

ANNUAL ACCOUNTS 2023-24



Putting people at the heart of everything we do





Empowering People Inspiring Communities Limited

Annual Report & Financial Statements

For the year ended 31 March 2024

Charity Number: 1118644

Company Number: 3333405

Regulator of Social Housing Number: L4167

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Chair and Chief Executive's Foreword

The social housing sector continues to be under scrutiny and facing significant reputational and financial challenges. The economy continues to be challenging for organisations and tenants.

EPIC continues to gain momentum and strength across all activities, developing our financial resilience even further with a focus on tenants and their homes. Returning to G2, confirmed by the Regulator of Social Housing, in May 2023 has provided the positive platform on which we continue to develop, evolve and remain independent.

Despite financial constraints, we have made substantial investment in tenants' homes to meet the quality and building safety commitments required; and we continue to increase our financial capacity to do more over future years. We know that the information we hold on our tenants' homes is improving and our approach to dealing with damp and mould has been positive, ensuring tenants' health and safety at all times.

The Social Housing Regulation Act places a strong focus on the quality of social housing and services provided to tenants and EPIC has been pro-active in ensuring that we are both compliant with the Act but also pragmatic in what we can achieve and enhancing services where possible.

Our new Corporate Plan, "Community, connecting, and collaboration" (2024-27) articulates our commitment to working together with our tenants and the wider communities. The Plan moves EPIC forward beyond regulatory compliance to truly understanding and meeting the needs and aspirations of our tenants. We want them to feel safe in their homes and the wider community and recognise that we are an organisation that truly wants to listen to understand their needs.

We have made significant progress on the way in which we do business, through increasing the capacity and capability of our colleagues to meet the needs of tenants and also the work we have done in ensuring that our technologies support the services to our tenants and do not expose EPIC to any potential security threat.

Our organisation continues to be well managed, in what has been another challenging year, and our people remain positive and resilient in delivering even better services to our tenants and working alongside others in the community.



Simon Wilson
Chair of the Board
19 September 2024



Tracey Johnson
Chief Executive Officer
19 September 2024

Board Members, Executive Officers, Company Information

Board Members		Date Joined/ Resigned	Other Committee Membership	Meeting Attendance		
				Attended No.	Total No.	% Attendance
Simon Wilson	B Chair	Apr 23	GRC	6(B)/2(G)	8	100%
Rob Emery		May 20	n/a	2(B)	6	33%
Nick Leggett		Mar 20	ARAC/GRC	4(B)/4(A) /2(G)	13	77%
Rachel Challinor		Oct 21	GRC	5(B)/2(G)	8	88%
Amandeep Jhawar		Nov 21	ARAC	5(B)/4(A)	11	82%
Dave Newmarch		Oct 21	n/a	4(B)	6	67%
Colin Small		Nov 21	ARAC	5(B)/5(A)	11	91%
Margaret Dodwell	A Chair	Apr 23	ARAC	6(B)/5(A)	11	100%
Alun Bragg		Apr 23	ARAC	6(B)/5(A)	11	100%
Jonathan Moore	G Chair	Apr 23	GRC	6(B)/2(G)	8	100%
Rob Morton		Feb 24	ARAC	1(B)	1	100%

Key:

<i>B</i>	<i>Board Meeting</i>
<i>B Chair</i>	<i>Board Chair</i>
<i>ARAC</i>	<i>Audit and Risk Assurance Committee</i>
<i>A Chair</i>	<i>Audit and Risk Assurance Committee (ARAC) Chair</i>
<i>A</i>	<i>Audit and Risk Assurance Committee Meeting</i>
<i>GRC</i>	<i>Governance and Remuneration Committee</i>
<i>G Chair</i>	<i>Governance and Remuneration Committee (GRC) Chair</i>
<i>G</i>	<i>Governance and Remuneration Committee Meeting</i>

Board Members, Executive Officers, Company Information

Executive Officers		
Chief Executive	T Johnson	
Director of Housing	C Gleghorn	
Changes		
Head of Asset Management & Building Compliance	J Parkes	Appointed 06.11.23
Director of Asset Management & Building Compliance	J Mitchell	Resigned 01.12.23
Director of Corporate Services	D Glass	In post to 05.08.24
Head of Business Support Services	K Heath	In post to 05.08.24
Director of Resources	S Shaw	Appointed 05.08.24

Company Information

Registered Office	131-141 Ubbertley Road, Bentilee, Stoke on Trent, Staffordshire, ST2 0EF
Company Secretary	S Shaw
Company No.	3333405
Charity No.	1118644
Regulator of Social Housing Registration No.	L4167
Auditor	Beever and Struthers, The Beehive Lions Drive, Shadsworth Business Park, Blackburn, BB1 2QS
Bank	The Co-operative Bank plc, Birmingham Commercial Banking Centre, 118-120 Colmore Row, Birmingham, B3 3BA
Key lender	Triodos Bank, Deanery Road, Bristol, BS1 5AS

Report of the Board

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

Principal activities

Empowering People Inspiring Communities (EPIC) is a charitable registered provider of social housing and is governed by a Board of Directors consisting of 11 members. We are a community-based housing association managing 1,382 homes across Bentilee, Hanley and Meir area of Stoke-on-Trent. The vast majority of our homes are for social housing residents, as well as a small number (24) of leasehold properties. Full details of the stock and tenure is shown in Notes 3 and 4 of these financial statements.

Board and governance

The Board of Directors are remunerated for their service. Board payment was introduced in April 2023. Details of the payments made to the directors is in note 7. The Board shall comprise of a minimum of 5 and a maximum of 12 (including any co-optees that may be in place from time to time). The Chair of the Board is appointed by the Board. The Board members who served during the period are shown on page 4.

Our Executive Officers are listed on page 5; they are not members of the Board. They act as an Executive within the authority delegated to them by the Board, as set out in EPIC's Control Framework. The remuneration of the Executive team, along with details of the highest-paid officer, is detailed in Note 7 of these financial statements.

The Board has ultimate responsibility for the governance of the Company. The Board's central role is to direct the organisation's work; that is to determine strategic direction. The Board agrees frameworks, strategies and policies and makes decisions on all matters that might create significant financial or other risk to the Company; or which raise material issues of principle. Operational delivery, leadership and management is delegated to the Executive Team and staff.

Committee structure

The main Board is supported by 2 committees - the Audit & Risk Assurance Committee (ARAC) and the Governance and Remuneration Committee (GRC). ARAC was reinstated in April 2023 (prior to this time the Board undertook the role of ARAC) with the recruitment of an external Chair who is also a Board Member. The GRC was established in September 2023, with its first meeting in October 2023.

Meetings during the year ended 31 March 2024

Board	6
Audit Risk and Assurance Committee (ARAC)	5
Governance and Remuneration Committee	2

Incorporated into the number of Board meetings above were 1.5 days of dedicated time for strategic and generative discussions (November 2023 and February 2024). The topics discussed included a review of progress against the corporate plan, setting the new Corporate Plan, EPIC's approach to risk management (including the sector risk profile and risk appetite), hearing the voice of the tenant through engagement and influencing activities; and a focus on the budget and Long-Term Financial Plan.

Report of the Board

Committee structure(continued)

A subgroup of Board Members formed a task and finish group to steer the co-creation of the revised corporate plan during 2023-24, which was subsequently approved by the full Board in February 2024.

In addition to the above, Board Members learning, and development programme (2023-24) included both organisational and personal development activities, including Board collective appraisal session on 23 August 2023, and a session on steering strategic action and exercising judgement 17 October 2023.

Appointment of Board Members

Non-Executive directors are appointed for three-year terms. The standard period of service is six years, with annual extensions permissible to a maximum of nine years. Service agreements are in place for all Non-Executive directors.

Board skills, quality & experience

Board members collectively possess the qualities and skills to take decisions and monitor performance. Collectively the Board brings experience and understanding of a broad range of topics including, but not limited to, finance, development, tenants' issues and local housing need. An annual process of collective and individual appraisals is in place, together with a skills matrix to ensure that the ongoing collective experience and behaviours is considered and aligned to succession planning.

