



South Tyneside Council's
Housing Company

Annual report and financial statements
Year ended 31 March 2022
Registered Number 05381705

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Foreword by the Chair

Welcome to the South Tyneside Homes Limited annual review for 2021/22.

During the year we have continued to prioritise the safety and wellbeing of our customers. We have maintained legal and regulatory compliance throughout the ongoing challenges of the pandemic and a volatile economic backdrop.

We have developed our strategic priorities for the next 5 years, including our new Corporate Plan, values and a range of associated strategies. Our strategies have been based on listening to our staff and our customers.

We have recognised that our people are our most important asset and we have developed a comprehensive plan that helps us achieve our strategic objective of being an Employer of Choice.

I am proud to have been appointed as the Chair for South Tyneside Homes and I look forward to working with the Board and executive team to continue to deliver high performing services that meet the priorities of our residents and South Tyneside Council.



Richard Porthouse
Chair

Board and Advisors

Tenant Directors:

Joyce Smith	Retired 9 November 2021
Michael Laidler	
Joyce Welsh	Re-appointed 9 November 2021 & Retired 17 May 2022
Sean McDonagh	
Ronnie Miller	Appointed 15 February 2022

Independent Directors:

Ian Farrar	Retired 9 November 2021
Sarah French	Re-appointed 10 November 2020
Gwen Smith	
Lisa Coverdale	
Jon Knight	Appointed 29 March 2022
Matthew Doyle	Appointed 9 November 2021 & Retired 9 December 2021

Council Nominated Directors:

Edward Malcolm (Chair to 18 May 2022)	Retired 17 May 2022
James Sewell (Vice Chair to 18 May 2022)	Retired 17 May 2022
James Foreman	Retired 18 May 2021
Margaret Peacock	Retired 18 May 2021
Sarah Duncan	Appointed 18 May 2021 & Retired 17 May 2022
Judith Taylor	Appointed 18 May 2021 & Retired 17 May 2022
Richard Porthouse (Chair from 27 May 2022)	Appointed 18 May 2022
Audrey Huntley	Appointed 18 May 2022
Wilf Flynn	Appointed 18 May 2022
Joyce Welsh	Appointed 18 May 2022

Secretary and Registered Office:

Rachel Taylor
Director of Housing & Corporate Services
South Shields Town Hall
Westoe Road
South Shields
Tyne and Wear
NE33 2RL

Internal Auditor:

South Tyneside Council
South Shields Town Hall
Westoe Road
South Shields
Tyne and Wear
NE33 2RL

External Auditor:

RSM UK Audit LLP
1 St James' Gate
Newcastle Upon Tyne
NE1 4AD

Solicitor:

John Rumney
Corporate Lead Legal and Governance and Deputy Monitoring Officer
South Tyneside Council
South Shields Town Hall
Westoe Road
South Shields
Tyne and Wear
NE33 2RL

Bankers:

Lloyds Bank
South Shields Branch
101-103 King Street
South Shields
Tyne & Wear
NE33 1DT

Strategic report for the year ended 31 March 2022

The Board of South Tyneside Homes Limited (trading as "South Tyneside Homes") presents its annual report and financial statements for the year ended 31 March 2022.

Principal Activity

The principal activity of the company is the day-to-day provision of housing management, repair and improvement services to the housing stock of South Tyneside Council.

Business Review

The Company made an operating loss of £7,108k (£3,391k loss for 2021). The 2021/22 loss included a pension adjustment of £6,790k (£3,810k in 2021) as calculated by AON Hewitt and representing the difference between the pension charge against operating deficit and the cash contributions we make. Excluding this adjustment, the underlying deficit for 2021/22 was £318k (£419k surplus in 2021).

The financial performance for 2021/22 can be analysed as follows:

Statement of Consolidated Income (Extract)	£'000
Operating Deficit before pension adjustment	(318)
Pension adjustment *	<u>(6,790)</u>
Operating deficit	<u>(7,108)</u>
Interest Receivable	3
Finance cost - interest on pension scheme	<u>(1,530)</u>
Deficit for the year before tax	<u>(8,635)</u>

*Current service cost plus past service cost less contributions by employer

Statement of Financial Position (extract)	As at 31.3.2022 £'000k	As at 31.3.2021 £'000k
Current assets		
Debtors	5,181	5,274
Cash at bank and in hand	<u>1,866</u>	<u>1,976</u>
	7,047	7,250
Creditors: amounts falling due within one year	<u>(4,632)</u>	<u>(4,520)</u>
Net current assets	2,415	2,730

The increase in creditors and reduced cash position through the financial years led to the reduced net current assets position as at 31 March 2022.

Reserves policy

South Tyneside Homes Board has considered it requires a minimum level of reserves before pension to deal with unexpected expenditure or shortfalls in income. The Board agreed on 29 March 2022 the minimum level of reserves before pension is £1,614k for the 2022/23 financial year, due to the following factors:

- inflationary increases above those assumed in the budget
- resources required to achieve STH strategic objectives and corporate strategies
- additional demand on services

The Board will review the minimum level of reserves before pension on an annual basis as part of the budget setting process.

South Tyneside Homes Vision and Strategic Objectives

Following consultation with staff, customers and the Board, in March 2022 South Tyneside Homes' Board agreed a new vision and strategic objectives:

Vision

Our vision is :

'Providing excellent services and quality homes where customers feel safe and supported'

Strategic Objectives

Our strategic objectives are:

- Providing quality homes
- Sustaining tenancies and neighbourhoods
- Delivering great customer service
- Engaging with customers to improve services and influence decisions
- Employer of choice, efficient and well governed

Strategic Challenges for Housing in South Tyneside

There are some key strategic challenges influencing the Borough's housing and investment priorities for the future which will influence the alignment of services that we deliver.

These factors include:

- An 'older' resident demographic profile, with changing housing needs and expectations.
- Changing tenure mix and the impact of right to buy policies within the Borough

- The impact of new development on the sustainability of social housing stock.
- Sustainability of tenancies, particularly for first time and vulnerable tenants.
- Impact of wider social issues on residents' health and well-being, including aspects that may have been exacerbated by the pandemic such as mental health and loneliness.
- Rising cost of living affecting tenants ability to pay their rent, maintain their home and keep it warm.
- Shortage of labour and materials.
- Ensuring that the housing stock meets the government policy requirements in relation to carbon reduction.
- The impact of macro-economic issues, including inflation rising exponentially.

The strategic challenges for housing feed into our priorities as we work together with the Council and with other partners, towards achieving the vision for the Borough. South Tyneside Homes is pivotal to an integrated approach through its evolving multi-tenure service delivery encompassing the wider community and through its work with tenants who can be some of the most vulnerable in the Borough's communities.

Management Agreement

In February 2021 South Tyneside Council agreed to extend the Management Agreement with South Tyneside Homes by a further five years to 31 March 2026. South Tyneside Homes welcomed this opportunity to continue to deliver excellent services on behalf of South Tyneside Council.

Delivery Plan

The Delivery Plan sets out how the Company and South Tyneside Council will work together to deliver key priorities for housing related investment and area management in the Borough. This Delivery Plan forms part of South Tyneside Homes' governance arrangements and was developed by working closely with South Tyneside Council and is in accordance with the requirements of the Management Agreement.

The 2022/23 to 2025/26 Service Improvement Priorities set out within the delivery plan, linked to the strategic objectives are:

Providing Quality Homes

- Work in partnership with STC to develop a New Build specification for houses post 2025 and to meet STC carbon reduction goals.
- Prepare for and implement legislative changes to buildings safety.
- Introduce Repairs Tracking functionality for our tenants.
- Work in partnership with STC to develop a robust Asset Management Plan to ensure effective asset management and delivery of capital investment programmes to meet relevant standards and government targets.

