Annual Report and Financial Statements 2022/23

Paradigm

Our Vision

We provide excellent services to customers

and build new homes to help more people.

We make sure our homes are safe and sustainable

and strive to do more by making the most of our resources.

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GROUP INFORMATION

BOARD MEMBERS AND SENIOR STAFF

Chair

Julian Ashby

Other Board Members

Matthew Bailes

Liz Bailey

Mathew Bishop

Pat Brandum

Amina Graham
(appointed 1 April 2023)

Mike Johnson
(appointed 1 April 2023)

Simon Jones
(appointed 16 November 2022)

Philippa Lowe

Peter Quinn

Richard Osborne

Eleanor Southwood

John Cross
(resigned 31 March 2023)

Eva Cullen
(resigned 31 August 2022)

John Simpson
(resigned 31 March 2023)

Company Secretary

Ewan Wallace

Senior Executives

Matthew Bailes
(Chief Executive)

Patrick Dawson
(Chief Information Officer)

Nicola Ewen
(Chief Financial Officer)

Martyn Jones
(Executive Director - Development)

Hannah Manyewu
(Executive Director – Customer)

Justin McCarthy
(Executive Director - Property)

Sarah Nickson
(Executive Director - Strategy & Business Services)

CORPORATE INFORMATION

Registered Office

1 Glory Park Avenue, Wooburn Green,
Bucks, HP10 0DF

Registrations

Registered society number: 28844R
Registered provider number: L4215

Regulated by

The Regulator of Social Housing

Independent Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick, West Sussex
RH6 0PA

Principal Solicitors

Devonshires LLP
30 Finsbury Circus
London
EC2M 7DT

Towers and Hamlins LLP
3 Bunhill Row
London
EC1Y 8YZ

Principal Bankers

Barclays Bank plc
Level 27 1 Churchill Place
London
E14 5HP

Main Valuers

Savills (L&P) Ltd
Jones Lang Lasalle

GROUP STRUCTURE

Within the group (Paradigm), two organisations are registered as housing providers with the Regulator of Social Housing (RSH):

> Paradigm Housing Group Limited (PHG)

> Paradigm Homes Charitable Housing Association Limited (PHCHA), a subsidiary of PHG.

Paradigm Development Services Limited (PDSL) is a wholly owned subsidiary of PHG, undertaking developments which are usually transferred to Group members on completion.

Paradigm Maintenance Limited (PML) is a wholly owned subsidiary of PHG and has been dormant since 1 April 2022.

PHCHA has one subsidiary: Paradigm Commercial Limited, (PCL) whose principal activity is to purchase vacant properties and/or land, to develop to provide properties for letting or for sale, and to manage properties for rent.

PHCHA is also the sole trustee to Mary Bailey-Smith Almshouses, a small charity with three properties in management.

Chair's Report

Last year I wrote here of challenging and unprecedented times. It is fair to say that this remains true. The economic environment for housing associations and their customers over the last year has deteriorated further, which means that the demand for the homes and services we provide has never been greater.

At Paradigm we will continue to make the best use of the resources we have available in order to deliver our mission to build new homes and provide great services to our customers.

Despite the challenges of high levels of inflation for consumers and businesses, as well as the impact of the autumn budget on financial markets, we have adjusted our plans where appropriate and maintained tight control over the delivery of our objectives.

During the year we delivered 446 new affordable homes, the majority of them affordable rented homes. We already have plans for committed schemes which will deliver a very large proportion of our target for the number of new homes we are now aiming to build over the remaining three years of the Corporate Plan period.

We provided tenancies to 518 new households in our existing rented homes in addition to the 446 new homes. We have significantly expanded the additional support we provide to customers who need extra help to sustain their tenancies.

We provided £259,000 in support to residents, both through individual support to help with living costs, including food and fuel vouchers, and through grants to partners to provide services such as debt advice and support with mental health.

We have made sustained progress with our transformation programme. This is not just about deploying a new IT system, but is a wider, systematic programme to improve the services we provide to tenants and shared owners in the ways that matter to them. This transformation and improvement journey will continue into the new year, including expanding our use of data analytics and the insight that gives us.

We have broadly maintained our level of customer satisfaction, despite deteriorating trends in the sector. We continue to challenge ourselves that it is not high enough and is not increasing sufficiently to meet our Corporate Plan target. We are listening to our customers so we will know when we have got it right. I am confident that the vast majority of our customers get a good service, that our staff work hard to high standards every day, and that we do not have the extreme problems of damp and mould in our homes that others do and which are a matter of public record. However, we are not complacent and continue to push to go further in providing the means for our customers to tell us how we are performing, and how we must improve.

During the year, we have established a Customer Experience Committee, a subcommittee of the Board composed of Board members and customers, which will provide a direct line of scrutiny and oversight of our delivery of our Customer Strategy commitments. Paradigm's commitment to improving customer satisfaction and deepening our approach to customer involvement and engagement is genuine, and we are investing significant sums in measures to improve our services to them, but we have not yet delivered the full benefits of this.

As a Board, we carefully considered the impact of capping rents on our financial strength and capacity and the impact on our customers. We therefore took a balanced view and supported the recommendation to cap rent increases below inflation, at a level of 7%, and voluntarily applied the same cap to our shared owners' rents.

While we have adjusted our plans to reflect the operating environment and have made a modest reduction in our target for new homes, our financial strength means we are able to continue to deliver new homes and invest in our existing homes in line with our strategic objectives. In May 2023, Standard and Poor's reaffirmed our credit rating of A+ with a stable outlook. This is a reflection of our prudent financial management in the face of economic uncertainty.

As we look forward, we go into 2023/24 with strong financial metrics having delivered an operating margin of 39%. We continue to provide a good degree of headroom over our obligations to our lenders and investors, reflected both in our rating and the restatement of our G1/V1 rating from the Regulator.

I would like to thank the Board members who have left this year for the time and care that they have given to our work: John Cross, Eva Cullen, John Simpson and a departing Committee member, Phil Shepley.

I would also like to thank the Executive Team and all the staff at Paradigm for their continued endeavours and their commitment to the values and the work that we have set out for ourselves.

Julian Ashby Chair

STRATEGIC REPORT

PERFORMANCE HIGHLIGHTS

Serving our customers

Customer satisfaction

General needs	80%
Shared owners	52%
Repairs satisfaction	83%
Customers surveyed	1,613

New customers

Satisfaction with quality of new homes	77.27%
Standard relet time	18.7 days
Homes let to new customers	518

General needs
80%
Customer satisfaction

Repairing and improving homes
£38.3m

Safe and sustainable homes

Repairing and improving homes	£38.3m
Number of repairs	37,027
Kitchens fitted	305
Bathrooms replaced	146
Windows and doors replaced	416
Boilers replaced	333
Average SAP rating	73.29
Number of homes at EPC C or above	73.3%
Gas compliance – domestic	99.93%
Gas compliance – communal	100%
Electrical compliance – communal	100%
FRA Compliance – communal	100%

Homes and growth

Homes owned and managed	16,237
Affordable homes completed added to our portfolio	446
Shared ownership	151
Rented	295
Shared ownership homes sold	103
Shared owners converted to full ownership	53

Homes owned and managed
16,237

Turnover
£122m

Resources

Turnover	£122m
Operating surplus	£47.6m
Overall operating margin	39%
Available liquidity	£222m
Credit rating (May 2023)	A+ (outlook stable)
Regulator rating (July 2022)	G1/V1

WHO ARE WE?

Paradigm Housing Group is one of the leading providers of affordable housing in the South East, managing 16,237 homes for more than 35,800 people, employing over 500 staff. We are a financially stable not-for-profit organisation which reinvests all profits into building more new homes and supporting local communities. We have grown over 35 years to become one of the largest social housing providers in the counties of Buckinghamshire, Hertfordshire and Bedfordshire.

OUR PURPOSE

Our core purpose is to provide affordable homes for those who need them.

OUR PRINCIPAL ACTIVITIES ARE:

> providing affordable housing for rent
> delivering low-cost home ownership (mainly shared ownership)
> providing hostel accommodation for single and young people.

OUR VISION

Our Vision

We provide excellent services to customers

and build new homes to help more people.

We make sure our homes are safe and sustainable

and strive to do more by making the most of our resources.

OUR VALUES

#ActingThoughtfully — We make ourselves aware of our customers' and colleagues' circumstances, and consider this thoughtfully and respectfully, and with attention to the impact on the environment, when taking action.

#BeingClear — We will communicate in a clear and consistent manner so that our customers, colleagues and stakeholders understand the high standards that we work to.

#DrivingImprovement — We seek to do things better and deliver value to our customers.

#SaferTogether — The safety of our customers, colleagues and ourselves is a priority in everything we do.

#WorkingAsOne — We work collaboratively with others and also take personal responsibility for delivering outcomes for our customers, colleagues and stakeholders.

OUR HOMES

During the year, the number of homes we own and manage went up to 16,237, an increase of 215 homes. Most of our homes are let at rents lower than full market rate to people who cannot afford to rent on the open market. We also provide shared ownership properties, homes at market rent, accommodation for those requiring additional support and homes for outright sale on the private market.

In the year we developed 446 new homes, including 151 for shared ownership and 295 affordable rented homes for general needs. The wind-down of our private sector leasing (PSL) continued through the year with 176 homes being returned to private landlords.

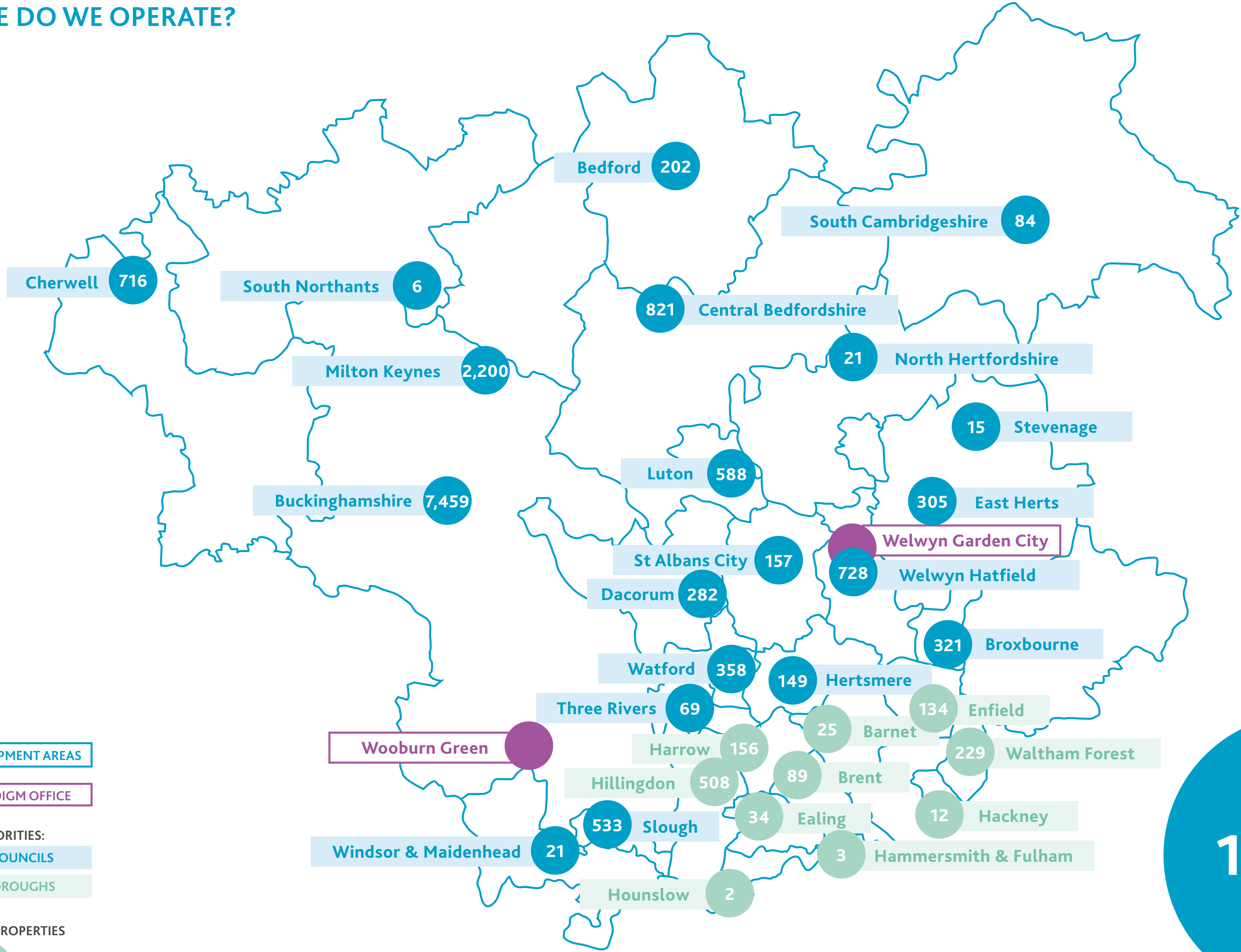
We have 16,216 managed properties and 21 that we own but do not manage.

	2023	2022	2021
Rented social housing	12,057	11,780	11,389
Supported housing	162	163	174
Low cost home ownership	2,750	2,648	2,575
Leaseholders	809	789	772
Market rent	313	315	315
Temporary housing	146	327	425
Total owned and managed	**16,237**	**16,022**	**15,650**

Oak Farm Close, Milcombe

	2023	2022	2021
Properties managed but not owned	95	271	375
Properties owned and managed	16,121	15,728	15,252
Properties owned and not managed	21	23	23
Total homes owned and/or managed	**16,237**	**16,022**	**15,650**

WHERE DO WE OPERATE?



TOTAL
16,237
HOMES

KEY

KEY DEVELOPMENT AREAS

MAIN PARADIGM OFFICE

LOCAL AUTHORITIES:

REGIONAL COUNCILS

LONDON BOROUGHS

NUMBER OF PROPERTIES

STRATEGY, OBJECTIVES AND PERFORMANCE

We have continued during 2022/23, the second year of our Corporate Plan period, to focus on managing our business and our transformation programme to make steady and purposeful progress to achieving our corporate objectives.

The external environment has continued to prove challenging. The cost-of-living crisis, much higher levels of inflation and increasing interest costs have put increased pressure on our ability to meet our targets and objectives. However, we believe that our prudent approach has put us in a good position to sustain our focus on providing an excellent deal for our customers, supporting them in a challenging cost-of-living crisis, and continuing to offer safe, sustainable homes, including new homes that expand our business and our capacity to help more people.

We have maintained our position as a financially robust organisation with substantial liquidity, covenant headroom, unencumbered assets and strong margins.

CORPORATE PLAN 2022-2026 PROGRESS

Working with our customers

During the year we created a new Customer Engagement Framework, which supports our Customer Strategy in listening, understanding and acting on feedback. The Framework includes a new Customer Experience Committee which incorporates customers as well as the four co-regulation groups – the Readership Panel, Resident Quality Inspectors, New Paradigm Customer Oversight Group and Scrutiny Group.

Last year, almost 1,300 customers were directly engaged through 21 different projects that helped scrutinise and improve services. This represents a 154% increase of engaged customers, compared with 500 customers in 2021/22.

In terms of scrutiny, the Readership Panel held us to account on customer communications, ensuring we are inclusive and clear with our communication and that all customers receive information in the right format and at the right time.

Our Resident Quality Inspectors are able to access training and support to help them participate in inspections of estates and communities and to assess the facilities and services that we provide. They also make suggestions and recommendations as to how we can improve them.

Our new initiatives such as Time 2 Talk Day and Random Acts of Kindness reached 587 customers, supporting a cultural shift and increased awareness of customer engagement across the business. 52 colleagues volunteered to take part.

A number of initiatives were held to engage customers at particular schemes with local issues, which resulted in improvement action plans, addressing a range of issues from anti-social behaviour to signage and CCTV.

In addition to these, we continue to carry out quarterly customer satisfaction perception surveying, through our partner IFF, as well as a range of interactional surveys, including repairs, ASB, complaints and customer services.

During the final quarter, we started an early transition to the use of the new Tenant Satisfaction Measures, as specified by the Regulator of Social Housing.

Improving our service

During the year we have continued to invest substantial resources in our transformation programme, New Paradigm. This is an investment for the long term – there is a significant IT element to this programme, which involves the implementation of a new housing management system, but the main driver for the design and configuration of the new IT system is practitioner-driven review and improvement of the services which we provide to our customers.