Board Code of Conduct

Board members have an obligation to ensure that their private or personal interests do not influence their decisions or compromise their ability to always act in the best interests of EPIC and those whom it seeks to serve. They must not use their position to obtain personal gain of any sort.

Employees

EPIC is committed to ensuring that an effective framework for colleague engagement and communication is in place and that information on matters that concern them is effectively managed and communicated through regular briefings and supported by an established Staff Focus Group. The organisation does not recognise trade unions.

EPIC is committed to Equality, Diversity and Inclusion and full and fair consideration is given to applications for employment made by all people, having regard to their particular aptitudes and abilities.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. EPIC has prepared detailed health and safety policies and provides training both to colleagues and to the Board on health and safety matters.

Report of the Board

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal controls at EPIC and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable assurance against material misstatement or loss.

The Regulator formally regraded EPIC to a compliant G2 rating in May 2023 after working closely with the Executive Team and the Board and reviewing the data submitted, further demonstrating / validating the improvements made by EPIC in respect to its Governance and management of its system of internal controls.

EPIC updated its memorandum and articles of association in 2022-23 and introduced EPIC's Control Framework, which was further developed and embedded during 2023-24. The framework was reviewed and updated in May 2024. EPIC's control framework includes details of the following areas:

- Overview and orientation, including legal and regulatory context and key stakeholders.
- Composition of the Board and Committees with detailed terms of reference constituting a formal scheme of delegation.
- Governance framework, including articles of association, mission, vision, values, risk management, equality and diversity framework, policies, and procedures.
- Control framework, including operational structure, information management, health and safety, safeguarding, staff ethics, culture, and remuneration of Board and Executives.
- Financial regulations including delegations, budgeting, financial planning, payments, payroll and pensions and insurance and all other relevant areas.

Significant progress has been made during 2023-24 in implementing key elements of EPIC's Control Framework including the achievement of the following:

- The re-establishment of the Audit Risk and Assurance Committee (ARAC).
- The creation of the Governance and Remuneration Committee (GRC).
- Board Member remuneration policy.
- The co-creation of a new corporate plan involving Board Members, tenants, stakeholders and staff.
- The revision and publication of a revised risk appetite statement.
- The scrutiny and further development of the strategic risk register and the associated reporting.

There is regular reporting in place to the Board on progress against the Corporate Plan, financial and operational outcomes, health and safety tenant property compliance and complaints monitoring. The strategic away days focus on the robustness of strategic and business planning processes with detailed budgets, assumptions, stress testing against a range of scenarios, with potential mitigations identified for deployment.

A series of self-assessments have taken place; these included Consumer and Economic Standards, the NHF Code of Governance 2020 (adopted August 2024.) Each of the self-assessment have concluded that EPIC is compliant, with action plans of continuous improvement in place.

Report of the Board

Internal controls assurance (continued)

ARAC agrees a 3-year cycle of audits with the assistance of the internal audit provider, focusing on key areas of control to EPIC and those contained within the sector risk profile. ARAC reviews reports received from internal and external auditors and management, providing regular and timely reports to Board regarding the extent to which internal controls continue to take account of the nature of risks facing EPIC. Through business assurance and external audit ARAC obtains assurance that internal controls are in place and operating effectively.

The Board has received ARAC's annual review of the effectiveness of internal controls report. No weaknesses were found sufficient to cause material misstatement or loss and the system of internal controls confirmed as being in place throughout the year and to the date of signing of these financial statements.

EPIC has high standards of openness and honesty and has in place measures to minimise the risk of fraud and procedures to respond if it happens.

The internal audit annual report for 2023-24 from the Head of Internal Audit, TIAA, states: "TIAA is satisfied that, for the areas reviewed during the year, EPIC Housing has reasonable and effective risk management, control, and governance processes in place."

In the latter part of 2023-24 a review of the Treasury Management Policy was commissioned, alongside associated activities, and undertaken by the David Tolson Partnership (DTP), in the first quarter of 2024-25 and they have reported the following comments:

- "The Board papers around the Business Plan, including the management accounts, the long-term financial plan, the stress testing report and the Assets and Liability Register (ALR), are all of a high standard, and are comprehensive and well explained.
- Overall, our assessment of the Housing Brixx model structure is positive, with no significant issues or weaknesses identified on how the model has been constructed.
- The Business Plan report, which also covered stress testing, is also a strong paper, with good use of graphs, and it is encouraging to see mitigations being identified at this stage in the planning process.
- In our opinion, the EPIC Assets and Liability Register (ALR) is a thorough and comprehensive document which is a good example of the discipline, and we recommend that it is maintained at this standard".

Continuous improvement and embedding all that has been achieved in 2023-24 will remain a core focus for 2024-25, along with working with the Board, Regulator of Social Housing, and colleagues to enhance and improve on service delivery and improvements to the quality of tenants' homes in line with the new corporate plan.

In summary, during the financial year ending 31 March 2024, no significant internal control failings or weaknesses were identified by the Board, the Board's Audit & Risk Assurance, Governance and Remuneration Committee, or EPIC's internal or external auditors.

The Board consider that a suitable framework of internal control was in place and operating effectively throughout the 2023-24 financial year.

Donations

No donations were made during the year – £Nil (2023: £nil).

Report of the Board

Directors' insurance

EPIC's Board members and officers have personal liability insurance through the organisation's company insurance. Cover was in place throughout the year and no claims were made.

Provision of information to the Auditor

The members of the Board who were in the meeting on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members of the Board have confirmed that they have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditor

Beever and Struthers were re-appointed as auditor at the Board Meeting on 6 September 2022 and as re-confirmed at the Board meeting on 21 September 2023. They have confirmed their willingness to continue in office.

Approval

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



Simon Wilson
Chair of Board

Strategic Report

Introduction

The Board presents its Strategic Reporting, containing the Operating and Financial Review and value for money statement, for the year ended 31 March 2024.

Overview and background

EPIC owns and manages 1,382 homes for tenants across North Staffordshire with properties in Stoke on Trent, Newcastle-under-Lyme and the Staffordshire Moorlands. During the early part of the year, in May 2023, we were regraded to a compliant G2 rating by the Regulator of Social Housing. As the organisation has continued to develop and evolve throughout 2023-24 and into 2024-25, our journey of continuous improvement has further embedded and improved the organisation. Through the new regulatory changes, it is anticipated that an inspection by the Regulator of Social Housing will be carried out in the first half of the calendar year 2025.

EPIC's capacity and capability has further evolved during 2023-24 with increases in staff numbers in areas of the business that will enhance and embed the improvements made. Additional capacity has been included in the areas of tenant engagement/influence, data/information governance, front-line housing and asset colleagues.

We are still facing challenging decisions as a business with continued high inflation and increases in the cost of materials. The cost-of-living crisis is continuing to have severe, negative impact on our communities, and we're continuing to do the best that we can to try and minimise the impact on our tenants, both through the services that we offer and the work we do with our partners.

Our financial resilience is strong and our organisational culture is positive with tenants at the heart. The co-creation of our 2024-27 Corporate Plan drives a continued focus on tenants', their homes and the wider communities. We are positive that with continued focus and controls in place, our aim to remain as a strong and independent organisation is achievable.

Our tenants' homes

Across the profile of our tenants' homes, we have 1,382 properties that we own and manage, with a further 24 leaseholders who have exercised their Right to Acquire or Right to Buy (RTA / RTB). Over a quarter of the properties are made up of family sized homes and there is an offer of a mix of houses, flats and bungalows.

Stock Profile excluding leaseholders:

1 bedroom flat	258
1 bedroom house	6
1 bedroom bungalow	4
2 bedroom flats	728
2 bedroom house	180
2 bedroom bungalow	29
3 bedroom house	171
3 bedroom bungalow	1
4 bedroom houses	5
Total	1,382

There is a continued demand for properties that EPIC owns and manages and affordability in comparison to the private rented sector remains positive.