Sustaining tenancies and neighbourhoods

- Work in partnership with STC to review our Emergency and Temporary Accommodation offer to meet the demand of the service and needs of our customers.
- Work in partnership with STC to develop and embed the Performance Management Framework to underpin the implementation of the South Tyneside Council's Anti-Social Behaviour Policy.
- Work in partnership with STC to ensure all services are delivered to promote safeguarding and address domestic abuse.
- Work in partnership with STC to develop and deliver a new Housing Plus strategy.
- Implement the Financial Inclusion Strategy.
- Work in partnership with South Tyneside Council to develop the homelessness prevention service and ensure it meets its statutory responsibilities.
- Work with STC to review and agree standards and maintenance of neighbourhoods

Delivering great customer service

- Develop our digital services to meet the needs of our customers, provide good quality options for self-service and enable a single view of the customer.
- Improve internal customer service and communication in order to enhance the services we deliver to our customers

Engaging with customers to improve services and influence decisions

- Customer engagement and transparency will inform all aspects of the business.
- The organisation will understand the diverse needs of residents and use this to drive continuous service improvement and performance.
- We will engage with residents about safety at home and the management of the buildings they live in.
- Listen to the views of all of our residents by offering a menu of involvement opportunities to residents that suit their varying needs, preferences and expectations.
- Engage residents in our aim to improve communities and neighbourhoods across South Tyneside.
- Resident empowerment, skills and confidence will be improved through a diverse training programme.
- The impact and outcomes of engagement will be clearly communicated to ensure that residents feel their views are listened to and acted upon to make a positive difference in their communities.
- The latest technology will be utilised to modernise and promote resident engagement, participation and feedback. To widen the reach of engagement and make it more flexible for all.

Employer of choice, efficient and well governed

- Develop a pro-active approach to engage and ensure the wellbeing of our staff.
- Develop a modern and efficient approach to recruit and retain high quality, diverse staff.
- Ensure that our staff are skilled and knowledgeable to meet current and future challenges.
- Develop our workforce plan to meet the future needs of the business.
- Develop a coordinated approach to data management to ensure the integrity of data and that it is capable of being an asset to the business.
- Develop and consolidate our ICT infrastructure to ensure seamless processes for staff and customer and maintain data integrity.
- Maximise the use of technology to enable smarter ways of working.
- Implement the requirements of the NHF Code of Governance

The COVID-19 Pandemic and its Financial Impact on South Tyneside Home

The global COVID-19 pandemic had a significant impact on South Tyneside Homes. During the financial years 2020/21 and 2021/22 Government imposed several lockdowns on England and the North East of England also suffered long periods of local restrictions. During the early lockdowns in 2020 South Tyneside Homes moved to delivering services providing support, keeping customers and communities safe and maintaining legal and regulatory compliance. The government restrictions prevented South Tyneside Homes delivering improvement works, for example building new homes and replacing kitchens and bathrooms. The Board agreed to draw upon government supports through the Job Retention Scheme to support the cost of staff employed to deliver these schemes from May 2020 to July 2020. South Tyneside Homes recommended delivery of improvement works from August 2020.

The Council provided additional financial support of £209k during 2021/22 (£363k in 2021) to South Tyneside Homes to meet the additional costs associated with the pandemic, for example additional Personal Protective Equipment (PPE) and temporary accommodation costs to ensure there was no street homelessness as required by the Government's 'Everyone In' initiative. The additional income is recognised within Turnover as Other Operating Income.

Our activities and performance during 2021/22

The continued impact of the pandemic during 2021/22 meant South Tyneside Homes were unable to deliver all the service improvements planned during the financial year. However, we did achieve the following service improvements:

Six priorities were completed during 2021/22. These were:

- **Reducing the Carbon Footprint of housing stock and Property Services** – whilst the agreed milestones have been completed, further work is planned for coming years as part of a new action plan.
- **Develop the five-year delivery plan to meet STH strategic objectives** – the new vision and plan were developed and approved by Board in March 2022 following extensive consultation with staff, stakeholders, and customers.
- **Develop a fit for purpose ICT strategy** – the new Digital Transformation strategy has been developed and approved by Board.
- **Develop effective working relationship with South Tyneside Councils ICT to deliver effective service delivery** – a working relationship is now in place with scheduled meetings ongoing to monitor delivery of Service Level Agreements (SLAs).
- **Develop the role of the Corporate Business Team to be effective business partners supporting services to meet their requirements** – the remit of the team and associated have been updated to ensure the team support delivery of the organisation’s objectives and our preparedness for the forthcoming Regulatory inspection regime.
- **Develop our HR systems** – a new recruitment solution has been procured which will be utilised alongside a new approach to recruitment via CV and covering statements. The solution also improves on-boarding approaches through better communication with candidates. Further work in this area is planned to be delivered by a new People Strategy approved by Board in March 2022.

A number of service improvements have been carried forward into the new Delivery Plan, as the actions form part of a longer term strategy and improvement plan than just the current year.

The Delivery Plan also sets out a suite of key performance indicators and targets for monitoring our progress against our priorities. Below is a summary of our performance against the key strategic indicators during 2021/22:

Key performance indicators:

Indicator	20/21 performance	2021/22 target	2021/22 performance
% of repairs completed right first time	90.8%	86%	89.14%
% responsive repairs for which the authority kept an appointment as a % of appointments made	99.9%	99.50%	99.50%
% Of Emergency repairs completed within timescale	99.94%	99%	99.66%
% of urgent repairs (RTR's) completed within Government time limits	99.98%	99.25%	99.79%

Indicator	20/21 performance	2021/22 target	2021/22 performance
% of Routine repairs completed within timescale (20 days)	99.92%	99%	99.91%
% of anti-social behaviour cases resolved successfully	83.96%	90%	89.29%
% of STH customer services calls (queries) resolved at first point of contact	79.2%	80%	74.65%
% of complaints resolved within timescale	92.52%	91%	89.43%
% of rent lost through local authority dwellings becoming vacant	1.97%	1.37%	1.80%
Rent collected from current tenants as % of rent due	102.1%	99.32%	100.11%
Rent arrears of current tenants as % of rent roll	2.55%	3.19%	2.62%
Rent arrears of former tenants as % of rent due	2.8%	2.93%	2.83%

The performance indicators demonstrate that:

- 8 key performance indicators achieved target during the year, compared to 4 that did not achieve target.
- 2 key performance indicators demonstrated improved performance compared to the previous year, however 10 key performance indicators demonstrated lower levels of performance compared to the previous year.

South Tyneside Homes recognise that there are a number of areas where an improvement in performance is required. Senior Management Team closely monitor the performance of indicators that are not achieving target. Performance is reported to Board quarterly, with more detailed performance reports looked at by the relevant committee of the Board.

Principal risks and uncertainties

In November 2021, South Tyneside Homes' Board approved a new Risk Management Policy. A new strategic risk register has been developed to reflect this. The five key principal strategic risks faced by the company, along with a summary of the current position and key controls are:

Strategic Risk	Summary of current position and key controls
Fail to safeguard our customers	South Tyneside Homes takes its responsibility to safeguard its customers very seriously and has several controls to mitigate this risk, including a Designated Safeguarding Officer, policies and procedures and being a member of the South Tyneside Council Safeguarding Board to gather good practice.

Strategic Risk	Summary of current position and key controls
Fail to achieve our environmental objectives	South Tyneside Homes is committed to reducing any adverse impact on the environment. The controls in place to mitigate this risk include an Environmental Policy, Designated Environmental Manager responsible for horizon scanning, having electric vehicles within the fleet and using Government Grants to reduce the carbon emissions from the homes we manage for South Tyneside Council.
Inability to deliver effective and resilient services due to events outside of STH control	South Tyneside Homes understands the importance of having systems and plans in place to ensure services are delivered when the unexpected occurs. The controls to mitigate this risk include facilities to enable staff to work from home, out of hours services delivered and Business Continuity Plans.
Fail to recruit and retain staff	South Tyneside Homes appreciate staff are the company's greatest asset and to achieve the vision and strategic objectives requires staff with the right attitude, skills, and knowledge. The controls to mitigate this risk include a People Strategy, suite of policies and procedures, performance management framework which includes appraisals, one-to-one's and regular staff engagement.
Fail to manage stakeholder expectations	Losing stakeholders confidence and trust represents a reputational risk to South Tyneside Homes. The controls to mitigate this risk include the annual delivery plan agreed with South Tyneside Council with a suite of Key Performance Indicators to measure success. These are monitored through the governance structures within South Tyneside Council and South Tyneside Homes.

