes Limited providing design build and property sales services for the open market properties.

Rise Partnerships Development Limited charge Connexus Homes Limited at cost plus 5%. In accordance with FRS102, the group has taken advantage of the exemption from disclosing transactions or balances with entities which form part of the group.