Strategic Report

Allocations

EPIC turns over about 10% of its stock annually. During 2023-24, we received 657 applications for housing, and allocated 98 new tenancies approximately 50% of these allocations would have been to Local Authority Homeless applications as part of EPIC'S nominations agreement with Stoke on Trent City Council.

Housing allocation times began to improve during the period thanks to the collaboration between the Housing and Asset Management Team and void contractor, subsequently this resulted in a reduction of void rent loss.

Tenant Engagement

In 2023 we appointed EPIC'S Customer Service and Resident Engagement Team Leader, and we have seen an increase in engagement, influence and tenant sustainment initiatives. As a consequence of the ongoing economic crisis, it has been inevitable that many of our tenants have told us that they are struggling to make ends meet and suffering from financial hardship. EPIC placed a successful bid of £4,000 for the Household Support Grant which has helped over 50 families in crisis with energy and water bills, food and essential items. We also made available an additional £10,000 via tenancy sustainment budget. We ran a successful "Winter Coat Campaign" with a distribution of £1,500 to help 60 children; £2,539 towards helping tenants with furniture; £1,434 on disability adaptations; £360 on help with gas & electric.

We continued to focus on meaningful tenant engagement/influence and have recruited a number of tenant ambassadors. Working alongside the ambassadors we have been able to co-create a variety of ways to gather feedback from tenants on things that matter to them, including our refreshed Corporate Plan, Complaints Policy, choice on replacements kitchens and bathrooms, and tenant annual report. We have also resurrected a tenant allotment and breakfast club.

Tenant Satisfaction Measures

2023 saw the introduction of the Regulator of Housing (RSH) Tenant Satisfaction Measures. EPIC used the services of Acuity Benchmarking to conduct their STAR survey to gather tenant perception measures and took the opportunity to ask tenants whether or not they believed their homes were suffering from damp and mould and if they would like to become a tenant ambassador. Everyone who shared their details with us was contacted and in the cases of damp and mould, visits were carried out to investigate and rectify any issues. EPIC continues to take a pro-active approach when dealing with damp and mould in tenants' homes.

At a high level, the STAR survey shows that eight out of ten tenants (81%) were satisfied with the overall service provided by EPIC. The same number of tenants were satisfied that they were treated fairly and with respect, EPIC is easy to deal with and with the repairs service.

Working with others

We have increased our engagement with other organisations leading to greater partnership working, as we recognise that as a small landlord EPIC does not have capacity and capability to fully support tenants across the variety of their needs but other people that we work with can help tenants to sustain their tenancy and also to provide the additional support they may need to truly thrive.

We are involved in a number of best practice and information sharing groups, including, Financial Inclusion/Welfare Reform; Anti-Social Behaviour; and Case Review Panel.

Social Housing (Regulation) Act 2023

The Social Housing (Regulation) Act 2023 became law on 25 July 2023, providing the Regulator with the additional powers needed to deliver an enhanced consumer regulation role. In April 2024, the Regulator changed and introduced a stronger and more active regulation of the consumer standards. EPIC has completed its self-assessment and is compliant with the Standards but recognises that there are continued improvements to be made, which have been captured as part of an ongoing action-plan.

Strategic Report

Social Housing (Regulation) Act 2023(continued)

In addition to the changes to the regulatory framework the Housing Ombudsman from April 2024 also made a number of significant changes to its Complaint Handling Code. EPIC has completed its self-assessment against the code and made changes as a consequence to the policy and procedure, appointing as part of the new code a member of the Board, known as the Member Responsible for Complaints.

Asset Management

A number of key strategies and policies were refreshed and developed during 2023-24, including an Asset Management Strategy and Sustainability Strategy.

The Asset Management Strategy addresses the context and landscape within social housing, with a more holistic data-driven approach to meet the needs of tenants. This strategy sets the focus for the next three years on ensuring that tenants homes are safe and that all regulatory and statutory requirements are met.

The Sustainability Strategy recognises that legislation in this area continues to evolve, and that the political and global landscape continues to shift with far-reaching implications. Our focus remains on the quality of homes and the challenges that face the environment. This strategy responds to the increasing number of external drivers, as well as the social and ethnical challenges that coincide.

Fire Safety

During the financial year of 2023-24, we continued with significant fire safety improvements to our blocks of flats. These were completed in late 2023, including the installation of over 200 new fire doors. Follow up stages of this work to be completed in 2024-25.

Investment in tenants' homes

In 2023-24, we installed:

32 Kitchens
30 Bathrooms
41 Boilers
6 Roofs
43 External Doors
206 LD2 Fire Alarms

As part of our continued improvements to tenants' homes, we have installed just under 300 humidity-controlled fans in voids, kitchen & bathroom installations and in tenant properties where required to assist in moisture control.

Repairs & Maintenance

Brenden Fern continues to provide our repairs and maintenance services to all our tenants' homes. We continue to work with them to better understand any trends in repairs and to allow us to focus on tenant satisfaction with the repairs service.

In 2023-24, we:

- Completed 3,962 day-to-day repairs (up 261 from 3,701 in 2022-23); and
- Completed repairs and upgrades to 101 empty properties

In addition:

- We completed 94.5% of non-urgent repairs within target timescales; and
- 98% of all appointments were kept

Satisfaction with the repairs service is generally high – 81% of respondents to the STAR survey were satisfied with the repairs service (based on 611 responses – from our own surveys the figures show 89% of tenants rated the service as “good” or better) and 80% of STAR surveys returned stated that they were satisfied with the time taken to complete repairs (vs 93% of tenants satisfied with time taken to complete repairs from our own surveys).

Strategic Report

Our people and technology

The last 12 months has seen extra people capacity and capability at EPIC, recruiting 6 staff throughout the year to give us a headcount of 32 staff members as at the end of the financial year. In our People & Culture Survey completed in September 2023, 97% of employees were likely or extremely likely to recommend EPIC as a great place to work to their family and friends. This is up from 70% the previous year.

With the recruitment of a Colleague Engagement & Communications Officer, we have seen our social media presence grow, having over 830 followers on Facebook and over 600 followers on LinkedIn as well as averaging over 1800 unique visitors to our website each month. Alongside this, we launched the Housing Perks app to tenants and staff members at the end of November 2023 and since its launch up to 29 March 2024, 318 tenants and 36 staff have signed up to the money-saving platform with 362 orders totalling £20,916 and £1,027.52 being saved (average saving of 4.91%).

We have invested in our IT systems and infrastructure, including the launch of a new cloud-based telephony system that allows us greater flexibility for answering calls regardless of location. Since launch, we have answered over 5,700 calls. Major upgrade work has been completed on our IT infrastructure, including our housing management system. We reduced our virtual server estate by over 50% whilst also enhancing our cyber security and completed the first upgrade of our housing management system in over 4 years.

Value for Money

Value for Money (VfM) underpins the delivery of EPIC's purpose and objectives. Our overarching aim is to achieve our VfM priorities, in order to improve services to our tenants and maintain our capacity to deliver our Corporate Plan, with the resources contained within our Long-Term Financial Plan.

Value for Money is a term used to assess whether an organisation has obtained the maximum benefit from the goods and services it acquires and/or provides, within the resources available to it. It measures the costs of goods and services, but it also takes account of the mix of quality, cost and timeliness in order to assess VfM. The Strategy in place helps inform decisions about our VfM priorities.

A key part of our VfM is our Asset Management Strategy which forms the foundation of our strategic objective of proactive Asset Management. It provides a framework for EPIC to manage its assets proactively and support our Corporate Plan objectives. It links to our knowledge in relation to stock condition data, investment requirements, health and safety and what is affordable within EPIC's Long-Term Financial Plan.

Our approach to achieving value for money is bolstered by having:

- a robust business planning process and cycle that is led by the Board and the outcomes cascaded to all employees,
- a comprehensive corporate plan that clearly outlines EPIC's strategic objectives robust business planning process,
- rigorous performance management and scrutiny processes in place for the Senior Leadership Team monthly and the Board quarterly including management accounts, clearly established and well-defined set of KPI's.