The Audit and Risk Committee receive a report regarding the strategic risk register at each meeting and the Board receive a quarterly update.

Providing a value for money service

We are proud of the services that we deliver to 'transform lives' and we are committed to delivering value for money. Value for money means making the money deliver, it is not just about budget cuts.

This has been described as the three 'E's':

- Economy – buying things cheaply
- Efficiency – creating outcomes with minimal resources
- Effectiveness – concentrating on the outcomes with the greatest impact

Value for money underpins everything that we do in South Tyneside Homes; it is our duty to help ensure that the rent we collect is used for the best outcomes for our tenants.

We will continue to improve our services whilst delivering value for money.

In March 2022 the Board approved a new Value for Money Strategy. The vision for our Value for Money Strategy is:

“to provide efficient and effective services, that meet the needs and aspirations of our customers, at the best possible price”.

To achieve the vision for the strategy we have identified 3 objectives for the strategy:

- Develop further the skills and capacity within the business to achieve and demonstrate value for money
- Develop and embed a structured approach to decision making to demonstrate value for money
- Ensure value for money can be demonstrated by external providers

The achievement of value for money will also be achieved through a range of other strategies, these include:

- Digital Transformation Strategy, which will support the efficient use of systems and data and to increase the ability of customers to self-serve.
- People Strategy, which will support the engagement, well-being and having the right staff with the right skills, to be able to efficiently deliver on our customers' priorities.
- Equality, Diversity and Inclusion Strategy, which will support the efficient tailoring of services to meet the diverse needs of customers.
- Strategic procurement objectives, which will ensure that value for money is taken into account as part of the organisation's procurement priorities.
- Resident Involvement Strategy, ensuring that customer views are effectively incorporated into strategic decision making to ensure that services reflect customer priorities.
- Our ongoing development of our approach to tenancy and neighbourhood sustainment.

Section 172 Companies Act 2006

The revised UK Corporate Governance Code ('2018 Code') was published in July 2018 and applies to accounting periods beginning on or after January 1, 2019. The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company. This S172 statement, explains how South Tyneside Homes Directors:

- consider the likely consequences of any decision in the long term;
- have had regard to employee interests and the need to foster the company's business relationships with suppliers, customers and others;
- assess the effect of the company's operations on the community and the environment;
- evaluate the impact of the company maintaining a reputation for high standards of business conduct; and
- the Board complied with its Section 172 duty.

The S172 statement focuses on matters of strategic importance to South Tyneside Homes, and the level of information disclosed is consistent with the size and the complexity of the business.

The board welcomes the new reporting requirement as a further opportunity to explain how dialogue with stakeholders has been woven into the fabric of South Tyneside Homes decision making process and governance framework.

Long term decision making

The Board attends four strategic planning days a year to horizon scan and develop long term strategy for the business.

During the financial year the Board has had to consider and plan its strategic priorities for the next five years, developing a new vision and strategic objectives for the company. The Board has considered the global macroeconomic situation and its implications for South Tyneside Homes.

The Board agrees a delivery plan to meet its vision and strategic objectives (for reference see the Strategic Report.)

Employee interest

We have a staff forum in place, which has met regularly during the year, which considers issues affecting staff across the organisation. A Property Services Workforce forum is also in place, providing an opportunity for staff within this directorate to discuss and raise issues specific to their role.

In the last 12 months we have undertaken a staff survey to ensure we continue to engage effectively with our staff as we emerge from the pandemic to assess their wellbeing, changes in working practices and the impact on teams and individuals. We have used the results of this survey to inform our future working arrangement, including the implementation of hybrid working for relevant roles.

We carried out extensive consultation with staff as part of the development of our new Corporate Plan. This consultation also informed the priorities of a People Strategy, which was approved by Board in March 2022. The vision for the People Strategy is:

“to have a motivated, well-trained and diverse workforce that can meet the needs of the business, both now and in the future”

The objectives of the People Strategy are:

- To develop a pro-active approach to engage and ensure the wellbeing of our staff
- To develop a modern and efficient approach to recruit and retain high quality, diverse staff
- Ensure staff are skilled and knowledgeable to meet current and future challenges
- Develop our workforce plan to meet the future needs of the business through training and career development opportunities

We have worked with a staff focus group to develop new 'Values and Professional Standards for our People'. The new values are customer-focused, supportive, inclusive, ethical, team-player, ethical and integrity. These have also taken into the recent work of the Chartered Institute of Housing's Professional Standards for the housing sector.

Business relationships with suppliers, customers and others

We have strong business and partnership working with suppliers, customers and other stakeholders which has helped to ensure our business continuity over the financial year.

We are a customer focussed organisation, demonstrated by our engagement with customers in the development of the Corporate Plan. We demonstrate the impact of our engagement with customers through an annual Resident Involvement Impact Assessment and an annual report on Learning from Feedback.

The effect of the company's operations on the community and environment

South Tyneside Homes works in partnership with South Tyneside Council to provide services that meet the local priorities of the community. Anti-social behaviour is a key priority for local residents, South Tyneside Homes led a review of the council's

Anti-Social Behaviour Policy during 2021/22 and invested resources in the Community Safety and Tenancy Enforcement Team to better support victims of anti-social behaviour.

Support was offered to both tenants and residents from all tenures with financial pressures during the year. This included securing over £5 million in financial gains for residents as a result of debt and benefit casework.

South Tyneside Homes provides the homeless service on behalf of the council and through this provided an effective response to increasing numbers of homeless residents during the year, including an increase in street homelessness.

A range of kick-start, trainee and apprentice opportunities were provided during the year, with the majority of these going to local residents. This provides valuable training and employment opportunities for local young people.

The Housing Plus service has provided a range of social opportunities for our sheltered housing residents, as face to face contact could safely resume. This social interaction provided a range of activities for residents who may have been affected by local residents throughout lockdowns and Covid restrictions.

We continue to deliver the Council development aspirations building affordable housing and homes for sales through our asset management team. We deliver the council capital programme ensuring that the stock is improved and we continue our journey to reduce carbon and fuel poverty, moving towards our strategy of having all homes in EPC rating C by 2030 and working towards carbon neutrality by 2050. Our move towards hybrid work will also have a positive impact on the environment.

Maintaining a reputation for high standards of business conduct and compliance with its s172 duty

The Board has a long-standing corporate governance framework. In February 2021 the Board adopted the National Housing Federation 2020 Code of Governance. A robust self-assessment against the code has been performed and the Board has agreed a Code of Governance Action Plan to further develop its governance arrangements so as to comply with the requirements of the Code by 31 March 2023.

The Board has set a clear vision, mission and strategic objectives and monitor the work we undertake work towards its achievement.

Board oversees the development and reviewing of long-term strategy, Delivery Plan and the financial business plan, whilst monitoring decisions on the management team and the performance of South Tyneside Homes. The Board satisfies itself that emerging and principal risks are identified and understood, systems of risk management, compliance and controls are in place to mitigate such risks. There is a strong overview on assurance to ensure key legislation and regulation is being complied with. We will look to develop our risk management and assurance frameworks to ensure they remain fit for purpose and comply with new and

impending legislation around the Social Housing White paper and the Building Safety Bill.

The Board believes that the governance of South Tyneside Homes is best achieved by delegation of its authority to the Executive Management Team, subject to defined limits and monitoring by the Board and Committee structures (for reference see the Corporate Governance Section of the Director's Report). The Board routinely monitors the delegation of authority, ensuring it is regularly updated, while retaining ultimate responsibility.

Need to act fairly between members of the company

South Tyneside Council is our sole member. We have a strong working relationship built upon mutual respect and trust, ensuring both parties act fairly.

Streamlined energy and carbon reporting (SECR) Disclosure Companies Act 2006

South Tyneside Homes (STH) meets the qualifying conditions to report their carbon emissions and energy usage. The methodology used to produce the usage and emissions are detailed after the table.

The GHG Protocol Corporate Standard classifies a company's GHG emissions into three scopes.

- Scope 1 emissions are direct emissions from owned or controlled sources.
- Scope 2 emissions are indirect emissions from the generation of purchased energy.
- Scope 3 emissions includes all other indirect emissions that occur at sources which STH do not own or control.