We have taken opportunities to make system and service improvements as part of the transformation programme ahead of the full deployment of the new housing management system.

We have continued to implement our Neighbourhood Model for how we deliver services to our customers. This focuses on providing services to customers in response to their needs and preferences with a high-quality customer and neighbourhood management service at its core.

The Model has a series of specialist services which wrap around the core service, in response to particular needs of a customer or neighbourhood. For example, the ASB service has enhanced our approach to managing anti-social behaviour cases with a more proactive focus, taking assertive action when we need to, as well as improved communications and updates to customers on cases. Based on surveys of those who have raised cases with us, we have seen a marked increase in satisfaction levels in the final quarter, both with our handling of those cases and the outcomes. We aim to maintain and further improve our performance in this area.

We have replaced our existing telephony software and transferred to a single system which integrates external calls to Paradigm with our Microsoft Teams software. During the year we have received over 180,000 calls and emails to our Customer Services team, with satisfaction ratings of over 4/5. We will continue to explore the self-service and digital service options the software provides, to continue to respond to customer preferences to contact us and to provide choice.

We have also introduced Paradigm On Track. This is a mobile phone-based application which sends text-based updates to our customers confirming appointments. It tracks our operatives' journey to appointments, updating customers with expected arrival times and allowing them to provide specific information on access to their technician. It then sends a text-based survey to customers once the job is completed, allowing us to monitor service quality.

The impact of this has been to reduce significantly both missed appointments (by approximately 25%) and customer calls to our Contact Centre. Customer feedback indicates an average of 4.6 out of 5 satisfaction rating (89.8%) across 3,679 responses.

This is a good example of our general approach, which has been to hone our management focus on using data to improve operational performance.

During the year, we have routinely undertaken self-assessments of our approach and procedures in service areas covered by Ombudsman spotlight reports, including in relation to damp and mould, engaging with private freeholders and managing agents, and noise nuisance. We have developed action plans to address recommendations where those assessments indicate gaps in our approach.

Supporting our customers

During 2022/23, we recognised the depth of the continuing cost-of-living pressures on our customers.

Our approach has been to intensify our efforts to provide support to customers who are in the most acute need. We have a Customer Support service with six colleagues focusing on providing welfare benefit advice and support for vulnerable customers, including signposting and referring to specialist agencies.

We focused our grant programme on providing assistance both directly to customers who are the most vulnerable or in the most severe financial difficulty, and into relevant third party services.

Examples of the outcomes include funding assistance to customers by Citizens Advice. Customers in these cases are often in more complicated situations. Our support helped secure benefits payments of over £280,000 in total. Additionally, those customers were often given wider support to stabilise their financial position so as to maintain their tenancies, and in some cases to access other support services.

Our grants programme has also funded services which have helped some residents into employment and supported some who struggle with hoarding.

We have a clear working method by which we assess which support services are relevant when customers contact us. We have promoted awareness of and accessibility to the support we offer, both directly and through our online support hub.

We consulted with customers to identify their priorities for our Customer Support approach, and this has confirmed a continued focus on financial inclusion (cost-of-living support), mental health issues and digitial inclusion during 2023/24.

Our rent increases for 2023/24 have been capped at 7%, below the level of inflation, and we also chose to voluntarily apply the same increase to our shared owners.

Our targets and performance

By the end of the Corporate Plan period (2026), our objectives are to achieve:

> General needs customer satisfaction of 88% for those who are our tenants

> Homeowner customer satisfaction of 65% for those who are shared owners or leaseholders

> Satisfaction of 85% with our repairs service.

Performance on these measures has remained relatively stable. General needs satisfaction has remained at a level of 80% throughout the year. We continue to focus on the insights which surveying generates to develop strategies for improving satisfaction.

Satisfaction with repairs has improved through the course of the year and is ahead of this year's target of 78%. During the year, we invested significantly in our directly-employed workforce, which we have expanded in a difficult market for recruitment. We have cleared the backlog of repairs from the pandemic to the extent that all categories of repairs – emergency, urgent and non-urgent – are meeting objectives for completion within target times. We are exceeding our 90% target for first-time fixes at 91.1%.

The repairs and maintenance service is consistently one of the key drivers of customers' overall satisfaction with Paradigm and is an essential component of us keeping our homes safe and in good condition. Our performance is a reflection of the effort and resource we allocate to this.

It is predicted that as customer satisfaction with the repairs service increases, this will impact on the overall general needs customer satisfaction, taken together with our wider Customer Strategy objectives, including the benefits of our transformation programme.

Homeowner satisfaction has declined slightly compared with last year. This reflects a wider trend within the sector, but it remains below the level we would like to achieve to reflect an improved service to our homeowner customers. We are targeting the areas homeowner customers have told us are most important to them, which are communal repairs, our communications and value for money of our service charges, to make improvements during 2023/24.

	2022/23	2021/22	2020/21
Customer satisfaction (tenants)	80%	80%	84%
Customer satisfaction (shared owners)	52%	55%	56%
Satisfaction with our repairs service	83%	73%	N/a
Complaints upheld	80%	68%	66%
Ombudsman complaints upheld	1	2	1
Relet times average days	18.7	21.5	14.2

We have provided homes to 964 new households during the year – a rate of 6% of our overall homes. Approximately half were new homes being let for the first time and half were re-lets of existing homes.

While our overall re-let time for the year is over target at 18.7 days, compared with a target of 16, the performance during the final quarter has consistently come in ahead of target following a renewed focus on maximising our capacity to house people in our homes. We have achieved this during a period when we have also had a substantial increase in the number of new homes being let and represents significant service effectiveness.

For complaints, we have fully or partially upheld a large proportion of the 377 complaints which we resolved during the year.

Our objectives are to use complaints as an opportunity to engage genuinely with customers who are unhappy; to put things right where we have got them wrong; and to use the information and insight to improve our services and learn. The volume of complaints we receive reflects our openness to hearing when customers are dissatisfied and our focus on identifying and delivering improvements. This approach means we continue to experience very low incidences of complaints to the Ombudsman being upheld.

We build new homes to help more people

Building new homes to help more people

Our strategic view is that the development of new homes is a central part of our corporate mission. It represents the application of our financial resources to our main charitable purpose, which is to house as many people in housing need as we sustainably can.

Our Corporate Plan target is to deliver at least 2,250 homes through our development activities and to maintain a pipeline of at least 1,600 homes. However, the external economic environment has posed a substantial challenge to that during the course of the year. Inflation effects have increased the costs of materials and labour in our supply chain, and the rise in interest rates has increased risk in the housing market, as well as having an impact on our investment capacity. The rent cap agreed with Government in the autumn has also materially impacted our ability to fund new investment over the longer term, which includes development activity.

Therefore, at the end of the first half of the year, the Board reviewed our investment plans to deliver our strategic objectives, and the assumptions which underpinned these. Our strong financial position has enabled us to continue our commitment to investment in our new homes whilst maintaining our commitment to invest in our existing homes to improve their energy efficiency. However, the Board approved a new Long-Term Plan that will reduce the

Launton near Bicester

number of new homes we can prudently deliver during the Corporate Plan period to 1,950 (as opposed to 2,250), which also means we have scaled back our pipeline target (as, positively, we have already contracted and are committed to many of these homes). Beyond the Corporate Plan period, we have also now planned to reduce our expected annual output to 400 homes per year.

During the year, we have handed over 446 homes into management and sale, of which two thirds are for affordable rented tenures, including social rent - this is against a target of 422. We had a significant increase in the rate of handovers in the final quarter, and we expect this to continue through into the first quarter of 2023/24.

The development pipeline at the end of the year was below target at 848 homes, but our position is that, given the reduced annual output target, the pipeline is nearly at a level where the approved and contracted investment proposals will meet the output targets through to the end of the Corporate Plan period. This then needs to be maintained based on the revised run-rate of 400 homes per annum.

In September of this year, we entered into a joint operating arrangement with Countryside to provide 208 homes in Bishop's Stortford, of which 125 homes will be affordable tenures. This contractual arrangement, the first for us, reflects our ambitions to maximise the number of affordable homes delivered, while sharing the benefits and potential risks with our partners.

Given the challenging economic backdrop of increased interest rates and the impact on prospective customers' mortgages, we have continued to make significant progress in marketing our new shared ownership homes with margins at higher levels than budgeted during the year and achieving materially more revenue compared to budget. This is despite the fact we sold 103 homes against a target of 106 for the year, which was mainly due to delays in handovers – the homes are forecast to be sold in Q1 of 2023/24.

We have undertaken significant work to improve our processes for securing good quality new homes which are free of defects. Although at the end of the year, our defect rate was slightly higher than target at 2.1/property (target: 2.0/property), the impact of our changes in the aftercare processes and continued focus on quality is feeding through into properties handed over during the second half of the year, which has seen the defects rate improve.

Our processing of defects is one of the biggest impacts on our customers' satisfaction rates with the quality of their new homes, and so while we have seen improvements in defects in the second half of the year, satisfaction levels are lagging, and at the end of the year, our satisfaction level was 77.3%, against a target of 85%. The work we have undertaken, and continue to undertake, in improving quality control and in establishing a more customer-focused and coordinated approach to providing post-sale aftercare support, gives us confidence that we will see customer satisfaction increase over 2023/24.

We make sure our homes are safe and sustainable

Providing safe homes

Ensuring full compliance with safety regimes for our homes remains a primary objective for Paradigm.

Our compliance rate with the Decent Homes Standard is 99.97%. We have clear diagnosis and plans in place in relation to the small number of homes which do not meet the standard, the majority of which relate to the age of key building components or to thermal comfort, although the most significant single cause of delay is customers rejecting the required works.

There has been substantial and justified scrutiny of those homes across the social rented sector which have serious damp and mould problems. We undertook a detailed review of our position to validate our monitoring and internal controls. We have improved our procedures both for surveying and managing damp and mould. We have not identified any of the most serious levels of damp and mould in our properties during that review.

To improve reassurance on decency and condition within our homes, we have accelerated our stock condition survey programme with a plan to achieve a five-year cycle by 2025/26. This is in addition to the numerous interventions we carry out on a daily basis such as repairs, investment programme, voids, compliance checks and proactive data analytics (to identify issues early).

We have maintained full compliance with all principal safety regimes, including gas safety checks, Fire Risk Assessments (FRAs), management of asbestos, lifts and electrical safety.

During the year, we have implemented new arrangements for ensuring full coverage of smoke and carbon monoxide detectors, inspection of fire doors, and the arrangements required for inspection and fire safety in high-rise buildings.

Improving the energy efficiency of our homes

We have significantly improved the completeness and accuracy of our property-level data on energy efficiency, which has improved rather than worsened our reported position. As a result, the proportion of our homes which meet an Energy Performance Certificate (EPC) C rating increased to 73.3% from 69.9% last year.

The equivalent figures for average SAP rating are an increase from 72.23 to 73.29. Our objective is to raise all our homes to EPC level C by 2030. Of the 3,800 homes which are below this category, we have plans to complete energy efficiency measures for up to 500 of these during the coming year. As we complete more in-depth PAS surveys and validate using new software, we expect the number requiring intervention to be far lower.

We have doubled our planned investment in boiler replacement to ensure our properties have modern and efficient boilers. This will not only improve the energy performance of our homes but also support customers who may be paying higher fuel costs as a result of old, inefficient boilers.

Our approved long-term business plan includes c.£377m of expenditure for the next 30 years to improve energy efficiency across existing stock properties. £162m of this provision is allocated to replace existing components such as windows, boilers and roofs. The remaining provision of £215m is earmarked over the life of the plan to achieve carbon neutrality by 2050. £40m of the £215m spend is to achieve minimum EPC C by 2030 across our stock where we have the repairs liability. In addition, our current long-term financial plan does not include any benefit from grant funding, and therefore represents a prudent estimate of forecast retrofit cost.

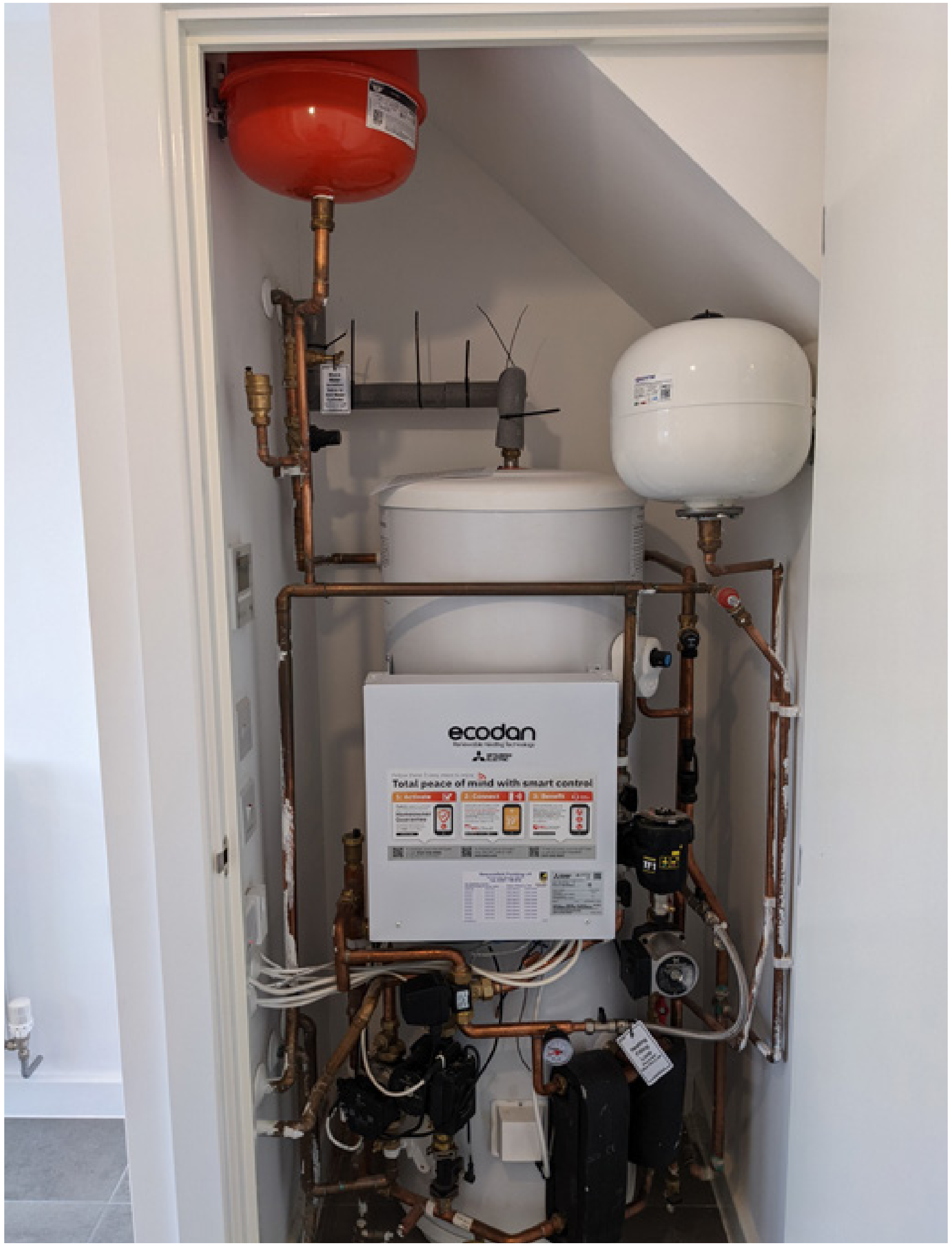
Environmental sustainability

We have made significant progress with wider environmental sustainability objectives that we have set out in our Environmental Sustainability strategy.

We have improved the management and monitoring of waste from our office and from operational activities. We have agreed a waste action plan which provides a route by which we are confident that we can reduce the waste we send to landfill to zero. While the saving is relatively small, this will eliminate the money that we pay for landfill tax over the Corporate Plan period and will reduce our reported greenhouse gas emissions.

We have also committed to a policy and action plan to enhance biodiversity across our existing estate, and to put in place effective arrangements to manage Biodiversity Net Gain schemes where these are required for new developments in the future.

Our emissions reporting under the Streamlined Energy and Carbon Reporting framework is set out on page 30. Overall our emissions have decreased by 2% in the year. This is substantially accounted for by a reduction in vehicle emissions, with this being the first full year of operating a wholly hybrid van fleet. More details are provided on page 30.