The Regulator of Social Housing Value for Money Standard and Code requires providers to report in their statutory accounts against the metrics defined by the Regulator. These metrics are defined in the 'Value for Money Metrics' document issued by the Regulator.

Strategic Report

The tables below details EPIC's performance against both the Value for Money Metrics as well as the Sector Scorecard indicators.

Value For Money Metric	Sector Median 2022/23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	EPIC Comment
Reinvestment % <i>This metric looks at investment in properties including existing stock and new stock. This is calculated as a percentage of value of total properties.</i>	1.3%	1.6%	1.8%	1.6%	2.1%	EPIC has invested more heavily in existing stock than the sector overall. This reflects the under investment in prior years and the business plan forecasts further increases in future years.
New supply delivered (social housing) as a % of total stock <i>This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units.</i>	1.3%	0.0%	0.0%	0.0%	0.0%	Due to the acquisition of 169 units from the Bromford Group in 2021, (which represented investment of over 10% in 1 year) and the costs associated for the fire improvement works, the Board decided to focus on the core business activities as opposed growth. The short-term business plan does not include any additional growth, with the focus on improving our existing stock and establishing an ethos of contiguous improvement.
New supply delivered (Non-social housing) as a % of total stock <i>This sets out the number of new Non-social housing units that have been acquired or developed in the year as a proportion of total units.</i>	0.0%	N/A	N/A	N/A	N/A	As above.

Strategic Report

Value For Money Metric	Sector Median 2022/23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	EPIC Comment
Gearing % <i>This shows the proportion of our borrowing compared to our assets. A high gearing could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow more.</i>	45.3%	28.0%	28.3%	28.5%	28.0%	EPIC currently has loans of £17.3m outstanding. The low gearing reflects that the current business plan could support additional borrowing of circa £30m if required. As outlined previously the Board decided to focus on stability and improving our capacity and operations and investing in our tenants' homes as opposed to growth. The gearing is in line with prior years and with the forecast.
EBITDA – MRI (Interest Cover) <i>This shows how much cash the organisation is generating compared to interest payments. Any result above 100% means that we are generating surplus cash over and above interest payments</i>	128.0%	162.7%	179.1%	134.3%	132.9%	Due to a combination of factors, including arrears performance and prudent forecasting the surplus reported in 2023-24 was greater than forecast / target, which resulted in a higher level of interest cover. The sector has seen a 54% reduction in interest cover since 2021-22, the lowest since the financial recession in 2010. The business plan forecasts that interest cover in the next 5 years will be around 130%, which equates to headroom of circa £120k.
Headline social housing cost per unit (£) <i>The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator of Social Housing</i>	4,586	3,272	3,645	3,719	4,174	EPIC's Social Housing Cost per unit of £3,645 is 11% higher than in 2022-23, mainly as a result higher major works costs during the year. The cost per unit across the sector increased by 14% between 2021-22. EPIC's average cost per unit is £941 less than the sector median and reflects the fact that most of our stock is general needs, with the support service being provided by third parties.

Strategic Report

Value For Money Metric	Sector Median 2022/23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	EPIC Comment
Operating Margin % Social Housing <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day-to-day activities</i>	19.8%	11.5%	13.7%	10.3%	12.1%	Whilst operating margin has increased since 2022-23 to 13.7% it still remains below the average for the sector. This is forecast to continue in the business plan as EPIC invests in the capacity to improve services and embed new processes introduced over the last 2 years to improve regulatory compliance.
Operating Margin % Overall <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day-to-day activities</i>	18.2%	11.5%	13.7%	10.2%	12.1%	As above.
Return on capital employed (ROCE) % <i>This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources</i>	2.8%	1.5%	1.6%	1.2%	1.6%	The return on Capital Employed metric has slightly increased since last year and reflects the investment in services and capacity that has been required to improve services, deliver the fire improvement works and invest in staffing capacity. The ROCE still remains below the sector average.

Strategic Report

Other Metrics						
	Sector Median 2022-23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	
Voids <i>This measure illustrates the % rent lost through empty (void) stock %</i>	1.90%	1.44%	0.53%	0.75%	0.64%	A great deal of work has been undertaken to reduce the void loss, with improved processes and closer working between, the Housing and Asset Teams in conjunction with the main void contractor.
Management cost per unit <i>This metric shows the cost per unit incurred in managing our properties £</i>	1,201	1,408	1,418	1,593	1,764	The Management cost per unit is considerably higher than the sector average and reflects the need for EPIC to invest in staff capacity to review, redesign and embed new processes; and catchup on a backlog of fire improvement works.
Service charge cost per unit <i>This metric shows the service charge cost per unit £</i>	795	123	140	141	148	EPIC continues to have lower service charge costs than the sector average. A review is underway and appropriate consultation will be undertaken where needed.
Maintenance cost per unit <i>This metric shows the average maintenance cost per unit including responsive repairs, planned revenue repairs and capitalised repairs £</i>	2,711	1,694	2,087	2,094	2,261	Whilst maintenance costs have significantly increased since 2023, the metrics shows that our average maintenance cost per unit remains significantly below the sector average.

Strategic Report

Other Metrics						
	Sector Median 2022-23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	
<p>Rent Arrears This shows how % of rent arrears compared to rent charged %</p>	5.10%	4.77%	4.72%	4.75%	4.75%	Overall rent arrears as a % of rental income remains to be favourable to the average across the sector. This demonstrates that despite the difficulties faced by our tenants in the cost-of-living crisis that we have maintained rent collection targets. The level of arrears as % remains stable with the prior year's performance.
<p>Rent Receivable This shows how effective we are at collecting rents due %</p>	N/A	98.36%	99.5%	98.0%	98.5%	This demonstrates that despite the difficulties faced by our tenants in the cost-of-living crisis that we have maintained rent collection rates and targets. The performance is very good given that there was an increase of 7% in April 2023 in line with the government rent cap.

Strategic Report

Financial review

During the year, a number of significant improvements have been introduced within the Financial and Governance processes. These include the re-introduction of formal monthly bank reconciliations and the creation of a comprehensive Assets and Liabilities Register (ALR). The bank reconciliation was subject to an internal audit conducted by TIAA in February 2024, with all recommendations actioned by the year end reconciliation in March 2024. The bank reconciliation has also formed a key element of the external audit undertaken by Beever and Struthers. The ALR has been reviewed by the David Tolson Partnership as part of the background and supporting work in respect of the Treasury Management review and they have commented positively on its clear format and content.

The Statement of Comprehensive Income for the year ended 31 March 2024 and the Statement of Financial Position as at 31 March 2024 are shown on pages 28 and 29.

The key financial highlights for EPIC are as follows:

- The total comprehensive income for the year of £205k compares to £142k in 2022-23. There was an impact from the actuarial loss on the Social Housing Pension Scheme (SHPS) defined benefit scheme of £137k. It is anticipated that the liabilities in relation will be reduced following the completion of the valuation that was carried out in 2023. The values included in these accounts are based on the historical valuation as set out in the pensions note.
- The key areas where income or costs have changed from 2023 to 2024 are:
 - Turnover of £6,171k versus £5,722k in 2023 represents a net increase of £449k, which equates to 7.9%. This is due to the combination of rent increase applied in April 2023 of 7%, and a significant reduction in void losses in 2023-24. Void losses were £32k which was significantly lower than in 2022-23 of £83k, as a result of improved reletting times.
 - Management costs are broadly in line with 2023 at £1,960k. Whilst we have recruited and expanded the staff base, last year's costs included the interim Executive Team in the first part of 2022-23, the costs associated with recruiting the new Executive Team, and costs associated with delivering the Governance and Recovery Improvement Plan agreed with the Regulator.
 - Routine maintenance costs decreased by £104k to £1,399k from £1,503k in 2022-23. There was however a distinction made with a number of large costs related to damp and mould and historical major works accounted for below.
 - Major repairs were £659k compared to £242k; this incorporates the costs associated with the fire improvement measures in respect of compartmentation works, and also major works to rectify historical major works and instances of damp and mould.
 - The bad debt charge decreased from £169k in 2022-23 to £60k in 2023-24. The same methodology was applied in calculating the provisions, but current arrears were 0.5% lower at the end of 2023-24 than 2022-23. Collection rates improved as we approached year end.
 - Financing costs are broadly in line with last year at £514k, versus £520k in 2022-23. The loan note 24 explains that all loans are fixed until 2030-31.