STH emitted 1009 tCO₂e (tonnes of carbon dioxide equivalent) for 2021/22 across scope 1 & 2. (848 tCO₂e for 2020/21)

When Scope 3 has business travel added, this brings the total to 1052 tCO₂e. (883 tCO₂e for 2020/21)

Two intensity ratios are used to determine the carbon emissions relative to a single common business metric and allows STH carbon footprint to be compared over time or with similar organisations.

For scope 1 and 2 emissions this can be presented as 1009 tCO₂e (848 tCO₂e for 2020/21) with an intensity ratio of 1.61 tCO₂e per total full-time equivalent employee (1.44 tCO₂e per total full-time equivalent employee for 2020/21) and 19.55 tCO₂e per million £ turnover (17.00 tCO₂e per million £ turnover for 2020/21).

For scope 1, 2 and 3 the emission intensity ratios are 1.68 tCO₂e per total full-time equivalent employee (1.44 tCO₂e per total full-time equivalent employee for 2020/21) and 20.38 tCO₂e per million £ turnover (17.72 tCO₂e per million £ turnover for 2020/21).

The emissions have all increased during 2021/22 from the previous financial year as the organisation returned to pre-covid delivery levels.

The GHG emissions and energy use reported for STH for period 1 April 2021 to 31 March 2022 are shown in the following table.

		2021/22	Carbon	Carbon
Scope 1	Denom	Units	(kgCO2e)	(tCO2e)
Gas	kWh	417,319	76,436	76.44
Transport - fleet	Ltrs	316,461	852,128	852.13
Total scope 1		733,780	928,564	928.56
Scope 2				
Electricity	(kWh)	379,055	80,485	80.48
Total Scope 1 & 2			1,009,049	1,009
Total per fte (Scope 1 and 2)			1,610	1.61
Total per £m of Turnover (Scope 1 and 2)			19,547	19.55
Scope 3				
Passenger Car (unknown)		167,429.12	43,031	43.03
Total Scope 1 , 2 & 3			1,052,080	1,052
Total per fte (Scope 1,2 and 3)			1,679	1.68
Total per £m of Turnover (Scope 1,2 and 3)			20,380	20.38

The methodology used for each energy type is below

Gas - Information supplied by Council Energy Team, Building Occupancy estimated for South Shields Town Hall (SSTH) other buildings wholly occupied by STH actual for and Co2e emissions calculated using Government 2020 conversion tables

Fuel for transport - used actual litres of fuel charged to vehicles and the CO2e emissions calculated using Government 2020 conversion tables

Electricity - Information supplied by Council Energy Team, Building Occupancy estimated for (SSTH) other buildings wholly occupied by STH actual for and Co2e emissions calculated using Government 2020 conversion tables

Business travel - actual car mileage paid claimed and unknown fuel emission for lower medium passenger vehicle in Government 2020 conversion tables.

Strategic Commitment

South Tyneside Homes commitment towards a sustainable future is strong and focused; implementing strategies that bring about real change. South Tyneside Council declared a Climate Change Emergency in July 2019, striving to take all necessary steps to become carbon neutral by 2030.

Sustainable South Tyneside is the key strategic document, which outlines the delivery aims and ambitions of both South Tyneside Council and South Tyneside Homes. Our sustainable ambitions shape the strategic decisions being made, embedding a culture of climate first across delivery activities.

The strategy provides a framework, detailing the necessary steps and actions that must be taken to drive and deliver change, reducing emissions from our buildings and operations and those services we provide.

The strategy commits to a wide-range of actions, including areas that will investigate and implement, where feasible new and sustainable sources of on-site energy generation and supply, while looking at the future delivery options around fleet, which is supported by a strategic delivery pathway, which will see the transition of existing fleet to EV and low carbon alternatives.

Education and awareness are essential elements in relation to supporting the delivery of emission reductions. Raising awareness helps inform decision-making, while supporting the essential development of robust processes, policies and procedures focused clearly on reducing emissions, helping to mitigate and adapt to the impacts of climate change.

Building a wider understanding on the impacts of increasing emissions in the atmosphere is widely seen as a critical foundation for change, and one, in which South Tyneside Homes embraces, ensuring that everyone plays their part.

Energy efficiency action we have taken during the year.

2021/2022 saw our properties benefit from the following measures, which aided in enhancing the overall efficiency of the properties, whilst ensuring our tenants make savings and assist in addressing fuel poverty in the Borough:-

- 52 Roof replacements
- 667 properties benefitted from A rated double glazing
- 251 A rated boilers were installed
- 5,083 Energy Performance Certificates (EPCs) completed

South Tyneside Homes have also been working with our Customer Scrutiny Panel to understand how we communicate carbon reduction activities and promote involvement and awareness of energy efficiency with our customers. This excellent project has enabled us to develop an action plan that will meet the needs of our customers and enable the organisation to engage with our customers and develop targeted communication materials using the wide range of options available. Work to progress the action plan is well underway.

Training

2022 will see South Tyneside Homes continue to explore all opportunities for training supporting delivery and customer engagement activities. We are working with National Energy Action (NEA) where tenants will be given the opportunity to be involved in educational webinars and free training sessions. It is envisaged that these tenants will act as community champions, spreading the word about behavioural changes in the home, in a bid to save our customers money, assisting in the reduction of fuel poverty in the Borough.

South Tyneside Homes has also continued its commitment to a reduction in our carbon footprint and the effective management of our Environmental Management system ISO14001. We now have new staff across all areas of the business trained as SO14001 Auditors and awareness champions, in a bid to continue to strive to maintain and growth our opportunities in achieving environmental excellence.

Staff have benefitted from Level 3 Energy awareness training, and working with NEA we will be keeping a close eye on any future similar training schemes for our staff.

5 members of South Tyneside Homes staff are also currently working towards the ILM level 5 Retrofit Co-ordinator and PAS 2035 course, which once completed will allow staff members to look at properties with a whole house energy efficient, fabric first approach in mind. This will ensure that future sustainability and energy efficiency will be integral to our future planning and delivery of investment programmes to South Tyneside Council's Housing Stock.

PAS 2030-2019 incorporating PAS 2035 - To further support any future planned energy investment, South Tyneside Homes has committed to becoming accredited to the PAS 2030 BSI standard, this is a Quality Management System that, once in place will demonstrate our commitment to ensure any works going forward is done so with a quality Trustmark, retrofitting dwellings for improved energy efficiency.

The team have recently passed the first part of the PAS 2030: 2019 audit for the installation of Windows and Doors, working with a company called British Assessment Bureau (BAB).

The team are working towards gaining the accreditation for other parts of the business, for Example heating and lighting installations, this is currently in

development stage and South Tyneside Homes are working with an organisation called "Simply Certification".

Signed on behalf of the Board on 6 September 2022 by:

Chair



Richard Porthouse

Company Secretary



Rachel Taylor

Directors' report for the year ended 31 March 2022

This report should be read in conjunction with the strategic report for the year ended 31 March 2022.

The company's loss after pension adjustment for 2021/22 was £8,635k (£4,371k for 2020/21). An overview is set out within the business review section of the strategic report and detailed within the financial statements section later in the report.

The Board and Executive Officers

Under guidance for the setting up of Arms Length Management Organisations, issued by the Government, the company's Board of Non-Executive Directors has equal representation of Tenant, Council and Independent Directors. Council Directors are appointed and removed directly by the Council, whilst Tenant and Independent Directors are appointed through selection following advertisement. Tenant and Independent Directors are subject to rotational retirement rules contained in the company's Articles of Association.

The operational day-to-day running of the company is delegated to paid strategic employees by the Board, through the company's Scheme of Delegation and in the first instance, to the company's Managing Director. No one in the Corporate Management Team is a Board Member.

Corporate Governance

South Tyneside Homes is run by a Board of 12 Directors:

- **4 Council nominees**
- **4 Tenants**
- **4 Independent Directors**

The Board met on 6 occasions during the 2021/22 financial year.

The Company's Board has the ultimate responsibility for the internal governance of the organisation. Its role is to direct the work of the organisation, determine its strategic direction, deliver its commitments under the Management Agreement, and approve overall expenditure and the policies of the organisation.