Making the most of our resources

Our objective is to ensure that we organise all the resources at our disposal to deliver the best outcomes for providing good homes and excellent services that we can.

Our finances

We have continued to manage our finances following the discipline of our financial strategy and business plan.

We have extended our financial management process to align operating budgets with financial projections over a three-year period. This means that we are planning our expenditure, as well as investment in homes and our transformation programme, to improve the visibility and predictability of our financial position over the Corporate Plan period.

We have not had to undertake significant fundraising activity during the year. Our position remains that we have a relatively small amount of floating rate debt, which means that most of our borrowing is at low fixed rates. This has substantially mitigated the effects of higher base rates on our interest costs.

We extended our rolling credit facilities by £50m in the year, which means that we have sufficient liquidity to fund our investment activity through 2023/24 and into 2024/25.

Our gearing is at 55.5% compared with our target of 56%.

Although we have significantly recovered our service level in relation to the effects of the COVID-19 pandemic, and despite increases in demand for our services, we have had to apply the same level of rigour to our financial management to adapt to the impacts of significantly higher levels of inflation.

Our operating margin (excluding sales) is 35.7% against a target of 38.9%. The performance below target is principally the effect of increased demand by our customers for our repairs services, higher investment in our homes, and higher levels of inflation than expected across our cost base.

Our maintenance costs per property are £1,709 against a target of £1,440, again driven by inflation, particularly in relation to fleet running costs and materials. We also diverted additional resources to this area as a result of increased demand from customers.

Management costs per property is £927 against target of £761, which is driven by a combination of inflation and one-off project costs in respect of our transformation programme.

Although the impact of inflation on our residents has been serious, we have continued to work with them to keep our arrears to 3.02% compared with our target of 3%. During the year, we have funded a wider and more systematic approach to customer support, including emergency assistance with food and fuel costs and funding independent debt and benefits advice.

Our transformation programme

During the year we continued our transformation programme, which brings together a comprehensive redesign of how we manage and deliver customer services and look after our assets. We continued to make significant investment into our business systems to support and enable that wider transformation programme. This programme is a key part of delivering our Corporate Plan.

Our new finance business system went live in July 2022 and the configuration stage of our new housing management system is in progress with deployment planned in the spring of 2024. This is an important strategic foundation for our ability to deliver better customer services and increase the efficiency of our business in the subsequent years of this Corporate Plan.

Workplace and employee engagement

We continue to make progress against our objective to achieve a 2* accreditation with Best Companies. We have again retained our 1* accreditation during the survey process at the end of 2022, and have continued to show improvements in employee engagement on that measure.

We have now established a flexible hybrid working arrangement for office-based staff, which has operated consistently through the whole financial year following the lifting of COVID-19 restrictions in the first part of 2022. This arrangement provides for all office-based staff to be in the office every week on a planned basis to facilitate team and project-based working arrangements.

Our People Strategy sets out our objectives to have an effective, up-to-date approach to recruitment and to offer a pay and benefits package which is competitive and an environment in which we support learning and development.

This approach has been instrumental in enabling us to recruit skilled colleagues and to expand our workforce in high-value activities. This has been particularly important in the Property directorate so that we have the capacity to provide an effective in-house repairs and maintenance service at the high standards we expect to offer our customers.

Value for Money (VFM)

We are committed to providing and improving our VFM as an integral part of our corporate strategy and objective setting. We take a rounded, balanced approach to VFM, which supports our social purpose and ensures we make the best use of our resources, one of our key values.

The VFM culture is led by our Board and Executive Team with VFM embedded in all decision-making processes. Our VFM scorecard has been set and agreed by the Board and includes the seven key measures as detailed within the Regulator's VFM standard. We also report to Board on key performance metrics and supporting operational VFM metrics. Our budgets, forecast and targets are all set with VFM metrics, which enables the business to take action, where possible, to improve performance.

At Paradigm, VFM is about understanding what costs are being incurred, what drives those costs and what they deliver. VFM measures ensure we plan effectively and manage our business and operations in a cost-effective manner, making the best use of the resources available to us to provide quality homes and services which meet housing needs. We monitor the sector scorecard metrics as well as operational performance throughout the year. The metrics used in the sector scorecard are as defined by the Regulator of Social Housing and do not in all cases match our own covenant or internal metrics disclosed elsewhere in the annual report. We have benchmarked against our peers in the South East and our performance for the year is shown in the table on page 22. Our key VFM metrics are provided below.

Delivery of new homes

We have increased the number of homes we own and manage from 16,022 to 16,237 in the year, which includes the development of 446 new homes. Our portfolio is now more concentrated around Buckinghamshire, Hertfordshire, Bedfordshire and areas within Oxfordshire, which will support greater efficiency in the management and maintenance of our homes.

Our Corporate Plan from April 2021 onwards has an ambitious target to build a pipeline of 1,600 units and to develop 2,250 homes during the lifetime of the five-year plan in our core operating areas. However, reflecting the challenging economic environment, the Board adjusted our planned outputs from 500 to 400 homes per annum from 2025, stepping down on a phased basis over the next two years, meaning that the new Corporate Plan target is 1,950 homes. While Paradigm is in a strong financial position and well-placed to pursue new development/stock opportunities, we are not complacent about potential risks to the business. As such, we continue to undertake robust risk assessments, use prudent assumptions that are regularly reviewed and run sensitivity analysis on all investment and development opportunities.

Property sales

We achieved first-tranche shared ownership sales of 103 against a target of 106, delivering an operating surplus of £2.9m versus a target of £1.3m. We sold 17 homes through our tenant purchase scheme, achieving an operating surplus of £3.0m against target £1.1m. In addition, 70 customers purchased additional tranches of their shared ownership property, achieving a surplus of £4.1m against a budget of £3.6m. During the year, we disposed of 16 other properties as part of our asset management strategy.

Overall operating margin

Our overall operating margin is 33% against a target of 40%. The main variations against target are better-than-expected performance in respect of property sales, offset by an increase in non-recoverable service charge costs following a cap on increases to customers. This is alongside increases in both demand for and the cost of repairs as a result of high inflation, leading to a higher cost base than expected. While we maintain upper quartile performance, we are not complacent in managing our costs. We continue to challenge our performance and cost management to ensure we deliver strong performance and quality.

Social housing cost per unit

Social housing cost per unit is above target of £4,002 at £4,238. This is an increase on the previous year (2022: £3,888), but still below our peer group average. We have seen an increased demand for our repairs service by customers as well as an increase in irrecoverable service charges as we have taken the decision to cap increases in service charges to our customers.

Management cost per unit

Our management cost per unit has increased compared to last year at £927 (2022: £698) and remains above the budget of £761, mainly due to increased legal costs and timing differences on our overall transformation project management costs. We continue to monitor this cost going forward.

Interest cover

Our interest cover of 142.8% (2022: 156.4%) reflects the increased operating costs incurred and increased interest costs as a result of drawing down on the revolving credit facility to fund our development programme at a higher interest rate than expected at the start of the year. The increased operating costs and higher interest rates also mean it is significantly below the target of 182.4%

Gearing ratio

Our gearing ratio is 55.5% (2022: 52.6%). This is just under our target of 56% and reflects the increase in net debt during the year as we drew down on our revolving credit facility to fund our development programme.

We continue to maximise the use of our assets to raise funds to deliver more homes.

The continued investment in our homes through the Asset Management Strategy to meet our energy efficiency targets and significant investment in IT hardware and systems will impact some of our VFM metrics in the future. However, improving our homes and delivering efficiencies through systems investment will not only improve the customer experience but place the business in good stead to benefit from growth opportunities.

Return on Capital Employed (ROCE)

The result for the year of 3.0% (2022: 3.4%) is below previous years and target (3.5%) as a direct result of our lower surplus for the year as a result of a higher cost base from increased demand for our repairs service and higher inflation.

Reinvestment

This measures the amount we have invested in new and existing homes as a percentage of the housing stock, and at 6.7% (2022: 3.6%) is above target (4%) as we invested £94.0m (2022: £46m) in new homes and £8.1m (2022: £5.5m) in existing stock.

Our continued financial strength

Our overall result for the year was a surplus, prior to any actuarial gains and losses, of £17.8m (2022: loss of £11.2m). This is a £3.5m decrease on a like-for-like comparison from £21.3m in the previous year, with the increase in income offset by increased costs due to additional investment in our homes as well as some inflationary pressures. The 2022 figures include £32.5m charge incurred as part of the debt refinancing with an underlying surplus of £21.3m.

During the year, income from first-tranche and other sales totalled £32.0m (2022: £44.3m), delivering a margin of 36.8% (2022: 25.9%). 2022 included the sale of a development site for £15m and so, like-for-like, the figures show an increase in the margin from 34.1% to 36.8%. Whilst the pipeline of new homes is not where we had hoped, reflecting the challenging economic environment and competition for scarce opportunities in our core geographical areas, we have largely contracted and approved schemes that will meet our revised new homes target. Similarly, while the volume of first-tranche sales was slightly lower than target, the % purchased was above target, and values were maintained, leading to a greater surplus than budgeted.

The overall surplus for the year meant that our net assets increased by £17.3m, with underlying housing properties increased by £86.3m as we developed 446 new homes during the year.

Regulator VFM Metrics

Performance measure	Target	2023	2022	Peer Group Median 2022
Operating margin (overall)	>40.1% Turnover	33.3%	42.9%	24.0%
Operating margin (social housing lettings)	>38.9% Turnover	35.5%	38.0%	27.5%
Headline social housing cost per unit	£4,002	£4,238	£3,888	£4,578
Interest cover (EBITDA-MRI)(including refinance costs in 2021/22)	182.8%	n/a	75.6%	119.1%
Interest cover (EBITDA-MRI)(excluding refinance costs for 2021/22)	182.8%	142.8%	156.4%	N/A
Gearing	<56%	55.5%	52.6%	52.3%
New supply delivered – social housing	3.0%	3.0%	1.5%	1.5%
New supply delivered – non-social housing	0.0%	0.0%	0.0%	0.0%
Return on Capital Employed	3.5%	3.0%	3.4%	3.2%
Reinvestment	4.0%	6.7%	3.6%	6.8%

GROUP HIGHLIGHTS, FIVE YEAR SUMMARY

GROUP STATEMENT OF COMPREHENSIVE INCOME	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Turnover	122.3	116.8	153.4	121.5	130.1
Turnover before housing sales	106.1	101.5	99.0	96.0	95.8
Income from lettings	100.8	96.2	92.6	91.7	91.5
Property depreciation	10.3	11.8	9.6	9.3	9.3
Operating surplus before housing sales	37.9	34.9	39.5	34.6	38.1
Operating surplus from social housing lettings	35.8	36.5	38.5	40.4	43.0
Operating surplus	47.6	50.1	83.6	43.0	47.9
Surplus (Loss) for the financial year	17.8	(11.2)	54.1	15.7	25.1
GROUP STATEMENT OF FINANCIAL POSITION	**£m**	**£m**	**£m**	**£m**	**£m**
Housing properties	1,516.9	1,430.5	1,372.0	1.303.0	1,272.00
Net current assets	34.5	22.8	19.2	60.9	39.2
Indebtedness	841.6	752.9	676.3	721.5	685.2
Total reserves	673.7	656.4	661.4	614.2	591.9

STATISTICS	%	%	%	%	%
Operating margin	38.9	42.9	54.5	35.4	36.8
Operating margin excluding sales	35.7	34.4	39.8	36.0	39.8
Surplus as % of turnover	14.6	18.2	35.3	12.9	19.3
Operating margin social housing lettings	35.5	38.0	42.3	44.1	47
Rent losses	0.6	0.9	0.5	0.8	1.1
Gearing	55.5	52.6	49.3	55.4	53.9
EBITDA – MRI interest cover	142.5	156.4	151.8	156.6	162.8
EBITDA – MRI as a % of turnover	25.6	40.8	32.7	42.3	42.0
Surplus from social housing lettings over interest paid	114.2	120.1	116.8	123.2	129.2

ACCOMMODATION OWNED AND MANAGED	units	units	units	units	units
Total social and supported rented	12,365	12,270	11,970	11,627	11,689
Total low cost home ownership	2,750	2,648	2,575	2,367	2,164
Total leasehold and market rent	1,122	1,104	1,105	1,221	1,055
Total housing	**16,237**	**16,022**	**15,650**	**15,215**	**14,908**

CAPITAL STRUCTURE AND TREASURY POLICY

During the year and at year end, Paradigm's capital structure was based on long-term bank borrowings, together with capital market bond issues. At 31 March 2023, the breakdown of borrowings was as set out below:

Funding at 31 March 2023

	Arranged £m	Drawn £m	Undrawn £m
Bank loans	465	343	122
Public bond issues	350	250	100
Club bond issues	166	166	-
Private Placement	100	100	-
Total funding	**1,081**	**859**	**222**

The club bond issues have been through 'clubs' including: The Housing Finance Corporation (THFC), Affordable Housing Finance (through THFC), Haven Bond and GB Social Housing.

Borrowing facilities are at both fixed and floating rates of interest in order to manage exposure to interest rate fluctuations. At 31 March 2023, fixed rates of interest ranged from 1.939% to 7.00%. Floating rates are no more than 1% above the Sterling Overnight Index Average (SONIA) The Group has no free-standing derivatives or swaps.

During the year the Group drew down £78m under a revolving credit facility.

The Board approved treasury policy and key strategic targets are laid out below.

The Group will maintain its proportions of fixed rate and floating rate loans within the limits set out in the table below:

Type of Exposure	Actual	Minimum	Maximum
Fixed rate	90.5%	65%	95%
Floating rate	9.5%	5%	35%

The Group will ensure it has sufficient liquidity to cover 18 months' forecast net cash requirements, plus a reserve of 50% to mitigate risks relating to sales demand and possible downwards pressure on house prices. At year-end we reviewed our budgets and long-term plan and determined that we have sufficient liquidity to cover over 26 months.

Paradigm borrows and lends only in sterling and is not exposed to currency exchange risk.

At year-end the Group's drawn borrowings of £859.3 (2022: £784.6m) were repayable as follows:

Maturity profile

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Maturity					
Within one year	3.9	3.4	5.8	5.5	5.2
Between one and two years	4.0	3.8	9.9	5.8	5.5
Between two and five years	103.8	15.1	33.0	35.3	39.0
After five years	747.6	762.3	665.7	688.3	648.1
Total borrowings	**859.3**	**784.6**	**714.4**	**734.9**	**697.8**

Cash inflows and outflows are shown in the Group cash flow statement on page 44. The Group's net decrease in cash during the period was £14.4m (2022: decrease £5.7m)

GOVERNANCE

AMALGAMATED BOARD

The Amalgamated Board (which comprises the entity boards of PHG, PHCHA and PCL) is composed of eleven non-executive members plus one executive with meetings taking place at least six times per year

AUDIT AND RISK COMMITTEE

Overseeing Paradigm's risk management strategy; financial management; standards of probity; and internal and external audit.

Members:

Philippa Lowe
Chair

Liz Bailey, Simon Jones and Richard Osborne
Non-executive members

INVESTMENT COMMITTEE

Delegated authority to approve larger development projects and oversees the implementation of the development strategy and the asset management strategy.

Members:

Mike Johnson
Chair

Richard Osborne and Peter Quinn
Non-executive members

GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

Responsible for executive and non-executive remuneration; Board recruitment and effectiveness; governance and conduct; and committee effectiveness.

Members:

Pat Brandum
Chair

Julian Ashby and Eleanor Southwood
Non-executive members

TREASURY COMMITTEE

Responsible for overseeing the raising of new finance and reviewing the Treasury Management Policy and detail of treasury documents

Members:

Simon Jones
Chair

Julian Ashby and Mike Johnson
Non-executive members

Paul Phillips
Independent member

Nicola Ewen
Executive member

CUSTOMER EXPERIENCE COMMITTEE

Responsible for monitoring delivery of the customer strategy, performance, and customer experience and insight.

Members:

Eleanor Southwood
Chair

Mathew Bishop, Amina Graham and Liz Bailey
Non-executive members

Two resident members

PROJECT ASSESSMENT GROUP

Delegated authority to approve smaller development projects and implements the development portfolio and asset management programme.