Strategic Report

Financial review (continued)

- Based on the statement of comprehensive income, the operating surplus for the year of £848,929 equates to 13.8% of turnover, compared to 14.1% in 2023 when the operating surplus was £806k. The decrease in operating margin is primarily as a result of the additional costs outlined above, offset by the increase in income due to the rent increase applied in April 2023.
- The Statement of Financial Position shows an overall increase of £205k, from £28.6m to £28.8m. The main movements are outlined below:
 - Assets decreased by £288k as a net result of the depreciation charge in the year, net of the component acquisitions, and the buyback of 55% equity in a shared ownership property in the year.
 - Trade debtors increased by £118k mainly due to an increase in tenant-related recharge arrears and the increase in other arrears at year end related to the sale of a property at the end of March, the monies for which were received in April. This was offset by a slight reduction in prepayments.
 - The year-end cash and short-term investment position decreased by £457k from £3.712m to £3.255m, as a result of the trading results, and the reduction in accruals carried forward from 2022-23.
 - Creditors less than 1 year decreased by £324k mainly as a result of a reduction in accruals of £508k, which was offset by an increase in trade and other creditors of £184k.
 - The amount related to creditors over 1 year decreased by £547k, mainly as a result of the capital repayments on loans of £483k, and release of deferred capital grant £42k net of transfers and by a net reduction in the Recycled Capital Grant Fund of £22k.
 - The Provision for the pension deficit increased, reflecting the change in the actuarial valuation net of the pension deficit payments made during the year.
 - The surplus of £205k related to the trading results in 2023-24 accounts for the movement in reserves.

Funding and Treasury

In relation to funding and Treasury activity, our sole lender is Triodos. Our principal bank providing day-to-day transactional support is the Co-operative Bank PLC. As at 31 March 2024, arranged facilities were £19.3m, all of which was drawn by May 2021. All the total debt drawn is at fixed interest rates until 2031.

We fully complied with the 2 key loan covenants, and as at 31 March 2024 Interest Cover was 177% against a minimum 110% and Asset Cover was 148% versus a minimum of 125%.

Whilst the long-term financial plan shows that we do not require any additional funding at the year-end, there were 424 units of unencumbered units of stock, subject to satisfactory gearing and interest cover providing approximate security headroom of MV-STT of £23.7m.

Treasury activities are controlled and monitored by the Board and are executed by the Corporate Services Director. EPIC's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance operations.

Strategic Report

Future plans, risks and uncertainties

- The Board completed a comprehensive strategic review during 2023-24 and reset the corporate strategy for the period 2024-27.
- Contained within the new corporate strategy (2024-27) are five key strategic objectives:
 - Tenants – working alongside our tenants, ensuring that their tenancy with EPIC is sustainable, supported and enjoyable;
 - Tenants’ Homes – ensuring that tenants’ homes are accessible, right size, safe, and well maintained and there is clear and timely communication in place for replacing key components;
 - Communities – making the most of EPIC’s geography and place in the community for the benefit of all. This will be driven by having deep knowledge of every tenant, their community and other organisations in the area;
 - Information – making the best use of technology available and be confident in the integrity of the data held to inform decision-making; and
 - Developing our culture to enable a great employee experience and opportunities to fulfil everyone’s potential for the benefit of the individual and our tenants.
- Delivery of the corporate strategy, alongside business as usual activity, has been translated into a number of key projects across the organisation for 2024-25.
- The golden thread across all key objectives is tenant influence and engagement, maintenance of homes and data.
- The delivery of the milestones within the corporate plan will be monitored and reported to Board bi-annually, and this will promote further tenant engagement and management of data as it’s at the core of the plan on our journey to full recovery and program of continuous improvement.
- We are actively working with the Operational Team at the Regulator in preparation for an inspection anticipated early 2024-25.
- A new ICT Strategy focusses on improvements to the tenant experience, data integrity and increasing security and efficiency.
- The Board recognises that the current operating environment is challenging and uncertain largely due to a combination of, political leadership changes, ongoing challenges and impacts of inflation and the conflicts in the Middle East and Ukraine. The Board with the support of ARAC will continue to closely monitor the comprehensive suite of key performance indicators (KPI’s) and management accounts throughout the year to ensure that performance is aligned to the budget.
- Our approach to financial resilience remains strong with continued close monitoring of budgets, value for money and actions that could be deployed in the event of risk crystallising.
- ARAC actively reviews the Strategic Risk Register at all meetings and the Board will be completing reviews at least bi-annually as set out within EPIC’s Control Framework.

The Governance and Financial Viability Standard

The Board can confirm compliance with the Governance and Financial Viability Standard. EPIC is progressing with its Governance Improvement Plan and working with the Regulator to arrange an inspection, with a view to regaining a G1 rating.

Strategic Report

National Housing Federation Code of Governance

Following review and recommendation by the Governance and Remuneration Committee the Board has adopted the National Housing Federation's Code of Governance 2020. As part of the ongoing continuous improvement plan a self-assessment was submitted to the GRC in June 2024 for scrutiny and subsequent recommendation to the Board for formal adoption. The Board considered the recommendation and approved adoption of the 2020 code at its meeting on 8th August. The self-assessment concluded that EPIC is compliant against the 2020 code.

During the period ending March 2024, EPIC continued to adopt and self-assess against the National Housing Federation's Code of Governance 2015.

Statement of Board members' responsibilities

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

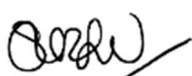
Registered Provider legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Board is required to:

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

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

The Executive Team are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 19 September 2024 and signed on its behalf by



Sharon Shaw
Company Secretary

Auditor's Independent Report

Independent Auditor's Opinion

Opinion

We have audited the financial statements of Empowering People Inspiring Communities Limited (the 'company') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Auditor's Independent Report

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. 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.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion a satisfactory system of control over transactions has not been maintained

Auditor's Independent Report

Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement set out on page 23, 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 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 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 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.

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

Auditor's Independent Report

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the company's activities and the regulated nature of the company's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of the audit report

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



Mark Bradley (Senior Statutory Auditor)
For and on behalf of
Beever and Struthers
Statutory Auditor
The Beehive Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

Date: 23 September 2024

Statement of Comprehensive Income

	Note	Year Ended 31 March 2024 £	Year Ended 31 March 2023 £
Turnover	1,2	6,170,820	5,721,678
Operating costs	2	(5,328,145)	(5,065,063)
Gain on disposal of property, plant and equipment	21	6,254	149,443
Operating surplus		848,929	806,058
Interest receivable net of indexation of RCGF interest		8,244	(331)
Interest and financing costs	5	(514,412)	(520,557)
Surplus before taxation		342,761	285,170
Taxation		-	-
Surplus for the year after taxation		342,761	285,170
Other comprehensive income			
Actuarial gain/(loss) in respect of pension scheme	16	(137,497)	(142,783)
Total comprehensive income for the year		205,264	142,387

The results relate wholly to continuing activities and the notes on pages 32 to 50 form an integral part of these accounts.