The Board is committed to the delivery of high quality housing services to its customers, and its aims and objectives embrace the key principles of good governance, i.e. transparency, integrity and inclusiveness. The company has robust codes of conduct and board policies and a clear Risk Management Policy in place which underlies its key decisions.

In February 2021 the Board adopted the National Housing Federation 2020 Code of Governance. An annual self-assessment against the Code was reported to Board

in May 2022, setting out how the governance arrangements in place as at 31 March 2022 complied with the Code. Significant progress has been made throughout 2021/22 to improve the governance arrangements of South Tyneside Homes to comply with the Code. The self-assessment demonstrated the governance arrangements complied with a significant proportion of the Code's provisions. Actions have been identified and agreed by Board to achieve full compliance. The Board aims to comply, as far as the requirements are applicable to an organisation of its size and complexity, by 31 March 2023.

The table below provides where full compliance had not been achieved at 31 March 2022, which constitute non-compliance, the reasons for non-compliance and actions agreed by Board to achieve full compliance:

Principle 1: Mission and values
Area of Non Compliance:
1.3 The board demonstrates a clear and active commitment to achieve equality of opportunity, diversity and inclusion in all of the organisation's activities, as well as in its own composition. It has policies and statements which meaningfully demonstrate this commitment, and sets priorities and objectives for the organisation to achieve.
Reason for Non Compliance:
The Board agreed the Equality, Diversity and Inclusion (EDI) Policy and Strategy on 29 March 2022 demonstrating the Board is committed to achieving EDI. There are several actions within the policy and strategy to further develop South Tyneside Homes approach, for example extensive Board training.
Actions to achieve compliance with Principle 1:
Develop extensive training for the Board to enable the Board to demonstrate a clear commitment to equality of opportunity diversity and inclusion in all our activities.
Public sector equality duty report to be presented to Board in May 22.
Board to monitor the implementation of Equality, Diversity & Inclusion (EDI) Strategy and the outcomes from this.
Develop a clear framework to provide the Board with regular assurance in relation to commitments and objectives and the progress against the priorities it has set
Annual report on compliance with Public Sector Equality Duty to be published in May 2022 and annually thereafter.
Board should define the assurance it requires to ensure that the desired culture and behaviours are being enacted in practice in alignment with its mission and values

Principle 2: Strategy and delivery
Area of Non Compliance:
2.1 Strategy, resources and plans: the Board sets the organisation's overall direction and strategy in line with its charitable, community benefit or other constitutional purposes.
Reason for Non Compliance:
South Tyneside Homes does not have strategies regarding carbon neutrality, environmental sustainability and social sustainability
Area of Non Compliance:
2.5 Workforce: the board ensures that its workforce policies and practices support the success of the organisation and reflect its values and its commitment to equality, diversity and inclusion.
Reason for Non Compliance:
The Board does not have a Remuneration Committee and has not determined the strategy for remuneration of the workforce which is aligned to the organisation's size and complexity, and to its purpose and values
Actions to achieve compliance with Principle 2:
Develop, update and produce robust strategies in relation to: Carbon Neutrality Environmental sustainability Social Sustainability
Consider establishing a remuneration committee with clear terms of reference
The Board should consider how it determines a strategy for workforce remuneration.
Principle 3: Board effectiveness
Area of Non Compliance:
3.3 Board composition: board members have the attributes and time needed to govern effectively, and each member exercises independent judgement in doing so
Reason for Non Compliance:
The Board do not have a succession plan which ensures there are the key skills at Board level to deliver South Tyneside Homes vision and strategic objectives. The Board has not considered the role of a Senior Independent Director.
Area of Non Compliance:
3.4 Board election, selection and appointment: the board has a diverse membership with the collective skills and attributes needed to govern effectively.
Reason for Non Compliance:
The Board has considered its diversity and identifies areas where it is under represented compared to the local community.
Area of Non Compliance:
3.6 Board remuneration: organisations paying non-executive board members have an objective mechanism for setting payment levels. This will normally be the

responsibility of a committee responsible for remuneration, using independent advice.
Reason for Non Compliance:
The Board does not have a Remuneration Committee and has not recently reviewed the payment levels to ensure they are proportionate to the organisation's size, complexity, level of risks and resources and are linked to the role's responsibilities.
Area of Non Compliance:
3.7 Tenure and renewal: tenure for non-executive board members (and independent committee members) complies with the organisation's constitution and is managed so as to enable the organisation to achieve an appropriately skilled, diverse and independent board membership.
Reason for Non Compliance:
The Board does not have a strategy for its own renewal based on an agreed statement of the skills, qualifications, diversity and other attributes. The maximum tenure for Board Member exceeds the provisions within the Code.
Area of Non Compliance:
3.8 Conduct of business: the board and its committees conduct their business efficiently, and on the basis of an appropriate level and quality of information.
Reason for Non Compliance:
Several committee meeting were not quorate during 2021/22 and the Board does not have a policy and procedure setting out how disputes and grievances involving members of the board can be raised and are responded to.
Area of Non Compliance:
3.9 Board performance, review and learning: the board reviews and seeks to improve its performance.
Reason for Non Compliance:
The Board has not had an external assessment of its performance.
Area of Non Compliance:
3.10 Member appraisal: A full. Rigorous and documented appraisal process for the individual members of the board and its committees, including the chairs, is carried out at least every two years.
Reason for Non Compliance:
The Board does not have a process for the annual appraisal of the Chair
Area of Non Compliance:
3.11 Compliance with this code: a compliance statement is published within the annual report, with an explanation given for any non-compliance
Reason for Non Compliance:
The statement of non-compliance within the 2020/21 annual report and financial statements did not set out the reasons for non-compliance.
Actions to achieve compliance with Principle 3:
Conduct an external Board appraisal.
Gap analysis to take place to compare current Board skills with skills identified.
Work with the Board to compile a board succession plan that takes accounts of the key skills required at Board level to deliver our vision and strategic objectives

The Board should consider how it exercises independent judgement and measures and assesses effective contribution at Board meetings
The Board should discuss with its parent stakeholder the board composition which is best suited to its needs
The Board should consider the role of a dedicated senior independent director and clearly set out their role
The Board should consider how it ensures it has a diverse membership with collective skills and attributes to govern effectively
To discuss with the council the skills and diversity gaps of the Board to be taken into account by the council when it is appointing council representatives to the Board
Consider how information is published about the appointment of new board members and the diversity, skills and attributes of the Board
The Board should consider how it could improve the allocation of membership of committees
The Board should consider the establishment of a committee for remuneration
The Board should consider how it evidences that the current Board remuneration (chair and vice chair) is in best interests of organisation
The Board should consider how we evidence Board remuneration is aligned with STH's social purpose and wider reputation
The Board should consider how we evidence Board remuneration is proportionate to the organisation's size, complexity, level of risk and resources
The Board should consider how do we evidence Board remuneration is regularly reviewed, drawing on external advice as required
The Board should consider how it develops a robust strategy for its own renewal based upon skills, qualifications, diversity and other attributes required
The Board should consider adopting a six year term unless the organisation agrees it is in its best interest to extend for a further 3 years due to the skills and expertise required at board level
The M&As should be amended to determine a term of office
Develop a term of office to cover co-optees
Board to agree Committee membership to ensure attendance
The Board should consider setting out a policy for disputes and grievances
The Board should consider how it reviews and seeks to improve its performance
The Board should consider seeking external assessment bi annually.
The Board should consider on an annual basis its composition, skills, experience and diversity
The Board should consider the effectiveness in role modelling the desired culture, values and behaviours of the organisation.
The Board should consider the effectiveness of decision making at Board, how it stakeholder and customer views inform decisions
Compliance with legal duties to be reported to Board