EXECUTIVE TEAM

The Amalgamated Board (which comprises the entity boards of PHG, PHCHA and PCL) is composed of 11 non-executive members and one executive member, with meetings taking place at least six times per year. Board members are drawn from a range of backgrounds. Our appointments policy for non-executive Board and committee members is skills-based and aims to ensure appropriate representation reflecting business needs and the diverse communities we serve.

The Board delegates some of its responsibilities to committees. Each of these committees has clear terms of reference and delegated authority. They report back to the Board after each meeting, where their recommendations are considered and approved where appropriate. The committees, each chaired by a member of the Board, meet at least quarterly.

Members undergo a comprehensive induction programme with ongoing training provided through attendance at conferences as well as regular Board workshops. Each member is expected to attend at least 80% of meetings each year and all Board and committee members are subject to regular performance appraisals. The Board members who served throughout 2022/23 and up to the date of this report are listed on page 3.

Board member insurance was placed with PIB Insurance. This expired on 31 March 2023 and coverage from 1 April 2023 is with Nexus Underwriting Limited.

Paradigm occasionally uses task groups for the Board to oversee significant projects.

Code of Governance

The Group has adopted the National Housing Federation's Code of Governance: Promoting Board Excellence for Housing Associations (2020 Edition). During the year the Board approved an Updated Code of Conduct policy. This policy adopts the NHF's Code of Conduct in its entirety and includes elements from the previous Code where relevant to promote greater understanding and therefore compliance, which is reviewed annually by the Audit and Risk Committee and the Amalgamated Board. The Group complies with all areas of the Code.

Customer involvement

During the year, we created the Customer Experience Committee as a subcommittee of the Board. The Resident Services Panel continues to monitor services and produces an Annual Report to Board. They are considering improvements to our repair bookings processes. The Panel has undertaken a customer-led self-assessment against the Ombudsman complaint handling code and our complaint policy and processes.

During the year we launched our new Customer Care Standards following extensive training of staff.

Employees

The strength of the Group, the ability to meet our objectives and the delivery of commitments to our customers and stakeholders depends on our ability to recruit, retain and develop excellent staff whose contributions will advance our corporate objectives. We continue to embed our values into all aspects of our operations and have a suite of learning and development programmes that include a focus on leadership and management skills and behaviours.

Equality and diversity

We are committed to the equality, diversity and inclusion principles (ED&I) as set out in the National Housing Federation's Code of Governance and to promoting equality, diversity and inclusion in all our activities, processes and culture.

We have an Equality, Diversity and Inclusion Working Group to ensure that anyone who has a relationship with Paradigm has a positive experience and feels they are encountering an inclusive and welcoming environment where people are dealt with fairly and thoughtfully.

We will:

- ensure that the Group provides an inclusive and welcoming environment for customers, colleagues and stakeholders that promotes equality and respect
- provide absolute clarity that discrimination will not be tolerated in the workplace and ensure that this principle is reflected in all customer and employee-related policies and practices
- take steps to increase inclusion and engagement for all the people who work for the Group
- work to understand and analyse our performance in ED&I, identify the required goals to increase diversity and inclusion and take steps to achieve them
- use this intelligence to provide better service to our diverse customer community.

We recognise the benefits and opportunities of nurturing a diverse community of staff who value each other, recognising the contribution that each person can make towards achieving our vision. This includes promoting equality and diversity for all, recognising protected characteristics identified in law, as well as celebrating the contribution that each person can and does make when they feel a strong sense of belonging.

Modern slavery statement

Paradigm is committed to understanding the risks related to modern slavery and ensuring that we meet our legal and statutory responsibilities. We regularly review our operations to ensure as far as we can that no part of the organisation, or its supply chain, contains or permits slavery or human trafficking activities. All staff undertake mandatory modern slavery training and our full statement on modern slavery, as required by the Modern Slavery Act 2015, is published on our website.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has comprehensive health and safety policies and provides staff training and education on health and safety matters.

RISKS, UNCERTAINTIES AND INTERNAL CONTROLS ASSURANCE

Key risks to the delivery of Paradigm's plans are identified, reviewed and revised throughout the year by senior management, the Audit and Risk Committee (ARC) and the Board. Alongside the internal audit programme, ARC had a 'deep dive' in the risk areas of Customer Complaints, Voids, Rent Arrears, Management of Anti-Social Behaviour, Pensions and Development Acquisition. ARC continues to monitor the progress of the Transformation Programme. Data Protection & Data Governance are reviewed biannually by ARC.

The key risks are summarised below:

Risk	Comments	Mitigation
Failure of health and safety management systems	The health and safety of our customers, staff and contractors remains a key concern. Failure of the health and safety management system could lead to harm to residents, staff, contractors or members of the public.	The Group remains committed to complying with recommendations made by health and safety authorities and Government. The compliance testing programme is monitored closely by the Audit & Risk Committee and the Board. Our Health & Safety team regularly conducts training and audits. Our focus groups monitor implementation of new regulations.
Construction industry capacity and operating costs	Following the aftermath of COVID-19, progammes have been extended and materials and labour costs have risen markedly, particularly following recent political events. This has exacerbated existing sector problems such as recruitment and staff retention. If it continues, it could impact the risk of contractor default and our competitiveness on bidding for new schemes.	We regularly challenge and review our competitiveness in terms of our appraisal assumptions and ensure that inflation is considered in contracts where appropriate. We remain vigilant in monitoring our portfolio of committed and pipeline schemes with oversight provided by our Investment Committee. We monitor concentration risk and remain vigilant in monitoring signs of stress in our counterparties.
Data security and quality	Flawed decisions based on inaccurate data could lead to exposure to additional cost and poor customer service. The risk of not responding effectively to a cyberattack could result in a data breach or business interruption.	We have a Data Governance Forum which regularly reviews and monitors data quality controls. We have clear IT policies and procedures, including an agile response to cyberattack. Regular training and phishing testing are undertaken across the business. An external cyber validation review has been conducted this year.
Adverse change in government policy/regulation	Policy changes can materially impact our strategic approach to delivery of our Corporate Plan. Government capped rents at 7% in September 2022. With inflation still high, there is a risk of further Government intervention. There is no clarity beyond the expiry of the current rent settlement in 2025.	We regularly undertake horizon scanning to determine potential regulatory changes and priorities and the impact on our plans. Where changes are anticipated, we undertake impact analysis, stress-test them in our financial plans and make adjustments accordingly.
Failure to manage and maintain the quality of our homes	The condition of our existing homes impacts customer satisfaction as well as our financial performance. Failure to monitor property conditions and plan investment appropriately will materially impact our financial capacity, repair costs and growth aspirations.	We have reduced our stock condition survey cycle to five years and enhanced our data analytics to ensure properties with multiple repairs are dealt with holistically to treat the root cause. Our in-house repairs team regularly reviews additional maintenance concerns when visiting homes. We have increased investment in our existing homes, making provision in our financial plan for thermal efficiency and net-zero carbon.
Downturn in the housing market	Our development pipeline contains shared ownership and outright sales which, if reduced, will have a direct financial impact on the Group. As our commitment to new schemes is often made two to three years ahead of actual sales, downward value movements are an inherent and unavoidable risk whenever we develop homes for sale.	Our appraisal assumptions are stress-tested to assess the impact of house price reduction on overall scheme viability. In addition, we monitor sales risk across the portfolio with strict limits imposed on the level of sales risk we carry at any one time.

Internal controls assurance

The Board acknowledges its ultimate responsibility for ensuring Paradigm has in place a system of controls that is appropriate to the various business environments in which it operates and for monitoring its effectiveness. The system is designed to manage the risk of failure to achieve business objectives and give reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by Paradigm is ongoing and has been in place throughout the year and up to the date of approval of the report and financial statements. A summary of the main policies the Board has established and the processes it has adopted is set out below:

- Formal policies and procedures are in place, including the documentation of key systems and clearly defined management responsibilities for the identification and control of significant risks
- Financial forecasts, budgets and business plans are prepared to support the Board and management as they monitor key business risks, financial objectives and progress towards financial objectives set for the year and the medium term
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures by the Board
- A comprehensive approach to treasury management has been adopted and this approach is reviewed by the Board at least once a year, with covenant compliance reviewed quarterly
- The Board has approved anti-fraud policies, covering the prevention, detection and reporting of fraud, and the recovery of assets
- The Board has approved anti-bribery and corruption policies
- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance
- The Board has delegated responsibility to the Audit and Risk Committee (ARC) to review and report to the Board on reports from management, from the internal auditors and from the external auditors, to provide reasonable assurance that control procedures are in place and are being followed.

It is the Board's responsibility to establish and maintain a system of internal controls and review its effectiveness and, while it cannot delegate this responsibility, it has delegated authority to ARC to regularly review the effectiveness of internal controls.

A fraud register is maintained and is reviewed by ARC at each meeting. There were no frauds during the year. The Board receives and reviews the minutes of ARC meetings.

The ARC plays a key role in monitoring the internal control environment. KPMG were our internal auditors throughout the year. The ARC has received and considered the annual report of the internal auditor. The ARC maintained the 'three lines of defence' model to provide them with additional assurance in relation to the internal control environment.

Charitable donations

Charitable donations during the year were £259,109 (2022: £252,844). During the year, the Paradigm Foundation Committee was ended and all donations are now channelled through the Paradigm Customer Support Fund. All requests are considered by the Customer Support Team and monitored by the newly formed Customer Experience Committee. The Paradigm Customer Support Fund supports both external support partners and individual customers. Individual customers receive small donations at a time of urgent need through our Extreme Hardship Fund. During the year, 1,300 customers were helped through our partners and the Extreme Hardship Fund.

A list of all organisations receiving donations is shown below:

Organisations	Amount (£)
Citizens Advice	72,975
Herts Mind Network	41,781
Herts Young Homeless	37,350
Donations to 12 foodbanks	15,500
The Oasis Partnership	10,000
The Housing Association Charitable Trust	10,000
Donations to 5 organisations under £10k (total amount)	21,502
Total External Organisations	**209,108**
Extreme Hardship Fund	50,000
Total charitable donations	**259,108**

SUSTAINABILITY AND ENERGY REPORTING

SECR	2023	2022
Scope 1	769.15	807.37
Scope 2	77.28	74.41
Scope 3	49.86	31.72
Total	**896.29**	**913.5**

This is our main measure of the greenhouse gas emissions from our operational activities. We also include this information in our ESG report and use it to report emissions under the Streamlined Energy and Carbon Reporting arrangements.

The measurement ratio that we report is total gross emissions in metric tonnes CO2 equivalent (mt CO2e) per property. Our long-term goal is to become a net zero carbon business by 2050. Although this framework is an incomplete measure of this target, this objective requires us to reduce gross emissions and the intensity ratio throughout that period.

Our emissions on this measure have reduced by 2% between 2021/22 and 2022/23. Our Scope 1 emissions have fallen by 4.7% compared with the previous year. This is substantially accounted for by a reduction in vehicle emissions, with this being the first full year of operating a wholly mild-hybrid van fleet. Other Scope 1 emissions from gas consumption across our corporate estate, mainly our offices, have increased by less than 0.5%.

Our Scope 2 emissions have increased by almost 4%. This is primarily because of additional cooling loads during the summer. We have reviewed energy consumption across our office estate, including a programme to update and replace existing fluorescent lighting with LED equivalents.

Our reported Scope 3 emissions, principally car mileage by employees in their own cars, increased by 57%. We have increased the detail and quality of the data this year, including analysis of emissions by vehicle type, compared with estimates in previous years based on an average vehicle type.

We have secured a reduction in these reported emissions through specific measures during a year in which the main office building has been fully open throughout the year, and there has been an increase in travel associated with both our Property Services van fleet and other staff carrying out more work in the communities and neighbourhoods where we work.

Group gas emissions and energy use data

	2023	2022
Energy consumption used to calculate emissions (kWh)	3,869,196	3,958,208
Scope 1 emissions in metric tonnes CO_2e		
Gas consumption	56.89	56.63
Fleet transport	712.26	750.75
Total Scope 1	**769.15**	**807.38**
Scope 2 emissions in metric tonnes CO_2e - purchased electricity	77.28	74.41
Scope 3 emissions in metric tonnes CO_2e -Business travel in employee & rental vehicles	49.86	31.72
Total gross emissions in metric tonnes CO_2e	**896.29**	**913.51**
Intensity ratio tonnes CO_2e per property	**0.07**	**0.07**

Going concern

We undertake extensive stress testing of the Company's short-term and long-term plans, together with the plans of the Group as a whole. The Group holding company, Paradigm Housing Group Limited, initially incurs all costs associated with the Company's operations, which are recharged to other Group members.

We have considered the impact that current inflationary pressures, recent interest rate rises and the overall economic situation have had on the Group and individual companies' cash flows, their ability to obtain materials and the potential for significant increases in material costs, sales, arrears, together with the uncertainty regarding phasing of work.

After reviewing the forecasts and projections, the Board has reasonable expectation that both the Group and the Company will continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Statement of responsibilities of the Board for the report and financial statements

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

Co-operative and Community Benefit Society law and social housing legislation require the Board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). In preparing these financial statements the Board are required to:

- select suitable accounting policies and apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable United Kingdom Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2018 have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting for Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting for registered social housing providers 2018.

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

Statement of compliance

Accounting for registered social housing providers (2018), Statement of Compliance with the Regulator of Social Housing and Governance and Financial Viability Standard in the year and to date of this report.

The Board can confirm that no evidence of non-compliance has been identified since the last report.

Annual general meeting

The annual general meeting will be held on 23 September 2023.

The report of the Board was approved by the Board on 13 July 2023 and signed on its behalf by:

Julian Ashby
Chair

Financial Statements 2022/23

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PARADIGM HOUSING GROUP LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2023 and of the Group's surplus and the Company's deficit for the year then ended
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- the financial statements have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of Paradigm Housing Group Limited ("the Company") and its subsidiaries ("the Group") for the year ended 31 March 2023, which comprise the Group and Company statement of comprehensive income, the Group and Company statement of changes in reserves, the Group and Company statement of financial position, the Group and Company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern
- considering the appropriateness of management's forecasts by testing their mechanical accuracy, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis
- obtaining an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions
- assessing the facility and covenant headroom calculations, and re-performing sensitivities on management's base case and stressed case scenarios
- reviewing the wording of the going concern disclosures and assessing its consistency with management's forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent 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 Board with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	*100% (2022: 100%) of Group surplus before tax* *100% (2022: 100%) of Group revenue* *100% (2022: 100%) of Group total assets*		
Key audit matters		**2023**	**2022**
	Implementation of SUN application	✓	n/a
	Social housing assets may be impaired	✓	✓
	Recoverable amount of housing property developed for sale is materially misstated	✓	✓
Materiality	*Group financial statements as a whole* £2.8m (2022: £2.7m) based on 5% (2022: 5%) of adjusted operating surplus		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Board that may have represented a risk of material misstatement.

A full scope statutory audit was carried out for all subsidiaries. Audit work on all components was performed by BDO UK both for the purposes of reporting on the individual financial statements and for group/consolidation purposes.

We identified one component, Paradigm Homes Charitable Housing Association Limited, which, in our view required an audit of their complete financial information due to their size and risk characteristics and was therefore considered to be a significant component.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Implementation of SUN accounting application

The Association adopted the SUN accounting application as its core financial reporting tool during FY22/23.</td><td>There is a risk that the data migration from legacy system to new application may lack appropriate controls to ensure completeness and accuracy of the data migrated.</td><td>We have performed an assessment of the design and implementation of the controls in relation to the migration process covering the following areas:
> solution identification and Project Design and management
> system testing
> data migration
> system set-up and design
> issue/bug management.
We agreed all opening balances in SUN with closing balances from Frameworks (the previous accounting application).
We verified that the SUN accounts mapping was appropriate based on the previous mapping and our knowledge of the organisation.
Key observations
Based on the results of the work performed no issues were identified in relation to implementation of the SUN application.</td></tr>
<tr><td>Social housing properties may be impaired.
As described in Note 1 (Accounting Policies) and Note 10 (Tangible fixed assets), the Association performs an annual assessment of housing properties for indicators of impairment.
This area is also considered by management a key estimation uncertainty as described in Note 1.</td><td>Assets are required to be reviewed for indicators of impairment annually. If such indicators exist, an impairment assessment and estimate of the recoverable amount must be performed.