Statement of Financial Position

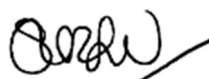
	Note	As at 31 March 2024 £	As at 31 March 2023 £
Fixed assets			
Tangible fixed assets	9	50,268,977	50,557,168
Investments in subsidiary	10	1	1
		50,268,978	50,557,169
Current assets			
Trade and other debtors	11	559,406	441,833
Investments	12	439,363	13,658
Cash and cash equivalents	12	2,815,432	3,698,108
		3,814,201	4,153,599
Less: Creditors: amounts falling due within one year	13	(1,419,231)	(1,743,063)
Net current assets		2,394,970	2,410,536
Total assets less current liabilities		52,663,948	52,967,705
Creditors; amounts falling due after more than one year	14	(23,322,652)	(23,870,628)
Provisions for liabilities			
Pension – defined benefit liability	16	(529,957)	(491,000)
Total net assets		28,811,339	28,606,077
Reserves			
Revaluation reserve		8,822,345	9,121,346
Revenue reserve		19,988,994	19,484,731
Total Reserves		28,811,339	28,606,077

Company registration number 3333405

The financial statements on pages 28 to 50, were approved and authorised for issue by the Board on 19 September 2024 and were signed on its behalf by:



S Wilson – Chair



S Shaw – Company Secretary

Statement of Changes in Reserves

	Revenue Reserve	Revaluation Reserve	Total
	£	£	£
Balance at 31 March 2022	19,037,343	9,426,345	28,463,689
Surplus 2022/23	142,387	-	142,387
Transfer between reserves (excess depreciation)	305,000	(305,000)	-
Balance at 31 March 2023	19,484,730	9,121,345	28,606,075
Surplus 2023/24	205,264	-	205,264
Transfer between reserves (excess depreciation)	299,000	(299,000)	-
Balance at 31 March 2024	19,988,994	8,822,345	28,811,339

Statement of Cash Flows

	Note	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Net cash generated from operating activities (see below)		1,276,700	1,837,841
Cash flow from investing activities			
Purchase of tangible fixed assets		(898,583)	(813,409)
Proceeds from sale fixed assets		135,750	336,000
Grants received		-	-
Interest received		12,601	3,392
Cash flow from investing activities		(750,232)	(474,017)
Cash flow from financing activities			
Interest paid		(514,411)	(520,557)
New secured loans		-	-
Repayment of borrowing		(469,027)	(457,378)
Subtotal		(983,439)	(977,936)
Net change in cash and cash equivalents		(456,970)	385,888
Cash and cash equivalents at beginning of the year		3,711,765	3,325,877
Cash and cash equivalents at end of the year	12	3,254,795	3,711,765
Cash flow from operating activities			
Surplus before taxation		342,761	285,171
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		1,059,459	1,129,277
Movement in bad debt provision		11,049	158,234
Movement in trade and other debtors		(128,622)	(111,002)
Movement in trade and other creditors		(311,604)	190,389
Pension costs less contributions payable		(124,020)	(113,783)
Adjustments for investing or financing activities:			
Surplus from the sale of tangible fixed assets		(9,590)	(152,702)
Government grants utilised in the year		(68,899)	(68,631)
Interest payable		514,411	520,557
Interest received		(8,244)	331
Net cash generated from operating activities		1,276,700	1,837,841

Reconciliation of Net Debt	At the Beginning of the Year £	Cashflows £	At the End of the Year £
Cash and Cash Equivalents	3,711,765	(456,970)	3,254,795
Housing Loans Due in 1 Year	(469,028)	(13,983)	(483,011)
Housing Loans Due After 1 Year	(17,280,598)	483,167	(16,797,431)
	(14,037,861)	12,214	(14,025,647)

Notes to the Financial Statements

Legal Status

Empowering People Inspiring Communities Limited is incorporated under the Companies Act 2006 as a company limited by guarantee without share capital and is registered with the Regulator of Social Housing in England as a Private Registered Provider as defined by the Housing and Regeneration Act 2008 and the Charity Commission.

Principle Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Association is a Public Benefit Entity and has applied the Public Benefit Entity Section of FRS102.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis and are presented in sterling for the year ended 31 March 2024.

The financial statements have been prepared in compliance with FRS102.

(b) Going concern

The Association's financial statements have been prepared on a going-concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

(c) Critical accounting judgements and key sources of estimation uncertainty

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

- **Categorisation of housing properties**

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that all property is held for social benefit.

- **Impairment**

Impairment is recognised where the carrying value of a cash-generating unit exceeds the higher of the net realisable value or its value in use. The Association has identified a cash-generating unit for impairment assessment purposes at a property unit level.

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash-generating unit is recognised by a charge to the Statement of Comprehensive Income.

Notes to the Financial Statements

Principle Accounting Policies (continued)

Following a trigger for impairment, impairment tests are performed based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash-generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

The cash flows are derived from the Long-Term Financial Plan and do not include restructuring activities that the association is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Following the assessment of impairment, no impairment losses were identified in the reporting period.

- **Development expenditure**

The Association capitalises development expenditure in accordance with the accounting policy described on page 35. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

- **Pension and other post-employment benefits**

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 16.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(d) Other key sources of estimation and assumptions

Tangible Fixed Assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

(e) Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and for its investment function Homes England, and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for letting, net of voids.

(f) Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long-term creditors.

(g) Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

- **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

(h) Taxation

The Association gained charitable status on 2 April 2008 and therefore its general activities fall outside the scope of the United Kingdom Taxation legislation. The Association is not registered for VAT purposes.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(i) Housing properties

Tangible fixed assets are stated at deemed cost or cost, less accumulated depreciation. The Association has elected to use a previous GAAP valuation of the housing properties as deemed cost on transition to FRS102.

All properties and land are freehold. Freehold land held for development is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Housing Structure	100
Roof	60
Windows	25
Bathrooms	30
Kitchens	20
Boilers	15
Heating Distribution Systems	30
Electrical Rewires	30
Solar panels	25
Composite Doors	30

Other Tangible Fixed Assets, de-minimis for capitalisation is £2,000.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Freehold Offices	50
Office furniture	10
Office equipment	4
Tools and equipment	2
Computer equipment	2-5

The Association has elected to use a previous GAAP valuation of the freehold offices as deemed cost at transition to FRS102 in 2016.

(j) Capitalisation of interest and administration costs

No interest or administration costs are capitalised. There is potential to capitalise administration costs if directly attributable to development.

(k) Property managed by other parties

Where the Association carries the majority of the financial risk on property managed by other parties, income arising from the property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(l) Leasing

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

(m) Investments

Investments held in subsidiaries are stated at cost less accumulated impairment and are included in fixed assets. Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

(n) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(o) Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

(p) Social housing grant and government grants

Where acquisitions have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG must be recycled under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

(q) Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is amended and included as income in the Statement of Comprehensive Income.

(r) Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

(s) Holiday pay accrual

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

Notes to the Financial Statements

Principle Accounting Policies (continued)

(t) Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme, and defined contribution scheme administered by TPT Retirement Solutions ('TPT').

The deficit payments related to the Defined Benefit, final salary scheme is charged as a management expense, in line with the SHPS deficit repayment plan.

(u) Reserves policy

The Association is able to freely utilise the revenue reserves to further its objectives. In line with our approved Business Plan, we are currently utilising our reserves for improving our existing stock. When reviewing any opportunities, we need to ensure that whilst fulfilling the Association's objectives and aims that they are also financially viable in the longer term.

(v) Financial instruments

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially; and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Financial Assets

Trade and Other Debtors

Trade and other debtors (including accrued income) which are receivable within one year and which 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 and any impairment loss.

A provision for impairment of trade debtors is established where 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 the Statement of Comprehensive Income for the excess of the carrying value of the trade 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 the Statement of Comprehensive Income.

Financial Liabilities

Trade and Other Creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price less any amounts settled.

All loans held by the Association are classified as basic financial instruments in accordance with FRS102.