The Board agree how these matters (Board performance, review and learning) will be regularly and formally reviewed
The Board should consider the process they would like to undertake for the annual appraisal of the Chair
Board agrees and publish a compliance statement with the annual report, giving explanations for any non-compliance
Full statement of non-compliance to be included in the 2021/22 annual report and financial statements
Governance documents reviewed in light of best practice and the Code of Governance
Principle 4: Control and assurance
Area of Non Compliance:
4.3 Risk: the board retains ultimate responsibility for risk management and ensures that appropriate risk management arrangements are in place.
Reason for Non Compliance:
The testing of the recently revised business continuity plan is not complete.
Area of Non Compliance:
4.4 Compliance: in line with its mission and values, the board retains ultimate responsibility for the organisation's compliance with all legal, statutory, regulatory and constitutional requirements.
Reason for Non Compliance:
The board has not received regular assurance that all legal and regulatory requirements are met.
Actions to achieve compliance with Principle 4:
Revised Business Continuity plan in place and testing completed
Board to consider the level of stress testing appropriate to STH and how the Board should be involved
All legal and regulatory requirements to be reviewed and checked for compliance, with report back to Board

The Board has a committee structure to support its work, which allows the Board to focus on achievement of the Company's strategic objectives while receiving assistance in this role and in ensuring good governance and decision making. The Committees are as detailed below:

- **Audit and Risk Committee – met on 4 occasions**
- **Assets and Property Services Committee – met on 4 occasions**
- **Housing and Corporate Services Committee – met on 4 occasions**

These Committees carry out delegated responsibilities on behalf of the main Board, including more detailed scrutiny and discussion of their areas of activity than could otherwise be carried out by the Board itself.

All the Company's corporate governance arrangements are set out in the Company's Governance Manual.

Directors' Interests

South Tyneside Homes is a local authority controlled company of South Tyneside Council, established with no share capital and limited by guarantee.

The Directors have no direct financial interest in South Tyneside Homes Limited.

South Tyneside Homes receives management fees from South Tyneside Council for housing and asset management and maintenance to the housing stock owned by South Tyneside Council. South Tyneside Homes receives income from South Tyneside Council for works carried out to build new homes and major improvements.

South Tyneside Homes purchases goods and services from South Tyneside Council as part of its operating activities.

Equality, Diversity and Inclusion

Equality, diversity and inclusion has been a key priority for the Board and the Senior Management Team during 2021/22. An external review of our approach was carried out, which has informed the development of a new policy and a new strategy for Equality, Diversity and Inclusion. The vision for the Equality, Diversity and Inclusion Strategy is to:

“achieve and embed equality of opportunity, diversity and inclusion in everything South Tyneside Homes does”

The objectives of the Equality, Diversity and Inclusion Strategy are:

- Deliver inclusive and accessible services to customers;
- Provide inclusive opportunities for resident involvement, with diverse views shaping decision making;
- Be an inclusive employer that can recruit and retain a diverse workforce;
- Have a diverse Board that demonstrates a strong commitment to equality, diversity and inclusion.

Our Gender Pay Gap has been reported to Board and published on our website. Our Public Sector Equality Duty report provides more detail of our key achievements in relation to equality, diversity and inclusion during the year.

Equality and unconscious bias training has been provided for both staff and the Board.

Policy on the Employment, Training and Development of Disabled People

We are currently an accredited Disability Confident Employer.

We also offer any disabled person that meets the minimum criteria an interview and take positive steps to improve employment opportunities for disabled people.

The organisation:

- Interviews all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on their abilities
- Makes every effort when employees become disabled to make sure they stay in employment
- Takes action to ensure that all employees develop the appropriate level of disability awareness needed to make our commitments work

Employee Communication and Involvement

The Company is committed to the involvement of its staff in the development and improvement of all areas of its work and understands the importance of effective communication to achieve positive change. Elements of South Tyneside Homes' approach to staff involvement and communication include:

- Team Briefings and Performance Matters briefings, regular team meetings and key messages from the management team
- A formal annual appraisal mechanism for all staff to receive feedback on performance, gain an understanding of their targets relating to achievement of the organisation's goals and their training and development needs and a 6 monthly review
- A Staff Feedback Forum chaired by an employee
- Regular formal and informal communication and consultation mechanisms with trade unions
- A staff wellbeing group, who are working towards the Better Health at Work Award

An annual training and development programme is in place, and we have provided training opportunities to support staff resilience and wellbeing.

Financial Risk Management

The Board has the ultimate responsibility for identifying, managing and mitigating the strategic risks faced by South Tyneside Homes. The strategic report sets out the Board's approach to principal risks and uncertainties. The strategic risk register includes the following financial risk:

- Failure to manage our finances effectively to ensure the long-term sustainability of South Tyneside Homes

The Audit & Risk Committee receives reports at each meeting regarding the effectiveness of the controls for this risk.

To mitigate the short to medium-term impact of this financial risk the Board has agreed a Reserves Policy to deal with unexpected expenditure or shortfalls in income. The Board has agreed a minimum level of reserves before pension which is reviewed on an annual basis and disclosed within the notes to the financial statements.

Environmental

The Company has confirmed its commitment to the environment within its Environmental Policy statement as

'STH is committed to compliance with legislation, commitment to the protection of the environment, including prevention of pollution and other specific commitment(s) relevant to the context of the organisation; and to the continual improvement of environmental performance throughout our operations, services and activities, this includes a commitment to conform to our compliance obligations.'

Environmental Policy Statement (ISO 14001 certified)

South Tyneside Homes has a programme to review and monitor our significant environmental aspects and to enable us to reduce those impacts we have adopted nine objectives that provide the focus for improvement.

South Tyneside Homes reports its carbon emissions, energy usage and its strategic approach to reducing the impact upon the environment within the strategic report.

The full policy statement is available on the South Tyneside Homes website.

Liaison with South Tyneside Council

The relationship between South Tyneside Homes and South Tyneside Council (the sole member) is extremely important. In order to ensure that formal and informal communication, liaison and partnership working take place, we operate a range of liaison mechanisms. The arrangements include reports to the Council's Housing Performance Panel, the Community Area Forums, Cabinet and the full Council. Regular meetings between Executive Officers of both organisations also take place covering key areas of the work, including financial matters of South Tyneside Homes.

Signed on behalf of the Board on 6 September 2022 by:

Chair



Richard Porthouse

Company Secretary



Rachel Taylor

Statement of the Board on internal financial records

The Board acknowledges its ultimate responsibility for ensuring that the company has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the company or for publication
- The maintenance of proper accounting records
- The safeguarding of assets against unauthorised use or disposition

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

Key elements include ensuring that:

- Forecasts and budgets are prepared which allow the Board and management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Board reviews reports from management, from the internal auditors, from the external auditor and from its own Audit & Risk Committee to provide reasonable assurance that the control procedures are in place and are being followed. This includes a general review of the major risks facing the company.
- The Internal Auditors make regular reports to the Audit & Risk Committee and provide an annual opinion on the adequacy and effectiveness of South Tyneside Homes control environment. For 2021/22 the Internal Auditors, in the light of their work, provided substantial assurance that on the whole there is a sound systems of control in place across South Tyneside Homes although there are some areas where controls are not consistently applied or fully effective and/or do not deliver value for money.
- Formal procedures instituting appropriate action to correct weaknesses identified from the above reports will be set in place as required.

Policy and practice on payment of creditors

As a controlled company of a local authority, the company requires the payment of undisputed creditor invoices within 30 days of receipt of the invoice by the Corporate Procurement Team. Where disputes arise we attempt to resolve them promptly and amicably to ensure delays in payment are kept to a minimum.

Going Concern

The Directors have considered the following information to form an opinion as to whether South Tyneside Homes is a going concern:

- Financial Reporting Council (FRC) Guidance on the Going Concern Basis of Accounting and Reporting on Solvency and Liquidity Risks;
- South Tyneside Council's agreed a five year management agreement with South Tyneside Homes for the period 1 April 2021 to 31 March 2026;
- Cash-flow forecasts to 31 March 2024 which demonstrated sufficient liquidity to meet ongoing liabilities;
- The net liability disclosed in the Statement of Financial Position is due to the pension liability. Exclusion of the pension liability demonstrates South Tyneside Homes had net current assets of £2,415k as at 31 March 2022.

Based upon this information, the Directors concluded South Tyneside Homes is a going concern.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties of the company and future developments.