Due to the inherent estimation uncertainty in determining the recoverable amount, we considered there to be a significant risk and a key audit matter.</td><td>Having obtained management’s assessment of indicators of impairment and subsequent impairment review where triggers were identified, we have:
> considered whether management had included all asset groups (including all tenure types) in their review
> reviewed management’s estimates, judgements and the information that has been used to support these decisions
> considered the completeness of the identified schemes by comparing it to our knowledge obtained through voids review and minutes review to identify schemes with tenure change, physical damage, build delays or a significant increase in development cost to complete
> confirmed the competence of the expert used by management and assessed their valuation methodology
> reviewed the appropriateness and completeness of the disclosures in the financial statements and accompanying narrative reports.
Key observations
Based on our procedures we noted no exceptions and found management’s key assumptions to be reasonable.</td></tr>
</table>

The recoverable amount of property developed for sale is materially misstated. As described in Note 1 (Accounting Policies) and Note 14 (Properties for sale), the Group carries property developed for sales at the lower of cost and net realisable value. As at 31 March 2023, the Company held property for sale of £42.1m (2022: £10.0m). This area is also considered by management a key estimation uncertainty as described in Note 1.	For all schemes developed for sale at the balance sheet date, management has performed an assessment of their recoverable amount, using external valuations to support anticipated sales proceeds and including an assessment of the actual costs incurred against budget. Due to the level of judgement involved in estimating both selling price and costs to complete and sell we considered there to be a significant risk and therefore a key audit matter.	Having obtained management's assessment of the net realisable value of property developed for sale, we selected a sample on which to perform detailed testing. Our sample was chosen from the populations of items that represented both property under construction and completed property at year-end. For the selected property we have: 1. For sales price: > compared expected selling prices to sales prices achieved after the year end, sales prices achieved for similar units in the year, valuation of properties for marketing purposes and other selling prices of similar properties in the locality. 2. For costs to complete: > obtained the latest valuers report and reviewed the construction costs against the total contract value taking into account contract variations > obtained details of the expected costs to complete from the scheme budget for that development and agree the budgeted contracted cost of the development to the latest contract documentation > considered Development Committee minutes and made enquiries about indications of cost overruns, contractor disputes or solvency issues in relation to the schemes tested > compared the incurred expenditure (including costs incurred after the reporting date) to the estimated amount to ensure that the cost to complete estimate reflects actual costs > assessed the accuracy of cost forecasting by looking at outturn costs compared to budget on schemes that completed in the year. *Key observations* Based on our procedures we noted no exceptions and found management's key assumptions to be reasonable.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2023 £m	2022 £m	2023 £m	2022 £m
Materiality	£2.8m	£2.7m	£0.9m	£0.9m
Basis for determining materiality	Adjusted operating surplus	Adjusted operating surplus	Gross expenditure	Gross expenditure
Rationale for the benchmark applied	The benchmark used for determining materiality is adjusted operating surplus based on the tightest interest cover loan covenant. Therefore depreciation (including depreciation on capitalised components) and gift aid are added back and surplus on sale of first tranches of shared ownership units and amortisation of social housing grants are deducted. We have used this benchmark as we considered items affecting the adjusted operating surplus to be the area of financial statements with the greatest interest to the principal users and the area with the greatest impact on investor and lender decisions.		PHGL is the parent company and its income comprises recharges of payroll and other costs to other group entities. Those costs are the major external factor governing the results of this entity, therefore total expenditure is a reasonable basis.	
Performance materiality	£1.7m	£1.6m	£0.6m	£0.5m
Basis for determining performance materiality	60% (2022: 60%) of materiality.			
Rationale for determining performance materiality	This was considered appropriate based on: > cumulative knowledge of the Group > degree of estimation in financial statements > the trade of the Group being largely contained in the significant component, Paradigm Homes Charitable Housing Association Limited.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £0.4m to £2.6m (2022: £0.3m to £2.7m). In the audit of each component, we further applied performance materiality levels of 60% (2022: 60%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £55,000 (2022: £56,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative and Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

Responsibilities of the Board

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

In preparing the financial statements, the Board are responsible for assessing the Group and the 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 Board either intend to liquidate the Group or 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.

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

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates
- Discussion with management and those charged with governance and Audit & Risk Committee

> Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the United Kingdom Generally Accepted Accounting Practice, the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

Our procedures in respect of the above included:

> •Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations

> Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations

> Review of financial statement disclosures and agreeing to supporting documentation;

> Involvement of tax specialists in the audit

> Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

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

> Enquiry of management and those charged with governance and review of Audit & Risk Committee documents and internal audit reports regarding any known or suspected instances of fraud

> Obtaining an understanding of the Group's policies and procedures relating to:

- Detecting and responding to the risks of fraud
- Internal controls established to mitigate risks related to fraud

> Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud

> Discussion amongst the engagement team as to how and where fraud might occur in the financial statements

> Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue, high risk journal entries and areas with significant judgments and estimates.

Our procedures in respect of the above included:

> Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation

> Assessing significant estimates made by management for bias in particular in relation to impairment, recoverable amount of properties developed for sale (see Key Audit Matter above for details relating to these two area), useful lives of depreciable assets, the first tranche proportion of shared ownership properties and defined benefit pension scheme obligations

> Testing a sample of property sales before and after year end.

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

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

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

Use of our report

This report is made solely to the members of the Company, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
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Elizabeth Kulczycki
Senior Statutory Auditor

For and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom.

15 August 2023

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

Group and Company Statements of Comprehensive Income

		Group				Company	
		2023	2022			2023	2022
	Notes	Regular activities & Total £'000	Regular activities £'000	Exceptional items £'000	Total £'000	£'000	£'000
Turnover	2	122,295	116,835	-	116,835	29,556	27,392
Cost of Sales	2	(13,263)	(11,627)	-	(11,627)	-	-
Operating costs	2	(68,258)	(66,606)	-	(66,606)	(29,672)	(28,139)
Gain on disposal of properties	2,4	6,840	11,476	-	11,476	-	-
Operating surplus/(deficit)	2	**47,614**	**50,078**	**-**	**50,078**	**(116)**	**(747)**
Interest receivable and other income	7	395	780	-	780	-	-
Interest payable and financing costs	8	(29,137)	(29,118)	-	(29,118)	(538)	(536)
Cost of debt refinancing	8	-	-	(32,505)	(32,505)	-	-
Movement in fair value of investments		(340)	(445)	-	(445)	-	-
Surplus/(deficit) before tax		**18,532**	**21,295**	**(32,505)**	**(11,210)**	**(654)**	**(1,283)**
Taxation	10	(766)	-	-	-		-
Surplus/(deficit) for the year		**17,766**	**21,295**	**(32,505)**	**(11,210)**	**(654)**	**(1,283)**
Actuarial gain in respect of LGPS pension scheme	22	1,010	1,183	-	1,183	1,010	1,183
Actuarial loss in in respect of SHPS pension scheme	22	(1,442)	4,902	-	4,902	(1,442)	4,902
Total comprehensive income / (expense) for the year		**17,334**	**27,380**	**(32,505)**	**(5,125)**	**(1,086)**	**4,802**

The Group and Company results relate wholly to continuing activities.
The accompanying notes form part of these financial statements.
The financial statements were approved and authorised for issue by the Board on 13 July 2023 and signed on their behalf by:

Julian Ashby
Chair

Matthew Bailes
Board member

Ewan Wallace
Secretary

Group Statement of changes in reserves

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total reserves £'000
Balance as at 1 April 2021	**583,309**	**78,169**	**661,478**
Deficit for the year	(11,210)	-	(11,210)
Other comprehensive income for the year:			
Actuarial gain in respect of LGPS pension scheme	1,183	-	1,183
Actuarial gain in respect of SHPS pension scheme	4,902	-	4,902
Transfer from revaluation reserve to revenue reserve	62	(62)	-
Balance as at 31 March 2022	**578,246**	**78,107**	**656,353**
Surplus for the year	17,766	-	17,766
Other comprehensive income for the year:			
Actuarial gain in respect of LGPS pension scheme	1,010	-	1,010
Actuarial loss in respect of SHPS pension scheme	(1,442)	-	(1,442)
Transfer from revaluation reserve to revenue reserve	1,261	(1,261)	-
Balance as at 31 March 2023	**596,841**	**76,846**	**673,687**

Company Statement of changes in reserves

	Income and expenditure reserve £'000
Balance as at 1 April 2021	**(17,668)**
Deficit for the year	(1,283)
Other comprehensive income for the year:	
Actuarial gain in respect of LGPS pension scheme	1,183
Actuarial gain in respect of SHPS pension scheme	4,902
Balance as at 31 March 2022	**(12,866)**
Deficit for the year	(654)
Other comprehensive income for the year:	
Actuarial gain in respect of LGPS pension scheme	1,010
Actuarial loss in respect of SHPS pension scheme	(1,442)
Balance as at 31 March 2023	**13,952**

The accompanying notes form part of these financial statements.

Group and Company Statements of financial position

	Notes	Group 2023 £'000s	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Fixed assets					
Tangible fixed assets - housing properties	11	1,516,890	1,430,548	-	-
Other tangible fixed assets	12	8,584	15,922	-	-
Other Intangible fixed assets	12	3,478	-	-	-
Investment properties	13	13,090	12,143	-	-
Investments – other	14	8,554	9,859	30	30
		1,550,596	**1,468,472**	**30**	**30**
Current assets					
Properties for sale	15	42,105	10,034	-	-
Debtors	16	6,800	9,452	2,164	2,520
Short term investments	17	76	858	-	-
Cash and cash equivalents		17,693	32,080	992	818
		66,674	**52,424**	**3,156**	**3,338**
Creditors: amounts falling due within one year	**18**	**(32,203)**	**(29,673)**	**(11,175)**	**(9,570)**
Net current assets/(liabilities)		**34,471**	**22,751**	**(8,019)**	**(6,232)**
Total assets less current liabilities		**1,585,067**	**1,491,223**	**7,989**	**(6,202)**
Creditors: amounts falling due after more than one year	19	(901,717)	(825,507)	-	-
Provisions for liabilities					
Net pension liability – SHPS	22	(5,636)	(5,404)	(5,636)	(5,404)
Net pension liability – LGPS	22	-	(974)	-	(974)
Other provisions	23	(4,027)	(2,985)	(327)	(286)
Total net assets		**673,687**	**656,353**	**(13,952)**	**(12,866)**
Reserves					
Non equity share capital	24	-	-	-	-
Income and expenditure reserve		596,841	578,246	(13,952)	(12,866)
Revaluation reserve		76,846	78,107	-	-
Total reserves		**673,687**	**656,353**	**(13,592)**	**(12,866)**

The accompanying notes form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 13 July 2023 and were signed on their behalf by:

Julian Ashby
Chair

Matthew Bailes
Board member

Ewan Wallace
Secretary

Group and Company Statements of Cash Flows

		Group		Company	
	Notes	2023 £'000s	2022 £'000	2023 £'000	2022 £'000
Net cash generated from/(used by) operating activities	**26**	**44,493**	**78,262**	**555**	**(648)**
Cash flow from investing activities					
Purchase of fixed assets - housing properties		(99,947)	(90,978)	-	-
Purchases of fixed assets - other		(4,462)	(5,259)	-	(1)
Received grant		2,124	3,184	-	-
Repaid grant		(317)	(996)	-	-
Interest received		428	780	-	-
Movement in long term investments		44	-	-	-
		(102,130)	**(93,269)**	**-**	**(1)**
Cash flow from financing activities					
Interest paid		(31,119)	(30,223)	(381)	(536)
Early repayment charge		-	(29,752)	-	-
Proceeds from new borrowings (net of issuance costs)		78,000	248,462	-	-
Repayment of loans – bank		(3,631)	(179,231)	-	-
		43,250	**9,256**	**(381)**	**(536)**
Net change in cash and cash equivalents		(14,387)	(5,751)	174	(1,185)
Cash and cash equivalents at the beginning of the year		32,080	37,831	818	2,003
Cash and cash equivalents at the end of the year		**17,693**	**32,080**	**992**	**818**

The accompanying notes form part of these financial statements.

1. Accounting policies

Basis of accounting

The financial statements of the Group and Company are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice for Registered Social Housing Providers (SORP) 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022. The Company is a public benefit entity, part of a public benefit group.

The financial statements have been prepared on the historical cost basis of accounting except for investments and investment properties, which are accounted for at fair value.

Reduced disclosures

The individual accounts of entities in Paradigm Housing Group have adopted the following disclosure exemptions except for the disclosure exemptions from Section 11 Basic Financial Instruments and Section 12 Other Financial Instruments Issues.

- financial instrument disclosures, including items of income, expenses, gains or losses relating to financial instruments; and exposure to and management of financial risks
- only one reconciliation of the number of shares has been presented as the reconciliation for Group and Company would be identical.

Segmental reporting

The Group's reportable segments are based on its operational divisions which offer distinguishable services. The chief operating decision maker (CODM) is considered to be the Board. In line with the segments reported to the CODM the preparation of these financial statements and accompanying notes is in accordance with the Accounting Direction for Private Registered Providers of Social Housing (2022) and is considered appropriate.

Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group. Refer to Note 2 for further disclosed information.

Going concern

We undertake extensive stress testing of the Company's short term and long-term plans together with the plans of the Group as a whole. The Group holding company, Paradigm Housing Group Limited, initially incurs all costs associated with the Company's operations which are recharged to other Group members.

We have considered the impact that current inflationary pressures and economic situation have had on the Group and individual companies' cash flows, ability to obtain materials and the potential for significant increases in material costs, sales, arrears, together with the uncertainty regarding phasing of work. Although the Company has negative reserves, we are reviewing the management agreements with the other Group Companies with a view to ensuring that the Company will generate sufficient profits over the next 3-5 years to eliminate the negative reserves.

After reviewing the forecasts and projections, the Board has reasonable expectation that the Group and the Company will continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the Financial Statements.

Significant judgements and estimates

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

Significant management judgements

Impairment of housing properties

Where indicators of impairment exist then an asset's recoverable amount must be estimated to determine if an impairment adjustment is required; this entails making a number of assumptions, which include:

- Future occupancy levels
- Income levels
- Inflation rates
- Discount rates.

Classification of property

Investment property is property held to earn rentals or for capital appreciation or both. Property held for use in the production or supply of goods or services or for administrative purposes is treated as property, plant and equipment. The Group has therefore classified its office buildings (held for administrative purposes) as property, plant and equipment. A greater degree of judgement is required over the classification of housing property held for social lettings. It is the Group's opinion that while rental income is received from the provision of social housing, the primary purpose is to provide social benefits. The provision of social housing is therefore akin to supplying a service and so property held for this purpose has been accounted for as property, plant and equipment. This treatment is consistent with housing associations that have chosen the alternative option of applying the revised UK GAAP (FRS 102), which contains explicit provisions for this scenario and arrives at a similar conclusion. It is also consistent with guidance contained in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers 2018 (the SORP).

Shared ownership properties

The costs of low-cost home ownership properties are split between current and fixed assets on the basis of first-tranche portion. The expected first-tranche portion is accounted for as a current asset and the sales proceeds shown in turnover at point of sale. The remaining element of the shared ownership property is accounted for as a fixed asset within housing properties and subsequent sales treated as sales of fixed assets in operating profit.

Development expenditure

The Group capitalises development expenditure. Initial capitalisation of costs is based upon management's judgement that a development scheme is confirmed.

Pensions assumptions, inc discount rate and salary increases

In determining the valuation of defined benefit schemes' assets and liabilities, a number of key assumptions have been made being:

> inflation rate

> life expectancy

> discount rate.

The Group is exposed to risks through its defined benefit schemes if actual experience differs to the assumptions used and through volatility in the plan assets. Details of the assumptions used, and associated sensitivities, are included in note 22.

Estimates

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

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected use of the assets. Uncertainties in these estimates relate to technological innovation, maintenance programmes or changes in homes standards that may require more frequent replacement of key components.

Defined benefit obligation

Management's estimate of the defined benefit obligations (in both Local Government Pension Scheme and Social Housing Pension Scheme) is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact both defined benefit obligation and the annual defined benefit expenses (note 22).

Valuation of investment properties

Investment properties are included at market value, being value after applying a discount to the open market value to reflect current assured shorthold tenancies. The valuation advised by an independent qualified valuer reflects key assumptions regarding discount rate, inflation and gross yield.