Notes to the Financial Statements

1 Turnover, cost of sales, operating expenditure and operating surplus

	2024			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£	£	£	£
Social housing lettings (note 2)	6,160,857	-	5,328,145	842,675
Activities other than social housing	9,963	-	9,963	-
Total	6,170,820	-	5,328,145	842,675

	2023			
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£	£	£	£
Social housing lettings (note 2)	5,721,678	-	5,065,063	656,615
Activities other than social housing	-	-	-	-
Total	5,721,678	-	5,065,063	656,615

Notes to the Financial Statements

2 Turnover and operating expenditure

	2024	2023
	£	£
Income		
Rent receivable net of identifiable service charges	5,936,559	5,495,755
Service charges income	155,398	157,292
Net rental income	6,091,958	5,653,047
Amortised government grants (Note 15)	68,899	68,631
Turnover from social housing lettings	6,160,857	5,721,678
Operating expenditure		
Management	1,959,763	1,952,421
Service charge costs	193,900	169,636
Routine maintenance	1,398,619	1,502,514
Major repairs expenditure	659,085	242,027
Movement in Bad debt provision	59,954	168,979
Depreciation of housing properties	1,046,860	1,029,486
Operating expenditure on social housing lettings	5,318,182	5,065,063
Operating surplus from social housing lettings	842,675	656,615
Activities other than social housing lettings		
Sundry Income	9,963	-
Sundry Expenditure	9,963	-
Operating surplus from activities other than social housing lettings	-	-
Total operating surplus	£842,675	656,615
Void rental losses	32,442	82,558

3 Accommodation owned, managed and in development

	No. of properties		No. of properties	
	Owned 2024	Managed 2024	Owned 2023	Managed 2023
Social Housing				
Under Management at the end of the year:				
General needs housing – Social Rent	1,100	-	1,102	-
– Affordable Rent	187	-	172	-
– Intermediate	73	-	87	-
– Leasehold	24	-	23	-
– Shared Ownership	2	-	3	-
Supported Housing	20	-	20	-
Total Owned and Managed	1,406	-	1,407	-
General needs housing – In development	-	-	-	-
Total in development	-	-	-	-
Total owned, managed & in development	1,406	-	1,407	-

Notes to the Financial Statements

4 Accommodation managed by others

EPIC owns property managed by other bodies.

General needs – Social Rent

No of properties 2024	No of properties 2023
20	20

5 Interest and financing costs

	2024	2023
	£	£
Deferred benefit pension charge	21,499	11,000
Amortisation of Loan arrangement fees	13,024	17,524
Loan interest payable	479,888	492,033
	514,411	520,557

6 Surplus on ordinary activities

	2024	2023
	£	£
The operating surplus is stated after charging/(crediting):-		
Annual audit of the Association's financial statements	23,201	28,458
Fees payable to the auditor for other services to the Association:		
Taxation compliance services	-	-
Operating lease rentals – Office equipment	1,498	1,373
Depreciation of housing properties	1,046,860	1,029,486
Depreciation of other fixed assets	12,600	99,791
Amortisation of grant	(68,899)	(68,631)

Notes to the Financial Statements

7 Key Management Personnel

The Non- Executive Board Members received emoluments in the year to 31 March 2024 totalling £34,400 (2023 - £0). These were paid as shown below:

		Emoluments	Expenses	Total
		£	£	£
R Emery		2,500	115	2,615
R Challinor		2,500	-	2,500
S Wilson	Chair of Board	5,000	311	5,311
P Lunio	Left 27/09/23	1,250	75	1,325
N Leggett		2,500	1,206	3,706
M Dodwell	Chair of ARAC	3,500	735	4,235
J Moore	Chair of GRC	3,083	439	3,522
D Newmarch		2,500	134	2,634
C Small		2,500	406	2,906
A Jhawar		2,500	230	2,730
A Bragg		2,500	-	2,500
R Morton	Appointed as Co-optee 22/02/24	416	-	416
		30,749	3,651	34,400

	2024	2023
	£	£
The aggregate emoluments paid to or receivable by Directors and the executive management team	418,503	253,285
The pension contributions paid to the key management personnel	18,439	12,061
The emoluments paid to the highest-paid Director excluding pension contributions	95,354	74,725

The Chief Executive is an ordinary member of the pension scheme. The pension scheme offered from May 2016 was a defined contribution scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by EPIC of £4,767 (2023: £3,173) was paid in addition to the personal contributions of the Chief Executive.

Key Management Personnel are defined as the members of the Board and Executive Team.

Notes to the Financial Statements

8 Employee information

	2024	2023
	No.	No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	27	22
Wardens, caretakers and cleaners	1	1
Total employees	28	23
	£	£
Staff costs		
Wages and salaries	1,205,766	882,095
Social security costs	118,937	86,773
Other pension costs (Defined benefit & defined contribution)	68,189	47,390
Total Employee Costs	1,392,892	1,016,258
	No.	No.
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year		
£60,001 to £70,000	3	1
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-
£110,001 to £120,000	1	-
£120,001 to £130,000	-	-
£230,001 to £240,000	-	-

Notes to the Financial Statements

9 Tangible fixed assets

	Social Housing Properties Completed £	Social Housing Propertie s Not Comple d £	Land £	Freehold offices £	Office Furniture and equipment £	Total £
Cost or valuation						
At 31.3.23	59,682,996	-	50,000	188,046	592,500	60,513,542
Revaluation	-	-	-	-	-	-
Additions						
Properties	72,148	-	-	-	-	72,148
Additions						
Components	826,435	-	-	-	-	826,435
Component						
Replacements	(139,266)	-	-	-	-	(139,266)
Property						
Disposals	(144,619)	-	-	-	-	(144,619)
OFA Disposals	-	-	-	-	(56,808)	(56,808)
At 31.3.24	60,297,694	-	50,000	188,046	535,692	61,071,432
Depreciation / impairment						
At 31.3.23	9,373,648	-	-	21,699	561,027	9,956,374
Charge for year	1,046,860	-	-	3,514	9,086	1,059,460
Components replaced	(139,266)	-	-	-	-	(139,266)
Property Disposals	(17,305)	-	-	-	-	(17,305)
OFA Disposals	-	-	-	-	(56,808)	(56,808)
At 31.3.24	10,263,937	-	-	25,213	513,305	10,802,455
NBV 31.3.24	50,033,757	-	50,000	162,833	22,387	50,268,977
NBV 31.3.23	50,309,348	-	50,000	166,347	31,473	50,557,168
					2024	2023
					£	£
Components capitalised					826,435	671,192
Amounts charged to expenditure					659,084	242,026

Notes to the Financial Statements

10 Fixed asset investments

	2024	2023
	£	£
At 31.3.23	1	1
Additions in the year	-	-
At 31.3.24	<u>1</u>	<u>1</u>
Net book value 31.3.24	<u>1</u>	<u>1</u>
Net book value 31.3.23	<u>1</u>	<u>1</u>

The Company owns 100% of the issued share capital of EPIC Regeneration Services Limited, a company incorporated in England and Wales. This Company has aggregate capital and reserves of £1 and has been dormant since incorporation.

Under the provision of section 371 of the Companies Act 2006 the Association is exempt from preparing consolidated accounts and has not done so. Therefore, these accounts show information about the Association as an individual entity.

11 Trade and other debtors

	2024	2023
	£	£
Rent arrears	287,686	269,871
Less: provision for bad debts	(229,639)	(242,463)
Other debtors	173,158	75,211
Prepayments and accrued income	328,201	339,214
Total	<u>559,406</u>	<u>441,833</u>

All debtors are due within one year.

12 Cash and cash equivalents

	2024	2023
	£	£
Investments	439,363	13,658
Cash at bank and in hand	2,815,432	3,698,108
Total	<u>3,254,795</u>	<u>3,711,766</u>

Included in the above is £111,108 (2023: £105,489) held on trust for Leaseholders.

Notes to the Financial Statements

13 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	243,336	79,100
Deferred capital grant (Note 15)	68,899	68,631
Rents and service charges paid in advance	196,356	197,581
Service charge balances held on behalf of leaseholders	111,108	105,489
Accruals and deferred income	315,745	823,234
Loans and overdrafts	483,011	469,028
Other creditors	776	-
Total	1,419,231	1,743,063

Loans are secured by housing properties, see note 23.

14 Creditors: amounts falling due after more than one year

	2024	2023
	£	£
Deferred Capital Grant (Note 15)	6,356,106	6,398,471
Loans	16,797,431	17,280,598
Recycled Capital Grant Fund	169,115	191,559
Total	23,322,652	23,870,628

Loans are secured by housing properties, see note 23.