Disclosure of information to Auditor

The directors who held office at the date of approval of this director's report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Strategic Report and Directors' Report were approved by the Board on 6 September 2022 and signed on its behalf by:

Chair



Richard Porthouse

Company Secretary



Rachel Taylor

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH TYNESIDE HOMES LIMITED

Opinion

We have audited the financial statements of South Tyneside Homes Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cashflows, the Statement of Changes in Equity 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss 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 Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 35 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the company operates in and how the company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from external tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the use of the company's FCA permissions and safety in the workplace (Health & Safety at Work Act 1974). We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in relation to the risk of management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed in relation to the risk of revenue recognition included but were not limited to testing of revenue transactions to underlying supporting documentation.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

L. Robson

LUCY ROBSON (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

09/09/22

Statement of Comprehensive Income
for the year ending 31 March 2022

	<i>Note</i>	2022 £'000	2021 £'000
Turnover	2	54,417	49,475
Operating costs	2	(61,525)	(53,237)
Other income	2	0	371
Operating deficit		<u>(7,108)</u>	<u>(3,391)</u>
Interest receivable	3	3	-
Interest payable	4	(1,530)	(980)
Deficit before taxation		<u>(8,635)</u>	<u>(4,371)</u>
Taxation on deficit	8	-	-
Deficit for the financial year		<u>(8,635)</u>	<u>(4,371)</u>

All amounts relate to continuing activities

The notes on pages 44 to 56 form part of these financial statements

Other comprehensive income
for the year ending 31 March 2022

		2022 £'000	2021 £'000
Deficit for the financial year		(8,635)	(4,371)
Actuarial gain/(loss) recognised in the pension scheme	15	32,800	(25,420)
Total comprehensive gain for the year		<u>24,165</u>	<u>(29,791)</u>

Statement of Financial Position
as at 31 March 2022

	<i>Note</i>	2022 £'000	2021 £'000
Fixed assets			
Tangible assets	9	-	-
Current assets			
Debtors	10	5,181	5,274
Cash at bank and in hand		1,866	1,976
		<u>7,047</u>	<u>7,250</u>
Creditors: amounts falling due within one year	11	<u>(4,632)</u>	<u>(4,520)</u>
Net current assets		2,415	2,730
Total assets less current liabilities		<u>2,415</u>	<u>2,730</u>
Net pension liability	15	49,330	73,810
Capital and reserves			
Revenue reserves excluding pension liability		2,415	2,730
Net pension liability		<u>(49,330)</u>	<u>(73,810)</u>
Revenue reserve including pension liability		(46,915)	(71,080)
Net assets including pension liability		<u>2,415</u>	<u>2,730</u>

These financial statements were approved by the Board and authorised for issue on 6 September 2022 and signed on its behalf by:



Richard Porthouse
Chair

Registered Number 05381705

Statement of Cash Flows for the year ended 31 March 2022

	2022 £'000	2021 £'000
Cash flows from operating activities		
Deficit for the year	(8,635)	(4,371)
Adjustments for :-		
Depreciation	-	60
Interest receivable	(3)	-
Interest payable - FRS102 pension	1,530	980
	<u>(7,108)</u>	<u>(3,331)</u>
Increase in debtors	93	1,389
Increase in creditors	112	108
Increase in provisions and employee benefits	6,790	3,810
Net cash from operating activities	<u>(113)</u>	<u>1,976</u>
Cash flows from investing activities		
Acquisition of tangible fixed assets	-	-
Interest received	3	-
Net cash from investing activities	<u>3</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	(110)	2,222
Cash and cash equivalents at the beginning of the year	1,976	(246)
Analysis of changes in net debt	<u>1,866</u>	<u>1,976</u>

Statement of changes in equity

	Revenue Reserve £'000
Balance at 1 April 2020	(41,289)
Total comprehensive income for the period	
Deficit for the financial year	(4,371)
Net actuarial loss recognised in the pension scheme	(25,420)
Balance at 1 April 2021	<u><u>(71,080)</u></u>
Total comprehensive income for the period	
Deficit for the financial year	(8,635)
Net actuarial gain recognised in the pension scheme	32,800
Balance at 31 March 2022	<u><u>(46,915)</u></u>

Notes to the accounts

1. Accounting Policies

South Tyneside Homes Limited (the company) is a company limited by guarantee and incorporated and domiciled in the UK.

Basis for Financial Statements

These financial statements were prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The financial statements were prepared to reflect South Tyneside Homes is a public benefit entity.

Measurement convention

The financial statements are prepared on a historical cost basis.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report.

Notwithstanding a reported deficit for the financial year to 31 March 2022 of £8,635,000 (2021: £4,371,000), and operating cash outflows for the same period of (£113,000) (2021: £1,976,000 inflows) the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 19 months from the date of approval of these financial statements (to 31 March 2024) which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through, in downside cases, funding from its immediate parent entity (South Tyneside Council) to meet its liabilities as they fall due for that period.

The company's current management agreement with South Tyneside Council expires on 31 March 2026. Consequently, the directors are confident that the company 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.

Notes (continued)

Accounting policies (continued)

Turnover

Turnover includes management fees received from South Tyneside Council and local providers for the housing and asset management and maintenance of their housing stock and is stated net of value added tax.

Income earned through works carried out by the Company to build new homes and major improvement works for South Tyneside Council and local providers is included in turnover. Turnover from these works is recognised on an accruals basis in line with agreed surveyors' valuations based on work performed as the contract progresses.

South Tyneside Homes manages and delivers new homes for associated parties. Turnover from these works is recognised on an accruals basis in line with agreed surveyors' valuations and costings from contractors, based on work performed as the contract progresses. South Tyneside Homes is entitled to recognise a management fee in line with this arrangement.

South Tyneside Homes delivers services to South Tyneside Council, including works to public buildings and schools; provision of welfare advice and cleansing services to open spaces. The associated income is recognised as other income from South Tyneside Council.

Other operating income includes government grants and contractual rebates received from suppliers.

All income is recognised on an accruals basis and is stated net of value added tax.

Government grants

Government grant income is recognised in the statement of financial activities when the company has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. Where a grant is receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, the grant is recognised as income in the period in which it is receivable.

Retirement Benefits

The Company participates in the Tyne and Wear Pension Fund. The scheme is a defined benefit Local Government Pension Scheme and the assets of the scheme are held separately from those of the company. Retirement benefits to employees of the Company are funded by contributions from all participating employers and employees in the scheme.

These payments are made in accordance with periodic calculations by the Actuary to the fund and are based on future pension costs applicable to the various participating organisations. The amount charged to the Statement of Consolidated Income in respect of the scheme is based on actuarial estimates and is calculated to spread the cost of pensions over the employees' remaining working lives for the Company.

Notes (continued)

Accounting policies (continued)

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the correct rate of return on high quality corporate bonds of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split within the Statement of Consolidated Income between operating charges, exceptional item and finance items and within the Statement of Other Comprehensive Income, actuarial gains and losses.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which may have arisen but not reversed by the Statement of Financial Position date.

Financial Instruments

Financial instruments are recognised initially at transaction price adjusted for attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses if appropriate.

Fixed Assets and Depreciation

The Company has a policy of capitalising fixed assets where the purchase price for individual items exceeds £1,000.

Depreciation is provided to write off the cost less the estimated residual value of fixed assets by equal instalments over their estimated useful economic lives as follows:

Other equipment – 3 years

Computer equipment and software – 5 years

Operating Leases

Rentals under operating leases are charged to the Statement of Consolidated Income in equal annual instalments over the lease term.

Notes (continued)

Accounting policies (continued)

Finance Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and net interest expenses on the net defined benefits liability. Other interest receivable and similar income include interest receivable on funds

Cash at Bank and in Hand

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where judgements and estimates have been made include:-

Pensions – specifically the value of assets and liabilities of the scheme and the ongoing costs of servicing the members. These costs are informed by advice given by our actuaries. The pension liability recorded as at 31 March 2022 was £49,330k (2021 £73,810k).