Stock and properties held for resale

Stock and properties held for sale are carried at the lower of cost or net realisable value. Management assess the net realisable value of schemes using publicly available information and internal forecasts on future sales prices after allowing for all further costs of completion and disposal.

Trade receivables

Management exercise judgement relating to the recoverability of outstanding rental and other trade receivables. A review is performed regularly to assess the recoverability of these accounts taking into account the age profile of the debt, historic collection rates and the class of the debt.

Allocations of costs

Appropriate allocation of costs between tenure types and between first and subsequent shared ownership tranches are based on the scheme appraisals which are priced by square meterage.

Related party transactions

The Group has taken advantage of the exemptions permitted under FRS102 - Related Party Disclosures (Reference 1AC.34) and does not disclose transactions with wholly owned Group undertakings that are eliminated in consolidation. Transactions with non-regulated group entities are disclosed in Note 31.

Basis of consolidation

The Group accounts consolidate the accounts of the Company and all its subsidiaries at 31 March 2023 using acquisition accounting. Details of subsidiaries are shown in note 31.

Turnover and revenue recognition

Turnover for the Group represents:

> rental and service charge income receivable in the year, after deducting voids
> income from shared ownership first tranche sales
> sales of properties built for outright sale
> other services included at the invoiced value (excluding VAT where recoverable) of goods and services supplied in the year and revenue grants receivable in the year
> the Group's share of income from the jointly controlled operation.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting and tenanted.

Income from first tranche sale and sales of properties built for sale is recognised at the point of legal completion of the sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Jointly controlled operation

An operation is considered a joint venture where the Group has entered into a contractual arrangement to undertake an economic activity that is subject to joint control. The Group has the following type of joint venture.

Jointly controlled operation: this is a joint venture, which involves the use of the assets and resources of the individual parties rather than the establishment of an entity or financial structure that is separate from the parties concerned.

In its financial statements, the Group recognises any assets that it controls, any liabilities it incurs, and its share of income and expenses it incurs in respect of the jointly controlled operation.

Deferred taxation

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

For investment properties at fair value deferred tax is measured using the tax rates and allowances that apply to the sale of the property.

Value Added Tax (VAT)

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs due to partial exemption rules. The balance of VAT payable or recoverable at the year-end is shown as a current liability or asset.

Properties for sale

Shared ownership first-tranche sales, completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour, direct development overheads, capitalised interest and, where appropriate, less any grant receivable. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Interest payable

Interest is capitalised on borrowings to finance developments of qualifying assets to the extent that it accrues in the period of development if it represents:

a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance

b) a fair amount of interest on borrowings of the Group as a whole after deduction of Government grants received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable on bank loans is charged to the income and expenditure account in the year in which it is incurred. Capitalised interest and interest on intercompany balances is calculated at 5.0% per annum.

Pension costs

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Local Government Pension Scheme (LGPS).

For both schemes, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred taxation, is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the Group through reduced contributions or through refunds from the plan.

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

The Group also participates in a defined contribution scheme and the income and expenditure charge represents the employer's contribution payable to the scheme for the accounting period.

Housing properties

Housing properties are principally properties available for rent and shared ownership and are stated at deemed cost being the Existing Use Value - Social Housing valuation at 31 March 2014 plus subsequent additions at cost.

Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first-tranche sales. The first-tranche proportion is classed as a current asset and related sales proceeds are included in turnover; the remaining element is classed as a fixed asset and is included in housing properties at cost, less any provisions needed for depreciation or impairment.

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties at the following rates:

Assets	Annual rates	Years
Structure	0.8%	125
Roofs	1.4%	70
Windows and doors	3.3%	30
Kitchens	5.0%	20
Bathrooms	3.3%	30
Heating systems	6.6%	15
Mechanical & Electrical	6.6%	15

Freehold land is not depreciated.

Completed shared ownership properties that are held as fixed assets are generally not depreciated. Where the residual value of the assets exceeds historic cost, due principally to the expectation that staircasing will occur within a reasonable timescale, no depreciation charge arises.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Impairment

Annually housing properties are assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure. Where an asset is currently deemed not to be providing service potential to the Group, its recoverable amount is its fair value less costs to sell. The Group considers individual schemes to be separate Cash Generating Units (CGUs) when assessing for impairment, in accordance with the requirements of FRS102 and SORP 2018.

Other tangible fixed assets

Depreciation is provided on the cost of other tangible fixed assets on a straight-line basis so as to write them down to their estimated residual values over their expected economic useful lives. The expected useful economic lives are:

Assets	Years
Freehold offices	30
Leasehold office improvements	30 (or the term of the lease, whichever is shorter)
Office equipment and computers	3 – 5
Office furniture	7
Telephone system	7
Scheme furniture and equipment	5 – 10
Photo voltaic panels	25

Intangible assets

Intangible fixed assets are recognised for IT projects and computer software including employee costs directly incurred in bringing the asset into use.

Amortisation is provided against the cost of other intangible fixed assets on a straight-line basis over 5 years so as to write them down to their estimated residual values over their expected useful economic lives.

Investment properties

Investment properties consist of commercial properties and other properties not held for the social benefit or for the business. Investment properties are measured at cost on initial recognition and subsequently at fair value at year end, with changes in fair values recognised in income and expenditure.

Government grants

Government grants include grants receivable from Homes England (HE), local authorities and other government organisations. Grants received in relation to assets that have been treated as deemed cost at the date of transition to FRS102 have been accounted for using the performance model. In applying this model such grant has been presented as if it were originally recognised as income within the statement of comprehensive income in the year it was receivable and is therefore included within brought forward general reserves. Grants received since transition in relation to newly acquired or existing housing properties are accounted for using the accrual model. Grant is carried as deferred income in the balance sheet and is amortised on a systematic basis over the useful life of the housing property structure, even if the fair value of the grant exceeds the carrying value of the structure in line with SORP 2018. No grant is recognised against other components.

When a housing property is sold which was partly funded by social housing grant (SHG) the grant becomes repayable and is transferred to a Recycled Capital Grant (RCGF) fund until it is either reinvested in a replacement property or repaid to Homes England or the GLA. Where grant has previously been recognised as income within the statement of comprehensive income, grant liability is created by increasing the cost of sale of the asset, unamortised grant is transferred between deferred capital grant, and RCGF.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Current asset investments

Investments are stated at market value. Changes in market value are taken to the Statement of Comprehensive Income.

Provisions

The Group has recognised provisions for liabilities of uncertain timing or amounts including those for ongoing legal matters. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the information required by paragraphs 21.14 to 21.16 of FRS102 is considered to be seriously prejudicial to the position of the Group it is not included in the financial statements.

Reserves

The Group establishes restricted reserves for specific purposes where funds are received that are subject to external restrictions or designated reserves where reserves are earmarked for a particular purpose.

Revaluation reserve

Before the properties were carried at deemed cost, whenever there was any re-valuation of housing properties, the difference between the valuation and carrying value of the land and structure elements of housing properties was credited to the revaluation reserve. The revaluation reserve represents the difference between the deemed cost of housing properties and the historic cost, net of depreciation.

Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102, in full, to all its financial instruments.

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument, and are offset only when the Group currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in Statement Of Comprehensive Income.

Financial liabilities

Creditors

Creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Commitments to receive a loan are measured at cost less impairment.

Derecognition of financial assets and liabilities
A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

2. Particulars of turnover, cost of sales, operating costs and operating surplus

GROUP – CONTINUING ACTIVITIES

	2023			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	**100,777**	**-**	**(65,020)**	**35,757**
Other social housing activities				
Supporting People contract income	194	-	(9)	185
Corporate services	124	-	(362)	(238)
Development costs	-	-	(87)	(87)
First-tranche shared ownership sales	16,174	(13,263)	-	2,911
Other support services	13	-	(13)	-
Office equipment, other rental and license fees	255	-	(1,019)	(764)
	16,760	**13,263**	**(1,490)**	**2,007**
Non-social housing activities:				
Lettings	4,758	-	(1,557)	3,201
Other	-	-	(191)	(191)
	4,758	**-**	**(1,748)**	**3,010**
Gain on disposal of properties	-	-	-	6,840
Total	**122,295**	**(13,263)**	**(68,258)**	**47,614**

2. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

GROUP – CONTINUING ACTIVITIES

	2022			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	**96,208**	**-**	**(59,647)**	**36,561**
Other social housing activities				
Supporting People contract income	140	-	(18)	122
Corporate services	504	-	(49)	455
Development costs not capitalised	-	-	(4,076)	(4,076)
First tranche shared ownership sales	15,346	(11,627)	-	3,719
Other support services	13	-	(82)	(69)
Office equipment, other rental and license fees	353	-	(691)	(338)
	16,356	**(11,627)**	**(4,916)**	**(187)**
Non-social housing activities:				
Lettings	4,271	-	(1,907)	2,364
Other	-	-	(136)	(136)
	4,271	**-**	**(2,043)**	**2,228**
Gain on disposal of properties	-	-	-	11,476
Total	**116,835**	**(11,627)**	**(66,606)**	**50,078**

2. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

COMPANY – CONTINUING ACTIVITIES

2023			
OTHER SOCIAL HOUSING ACTIVITIES	Turnover £'000	Operating costs £'000	Operating surplus £'000
Management services	29,432	(29,672)	(240)
Other	124	-	124
	29,556	(29,672)	(116)

2022			
OTHER SOCIAL HOUSING ACTIVITIES	Turnover £'000	Operating costs £'000	Operating surplus £'000
Management services	26,937	(28,139)	(1,202)
Other	455	-	455
	27,392	(28,139)	(747)

There are no social housing lettings within the Company.

2. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS
GROUP – CONTINUING ACTIVITIES

	2023					2022
	General needs housing £'000	Supported housing and housing for older people £'000	Temporary social housing £'000	Low cost home ownership £'000	Total £'000	Total £'000
Income:						
Rent receivable net of identifiable service charges	75,872	3,274	1,443	12,090	92,679	87,172
Service charge income	3,842	831	15	1,237	5,925	6,042
Fee income	1,183	17	13	269	1,482	2,344
Rechargeable works	-	-	-	-	-	393
Amortised government grants	400	-	-	-	400	211
Other income	291	-	-	-	291	46
Turnover from social housing lettings	**81,588**	**4,122**	**1,471**	**13,596**	**100,777**	**96,208**
Operating costs:						
Management	8,852	127	99	2,043	11,121	10,417
Service charge costs	6,396	90	71	1,457	8,014	6,210
Routine maintenance	19,826	516	236	-	20,578	13,133
Planned maintenance	9,655	120	94	-	9,869	9,927
Bad debts	211	3	2	-	216	231
Property lease charges	-	-	2,651	-	2,651	4,901
Depreciation	10,162	147	-	-	10,309	11,862
Accelerated depreciation on components	694	-	-	-	694	983
Impairment	(750)	-	-	-	(750)	-
Other costs	2,318	-	-	-	2,318	1,983
Operating costs of social housing lettings	**57,364**	**1,003**	**3,153**	**3,500**	**65,020**	**59,647**
Operating surplus from social housing lettings	**24,224**	**3,119**	**(1,682)**	**10,096**	**35,757**	**36,561**
Void losses	**462**	**-**	**77**	**-**	**539**	**809**

3. Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	Group 2023 No of units	Group 2022 No of units
General needs housing - social and intermediate rent	9,281	9,264
General needs housing - affordable rent	2,776	2,511
Supported housing and housing for older people	162	163
Low-cost home ownership	2,750	2,648
Temporary social housing - short leasehold	51	61
Total social housing owned	**15,020**	**14,647**
Temporary social housing - short leasehold	42	234
Accommodation managed for others	53	37
Total social housing managed	**15,115**	**14,918**
Market rented properties	292	292
Leasehold properties	809	789
Units managed by other organisations.	21	23
Total non-social housing owned and managed	**1,122**	**1,104**
Total housing owned and managed	**16,237**	**16,022**
Accommodation in development at the year end		
General needs housing	587	597
Low-cost home ownership	389	349
Outright sales	41	-
Total under development	**1,017**	**946**
New homes under construction included in development programme	**801**	**824**

3. Accommodation in management and development (continued)

At the end of the year accommodation in management for each class of accommodation was as follows:

	Group 2022 Number of properties	Disposals	Movement between categories	Additions	Group 2023 Number of properties
Social housing					
General needs housing - social and intermediate rent	9,264	(12)	5	24	9,281
General needs housing - affordable rent	2,511	-	(6)	271	2,776
Supported housing and housing for older people	163	(3)	2	-	162
Low-cost home ownership	2,648	(35)	(14)	151	2,750
Temporary social housing	61	(5)	(5)	-	51
Total owned	**14,647**	**(55)**	**(18)**	**446**	**15.020**
Temporary social housing - short leasehold	234	(151)	(41)	-	42
Accommodation managed for others	37	(25)	41	-	53
Total owned and managed	**14,918**	**(231)**	**(18)**	**446**	**15,115**
Non-social housing					
Market rented properties	292	-	-	-	292
Leasehold properties	789	-	20	-	809
Units managed by other organisations	23	-	(2)	-	21
Total owned and managed	**16,022**	**(231)**	**-**	**446**	**16,237**

4. Surplus on disposal of fixed assets

	2023			2022
	Shared ownership Staircasing £'000	Other housing properties £'000	Total £'000	Total £'000
Other sales				
Proceeds	9,240	6,660	15,900	28,915
Cost of sales	(4,346)	(4,714)	(9,060)	(17,439)
Surplus	**4,894**	**1,946**	**6,840**	**11,476**

5. Employees

AVERAGE MONTHLY NUMBER OF EMPLOYEES EXPRESSED AS FULL-TIME EQUIVALENTS	Group and Company 2023 Number	2022 Number
Administration	134	115
Development	31	28
Housing and support	137	150
Maintenance	219	181
	520	474

Full time equivalents are calculated based on a standard working week of 37 - 42.5 hours.

STAFF COSTS FOR EMPLOYEES INCLUDING EXECUTIVE DIRECTORS	Group and Company 2023 £'000	2022 £'000
Wages and salaries	23,207	20,142
Social security costs	2,516	2,033
Pension costs	1,805	1,546
	27,528	23,721

The staff numbers and costs above exclude non-executive members of the Board.

Pension costs relate to participation in the Local Government Pension Scheme (LGPS), in the Social Housing Pension Scheme (SHPS) or in defined contribution stakeholder arrangements. Further information on LGPS and SHPS is given in note 22. Furlough of £nil (2022: £10k) was received in year.

THE FULL-TIME EQUIVALENT NUMBER OF STAFF INCLUDING DIRECTORS WHO RECEIVED EMOLUMENTS:	Group and Company 2023 Number	2022 Number
£60,000 to £70,000	26	17
£70,001 to £80,000	14	8
£80,001 to £90,000	3	7
£90,001 to £100,000	2	2
£100,001 to £110,000	3	4
£110,001 to £120,000	5	2
£120,001 to £130,000	1	1
£130,001 to £140,000	-	1
£140,001 to £150,000	2	-
£150,001 to £160,000	-	3
£160,001 to £170,000	3	-
£170,001 to £180,000	-	1
£190,001 to £200,000	-	1
£210,001 to £220,000	1	-

6. Key management personnel remuneration

KEY MANAGEMENT PERSONNEL	Group 2023 £	Group 2022 £
Board	127,045	104,470
Executive management team	1,401,464	1,321,904
The aggregate remuneration for key management personnel, which includes the executive directors and other members of senior management charged in the year	**1,531,009**	**1,426,374**

HIGHEST PAID DIRECTOR:		
Remuneration payable to the highest paid director		
Wages, salaries and benefits in kind	211,745	191,739
Pensions	22,091	19,747
	233,836	**211,486**

Chief Executive Pension contributions:

The Chief Executive is an ordinary member of the Defined Contribution Social Housing Pension Scheme (SHPS) (see note 22). The Group pays 11% employer contributions and does not make a contribution to any other pension arrangement for the Chief Executive.