15 Deferred capital grant

	2024	2023
	£	£
At 31.3.23	6,467,101	6,568,232
Grant received in the year	-	-
Grant transferred from RCGF	51,803	-
Grant transferred Re Property Disposals	(25,000)	(32,500)
Amortised in the year	(68,899)	(68,631)
At 31.3.24	6,425,005	6,467,101
Amount due to be released in less than 1 year	68,899	68,631
Amount due to be released after 1 year	6,356,106	6,398,470
Total	6,425,005	6,467,101

16 Provision For Liabilities – Social housing pension scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 400 non-associated employers. The Scheme is a defined benefit scheme in the UK and administered by TPT Retirement Solutions.

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

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m (2017 – £1,522m). A Recovery Plan has been put in place with the aim of recovering this deficit by 30 September 2028.

Notes to the Financial Statements

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. The Pensions Trust has estimated the cost for EPIC withdrawing from the scheme as at 30 September 2022 is £1,691,118.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

Fair value plan of assets, present value of defined benefit obligation and defined benefit asset/(liability)

	2024	2023
	£'000	£'000
Fair value of plan assets	2,217	2,249
Present value of defined benefit obligation	2,747	2,740
(Deficit)/surplus in plan	(530)	(491)
Unrecognised surplus	-	
Defined benefit (liability)/asset to be recognised	(530)	(491)

Reconciliation of opening and closing balances of the defined benefit obligation

	2024	2023
	£'000	£'000
Defined benefit obligation at start of period	2,740	4,003
Current service cost	-	-
Expenses	4	4
Interest expense	132	111
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(26)	183
Actuarial losses (gains) due to changes in demographic assumptions	(25)	(5)
Actuarial losses (gains) due to changes in financial assumptions	(57)	(1,536)
Benefits paid and expenses	(21)	(20)
Liabilities acquired in a business combination	-	-
Liabilities extinguished on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Exchange rate changes	-	-
Defined benefit obligation at end of period	2,747	2,740

Notes to the Financial Statements

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

	2024	2023
	£'000	£'000
Fair value of plan assets at start of period	2,249	3,552
Interest income	111	100
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(245)	(1,498)
Employer contributions	123	115
Member contributions	-	-
Benefits paid and expenses	(21)	(20)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	2,217	2,249

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£134,000).

Defined benefit costs recognised in the statement of comprehensive income (SOCl)

	2024	2023
	£'000	£'000
Current service cost	-	-
Expenses	4	4
Net interest expense	21	11
Losses (gains) on business combinations	-	-
Losses (gains) on settlements	-	-
Losses (gains) on curtailments	-	-
Losses (gains) due to benefit changes	-	-
Defined benefit costs recognised in Statement of Comprehensive Income (SOCl)	25	15

Defined benefit costs recognised in other comprehensive income (OCI)

	2024	2023
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(245)	(1,498)
Experience gains and losses arising on the plan liabilities – gain (loss)	26	(183)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	25	5
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	57	1,536
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(137)	(140)
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) – gain (loss)	-	-
Total amount recognised in Other Comprehensive Income – gain (loss)	(137)	(140)

Notes to the Financial Statements

Assets

	2024	2023
	£'000	£'000
Global Equity	221	42
Absolute Return	87	24
Distressed Opportunities	78	68
Credit Relative Value	73	85
Alternative Risk Premia	70	4
Fund of Hedge Funds	-	-
Emerging Markets Debt	29	12
Risk Sharing	130	166
Insurance-Linked Securities	11	57
Property	89	97
Infrastructure	224	257
Private Debt	2	100
Opportunistic Illiquid Credit	87	96
High Yield	-	8
Opportunistic Credit	-	-
Cash	44	16
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	14	68
Secured Income	66	103
Liability Driven Investment	902	1,036
Net Current Assets	4	6
Currency Hedging	(1)	4
Total assets	<u>2,217</u>	<u>2,249</u>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key Assumptions

	2024	2023
	% per annum	% per annum
Discount Rate	4.92%	4.83%
Inflation (RPI)	3.09%	3.16%
Inflation (CPI)	2.79%	2.81%
Salary Growth	3.79%	3.81%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	2024	2023
	Life expectancy at age 65	Life expectancy at age 65
	Years	Years
Male retiring in 2024	20.5	21.0
Female retiring in 2024	23.0	23.4
Male retiring in 2044	21.8	22.2
Female retiring in 2044	24.4	24.9

Notes to the Financial Statements

17 Capital commitments

The table below shows the financial implications and sources of funding to deliver the signed contracts.

	2024 £	2023 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-
Capital commitment	-	-
EPIC expects these commitments to be financed with:		
Triodos loan facilities	-	-
Social housing grant	-	-
Internally generated resources (revenue reserve)	-	-
Total	-	-

18 Contingent liability

If EPIC were to withdraw from all forms of the Social Housing Pension Scheme it has been calculated that our debt on withdrawal as at 30th September 2022 would be £1,691,118. We have no plans to exit from the scheme at the present time.

19 Grant and financial assistance

	2024 £	2023 £
Total accumulated SHG received or receivable at 31 March:		
Held as deferred capital grant	6,889,916	6,863,114
Total	6,889,916	6,863,114

In addition to the grant above which is accounted for within the accounts we also have a potential liability of £2.69m of grant transferred from other Registered Providers as part of the property acquisition of 169 units from the Bromford Group in May 2021.

20 Related parties

As at March 2024, the Board has no Tenant Board members and there were no related party transactions during the year to 31 March 2024. We have no staff representative on the Board, but four staff members are also tenants of EPIC, all under normal rental policies, the same as any other tenant.

21 Surplus on disposal

One house and one flat have been sold in the current financial year under the Right to Acquire (RTA) and Right to Buy (RTB).

	2024 £	2023 £
Sale Proceeds	135,750	336,000
Less:		
Associated selling fees	(3,336)	(2,671)
Write off cost (NBV)	(126,160)	(183,886)
Surplus on disposal	6,254	149,443

Notes to the Financial Statements

22 Recycled capital grant fund

	2024	2023
		£
Opening balance of fund	191,560	157,418
Inputs/Withdrawals	(26,801)	32,500
Interest Accrued	4,356	1,642
At 31.3.24	169,115	191,560

Included within the RCGF balance is £108,116 is potentially repayable within 1 year.

23 Loans

At the financial year end, EPIC had drawn down a total of £19.3m and repaid £2.0m. The loans are secured against EPIC's housing stock, over a 25-year term, and are on a fixed-interest basis.

	2024	2023
	£	£
Maturity of debt		
In less than one year	483,011	469,028
In more than one year but less than two years	495,353	483,010
In more than two years but less than five years	2,181,876	1,595,040
In greater than five years	14,120,202	15,202,547
Total	17,280,442	17,749,625

24 Interest rate risk and exposure

As at 31st March 2024 the following amounts were drawn down and had been fixed on 20th March 2020:

Facility 1 – £4,533,576.98 – 2.553% – Fixed until 20/03/2030

Facility 2 – £3,821,496.49 – 2.653% – Fixed until 20/03/2030

The additional drawdown of £10.3m in April 2021 was also fixed for a period of 10 years:

Facility 3 – £5,000,000 – 2.779% – Fixed until 21/04/2031

Facility 4 – £5,300,000 – 2.879% – Fixed until 21/04/2031 (Interest only until April 2026)

EPIC Treasury Management Policy sets out that when looking at any aspect of interest rate exposure, it is important to remember that overall interest rate risk management is about reducing risk and increasing certainty. It is not about best guessing or predicting the way interest rates will move.

Any sensitivity analysis will be applied to all variable-rate borrowing and to any fixed-term borrowing after its maturity date, using market forecast rates.

The Board must approve the use of hedging instruments subject to the Rules of the Association and the regulators guidelines/approval. In such cases a hedging strategy must be prepared and appended to the Treasury Management Policy, which must state the type of instruments to be used, the value limits, the counterparties involved and the periods for which they will be in place.

25 Post balance sheet events

There are no Post Balance Sheet Events of any significance to report.





“EPIC continues to gain momentum and strength across all activities, developing our financial resilience even further with a focus on tenants and their homes.”

Simon Wilson, Chair



If you have any queries in respect of this report, please contact:

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