Notes (continued)

2. Analysis of turnover, operating costs and operating deficit

	2022 £'000	2021 £'000
Turnover		
Management fees from South Tyneside Council, associated parties and local providers	28,691	29,010
Income from South Tyneside Council and local providers to deliver new homes and improvement works	18,647	14,198
Management and delivery of new homes for sale to associated parties	2,465	4,226
Other South Tyneside Council Income	4,078	1,608
Other operating income	536	433
	<u>54,417</u>	<u>49,475</u>
Operating Costs		
Management of social housing owned by South Tyneside Council and local providers	14,261	13,343
Repairs, maintenance, new homes and improvement works	36,129	32,119
Welfare Debt advice and administration of South Tyneside Council welfare funds	834	724
Handy Estates service	3,511	3,241
Pension Adjustment	6,790	3,810
	<u>61,525</u>	<u>53,237</u>
Other income	=	<u>371</u>
Operating deficit	(7,108)	(3,391)

The above analysis demonstrates South Tyneside Homes' turnover and the associated costs.

South Tyneside Homes received £371k of government grants in 2021 which is included as 'Other income'.

3. Interest receivable

	2022 £'000	2021 £'000
Bank interest	3	-

Notes (continued)

4. Interest payable

	2022 £'000	2021 £'000
Net Interest expense on net defined benefits liability	(1,530)	(980)

5. Expenses and auditors remuneration

	2022 £'000	2021 £'000
Deficit before taxation is stated after charging:		
Depreciation	-	60
Auditor's remuneration:		
- in their capacity as auditors	20	20
- for other services	3	3

6. Employee information

The average number of persons employed during the year, expressed as equivalent full time employees was:

	2022	2021
Housing management	228	269
Property services	394	346
	622	615

South Tyneside Homes employed an average of 640 employees during the period.

Staff costs for the above persons were:	2022 £'000	2021 £'000
Wages and salaries	18,375	17,566
Social security costs	1,692	1,592
Other pension costs (see note 15)	8,980	5,960
	29,047	25,118

Notes (continued)

7. Directors' emoluments and remuneration of key management personnel

The Chair and Vice-Chair each receive an annual allowance which is equivalent to the amount paid to the South Tyneside Council's Chair & Vice-Chair of its scrutiny panel. The aggregate amount of expenses paid to Board Members in the year was £17,893 (2021: £17,721).

Remuneration of key management personnel

The remuneration of the Executive Management Team of the Company, including employer's National Insurance, is set out below in aggregate.

	2022	2021
	£'000	£'000
Short-term employee benefits	380	378
	<u>380</u>	<u>378</u>

8. Taxation

HMRC have agreed that the Company is able to take advantage of the beneficial tax treatment described in HMRC's guidance due to their being insufficient commerciality between the ALMO and its parent for its activities to be considered trading.

Notes (continued)

9. Tangible fixed assets

	IT and other equipment £'000
<i>Cost</i>	
At beginning of year	1,337
Additions	-
Disposals	(631)
At end of year	<u>706</u>
<i>Depreciation</i>	
At beginning of year	1,337
Charge for year	-
Depreciation eliminated on disposal	(631)
At end of year	<u>706</u>
Net book value	
At 31 March 2022	<u>-</u>
As at 1 April 2021	<u>-</u>

10. Debtors

	2022 £'000	2021 £'000
Trade debtors	126	260
Sundry debtors	119	12
Prepayment	203	183
Amounts owed by the parent undertaking	4,585	4,421
Amounts owed by the associate undertaking	148	397
	<u>5,181</u>	<u>5,274</u>

All debtor balances are receivable within one year.

Notes (continued)

11. Creditors amounts falling due within one year

	2022 £'000	2021 £'000
Amount due to parent company undertaking	720	510
Trade creditors	1,506	1,633
Sundry creditors	3	-
Accruals and deferred income	1,558	1,508
Pension	332	277
Other taxation and social security	513	592
	4,632	4,520

12. Share capital

The company does not have any share capital as it is limited by guarantee of £1 per member.

Membership at 31 March 2022 was 1 (2021: 1).

13. Related party transactions

The Company's main source of income is management fees and charges from South Tyneside Council, its ultimate parent undertaking. Income from South Tyneside Council amounted to £54,238k in the year (£49,356k in 2021). The amount outstanding at 31 March 2022 was £4,585 (£4,421k in 2021).

The Company purchases goods and services from South Tyneside Council as part of its operating activities. No profit is made from these transactions. The balance outstanding at 31 March 2022 and due to be paid over to South Tyneside Council was £720k (£510k in 2021).

The Company provides goods and services to Centaurea Homes Limited, a company wholly-owned by South Tyneside Council. Income from Centaurea Homes Limited amounted to £2,667k in the year (£4,552k in 2021). The amount outstanding at 31 March 2022 was £148k (£397k in 2021).

Notes (continued)

14. Ultimate parent undertaking

The Company is a subsidiary undertaking of South Tyneside Council. The consolidated accounts of the group are available to the public and may be obtained from the Corporate Director Business and Resources, South Tyneside Council, Town Hall and Civic Offices, Westoe Road, South Shields, NE33 2RL.

15. Employee benefits

The Company participates in the Tyne and Wear Pension Fund, a Local Government Pension Scheme ('LGPS'), which is a funded defined benefit scheme. The latest full actuarial valuation was carried out by Aon Hewitt Limited at 31 March 2019 and was updated for FRS 102 purposes to 31 March 2022 by Aon Hewitt Limited, a qualified independent actuary.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2022	2021
	£000	£000
Present value of funded defined benefit obligations	(217,810)	(231,040)
Fair value of plan assets	168,480	157,230
	<hr/>	<hr/>
Net pension liability	(49,330)	(73,810)

Movements in present value of defined benefit obligation

	2022	2021
	£000	£000
At 1 April	231,040	175,030
Current service cost	8,980	5,960
Past service cost	-	-
Interest cost	4,830	4,010
Remeasurement : actuarial gains/losses	(24,750)	47,810
Contributions by members	1,120	1,100
Benefits paid	(3,410)	(2,870)
	<hr/>	<hr/>
At 31 March	217,810	231,040

Notes (continued)

15. Employee benefits (continued)

Movements in fair value of plan assets

	2022	2021
	£000	£000
At 1 April	157,230	131,430
Interest income	3,300	3,030
Remeasurement: return on plan assets less interest income	8,050	22,390
Contributions by employer	2,190	2,150
Contributions by members	1,120	1,100
Benefits paid	(3,410)	(2,870)
At 31 March	168,480	157,230

Expenses recognised in the income and expenditure account

	2022	2021
	£000	£000
Current service cost	8,980	5,960
Past service cost	-	-
Net interest on defined benefit pension liability	1,530	980
Total	10,510	6,940

The expense is recognised in the following line items in the income & expenditure account:

	2022	2021
	£000	£000
Operating costs	8,980	5,960
Interest payable	1,530	980
	10,510	6,940

Notes (continued)

15. Employee benefits (continued)

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is £32.80m loss (2021: £25.42m loss).

Cumulative actuarial losses reported in the statement of total recognised gains and losses for accounting periods ending from 31 March 2007 were £49.33m (2021: £73.81m).

The fair value of the plan assets and the return on those assets were as follows:

	2022	2021
	Fair value	Fair value
	£000	£000
Equities	96,034	87,263
Government bonds	3,370	3,459
Corporate bonds	31,674	31,132
Property	14,152	12,421
Cash	3,033	6,289
Other	20,217	16,666
	168,480	157,230
Asset gains/(losses) arising during the period	8,050	22,390
Liability gains/(losses) arising during the period	24,750	(47,810)
Total amount recognised in other comprehensive income	32,800	(25,420)

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2022	2021
	%	%
Discount rate	2.7	2.1
Rate of increase in pension payments	2.9	2.7
Rate of increase to deferred pensions	2.9	2.7
Future salary increases	4.4	4.2
Inflation increase		
- RPI	3.0	1.5
- CPI	2.9	2.7

Notes (continued)

15. Employee benefits (continued)

The assumptions are based on the recent actual mortality experience of members within the fund and allows for expected future mortality improvements. Sample life expectancies at age 65-resulting from these mortality assumptions are as follows:

Current pensioner aged 65 : 21.8 years (male), 25.0 years (female).

Future retiree upon reaching 65 : 23.5 years (male), 26.7 years (female).

The Company expects to contribute approximately £2.29m to its defined benefit plans in the next financial year (2021: £2.2m).