DIRECTORS ARE DEFINED AS MEMBERS OF THE BOARD, INCLUDING THE CHIEF EXECUTIVE:		
Executive directors	233,836	211,486
Non-executive directors	127,045	104,470
Aggregate emoluments payable to directors including pension contributions and benefits in kind	**360,881**	**315,956**

6. Key management personnel remuneration (continued)

THE AGGREGATE EMOLUMENTS PAID TO OR RECEIVED BY NON EXECUTIVE DIRECTORS	Group 2023 £	Group 2022 £
Richard Archer	-	4,025
John Cross	12,000	10,728
Mathew Bishop	10,000	8,000
Patricia Brandum	12,000	10,728
Phil Shepley	4,000	5,667
John Simpson	12,000	10,728
Julian Ashby	20,000	16,987
Peter Quinn	10,000	8,000
Philippa Lowe	12,000	10,728
Liz Bailey	10,000	8,000
Timothy Yates	583	1,000
Patricia Buckland	583	1,000
Richard Osborne	10,000	4,485
Eleanor May Southwood	10,167	4,394
Simon Jones	3,712	-
	127,045	104,470

7. Interest receivable

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Interest receivable from short term deposits and long-term investments	395	780	-	-
	395	**780**	**-**	**-**

8. Interest payable and similar charges

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Pension interest expense:				
Defined Benefit Scheme – LGPS (note 22)	25	14	25	14
Defined Benefit Scheme – SHPS (note 22)	132	256	132	256
	157	**270**	**157**	**270**
On bank loans, overdrafts and other loans:				
Interest paid to group companies	-	-	381	266
Interest paid on loans due within five years	3,114	-	-	-
Interest paid on loans due in more than five years	28,045	30,171	-	-
Early Repayment charge	-	29,752	-	-
Other refinancing costs	-	2,753	-	-
	31,159	**62,676**	**381**	**266**
Interest payable capitalised on properties in the course of construction	(2,179)	(1,323)	-	-
Total	**29,137**	**61,623**	**538**	**536**
Capitalisation rate used to determine the finance costs capitalised during the period	5.00%	4.75%		

9. Operating surplus

The operating surplus is arrived at after charging (crediting):

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Depreciation of housing properties	10,309	11,862	-	-
Accelerated depreciation on component replacement	694	983		
Impairment of housing properties	(750)	(1,926)	-	-
Depreciation of other owned fixed assets	956	1,132	-	-
Operating lease rentals				
- land and buildings	2,651	4,901	-	-
Auditor's remuneration (excluding VAT)				
- Fees payable to the Company's auditor for the audit of the financial statements	124	81	-	-
- Audit of the financial statements of the Company's subsidiaries pursuant to legislation	10	10	-	-
- Additional fees payable to the Company's auditor for the audit of the 2021 financial statements	-	60	-	-
Total audit services	**134**	**151**	**-**	**-**

10. Taxation

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
UK corporation tax				
Current tax on income for the period	-	-	-	-
Adjustments in respect of prior periods	-	-	-	-
Corporation tax charge for the period	-	-	-	-
Deferred tax				
Origination and reversal of timing differences	766	-	-	-
Tax on surplus on ordinary activities	**766**	**-**	**-**	**-**

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Surplus/(deficit) on ordinary activities before tax	18,532	(11,210)	(654)	1,283
Tax on (deficit) / surplus on ordinary activities at standard corporation tax rate of 19% (2020:19%)	3,521	(2,130)	(124)	(243)
Effects of:				
Expenses not deductible for tax	7	1	7	1
Income not taxable for tax purposes	(180)	1,526	-	-
Amounts credited directly to equity or otherwise transferred	-	11	-	11
Remeasurement of deferred tax for changes in tax rates	184	(800)	-	(740)
Deferred tax not recognised	(86)	32	115	(185)
Charitable activities	(3,263)	(1,360)	-	1,156
Charitable donation unutilised	1	-	1	-
Chargeable gains	582	-	-	-
Total tax charge	**766**	**-**	**-**	**-**

Factors that may affect future tax charges

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will impact the Company's future current/deferred tax charge accordingly.

Deferred tax balances have been stated at a rate at which the items are expected to reverse in line with the dates noted above.

11. Tangible fixed assets – Housing properties – Group

Cost	Housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership properties £'000	Shared ownership properties under construction £'000	Total £'000
At 1 April 2022	1,305,103	54,264	203,767	33,645	1,596,779
Additions	-	68,989	-	25,036	94,025
Component Replacement	8,100		-	-	8,100
Transfers to completed schemes	71,202	(71,202)	22,074	(22,074)	-
Transfer to current assets following change in 1st tranche %	-	-	(1,879)	(3,650)	(5,529)
Housing properties disposals	(1,754)	-	(6,281)	-	(8,035)
Component disposals	(1,470)	-	-		(873)
Transfer from other fixed assets	7,803	-	-	-	7,803
At 31 March 2023	**1,388,984**	**52,051**	**217,681**	**32,957**	**1,691,673**
Less depreciation and impairment					
At 1 April 2022	163,884	2,347	-	-	166,231
Charge for the year	10,309	-	-	-	10,309
Impairment for the year	-	(750)	-	-	(750)
Eliminated in respect of disposals	(823)	-	-	-	(823)
Housing property disposal	(734)	-	-	-	(734)
Depreciation transfer from other fixed assets	504	-	-	-	504
At 31 March 2023	**173,186**	**1,597**	**-**	**-**	**174,783**
Net book value at 31 March 2023	**1,217,380**	**50,454**	**217,681**	**32,957**	**1,516,890**
Net book value at 31 March 2022	**1,141,219**	**51,917**	**203,767**	**33,645**	**1,430,548**

11. Tangible fixed assets – Housing properties – Group (continued)

	2023 £'000	2022 £'000
Freehold land and buildings	1,466,397	1,346,021
Long leasehold land and buildings	48,143	82,638
Short leasehold land and buildings	2,350	1,889
	1,516,890	**1,430,548**

EXPENDITURE ON WORKS TO EXISTING PROPERTIES	2023 £'000	2022 £'000
Capitalised costs in respect of existing properties	8,100	5,531
Costs charged to the Statement of Comprehensive Income	30,447	23,292
Property Improvements	**38,304**	**28,823**

SOCIAL HOUSING ASSISTANCE	2023 £'000	2022 £'000
Total accumulated social housing grant received or receivable at 31 March:		
Held as deferred income	38,792	36,802
Recognised in the statement of comprehensive income	310,719	310,411
Total government grant	**349,511**	**347,213**

The amount that has been recognised in the income and expenditure reserve in the current year and in prior years in the statement of comprehensive income becomes contingent liabilities and will crystallise when the property the grant relates to has been disposed of or ceases to be used for social housing purposes. At this point the contingent liability is transferred to the recycled capital grant fund as a liability and cost of disposal in the statement of comprehensive income.

11. Tangible fixed assets – Housing properties – Group (continued)

Valuation of housing properties

Completed housing properties are shown at deemed cost with a revaluation relating to transitional value at 31 March 2014.

DEEMED COST AT 31 MARCH IS REPRESENTED BY:	2023 £'000	2022 £'000
Historical cost	1,614,826	1,518,673
Less: depreciation and impairment	(174,782)	(166,231)
Historical cost net book value	**1,440,044**	**1,352,442**
Revaluation reserve	76,846	78,106
Net book value at 31 March	**1,516,890**	**1,430,548**

12. Other fixed assets

	Tangible Fixed Assets					Intangible Fixed Assets	
COST	Freehold office properties £'000	Leasehold office improvements £'000	Photo-voltaic panels £'000	Equipment, fixtures and vehicles £'000	Total Tangible Fixed Assets £'000	Computer Software & IT project £'000	Total Intangible assets £'000
At 1 April 2022	12,321	1,609	1,027	10,763	25,720	-	-
Transfer (from)/to Intangible fixed assets	-	-	-	(1,454)	(1,454)	1,454	1,454
Additions	-	-	-	2,344	2,344	2,118	2,118
Disposals	(5)	(17)	-	(209)	(231)	-	-
Transfer to Housing Properties	-	-	-	(7,803)	(7,803)	-	-
At 31 March 2023	**12,316**	**1,592**	**1,027**	**3,641**	**18,576**	**3,572**	**3,572**
Less depreciation and impairment							
At 1 April 2022	5,206	1,166	412	3,014	9,798	-	-
Charge for the year	408	43	43	368	862	94	94
Disposals	-	-	-	(164)	(164)	-	-
Transfer to Housing Properties	-	-	-	(504)	(504)	-	-
At 31 March 2023	**5,614**	**1,209**	**455**	**2,714**	**9,992**	**94**	**94**
Net book value at 31 March 2023	**6,702**	**383**	**572**	**927**	**8,584**	**3,478**	**3,478**
Net book value at 31 March 2022	**7,115**	**443**	**615**	**7,741**	**15,922**	**-**	**-**

13. Investment properties, non-social housing properties held for letting

VALUATION	2023 £'000	2022 £'000
At 1 April	12,143	11,925
Additions	-	99
Increase in value	947	119
At 31 March	**13,090**	**12,143**
Number of properties in ownership	**61**	**61**

The Group's investment properties were valued at 31 March 2023 by Savills (UK) Limited, part of the Savills Group, a general practice firm providing surveying and valuation services around the country. The full valuation of properties was undertaken in accordance with the Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2021 together, where applicable, with the UK National Supplement effective 14 January 2020, together the ''Red Book'. Savills' valuation us at the valuation date and is reported as not being subject to 'material uncertainty' as defined in the RICS Valuation – Global Standards

Market rent stocks have been valued on MV-STT to reflect the current assured shorthold tenancies.

14. Investments

LONG-TERM INVESTMENTS	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
The Housing Finance Corporation Ltd	4,572	5,769	-	-
Haven Bond issues security deposit	3,391	3,416	-	-
AHF Bond	561	644	-	-
MORhomes PLC	30	30	30	30
Valuation at 31 March	**8,554**	**9,859**	**30**	**30**
Cost at 31 March	**8,210**	**8,210**	**-**	**-**

MOVEMENTS IN LONG-TERM INVESTMENTS:	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
At 1 April	9,859	10,401	-	-
Withdrawals	(44)	-	-	-
Interest received	26	22	-	-
Deficit on revaluation	(1,287)	(564)	-	-
Valuation at 31 March	**8,554**	**9,859**	**-**	**-**

The long-term investments relating to The Housing Finance Corporation, AHF Bond and Haven 32 are security deposits required in relation to the Group's bond funding with these organisations and are held at valuation.

15. Properties for sale

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Shared ownership properties under construction	23,010	7,870	-	-
Market sale properties under construction	13,284	-	-	-
Completed properties	5,811	2,164	-	-
At 31 March	**42,105**	**10,034**	**-**	**-**

16. Debtors

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Rent and service charges receivable	4,658	4,793	-	-
Less bad debt provision	(1,643)	(1,633)	-	-
	3,015	**3,160**	**-**	**-**
Social Housing Grant receivable	25	25	-	-
Prepayments and accrued income	3,167	2,746	662	466
Amount owed by group undertakings	-	-	1,405	640
Other debtors	1,575	4,996	97	1,933
Sundry bad debt provision	(982)	(1,475)	-	(519)
At 31 March	**6,800**	**9,452**	**2,164**	**2,520**

17. Short term investments

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
95 day notice deposit	76	-	-	-
32 day notice deposit and leaseholder sinking funds	-	858	-	-
At 31 March	**76**	**858**	**-**	**-**

18. Creditors: amounts falling due within one year

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade creditors	5,750	3,410	790	2,304
Loans repayable in less than one year	3,839	3,653	-	-
Amounts owed to group undertakings	-	-	7,934	5,254
Rent and service charges in advance	2,710	2,748	-	-
Other loans	1,021	1,021	-	-
Sinking Funds	1,561	1,436	-	-
Recycled Capital Grant Fund (note 20)	233	388	-	-
Other taxation and social security payable	705	756	705	792
Deferred capital grant (note 21)	212	470	-	-
Other creditors	474	264	292	24
Accruals and deferred income	15,698	15,527	1,454	1,196
At 31 March	**32,203**	**29,673**	**11,175**	**9,570**

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

	Group 2023 £'000	Group 2022 £'000
Bank loans	855,478	781,295
Net premiums on bond issues	4,806	6,560
Deferred income	205	227
Recycled capital grant fund (note 20)	1,882	1,093
Deferred capital grant (note 21)	38,580	36,332
Deferred taxation (note 10)	766	-
At 31 March	**901,717**	**825,507**

Bank loans

Of the loans and borrowings due after more than one year and drawn down at 31 March 2023, £855,478k (2022: £781,295k) was fixed with interest rates varying from 1.99% to 7.00%. Variable borrowings at 31 March 2023 totalled £78,000k (2022: £nil) with an interest rate of no more than SONIA+1%.

These loans, and those repayable within one year, are secured by a first charge on 10,680 of the Paradigm Housing Group Association's properties and are repayable as follows:

	Group 2023 £'000	Group 2022 £'000
One year or more but less than two years	4,013	3,818
Two years or more but less than five years	103,823	15,144
Five years or more	747,642	762,333
At 31 March	**855,478**	**781,295**

Included in housing loans above are unamortised arrangement fees of £209k (2021: £229k). These fees are being amortised over the period of the loans which range from 6 years to 16 years.

Deferred income - Deferred income represents payments in advance from a charitable organisation for nomination rights and other agreements, amortised over the remaining period of the agreements. The income is released on a straight line basis over the period of the agreement, there are between 1 and 18 years remaining.

20. Recycled capital grant fund

	Group – HE		Group – GLA		Group – Total	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
At 1 April	1,069	1,115	412	1,408	1,481	2,523
Inputs to fund:						
- Grants recycled	987	388	375	-	1,362	388
- Interest accrued	42	3	17	-	59	3
- Repayment of grant	-	-	(317)	(996)	(317)	(996)
Recycling of grant:						
- Purchase and development of property	(470)	(437)	-	-	(470)	(437)
At 31 March	**1,628**	**1,069**	**487**	**412**	**2,115**	**1,481**

Recycled Capital Grant Fund is capital grant provided through the Homes England and local authorities which is repayable in certain circumstances, but for which the Association is proposing to exercise its option to recycle into new projects. Withdrawals from the Recycled Capital Grant Fund were used for the purchase and development of new housing schemes for letting and for approved works to existing properties. £233k (2022: £388k) has been disclosed within creditors falling due within one year as it has been identified as potentially repayable to Homes England and local authorities. The Association is actively working with the relevant agencies to mitigate the risk of being required to payback any sums by allocating amounts to schemes that are currently progressing.

21. Deferred capital grant

GOVERNMENT GRANT	2023 Completed schemes £'000	2023 Under construction £'000	Group 2023 Total £'000	2022 Completed schemes £'000	Group 2022 Under construction £'000	2022 Total £'000
At 1 April	29,431	7,371	36,802	24,220	9,517	33,737
Grant received in the year	-	2,124	2,124	-	3,184	3,184
Grant recycled in the year	-	470	470	-	437	437
Transfer to completed schemes	2,142	(2,142)	-	5,788	(5,788)	-
Transfer to recycled capital grant fund	(203)	-	(203)	(195)	21	(174)
	31,370	7,823	39,193	29,813	7,371	37,184
Grant amortised	(401)	-	(401)	(382)	-	(382)
At 31 March	30,969	7,823	38,792	29,431	7,371	36,802
Amounts to be released within one year	212	-	212	470	-	470
Amounts to be released after more than one year	30,757	7,823	38,580	28,961	7,371	36,332
	30,969	7,823	38,792	29,431	7,371	36,802

22. Pension obligations

The Group contributes to two defined benefit schemes, the assets of which are held in separately administered funds under the management of Buckinghamshire Council (Local Government Pension Scheme) and the Social Housing Pension Scheme administered by The Pensions Trust.

In accordance with FRS102, pension costs in relation to both schemes are recognised in the accounting period in which the benefits are earned and the related finance costs are recognised in the accounting period in which they arise. The pension costs are charged in the accounts in accordance with valuation advice prepared by qualified actuaries using the projected unit method. The assumptions which have the most significant effect upon these valuations are those relating to the difference between the rate of return on investments and the rate of increases in salaries and pensions.

The Pensions Trust - Social Housing Pension Scheme (SHPS)

The Company participates in the Social Housing Pension Scheme ("the Scheme"), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pension schemes in the UK.

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

Demographic / statistical assumptions

The post-retirement mortality tables adopted are the S2PXA tables with a multiplier of 103%. These base tables are then projected using the CMI_2017 Model, allowing for a long-term rate of improvement of 1.3%p.a. for males and 1%p.a. for females.

The assumed life expectancies from age 65 are:

	At 31 March 2023 years
Retiring today	
Males	21.0
Females	23.4
Retiring in 20 years	
Males	22.4
Females	24.9

Financial assumptions

The financial assumptions used for the purposes of the FRS102 calculations are as follows:

	At 31 March 2023	At 31 March 2022
Discount rate	4.9%	2.8%
Inflation (RPI)	3.2%	3.5%
Inflation (CPI)	2.8%	3.2%
Salary growth	3.8%	4.2%
Allowance for commutation of pension for cash at retirement (% of maximum)	75%	75%

These assumptions are set with reference to market conditions at 31 March 2023.

22. Pension obligations (continued)

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2023 £'000	2022 £'000
Fair value of plan assets	26,233	42,105
Present value of defined benefit obligation	(31,869)	(47,509)
Defined benefit liability to be recognised	**(5,636)**	**(5,404)**

Defined benefit costs recognised in statement of comprehensive income

	2023 £'000	2022 £'000
Current service cost	-	(9)
Expenses	33	31
Operating costs subtotal	**33**	**22**
Net interest expense	132	234
Finance costs subtotal	**132**	**234**
Total expense	**165**	**256**

Sensitivity analysis

The precise impact of changing the assumptions will vary from employer to employer based on their membership profile, typical values are given below:

Assumption	Impact
Discount rate	Typically increasing/(decreasing) this assumption by 0.1% p.a. would decrease/(increase) liabilities in the order of 2%
RPI inflation	Typically increasing/(decreasing) this assumption by 0.1% p.a. would increase/(decrease) liabilities in the order of 2%
Salary growth	Typically increasing/(decreasing) this assumption by 0.1% p.a. would increase/(decrease) earnings related liabilities by 1% p.a..
Life expectancy	Adding 1 year to the life expectancy typically adds approximately 2.8% to the liabilities

Reconciliation of opening and closing balances of the defined benefit obligation

	2023 £'000	2022 £'000
Defined benefit obligation at start of period	47,509	49,824
Current service cost	-	(9)
Expenses	33	31
Interest expense	1,313	1,091
Contributions by plan participants	-	9
Actuarial losses (gain) due to scheme experience	(1,023)	2,420
Actuarial gain due to changes in demographic assumptions	(70)	(719)
Actuarial gain due to changes in financial assumptions	(14,996)	(4,274)
Benefits paid and expenses	(897)	(864)
Defined benefit obligation at end of period	**31,869**	**47,509**

Reconciliation of opening and closing balances of the fair value of plan assets

	2023 £'000	2022 £'000
Fair value of plan assets at start of period	42,105	38,651
Interest income	1,181	857
Experience (loss)/gain on plan assets (excluding amounts included in interest income)	(17,531)	2,329
Contributions by the employer	1,375	1,123
Contributions by plan participants	-	9
Benefits paid and expenses	(897)	(864)
Fair value of plan assets at end of period	**26,233**	**42,105**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2023 was £16,350,000

22. Pension obligations (continued)

Remeasurements recognised in other comprehensive income

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in interest income) - (loss)/gain	(17,531)	2,329
Actuarial (loss)/gain due to scheme experience	1,023	(2,420)
Actuarial gain due to changes in demographic assumptions	70	719
Actuarial gain due to changes in financial assumptions	14,996	4,274
Actuarial (loss) gain in respect of SHPS pension scheme	**(1,442)**	**4,902**

Defined benefit costs recognised in statement of comprehensive income

	2023 £'000	2022 £'000
Current service cost	-	(9)
Expenses	33	31
Net interest expense	132	234
Defined benefit costs recognised in statement of comprehensive income	**165**	**256**

Retirement benefits - Buckinghamshire Council Pension Fund

Some employees of the Group are admitted to the Buckinghamshire Council Pension Fund ("the Fund"), which is administered by Buckinghamshire Council in accordance with the Local Government Pension Scheme (LGPS) Regulations 2014, was contracted out of the State Second Pension until April 2016 and currently provides benefits based on career-average revalued salary and length of service on retirement. The Pension Fund Committee oversees the management of the Fund while the day-to-day fund administration is undertaken by a team within the administering authority. Where appropriate, some functions are delegated to the Fund's professional advisers.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The last actuarial valuation of the Fund was carried out as at 31 March 2022. There are no minimum funding requirements in the LGPS, but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The pension fund has been closed by the Group and the Group is no longer making contributions. The contribution by the Group during the year was £nil (2021: £51k) covering no employees (2022: 7 employees) at a contribution rate of 0% (2022: 17%) of pensionable salaries.

Demographic / statistical assumptions

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022. These assumptions have been updated from those adopted at the last accounting date. Details of the post-retirement mortality assumption are set out below; further details of the demographic assumptions adopted can be found in the briefing note corresponding to this report, and the Fund's actuarial valuation report.

	31 March 2023	31 March 2022
Base table	S3PA	S3PA
Multiplier (M/F)	110%/95%	110%/95%
Future improvements model	CMI_2021	CMI_2020
Long-term rate of improvement	1.25%pa	1.25%pa
Smoothing parameter	7.0	7.5
Initial addition parameter	0.0%pa	0.0%pa
2020 weight parameter	5%	25%
2021 weight parameter	5%	n/a

22. Pension obligations (continued)

The assumed life expectancies, based on the assumptions set out above, are set out in the table below:

	31 March 2023 years	31 March 2022 years
Retiring today		
Males	21.1	21.6
Females	24.6	25.0
Retiring in 20 years		
Males	22.3	23.0
Females	26.0	26.5

Financial assumptions

The financial assumptions used for the purposes of the FRS102 calculations are as follows:

	At 31 March		
	2023	2022	2021
Salary increases	3.95%	4.3%	3.9%
Pension increases	2.95%	3.3%	2.9%
Discount rate	4.80%	2.6%	2.2%

These assumptions are set with reference to market conditions at 31 March 2023.

Our estimate of the Group's past service liability duration is 12 years.

Statement of financial position as at 31 March

	2023 £'000	2022 £'000
Present value of funded obligation	(9,168)	(12,880)
Fair value of scheme assets (bid value)	10,916	12,124
Net asset/(liability)	**1,748**	**(756)**
Present value of unfunded obligation	(132)	(218)
Unrecognised surplus (asset ceiling)	(1,616)	-
Net defined liability	**-**	**(974)**

Analysis of amount charged in the income and expenditure account

	2023 £'000	2022 £'000
Service cost	-	23
Administration expense	32	10
Operating costs subtotal	**32**	**33**
Net interest on the defined liability	25	36
Finance costs subtotal	**25**	**36**
Total expense	**57**	**69**

22. Pension obligations (continued)

Sensitivity analysis

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

Adjustment to the discount rate:	**+0.5%**	**0.1%**	**0.0%**
Present value of total obligation (£'000)	8,806	9,198	9,300
Projected service cost (£'000)	-	-	-
Adjustment to long-term salary increases:	**+0.5%**	**0.1%**	**0.0%**
Present value of total obligation (£'000)	9,300	9,300	9,300
Projected service cost (£'000)	-	-	-
Adjustment to pension increases and deferred revaluation:	**+0.5%**	**0.1%**	**0.0%**
Present value of total obligation (£'000)	9,852	9,407	9,300
Projected service cost (£'000)	-	-	-
Adjustment to life expectancy assumptions:	**+ 1 year**	**none**	**-1 year**
Present value of total obligation (£'000)	9,800	9,300	8,829

Changes in present value of defined benefit obligation:

	2023 £'000	2022 £'000
Opening defined benefit obligation	13,098	13,691
Current service cost	-	23
Interest cost	333	287
Change in financial assumptions	(3,656)	(413)
Change in demographic assumptions	(577)	-
Experience loss/(gain) in defined benefit obligation	657	-
Estimated benefits paid net of transfers in	(534)	(479)
Past service costs including curtailment.	-	-
Contributions by scheme participants	-	4
Unfunded pension payments	(21)	(15)
Closing defined benefit obligation	**9,300**	**13,098**

The experience loss/(gain) on the defined benefit obligation includes £1,144,000 in respect of the allowance for actual pensions increases and CPI inflation over the accounting period.

Changes in fair value of scheme assets:

	2023 £'000	2022 £'000
Opening fair value of scheme assets	12,214	11,578
Interest on assets	308	251
Return on assets less interest	(984)	770
Other actuarial gain	34	-
Administrative expenses	(32)	(10)
Contributions by employer including unfunded	21	25
Contributions by scheme participants	-	4
Estimated benefits paid including unfunded benefits	(555)	(494)
Closing fair value of scheme assets	**11,006**	**12,124**

Re-measurements in other comprehensive income:

	2023 £'000	2022 £'000
Return on fund assets in excess of interest	(984)	770
Other actuarial gains on assets	34	-
Change in financial assumptions	3,656	413
Change in demographic assumptions	577	-
Experience loss on defined benefit obligation	(657)	-
Unrecognised surplus (asset ceiling)	(1,616)	-
Remeasurements of the defined liability and scheme assets	**1,010**	**1,183**

Following employee consultation, the LGPS scheme was closed to the seven remaining members from 1st June 2021. The seven employees were transferred to the SHPS Defined Contribution scheme and will have access to the same pension contribution structure as all other employees.

Ex-LGPS members were advised that LGPS benefits built up prior to 1 June 2021 would be unaffected. These seven employees remain entitled to these benefits at retirement in respect of their service up to 1 June 2021.

Paradigm has concluded a Deferred Debt Agreement ("DDA") with Buckinghamshire Council. This has served to avoid the immediate crystallisation of a £3.7m debt at the point at which we had no active members in the scheme. The DDA termination date is April 2036. Contributions towards future benefits are no longer payable (primary contributions). Paradigm remains "on risk" and payments towards any funding deficit (secondary contributions) must still be paid, when required, up to the DDA termination date. Liabilities and contributions will be calculated on a "projected cessation basis". There is no deficit under this basis, and therefore no secondary contributions are payable for now. No security has been required and the previous pension bond has not been renewed.

Contributions to other pension schemes

The Group did not make any contributions to other pension schemes in the year (2022: £nil).

23. Other provisions

	Group				Company	
	2023 Other £'000	2023 Holiday Pay £'000	2023 Total £'000	2022 Total £'000	2023 Holiday Pay £'000	2022 Holiday Pay £'000
At 1 April	2,700	285	2,985	272	286	272
Provided for during the year	1,000	42	1,042	2,713	41	14
At 31 March	**3,700**	**327**	**4,027**	**2,985**	**327**	**286**

24. Non-equity share capital

Allotted, issued and fully paid	2023 £'000	2022 £'000
At 1 April	11	11
Issued during the year	1	-
Surrendered during the year	(3)	-
At 31 March	**9**	**11**

Each member of the Board excluding Executive Members holds one ordinary share of £1 in the Company.

The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions on winding up.

25. Net debt

CASH AND CASH EQUIVALENTS	At 1 April 2022 £'000	Cashflows £'000	Reclassification of debt £'000	At 31 March 2023 £'000
Cash	32,080	(14,387)	-	17,693
Borrowings				
Debt due within one year	3,653	(3,653)	3,839	3,839
Debt due after one year	781,296	78,021	(3,839)	855,478
Total debt	784,949	74,368	-	859,317
Total net debt	**752,869**	**88,755**	**-**	**841,624**

26. Net cash generated from operations

	Group		Company	
	2023 £'000s	2022 £'000	2023 £'000	2022 £'000
Surplus/(deficit) for the year	**18,532**	**(11,210)**	**(654)**	**(1,282)**
Adjustments for non-cash items:				
Depreciation of fixed assets – housing properties	10,309	11,862	-	-
Accelerated depreciation on replaced components	693	983	-	-
Depreciation of fixed assets – other	956	1,131	-	-
Amortised grant	(400)	(393)	-	-
Recycled grant	(470)	(437)	-	-
Interest payable and finance costs	29,137	29,118	381	536
Breakage fees paid	-	32,505	-	-
Interest receivable	(395)	(780)	-	-
Movement in fair value of investment properties	(947)	(119)	-	-
Movement in fair value of investment	1,287	543	-	-
Impairment reversal	(750)	-	-	-
Surplus on the sale of fixed assets – housing properties	(6,840)	(11,476)	-	-
Proceeds from the sale of housing properties	15,900	28,915	-	-
Difference in net pension expense and liability	(1,331)	(423)	(1,379)	(423)
Movement in trade and other debtors	8,963	1,939	352	(6,621)
Increase in properties held for sale	(32,071)	(1,799)	-	-
Movement in provisions	1,042	2,713	42	-
Movement in trade and other creditors	811	(4,810)	1,813	7,142
Write off other tangible fixed assets	67	-	-	-
Net cash generated from/(used by) operations	**44,493**	**78,262**	**555**	**(648)**

27. Leasing commitments

The future minimum lease payments of operating leases are as set out below. Leases relate to temporary housing properties leased from landlords and lease van rental.

Operating leases expiring:	Group 2023 £'000s	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Within one year	1,167	2,431	799	927
Between one and five years	2,760	4,872	2,649	4,146
More than five years	-	-	-	-
At 31 March	**3,927**	**7,303**	**3,448**	**5,073**

Lease receivable income is as follow:	Group 2023 £'000s	Group 2022 £'000
Within one year	131	135
Between one and five years	524	538
More than five years	1,449	1,717
At 31 March	**2,104**	**2,390**

28. Capital commitments

	Group 2023 £'000s	Group 2022 £'000
Capital expenditure contracted for but not provided in the financial statements	167,211	162,869
Capital expenditure that has been authorised by the Board but not contracted for	58,694	34,696
At 31 March	**225,905**	**197,565**

The above commitments will be financed through unit sales of £75.3m (2022: £36.1m) and borrowings of £150.6m (2022: £161.4m) which are available for draw-down under existing loan arrangements.

29. Borrowing facilities

The Group's undrawn committed borrowing facilities available at 31 March were as follows:

	Group	
	2023 £'000s	2022 £'000
Expiring in less than one year	-	-
Expiring in more than one year but not more than two years	-	-
Expiring in more than two years	222,000	250,000
	222,000	**250,000**

30. Contingent liabilities

The Group had £50,121 contingent liabilities at 31 March 2023 (2022: £50,298k) other than the government grant recognised in the statement of comprehensive income in the current and prior years as disclosed in note 11. These amounts may need to be recycled or repaid if the properties they relate to are disposed of.

31. Subsidiaries

The following are subsidiary undertakings by virtue of the ability of the Company to control the composition of their boards or by exercising dominant influence.

Undertaking	Country of registration	Principal activity	Class of shares	% of shares controlled
Paradigm Homes Charitable Housing Association Limited	England	Provision of social housing	Ordinary	100%
Paradigm Commercial Limited	England	Provision of housing and other properties for rent or sale	Ordinary	100%
Paradigm Development Services Limited	England	Provision of development services	Ordinary	100%
Paradigm Maintenance Limited	England	Provision of maintenance services	Ordinary	100%
Mary Bailey-Smith Almshouses	England	Provision of almshouses	None	None

The principal place of business for the above entities is 1 Glory Park Avenue, Wooburn Green, Bucks, HP10 0DF.
The results of all subsidiaries are consolidated into the results of the Group.

During the year the Company had the following intra-group transactions with its non-regulated subsidiaries:

MANAGEMENT SERVICES PROVIDED BY THE COMPANY TO:	Allocation basis	2023 £'000	2022 £'000
Paradigm Commercial Limited	Accommodation units	171	130
Paradigm Development Services Limited	Payroll costs	2,969	2,584
Paradigm Maintenance Limited	Headcount	-	12,952
		3,140	15,666

At 31 March the intra-group balances between these companies and Paradigm were:

	2023 £'000	2022 £'000
Paradigm Commercial Limited	1,298	2,901
Paradigm Development Services Limited	1,405	740

Management services provided by the Company include administration and management of financial ledgers. The year-end balances of subsidiaries include debtor and creditor transactions. Interest is charged at a fixed rate of 5%.

32. Legal status

The Company is a Community Benefit Society which was incorporated as an Industrial & Provident Society (IPS). The legislation that governs the Society is the Co-operative and Community Benefit Societies Act 2014. The regulator is the Financial Conduct Authority. The Company is also registered with the Regulator of Social Housing.

Email

For all general enquiries – including complaints and compliments – please email:
ContactUs@ParadigmHousing.co.uk

Telephone

You can reach our Customer Services team by telephone on 0300 303 1010.
Our telephone lines are open Monday to Friday 8am – 5.30pm. Please be aware that calls are recorded for training purposes.

Post

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Paradigm